

**Explanation of proposed changes to LGSA bill draft from HB 2731 / SB1306**

Sec. 1	5-572. Use of monies in state lottery fund; report	Dedicates funding for LGSA Plan development & implementation; see also Sec. 5, which provides authority to ADWR to utilize the fund.
Sec. 2	9-461.05. General plans; authority; scope	Complementary change related to the opt-in management action of integrating LGSA goals into municipal general plans; see also Sec. 14, 45-655(D)(1)  <b>Changes from HB2731/SB1306:</b> Adds clarification that the added sections only apply to areas within LGSAs and outside of AMAs.
Sec. 3	11-804. Comprehensive plan; contents	Complementary change related to the opt-in management action of integrating LGSA goals into county comprehensive plans; see also Sec. 14, 45-655(D)(1)  <b>Changes from HB2731/SB1306:</b> Adds clarification that the added sections only apply to areas within LGSAs and outside of AMAs.
Sec. 4	11-823. Water supply; adequacy; exemptions	Complementary change related to the opt-in management action of adopting a mandatory adequacy ordinance; see also Sec. 14, 45-655(D)(1)
Sec. 5	43-1090. Credit for water measuring devices	<b>Changes from HB2731/SB1306:</b> Complementary change related to the opt-in management action of requiring a water measuring device within an LGSA; see also Sec. 14, 45-655(D)(2). This provision provides an income tax credit for individuals installing a water measuring device at a residence. <b>Note</b> that existing statutes also provide a TPT (sales tax) exemption for the purchase of water measuring devices (see ARS 42-5031 and 42-5075).
	43-1090.01. Credit for water measuring devices; commercial and industrial applications	<b>Changes from HB2731/SB1306:</b> Complementary change related to the opt-in management action of requiring a water measuring device within an LGSA; see also Sec. 14, 45-655(D)(2). This provision provides an income tax credit for individuals installing one or more device for commercial or industrial uses.
Sec. 6	43-1185. Credit for water measuring devices; commercial and industrial applications	<b>Changes from HB2731/SB1306:</b> Complementary change related to the opt-in management action of requiring a water measuring device within an LGSA; see also Sec. 14, 45-655(D)(2). This provision provides an income tax credit for corporations installing one or more devices for commercial or industrial uses.
Sec. 7	45-105. Powers and duties of director	<b>Changes from HB2731/SB1306:</b> Adds clarification regarding the powers and duties of the director related to supporting LGSAs. Adds a requirement for ADWR to consult with tribes in carrying out its technical assistance duties for LGSAs. (Note that Councils are also encouraged to cooperate with tribes; see Sec. 14, 45-653.)
Sec. 8	45-119. Department of water resources local groundwater stewardship fund; limitation; annual report	Authorizes ADWR to utilize the funding dedicated; see also Sec. 1.  <b>Changes from HB2731/SB1306:</b> Adds clarification that the director may use the funds for all purposes related to the department's roles in supporting an LGSA. The wording added to this section is intended to cover the same types of department activities that, in AMAs, would be covered in part by withdrawal fees (administration and enforcement; augmentation, conservation assistance, monitoring and assessing water availability; purchasing and retiring grandfathered rights within an AMA; see ARS 45-611). <b>Note</b> that ADWR must be authorized by statute to collect fees like groundwater withdrawal fees. Currently, ADWR is only authorized to collect certain fees in AMAs and INAs. ADWR cannot levy fees in LGSAs without explicit authority to do so, and this bill does not provide any authority to do so. Accordingly, all ADWR costs incurred with LGSA technical assistance and implementing and enforcing tools must be borne by the department either

