

This act is an emergency measure that is necessary to preserve the public peace, health or safety and is operative immediately as provided by law.

Approved by the Governor April 25, 1994.

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**WATERS—CONSERVATION AND RESTORATION—WATER
PROTECTION FUND COMMISSION; TAX LEVIES**

CHAPTER 278

H.B. 2590

AN ACT AMENDING SECTIONS 35-451, 37-1001, 37-1013, 37-1054, 45-105, 45-107 AND 45-576, ARIZONA REVISED STATUTES; AMENDING TITLE 45, ARIZONA REVISED STATUTES, BY ADDING CHAPTER 12; AMENDING SECTIONS 48-3712, 48-3713, 48-3715 AND 48-3715.02, ARIZONA REVISED STATUTES; AMENDING TITLE 48, CHAPTER 22, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 48-3715.03, 48-3715.04 AND 48-3715.05; AMENDING SECTION 48-3762, ARIZONA REVISED STATUTES; MAKING APPROPRIATIONS; PROVIDING FOR DELAYED REPEAL; RELATING TO WATER.

Be it enacted by the Legislature of the State of Arizona:

Section 1. Section 35-451, Arizona Revised Statutes, is amended to read:

§ 35-451. Increase of aggregate indebtedness above six per cent of valuation; authority to issue bonds

A. The aggregate indebtedness of a county, city, town or similar municipal corporation may be increased above six per cent of the value of the taxable property in such political subdivision only as provided in this article. The value of such taxable property shall be ascertained as provided by article IX, section 8, Constitution of Arizona.

B. A multi-county water conservation district may become indebted and issue bonds in the manner provided in this article.

B.C. Bonds may be issued under the provisions of this article for any lawful or necessary purpose.

Sec. 2. Section 37-1001, Arizona Revised Statutes, is amended to read:

§ 37-1001. Declaration of policy

It is declared the policy of the legislature to provide for the restoration and conservation of lands and soil resources of the state, the preservation of water rights and the control and prevention of soil erosion, and thereby to conserve natural resources, conserve wildlife, protect the tax base, protect public lands and protect and restore this state's rivers and streams and associated riparian habitats, including fish and wildlife resources that are dependent on those habitats, and in such manner to protect and promote the public health, safety and general welfare of the people.

Sec. 3. Section 37-1013, Arizona Revised Statutes, is amended to read:

§ 37-1013. Powers and duties of commissioner

A. The state natural resource conservation commissioner shall:

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Additions are indicated by underline; deletions by ~~strikeout~~

1. Offer appropriate assistance to the supervisors of districts in carrying out their powers and programs.
2. Keep the supervisors of each district informed of the activities and experiences of other districts, and facilitate cooperation and interchange of advice and experience between districts.
3. Coordinate the programs of the several districts insofar as possible by advice and consultation.
4. Require the supervisors of each district to file with him annually the records of the operations of the district for the preceding year in such form and detail as he prescribes.
5. Secure the cooperation and assistance of the United States, its agencies, and agencies of this state, in the work of districts, as he deems for the best interest of the state.
6. Disseminate information throughout the state concerning the activities and program of districts.
7. Provide staff support to the Arizona water protection fund commission established by title 45, chapter 12 and provide administrative assistance to natural resource conservation districts for compliance with the duties for districts pursuant to title 45, chapter 12.

B. The commissioner may remove a district supervisor from such office if the commissioner determines, after reasonable notice and impartial hearing, that the supervisor is guilty of misfeasance, malfeasance or nonfeasance in office. For purposes of this subsection, nonfeasance includes the failure to attend three consecutive meetings of district supervisors without reasonable excuse.

Sec. 4. Section 37-1054, Arizona Revised Statutes, is amended to read:

§ 37-1054. Powers of district

A. A district is empowered to:

1. Conduct surveys, investigations and research relating to the character of the soil, soil erosion prevention within a farm or ranch, methods of cultivation, farm and range practices, seeding, eradication of noxious growths and such other measures as will aid farm and range operations, disseminate information pertaining thereto, and carry on research programs with or without the cooperation of the state, the United States or agencies thereof.
2. Conduct demonstration projects within the district on lands owned or controlled by the state or any of its agencies with the consent and cooperation of the agency having jurisdiction thereof, and on any other lands within the district upon obtaining the consent of the owner thereof or the necessary rights or interests therein, in order to demonstrate by example the means, methods and measures by which water, soil and soil resources may be conserved, and soil erosion and soil washing prevented and controlled.
3. Cooperate and enter into agreements with a landowner, an operator or any agency or subdivision of the state or federal government to carry on programs of watershed improvement, soil erosion prevention, methods of cultivation, cropping practices, land leveling and improvement on agricultural lands, and programs limited to methods of proper range use, reseeding and the eradication of noxious growth on grazing lands, all within the limits of an individual farm or ranch and subject to such conditions as the supervisors deem necessary.
4. Acquire, by purchase, exchange, lease or otherwise, any property, real or personal, or rights or interest therein, maintain, administer and improve any properties acquired, receive income therefrom and expend it in carrying out the

purposes of this chapter, and sell, lease or otherwise dispose of any property or interest therein in furtherance of the purposes of this chapter.

5. Make available, on such terms as it prescribes to landowners within the district, agricultural and engineering machinery and equipment, fertilizer, seed and such other material or equipment as will assist the landowners to carry on operations upon their lands for the purposes and programs authorized by this chapter.

6. Develop, publish and bring to the attention of owners of lands within the district, comprehensive plans for the conservation of soil and water resources within the district which shall specify in such detail as may be feasible the acts, procedures, performances and avoidances necessary or desirable for the effectuation of the plans.

7. Apply for, receive, and spend monies from the Arizona water protection fund pursuant to title 45, chapter 12 to be used in individual districts or in cooperation with other districts, persons, cities, towns, counties, special districts and Indian communities for projects consistent with the provisions of title 45, chapter 12.

8. Employ agents, engineers, attorneys or other employees not readily available from existing state agencies.

7.9. Sue and be sued in the name of the district, have a seal, which shall be judicially noticed, have perpetual succession unless terminated as provided in this chapter, make and execute contracts and other instruments necessary or convenient to the exercise of its powers, and make, amend and repeal rules and regulations not inconsistent with this chapter to carry into effect its purposes and powers.

8.10. Accept donations, gifts and contributions in money, services, materials or otherwise, and use or expend them in carrying on its operations.

B. No provision of law with respect to the acquisition, operation or disposition of property by other public bodies shall be applicable to a district organized under this chapter unless specifically stated therein.

C. After the formation of any district under the provisions of this chapter, all participation thereunder shall be voluntary, notwithstanding any provision of this chapter to the contrary.

D. A district may send to the Arizona water protection fund commission established pursuant to title 45, chapter 12 written recommendations for geographic areas to be emphasized, issues of concern and measures to implement title 45, chapter 12. A district that sends written recommendations to the commission shall request information from at least the following:

1. The director of the department of water resources and the state land commissioner.

2. The federal and state fish, wildlife, recreation and natural resource agencies.

3. County and municipal entities.

4. The public.

E. The district shall develop procedures to assure adequate participation in the public involvement process prescribed by subsection D.

Sec. 5. Section 45-105, Arizona Revised Statutes, is amended to read:

§ 45-105. Powers and duties of director

A. The director may:

1. Formulate plans and develop programs for the practical and economical development, management, conservation and use of surface water, groundwater and the watersheds in this state, including the management of water quantity and quality.

2. Investigate works, plans or proposals pertaining to surface water and groundwater, including management of watersheds, and acquire, preserve, publish and disseminate related information which the director deems advisable.

3. Collect and investigate information upon and prepare and devise means and plans for the development, conservation and utilization of all waterways, watersheds, surface water, groundwater and groundwater basins in this state and of all related matters and subjects, including irrigation, drainage, water quality maintenance, regulation of flow, diversion of running streams adapted for development in cooperating with the United States or by this state independently, flood control, utilization of water power, prevention of soil waste and storage, conservation and development of water for every useful purpose.

4. Measure, survey and investigate the water resources of this state and their potential development and cooperate and contract with agencies of the United States for such purposes.

5. Acquire, hold and dispose of property, including land, rights-of-way, water and water rights, as necessary or convenient for the performance of the groundwater and water quality management functions of the department.

6. Acquire, other than by condemnation, construct, improve, maintain and operate early warning systems for flood control purposes and works for the recovery, storage, treatment and delivery of water.

7. Accept grants, gifts or donations of money or other property from any source, which may be used for any purpose consistent with this title. All property acquired by the director is public property and is subject to the same tax exemptions, rights and privileges granted to municipalities, public agencies and other public entities.

8. Enter into an interagency contract or agreement with any public agency pursuant to title 11, chapter 7, article 3 and contract, act jointly or cooperate with any person to carry out the provisions and purposes of this title.

9. Prosecute and defend all rights, claims and privileges of this state respecting interstate streams.

10. Initiate and participate in conferences, conventions or hearings, including meetings of the Arizona water resources advisory board, congressional hearings, court hearings or hearings of other competent judicial or quasi-judicial departments, agencies or organizations, and negotiate and cooperate with agencies of the United States or of any state or government and represent this state concerning matters within the department's jurisdiction.

11. Apply for and hold permits and licenses from the United States or any agency of the United States for reservoirs, dam sites and rights-of-way.

12. Receive and review all reports, proposed contracts and agreements from and with the United States or any agencies, other states or governments or their representatives and recommend to the governor and the legislature action to be taken on such reports, proposed contracts and agreements. The director shall take action on such reports, if authorized by law, and review and coordinate the preparation of formal comments of this state on both the preliminary and final reports relating to water resource development of the United States army corps of engineers, the secretary of the interior and the secretary of agriculture, as provided for in the flood control act of 1944 (58 Stat. 887; 33 U.S.C. United States Code section 701.1).

13. Contract with any person for imported water or for the acquisition of water rights or rights to withdraw, divert or use surface water or groundwater as necessary for the performance of the groundwater management functions of the director prescribed by chapter 2 of this title. If water becomes available under any contract executed under this paragraph, the director may contract with any person for its delivery or exchange for any other water available.

14. Recommend to the administrative heads of agencies, boards and commissions of this state, and political subdivisions of this state, rules to promote and protect the rights and interests of this state and its inhabitants in any matter relating to the surface water and groundwater in this state.

15. Provide information to the director of the division of emergency management of the department of emergency and military affairs according to section 26-322.

16. Conduct feasibility studies and remedial investigations relating to groundwater quality and enter into contracts and cooperative agreements under section 104 of the comprehensive environmental response, compensation, and liability act of 1980 (P.L. 96-510) to conduct such studies and investigations.