		through the fund or through appropriations. This change is intended to ensure that the fund can be used to cover all relevant department costs and act as a safeguard against any potential in the future of fees being authorized in LGSAs to cover ADWR costs.
Sec. 9	45-401. Declaration of policy	Builds on the Legislature's existing declaration of policy in the Groundwater Management Code to state the complementary policies of LGSAs.
Sec. 10	45-453. Groundwater rights and uses in areas outside active management areas; amounts; transportation; irrigation non-expansion areas	Conforming change to incorporate reference to new LGSA chapter 13.
Sec. 11	45-598. New wells and replacement wells in new locations in active management areas and local groundwater stewardship areas; rules; permit required	Complementary change related to the opt-in management action of implementing well spacing/siting rules within an LGSA; see also Sec. 14, 45-655(D)(2).  <i>Changes from HB2731/SB1306:</i> In response to technical feedback received, revised wording to clarify that it is the director, not the LGSA, that adopts rules.
Sec. 12	45-604. Water measuring devices	Complementary change related to the opt-in management action of requiring water measuring devices within an LGSA; see also Sec. 17, 45-655(D)(2).  <i>Changes from HB2731/SB1306:</i> added language that, within LGSAs, methods other than devices for measuring water may be utilized if approved by the director.
Sec. 13	45-632. Records and annual report of groundwater pumping, transportation and use; penalty	Complementary change related to the opt-in management action of requiring reporting of groundwater pumping within an LGSA; see also Sec. 14, 45-655(D)(2).
Sec. 14	ARTICLE 13. LOCAL GROUNDWATER STEWARDSHIP AREAS	
	45-651. Director and local initiation of local groundwater stewardship area; conditions; hearing	Process and criteria for designation of an LGSA.  <i>Changes from HB2731/SB1306:</i> Combines what were previously two separate sections addressing LGSA designation (County and ADWR/local). These changes consolidate the paths to designate an LGSA into the single section with three distinct paths, all which involve ADWR review and decision: (1) ADWR, (2) County resolution + petition, (3) voter petition. Additionally, a 10-year review of the Stewardship Area designation is added. Review is based on the same criteria for initial designation. If conditions have changed and the LGSA designation is no longer relevant/needed, the LGSA can be rescinded through the same notice and hearing procedures as designation. Made some additional changes throughout in response to technical feedback received.
	45-652. Local groundwater stewardship area council; membership	Process and criteria for appointing LGSA Council members.  <i>Changes from HB2731/SB1306:</i> Revised provisions related to the makeup of the council and how members are appointed. The process now follows a similar process to the WIFA board (a certain number of members appointed by the governor, House leadership, Senate leadership, and the county BOS). Every member should have relevant knowledge/experience and be able to represent stakeholders. Members must submit applications to ADWR demonstrating qualifications, and apps are transmitted to the appointers. 6 of 9 seats on a Council are required to be residents in the Stewardship Area (other 3 seats still subject to relevant local expertise, etc. criteria in current draft amendment that would allow for example, a rancher with property in