17. Dispose informally by stipulation, agreed settlement, consent order or alternative means of dispute resolution, including arbitration, if the parties and director agree, or by default of any case in which a hearing before the director is required or allowed by law.

B. The director shall:

1. Exercise and perform all powers and duties vested in or imposed upon the department and adopt and issue rules necessary to carry out the purposes of this title.

2. Administer all laws relating to groundwater, as provided in this title.

3. Be responsible for the supervision and control of reservoirs and dams of this state and, when deemed necessary, conduct investigations to determine if the existing or anticipated condition of any dam or reservoir in this state is or may become a menace to life and property.

4. Coordinate and confer with and may contract with:

(a) The Arizona power authority, game and fish commission, state land department, Arizona outdoor recreation coordinating commission, department of commerce, radiation regulatory agency, active management area water authorities or districts and political subdivisions of this state with respect to matters within their jurisdiction relating to surface water and groundwater and the development of state water plans.

(b) The department of environmental quality with respect to title 49, chapter 2 for its assistance in the development of state water plans.

5. Cooperate with the Arizona power authority in the performance of the duties and functions of the authority.

6. Maintain a permanent public depository for existing and future records of stream flow, groundwater levels and water quality and other data relating to surface water and groundwater.

7. Maintain a public docket of all matters before the department which may be subject to appeal pursuant to this title.

8. Investigate and take appropriate action upon any complaints alleging withdrawals, diversions, impoundments or uses of surface water or groundwater that may violate this title or the rules adopted pursuant to this title.

9. Report to and consult with the Arizona water resources advisory board at regular intervals.

10. Adopt an official seal for the authentication of records, orders, rules and other official documents and actions.

11. Provide staff support to the Arizona water protection fund commission established pursuant to chapter 12 of this title.

Sec. 6. Section 45-107, Arizona Revised Statutes, is amended to read:

§ 45-107. Cooperation with the secretary of the interior of the United States

A. The director is authorized, for and on behalf of the state of Arizona, to consult, advise and cooperate with the secretary of the interior of the United States, as follows:

1. In the exercise of any authority conferred upon the secretary of the interior under the provisions of sections 4, 5 and 14 of the act commonly known as the Boulder Canyon project act (43 U.S.C. ~~see~~ United States Code sections 617-617t ~~617 through 617t~~), as contemplated and provided in section 16 of the Boulder Canyon project act.

2. In respect to the authority of the secretary of the interior to contract for the delivery of water of the main stream of the Colorado river for use within the state of Arizona.

3. In respect to all powers and duties of the secretary of the interior under the provisions of that certain contract between the United States of America, acting by Harold L. Ickes, secretary of the interior, and the state of Arizona, acting by the Colorado river commission, entered into on the 9th day of February, 1944, pursuant to chapter 46 of the 1939 session laws of Arizona, and approved by chapter 4 of the 1944 session laws of Arizona.

4. In respect to the exercise by the secretary of the interior of any authority relative to the water of the Colorado river conferred upon the secretary of the interior by the provisions of any legislation enacted by the Congress of the United States of America.

B. The powers and duties of the director authorized by this section shall be limited and restricted to only that quantity of water which may be available for use in the state of Arizona, after the satisfaction of all existing contracts between the secretary of the interior and users in the state of Arizona for the delivery of water of the main stream of the Colorado river, and shall not extend to any such contracts, any amendments or supplements thereto, or to any federal statute enacted before the effective date of this section pertaining to any federal reclamation project within the state of Arizona constructed and using water of the main stream of the Colorado river before the effective date of this section. Nothing shall be done under the authority of this section which will impair existing rights in the state of Arizona for the diversion and use of Colorado river water.

C. The privilege and right of individuals, irrigation districts, corporations, state departments, agencies, boards, commissions or political subdivisions of the state of Arizona to negotiate and directly contract with the secretary of the interior for the delivery of water of the main stream of the Colorado river for use within the state of Arizona and to negotiate and subcontract with the secretary of the interior and a multi-county water conservation district for the delivery of Colorado river water through the central Arizona project for use within the state of Arizona, and all rights under such contracts or subcontracts shall not be affected by the provisions of this section, except as provided in subsection D.

D. Individuals, irrigation districts, corporations, state departments, agencies, boards, commissions and political subdivisions of the state shall cooperate, confer with and obtain the advice of the director as to those negotiations, ~~and contracts and subcontracts~~ described in subsection C that affect the allocation and use of main stream Colorado river water or the allocation and use of Colorado river water delivered through the central Arizona project. For a proposed contract or subcontract or a proposed amendment of a contract or subcontract that will result in a transfer of an allocation or entitlement of Colorado river water, including central Arizona project water, from a non-Indian Arizona contractor or subcontractor for a term of more than one year, the obligation to cooperate, confer with and obtain the advice of the director shall include the obligation to submit to the director for review

the proposed contract or subcontract or the proposed amendment, and all related exhibits and agreements, prior to its execution by the contractor or subcontractor.

Sec. 7. Section 45-576, Arizona Revised Statutes, is amended to read:

§ 45-576. Certificate of assured water supply; designated areas; exemptions; definition

A. A person who proposes to offer subdivided or unsubdivided lands, as these terms are defined in section 32-2101, for sale or lease in an active management area shall apply for and obtain a certificate of assured water supply from the director prior to presenting the plat for approval to the city, town or county in which the land is located, where such is required, and prior to filing with the state real estate commissioner a notice of intention to offer such lands for sale or lease, pursuant to sections 32-2181 and 32-2195, unless the subdivision is located within an area designated as having an assured water supply pursuant to subsection D, E, G or I of this section.

B. A city, town or county may approve a subdivision plat only if the subdivider has obtained a certificate of assured water supply from the director or the subdivision is located within an area designated as having an assured water supply pursuant to subsection D, E, G or I of this section. The city, town or county shall note on the face of the approved plat that a certificate of assured water supply has been submitted with the plat or that the proposed subdivision is located within an area designated as having an assured water supply, pursuant to subsection D, E, G or I of this section.

C. The state real estate commissioner may issue a public report authorizing the sale or lease of subdivided or unsubdivided lands only if the subdivider, owner or agent has obtained a certificate of assured water supply from the director or the lands are located within an area designated as having an assured water supply pursuant to subsection D, E, G or I of this section.

D. The director shall designate service areas of private water companies in active management areas where an assured water supply exists. An allocation for central Arizona project water by the United States secretary of the interior to a private water company is deemed a presumption of an assured water supply upon a finding by the director that the private water company has made an unconditional offer to enter into a contract for central Arizona project water sufficient to supply the intended use and is proceeding to develop the necessary delivery system and treatment works. The presumption of an assured water supply for a private water company ceases if the private water company refuses to enter into a contract for central Arizona project water during the contract period, as determined by the director. If a city or town acquires a private water company which has contracted for central Arizona project water, the city or town shall assume the private water company's contract for central Arizona project water.

E. The director may designate service areas of private water companies in active management areas where an assured water supply exists before an allocation of central Arizona project water as stated in subsection D of this section, on the written request of a person who proposes to offer for sale or lease subdivided or unsubdivided lands and the private water company that would serve the lands. The director shall determine in his best judgment whether, in addition to other available supplies, sufficient central Arizona project water will be allocated to the private water company to meet the water requirements of all existing development within its franchised area and the requirements of the specific proposed development or developments, taking into account the total request for central Arizona project water from all applicants, the reasonable foreseeability of an allocation by the secretary of the interior as recommended by the director and any need for reserving a portion of the total amount of central Arizona project water requested by all applicants in

order to achieve the management goal within the active management area. The determination by the director shall be based upon a finding:

1. That the private water company has made an unconditional offer to enter into a contract for that amount of central Arizona project water determined by the director to be allocable.

2. That the private water company has submitted a plan generally describing the treatment works and facilities for the delivery and treatment of the central Arizona project water and a tentative schedule of major actions which the company will proceed with upon an allocation of central Arizona project water.

3. That the private water company will be able to finance and construct the necessary delivery system and treatment works.

4. If the method of delivery or treatment is by the use of works or facilities of another or by an exchange of water with another, either that there is an existing agreement for the use of the works or facilities or an exchange agreement or that there is a written understanding between the parties of the general terms and criteria for such use or exchange.

F. A determination by the director pursuant to subsection E of this section that a sufficient amount of central Arizona project water can be so allocated is deemed a conditional presumption of an assured water supply for all existing development within its franchised area and the proposed development or developments specified in the director's determination. At the time the secretary of the interior has ordered central Arizona project allocations for private water companies, the director's authority to make determinations which create conditional presumptions of assured water supply terminates. A conditional presumption created under this subsection terminates on the date of an allocation of central Arizona project water by the secretary of the interior to the private water company. Thereafter, the provisions of subsection D of this section apply.

G. The director may designate the service area of a private water company as an area where an assured water supply exists if the director finds all of the following:

1. The private water company serves an incorporated city.

2. The private water company has received an allocation for central Arizona project water sufficient to supply the intended uses within the area covered by the private water company's certificate of convenience and necessity.

3. The city has passed a resolution expressing its unconditional intent to:

(a) Contract for central Arizona project water sufficient to supply the intended uses within the area covered by the private water company's certificate of convenience and necessity in the event the private water company refuses to enter into a contract for central Arizona project water during the contract period, as determined by the director.

(b) Make the central Arizona project water available to supply the intended uses within the area covered by the private water company's certificate of convenience and necessity.

4. There is a high probability that the city will receive an allocation for central Arizona project water from the United States secretary of the interior sufficient to supply the intended uses within the area covered by the private water company's certificate of convenience and necessity if the private water company refuses to enter into a contract for central Arizona project water during the contract period.

H. A designation made pursuant to subsection G of this section terminates if any of the following occurs:

1. The director designates the service area of the private water company pursuant to subsection D of this section.

2. The director designates the service area of the city pursuant to subsection I of this section.

3. The city does not receive an allocation for central Arizona project water sufficient to supply the intended uses within the area covered by the private water company's certificate of convenience and necessity or refuses to enter into a contract for central Arizona project water during the contract period, as determined by the director.

I. The director shall designate service areas of cities and towns in active management areas where an assured water supply exists. If a city or town has received an allocation from the United States secretary of the interior for central Arizona project water or has signed a letter of intent with the director to contract for central Arizona project water, the service area and extensions of the service area of such city or town are deemed to have an assured water supply. If the city or town refuses to enter into a contract for central Arizona project water during the contract period, as determined by the director, the determination that the city or town has an assured water supply is subject to review by the director and the director may determine that a city or town does not have an assured water supply within its service area. If a city or town enters into a contract for central Arizona project water, the service area and extensions of the service area of such city or town are deemed to continue to have an assured water supply until December 31, ~~2000~~ 1997. Commencing on January 1, ~~2001~~ 1998, the determination that the service area of a city or town has an assured water supply is subject to review by the director and the director may determine that a city or town does not have an assured water supply within its service area.