	the Stewardship Area but who lives nearby, to serve on council). All seats still subject to transparent, centralized application process as defined in current draft amendment.
45-653. Local groundwater stewardship area council; powers and duties; limitations; local groundwater stewardship area plan	<p>Roles, responsibilities, and limitations of an LGSA Council.</p> <p><i>Changes from HB2731/SB1306:</i> Moved the express limitation language that LGSAs do not impact surface water rights. The language was moved from previous section 45-651 (which was heavily revised to consolidate the designation process provisions) to this section 45-653. Also added a limitation clarifying that LGSAs may not do anything to restrict, regulate, or authorize transportation of groundwater in a manner inconsistent with Articles 8 and 8.1.</p>
45-654. Local groundwater stewardship area council; administrative duties	Administrative duties of an LGSA Council.
45-655. Local groundwater stewardship area plan; contents; notice	<p>Contents of an LGSA Plan, which is developed and approved by an LGSA Council.</p> <p><i>Changes from HB2731/SB1306:</i> Minor wording revisions in response to technical feedback received.</p>
45-656. Adoption of local groundwater stewardship area plan; council hearings; department hearings; notice	<p>Process for adopting an LGSA Plan by an LGSA Council; process for ADWR review and approval of relevant portions of the Plan (management tools to be approved and implemented by ADWR).</p> <p><i>Changes from HB2731/SB1306:</i> Revised preliminary decision and final order language in response to technical feedback received. If there is no process for what happens between the preliminary and final decision, just require a single (final) decision within 60 days. Additionally, moved the 10-year review provision to a separate section to clarify; see 45-657.</p>
45-657. Management plan review; readoption; modification	<p><i>Changes from HB2731/SB1306:</i> New section added to clarify the process for recurring 10-year review of a management plan. 10-year review of Stewardship Area Management Plan process is an opportunity to modify management and monitoring actions in the plan (remove or add individual tools, adjust monitoring to better assess progress towards goals if needed). The LGSA Council determines whether to readopt the plan or modify and adopt a new plan. Any new or modified management actions included in the new plan are subject to the relevant local or state processes for approval and appeal.</p>
45-658. Conservation programs for local groundwater stewardship area; rules	<p>Complementary change related to the opt-in management action of conservation programs within an LGSA; see also Sec. 17, 45-655(D)(2).</p> <p><i>Changes from HB2731/SB1306:</i> Additional detail added to this section to clarify that the Director should adopt rules for conservation programs within LGSAs (which only apply if the LGSA opts in), which should include irrigation, industrial, and municipal programs. Rules should include notice and variance procedures.</p>
45-659. Interim irrigation protection areas	<p><i>Changes from HB2731/SB1306:</i> New sections added to create a new "Interim irrigation protection area" that can be created within an LGSA. These provisions replace the previous INA provisions, such that 'INAs within an LGSA' are no longer on the menu of optional tools that can be included an LGSA management plan. These "IIPA" provisions are modeled after similar INA statutes, revised for the LGSA/IIPA context. These are intended to:</p>
45-660. Limitation on number of irrigated acres	
45-661. Hearing on designation of interim irrigation protection areas and boundaries; notice; procedures; findings upon hearing; order	

45-662. Irrigated acreage in interim irrigation protection area; exemption.	<ul style="list-style-type: none"> <li>allow for easier modification of IIPA statues vs working within INA statues, i.e., can modify new IIPA section easily without risk of impacting existing INAs;</li> <li>IIPA will retain the new acreage substitution flexibility that was in the previous draft Stewardship Area INA tool (acres can move as long as water use is level and there is an equivalent reduction in acres elsewhere);</li> <li>an IIPA may go away if and/or when a Stewardship Area is rescinded or if the IIPA tool is determined to no longer be needed, if such actions are determined to be warranted during 10-year review.</li> </ul> <p>Includes two flexibility options not currently provided in similar INA provision:</p> <ul style="list-style-type: none"> <li>acreage substitution flexibility: acres can expand as long as there is an equivalent reduction of acreage elsewhere within the IIPA and withdrawals do not increase within the IIPA.</li> <li>irrigation efficiency within a farm unit: farm unit can expand or move acres within the farm unit as long as water use does not increase.</li> </ul>
45-663. Flood damaged acres in interim irrigation protection area; substitution of acres; definitions	
45-664. Impediments to efficient irrigation in interim irrigation protection area; substitution of acres; definitions	
45-665. Change of place or type of irrigation use; substitution of acres; farm unit conservation and efficiency	
45-666. Review and modification of boundaries of interim irrigation protection areas	

<b>Sections removed from HB2731/SB1306:</b>	
45-432. Subsequent irrigation non-expansion areas; designation; review	Replaced INA sections with new Interim Irrigation Protection Area (IIPA) sections, which provide a similar opt-in management action for use within LGSAs. See additional explanation in section 14, 45-659 through 45-666.
45-433. Local initiation for designation; procedures	
45-435. Hearing on designation of subsequent irrigation non-expansion areas and boundaries; notice; procedures	
45-437. Irrigated acreage; water measuring device; annual report of groundwater pumping; penalty; transportation; exemption	
45-437.04. Change of place or type of irrigation use; substitution of acres	
45-512. Categories of groundwater withdrawal permits	Removed the industrial permitting tool 45-512 (also deleted reference to permitting tool option in 45-655(D)(2)). Note that this is balanced by adding more specificity to the opt-in conservation programs in 45-658, which can include an industrial conservation program.