J. A map identifying and describing the designated service areas of cities, towns and private water companies where an assured water supply exists shall be on file in the department and shall be available for examination by the public during regular business hours. The director shall notify the mayors of all cities and towns in active management areas and the chairmen of the boards of supervisors of counties in which active management areas are located of the service areas where an assured water supply exists and any modification of such areas within thirty days of the designation or modification. Persons proposing to offer subdivided or unsubdivided lands located within such designated service areas for sale or lease are exempt from applying for and obtaining a certificate of assured water supply.

K. This section does not apply in the case of:

1. The sale of lands for developments which are subject to a mineral extraction and processing permit or an industrial use permit pursuant to sections 45-514 and 45-515.

2. The sale of lands to which irrigation grandfathered rights are appurtenant which the director finds are being divided into parcels each of which is thirty-six or more acres, including to the center line of dedicated roads or easements, if any, contiguous to the parcel, and will be used only for the growing of agricultural products.

L. The director shall adopt rules to carry out the purposes of this section no later than January 1, 1995.

M. For purposes of this section, "assured water supply" means all of the following:

1. Sufficient groundwater, surface water or effluent of adequate quality will be continuously available to satisfy the water needs of the proposed use for at least one hundred years. Beginning January 1 of the calendar year following the year in which a groundwater replenishment district is required to submit its preliminary plan pursuant to section 45-576.02, subsection A, paragraph 1, with respect to an applicant that is a member of the district, "sufficient groundwater" for purposes of this paragraph means that the proposed groundwater withdrawals that the applicant

will cause over a period of one hundred years will be of adequate quality and will not exceed, in combination with other withdrawals from land in the replenishment district, a depth to water of one thousand feet or the depth of the bottom of the aquifer, whichever is less. In determining depth to water for the purposes of this paragraph, the director shall consider the combination of:

- (a) The existing rate of decline.
 - (b) The proposed withdrawals.
 - (c) The expected water requirements of all recorded lots that are not yet served water and that are located in the service area of a municipal provider.
2. The projected groundwater use is consistent with the management plan and achievement of the management goal for the active management area.
 3. The financial capability has been demonstrated to construct the delivery system and any treatment works necessary to make the supply of water available for the proposed use.

Sec. 8. Title 45, Arizona Revised Statutes, is amended by adding chapter 12, to read:

CHAPTER 12

ARIZONA WATER PROTECTION FUND

ARTICLE 1. GENERAL PROVISIONS

§ 45-2101. Declaration of policy

A. It is the declared policy of the legislature to provide for a coordinated effort for the restoration and conservation of the water resources of this state. This policy is designed to allow the people of this state to prosper while protecting and restoring this state's rivers and streams and associated riparian habitats, including fish and wildlife resources that are dependent on these important habitats. In support of this policy, financial resources shall be made available by this state to the appropriate public and private entities to assist in water resource management activities that protect this state's rivers and streams and associated riparian habitats.

B. The primary purpose of this chapter is to establish the Arizona water protection fund commission and the Arizona water protection fund that shall provide an annual source of funds for the development and implementation of measures to protect water of sufficient quality and quantity to maintain, enhance and restore rivers and streams and associated riparian habitats, including fish and wildlife resources that are dependent on these important habitats consistent with existing water law and water rights. The commission may also provide funding to develop and protect riparian habitats in conjunction with a manmade water resource project, if the man made water resource water project directly or indirectly benefits a river or stream and includes or creates a riparian habitat. This funding shall occur primarily through the grant of monies from the Arizona water protection fund by the commission to entities that cooperate and work in conjunction with local residents and affected jurisdictions.

C. This declaration of policy and the use of the words "restore," "restoring" and "restoration" in this chapter shall not imply an intent to prescribe the removal of dams, levees or other manmade structures.

D. Nothing in this chapter shall limit or restrict the authority or opportunities of state or local governments or other political subdivisions to plan, develop or implement projects consistent with this chapter.

§ 45-2102. Definitions

In this chapter, unless the context otherwise specifies:

1. "Commission" means the Arizona water protection fund commission.
2. "Fund" means the Arizona water protection fund.

§ 45-2103. Arizona water protection fund commission

A. The Arizona water protection fund commission is established and consists of four ex-officio members and fifteen appointed members who are residents of this state and who have demonstrated an interest in natural resources appointed as follows:

1. One person representing a multi-county water conservation district established pursuant to title 48, chapter 22, named by that district's governing board.

2. Three persons representing municipalities that have entered into a subcontract for central Arizona project water. One person shall be from a county with a population of less than five hundred thousand persons according to the most recent United States decennial census, appointed by the speaker of the house of representatives, one person from a county with a population of more than five hundred thousand persons but less than one million two hundred thousand persons according to the most recent United States decennial census appointed by the president of the senate and one person from a county with a population greater than one million two hundred thousand persons according to the most recent United States decennial census appointed by the governor.

3. One person representing agriculture, appointed by the speaker of the house of representatives.

4. One person representing natural resource conservation districts established pursuant to title 37, chapter 6, appointed by the governor.

5. Four members of the public with at least a bachelor's degree in biology, botany, ecology, geology, geography, hydrology, resource economics or zoology and who have significant work related experience in the area of water resources management and conservation or natural resources management and conservation. One person shall be appointed by the speaker of the house of representatives, two persons shall be appointed by the president of the senate and one person shall be appointed by the governor. At least one of the members shall be from a county with a population of less than five hundred thousand persons according to the most recent United States decennial census.

6. Two persons who are knowledgeable in water resource issues related to riparian ecosystems and who have been recommended by at least one environmental organization that is incorporated under the laws of this state or that for federal tax purposes files under section 501(c)(3) of the internal revenue code and whose purpose includes the protection, conservation or restoration of this state's rivers and streams and associated riparian habitats, including fish and wildlife resources that are dependent on these habitats, appointed by the governor.

7. One person representing an agricultural improvement district established pursuant to title 48, chapter 17 who has at least a bachelor's degree in biology, botany, ecology, geology, geography, hydrology, resource economics or zoology and who has significant work related experience in the area of natural resources conservation appointed by the governor.

8. One person representing an Indian tribe appointed by the chairman of the intertribal council of Arizona.

9. One person representing an industrial water user who has entered into a subcontract for central Arizona project water appointed by the governor.

10. As nonvoting ex-officio members, the director of the department of water resources, the state land commissioner, the chairman of the house of representatives natural resources, agriculture and rural development committee or its successor and the chairman of the senate natural resources, agriculture and environment committee or its successor.

B. Members of the commission shall be appointed for staggered terms of three years. A member may serve more than one term and may continue to serve beyond the expiration of the term until a successor is appointed and assumes office.

C. On request, members who are not ex-officio members of the commission are eligible to receive compensation pursuant to section 38-611, not to exceed three thousand dollars in any calendar year, and are eligible for reimbursement for expenses pursuant to title 38, chapter 4, article 2.

D. Members of the commission are immune from liability for any action necessary to carry out the purposes of this chapter.

§ 45-2104. Powers and duties; limitations

A. The powers and authority vested in and the duties imposed on the members of the commission shall be exercised by a quorum of members, which consists of a majority of members then in office, except that a lesser number may hold public meetings without taking legal action.

B. The commission shall:

1. Adopt rules necessary to perform its duties.

2. Administer in accordance with section 45-2113 the expenditure of monies.

3. Coordinate its staffing needs with the director and the state land commissioner.

4. Make and execute all necessary contracts, including grants and intergovernmental agreements pursuant to title 11, chapter 7, article 3.

5. Adopt an official seal for the authentication of its records, decisions and resolutions.

6. Keep the minutes of its meetings, all records, reports and other information relating to its work and programs in permanent form, systematically indexed and filed.

7. Designate the person or persons who shall execute all documents and instruments on behalf of the commission.

8. Each year elect two members to act as a chair and a vice-chair for the commission.

9. Manifest and record its actions by motion, resolution, order or other appropriate means.

10. In addition to those meetings required by law to be open, hold open public meetings as the commission considers appropriate.

11. Prepare an annual report of its activities.

C. The commission may:

1. Sue and be sued.

2. Contract with any person for the expenditure of monies, including the granting of monies, consistent with section 45-2113.

3. Meet jointly with federal or state authorities to consider matters of mutual interest.

4. Secure from any federal or state agency or department information necessary to enable the commission to carry out its purposes.

5. Accept, use and dispose of appropriations, gifts or grants of money or other property or donations of services, from whatever source, only to carry out the purposes authorized in this chapter.

6. Perform all other acts necessary to carry out the purposes of this chapter.

D. Nothing in this chapter shall be construed to authorize the commission to purchase real property or to use this state's right of eminent domain to acquire water or water rights using monies derived from the Arizona water protection fund established by section 45-2111.

§ 45-2105. Application guidelines

Before any monies are granted pursuant to section 45-2113, and by July 1, 1995, and every three years thereafter, the commission shall develop in conjunction with the department guidelines for applicants for funding. Guidelines shall include the following:

1. Delineation of geographic areas in this state where protection and restoration will be emphasized.

2. Identification of issues of concern.

3. Types of measures needed to address issues of concern.

4. A requirement that the applicant include a description of the relationship between the proposed project and existing plans, reports and information that are relevant to the proposed project.

§ 45-2106. Public involvement

A. The commission is subject to the provisions of title 38, chapter 3, article 3.1 and title 39, chapter 1.

B. The commission shall develop and may amend the guidelines for applicants required by section 45-2105 after reviewing the recommendations submitted by the natural resource conservation districts developed pursuant to section 37-1054, subsections D and E and the information gathered during the public involvement process.

C. The commission shall gather information from the following:

1. The director of the department of water resources and the state land commissioner.

2. The federal and state fish, wildlife, recreation and natural resource agencies.

3. County and municipal entities.

4. The public.

D. The commission shall develop procedures to assure adequate public participation. At a minimum, public participation procedures shall prescribe public notice requirements including the content and publication of the notice, provide an opportunity for public hearings and specify the procedures governing the hearings and require the public availability of relevant documents. Public hearings shall be held at places and times which afford a reasonable opportunity to persons to participate.

E. The commission shall make available for viewing copies of the recommendations and supporting documents submitted pursuant to this section and may charge a reasonable fee for copying.

§ 45-2107. Reporting

Beginning July 1, 1996, and on July 1 every year thereafter, the commission shall submit a detailed report to the governor, the president of the senate and the speaker of the house of representatives. The report shall describe the actions taken by the

commission and the expenditures made from the fund during the previous fiscal year.

ARTICLE 2. FINANCIAL PROVISIONS

§ 45-2111. Arizona water protection fund

A. The Arizona water protection fund is established in the state treasury. The commission shall administer the fund.

B. The commission may grant monies from the fund to reimburse or advance monies to persons pursuant to section 45-2113. Grants made pursuant to this article are exempt from title 41, chapter 23.

C. On notice from the commission, the state treasurer shall invest and divest monies in the fund as provided by section 35-313. The state treasurer shall credit monies earned from these investments to the fund. Monies in the fund are exempt from the provisions of section 35-190 relating to lapsing of appropriations.

§ 45-2112. Funding sources

A. The fund shall consist of monies from the following sources:

1. Monies collected pursuant to section 48-3715.05.

2. Amounts appropriated from the state general fund pursuant to subsection B of this section.

B. There is appropriated from the state general fund to the Arizona water protection fund at the beginning of each fiscal year, an amount equal to five million dollars minus the sum of the amounts deposited in the previous fiscal year from the sources listed in subsection A, paragraph 1 of this section. If the amounts received from the sources listed in subsection A, paragraph 1 of this section, exceed five million dollars, the amount in excess shall be credited against the general fund appropriation in subsequent fiscal years. In no event shall the appropriation from the general fund exceed five million dollars in any fiscal year.

C. In addition to the amounts prescribed in subsections A and B of this section the fund may accept any gifts, grants or donations.

§ 45-2113. Fund grants; applications

A. The commission shall grant monies from the fund consistent with the application guidelines developed pursuant to section 45-2105. The commission shall establish a procedure by which monies may be granted annually which shall include a maximum of six months between the receipt of the proposal by the commission and the disbursement of monies. The commission shall give priority in funding to the following:

1. Projects for which matching monies or assets of comparable value including in-kind contributions will be provided by other sources.

2. Projects that provide for the continued maintenance of the portion of the river and stream and associated riparian habitat that are enhanced by the project.

3. Projects that include broad based local involvement.

4. Projects that directly benefit perennial or intermittent rivers or streams.

B. The commission shall require as a condition of approval of any proposal all of the following provisions:

1. Allowing access for inspection and evaluation of the project.

2. Controlling the expenditure of and accounting for any monies granted by the commission.

3. Requiring that those persons responsible for the project submit all pertinent information and research gained from the project to the commission.

4. Requiring that any person receiving a grant spend no more than five per cent of the grant on costs of administration.

C. The commission shall provide for public involvement regarding the applications submitted to the commission which shall include notice to any person who requests notice of applications and which shall provide a reasonable opportunity for comment on the application which shall not be less than forty-five days.

D. On receipt of an application the commission shall notify cities, towns, counties, natural resource conservation districts, special districts and Indian communities affected by the proposal and shall provide a reasonable opportunity for comment on the application which shall not be less than forty-five days.

E. Any person, state or federal agency or political subdivision of this state may submit a request for funding from the fund for purposes prescribed by this section. Requests for funding shall be made to the commission. Requests for funding submitted to the commission may be accompanied by expressions of support from affected cities, towns, counties, natural resource conservation districts, special districts or Indian communities.

F. As a condition of approval by the commission, the applicant shall commit to work jointly with the affected cities, towns, counties, natural resource conservation districts, special districts and Indian communities that have contacted the commission pursuant to subsection D of this section on all aspects of the proposal's implementation and monitoring, unless the jurisdiction chooses not to participate.

G. Monies in the fund may only be spent to finance programs located in this state.

H. Monies in the fund may be spent for any of the following:

1. Granting monies to entities for the acquisition of central Arizona project water or effluent that will protect or restore rivers or streams consistent with state water law. No entity may exercise the right of eminent domain to acquire water or water rights using monies derived from this fund.

2. Granting monies to assist in developing, promoting and implementing water conservation programs, directly related to the purposes of this chapter, outside of the active management areas, except that no more than five per cent of the monies spent in any fiscal year may be spent for this purpose.

3. Granting monies in support of research and data collection, compilation and analysis directly related to the purposes of this chapter except that no more than five per cent of the monies deposited in the fund in any fiscal year may be spent for this purpose. Prior to the approval of any such project, the commission shall consult with the department of water resources and the state land department to determine whether any research of a similar nature has been or is in the process of being performed and is already available. The commission shall not approve a proposal if either department determines that sufficient data exists and notifies the commission in writing.

4. Granting monies for the development and implementation of capital projects or specific measures consistent with the purposes of this chapter.

I. Monies in the fund may not be spent for remedial action purposes undertaken pursuant to the comprehensive environmental response, compensation, and liability act of 1980, as amended (P.L. 96-510; 94 Stat. 2767; 42 United States Code section 9601) or title 49, chapter 2, article 5.

§ 45-2114. Administration

A. The director shall provide administrative, technical and legal support to the commission to the extent funding is available as prescribed by subsection B of this section and from legislative appropriations. This support may include the hiring of a contract administrator, an attorney, office support and technical support staff, who shall be employees of the department of water resources.

B. Interest may be spent by the department of water resources and the state land department for the administration of this chapter. The department of water resources and the state land department shall apply for grants from the fund for any additional monies necessary for the administration of this chapter. Any interest in excess of administration costs may be spent for the purposes prescribed in section 45-2113.

C. In addition to the expenditures from the fund authorized by section 45-2113, the commission may use five per cent of the total monies deposited in the fund during the previous calendar year to grant to the department of water resources and the state land department additional monies for administration of this chapter.

Sec. 9. Section 48-3712, Arizona Revised Statutes, is amended to read:

§ 48-3712. Powers of the board

A. The board shall:

1. Manage and conduct the affairs and business of the district.
2. Make and execute all necessary contracts and other instruments which shall be signed by the president or, in his absence, by another member of the board designated for that purpose, and attested by the secretary.
3. Establish bylaws and rules for the governing of the board and for the functions of the district, as provided in title 41.
4. Perform all acts necessary to carry out the purposes of this chapter.
5. Except as provided in subsection C of this section and in sections 48-3715.01, 48-3715.03, 48-3715.05, 48-3772 and 48-3773, require that all funds received on behalf of the district shall be deposited in a special fund established by the state treasurer to be expended at the direction of the board to effectuate the provisions and purposes of this chapter, except that such monies not immediately required may be invested by the state treasurer pursuant to section 35-313.
6. Adopt an ordinance or ordinances to establish a revenue bonding program that pledges to bond repayment any monies received or to be received by the district from any source except ad valorem tax revenues, replenishment assessment revenues and replenishment tax generated under article 4 of this chapter.
7. Employ such agents, engineers, attorneys and employees not readily available from existing state agencies.

B. The board may accept grants, gifts or donations of money or other property from any source which may be expended for any purpose consistent with the provisions of this chapter.

C. The board may establish a revolving fund for the purpose of defraying the costs and expenses of the district.

Sec. 10. Section 48-3713, Arizona Revised Statutes, is amended to read:

§ 48-3713. Powers of district

A. The district, acting through its board, shall:

1. Enter into a contract or contracts with the secretary to accomplish the purposes of this chapter.

2. Provide for the repayment of construction costs, interest and annual operation, maintenance and replacement costs allocated to the district and payment of administrative costs and expenses of the district.

3. Levy an annual tax to defray district costs and expenses and to effect repayment of a portion of the district's obligation to the United States. Such tax levy shall not exceed ten cents per each one hundred dollars of assessed valuation of the taxable property within the district.

4. Establish and cause to be collected charges for water consistent with federal reclamation law and contracts entered into between the district and the secretary pursuant to this chapter.

5. Cooperate and contract with the secretary to carry out the provisions of the reclamation act of June 17, 1902 (32 Stat. 388), and acts amendatory thereof or supplementary thereto, including the Colorado river basin project act (82 Stat. 885).

6. Establish and maintain reserve accounts in amounts which may be required by any contract between the district and the secretary and in such additional amounts as may be deemed necessary to accomplish the purposes of this chapter.

B. The district, acting through its board, may:

1. Contract with the United States to be the operating agent of the central Arizona project and to maintain all or portions of the project and subcontract with others for the operation or maintenance of portions of the project.

2. Acquire in any lawful manner real and personal property of every kind necessary or convenient for the uses and purposes of the district.

3. Acquire electricity or other forms of energy necessary for the operation of the central Arizona project.

4. Contract for or perform feasibility studies of groundwater recharge and recovery projects.

5. Acquire, develop, construct, operate, maintain and acquire permits for underground storage and recovery projects including recovery wells pursuant to title 45, chapter 3, article 1 using surplus central Arizona project water.

6. Enter into contracts to acquire, permit, develop, construct, operate and maintain underground storage and recovery projects including recovery wells with any person pursuant to title 45, chapter 3, article 1 or underground recharge projects with any person pursuant to title 45, chapter 2, article 13. Such projects may utilize water, including central Arizona project water, which such persons have the right to either recharge or store underground and recover.

7. Plan, analyze, propose, apply for, construct, operate, maintain and dismantle state demonstration projects for underground water storage and recovery under title 45, chapter 3, article 2.

8. Acquire real property for state demonstration projects for underground storage and recovery sites under title 45, chapter 3, article 2 by purchase, lease, donation, dedication, exchange or other lawful means in areas suitable for demonstration projects for underground storage and recovery of state water in counties in which the district has water transportation facilities.

9. Advance monies necessary for the installation, construction, repair, maintenance or replacement of capital improvements related to any aquifer replenishment project, any indirect groundwater project or any other replenishment activities of the district undertaken pursuant to article 4 of this chapter. Monies advanced under this paragraph bear interest as determined by the board. Repayment of the advances shall be amortized over the useful life of the capital improvements, as determined by the board. Utilization of excess capacity in a state demonstration project as an aquifer replenishment project pursuant to section 48-3773, subsection B, paragraph 8 does not constitute the advancement of monies under this paragraph.

10. Advance monies for the payment of the operation and administrative costs and expenses of the district relating to performance of the groundwater replenishment obligations under article 4 of this chapter and including reasonable reserves. Monies advanced under this paragraph shall bear interest as determined by the board. Repayment of the advances may be amortized over a reasonable period, as determined by the board.

11. Assign to the account of the district at fair value stored water credits held by the district and accrued through the operation of indirect groundwater projects.

C. The authority granted under title 45, chapter 3, article 2 does not authorize the district to withdraw and use groundwater that exists naturally in the basin in which the underground water storage and recovery project is located. The authority provided in subsection B, paragraph 7 of this section is in addition to and distinct from any authority granted to the district by subsection B, paragraphs 5 and 6 of this section.

D. The functions of the district under subsection B, paragraph 5 of this section may be performed on behalf of the district by other persons under contract with the district.

E. The district may enter into and carry out subcontracts with water users for the delivery of water through the facilities of the central Arizona project. Such contracts as may be entered into between the district and the secretary and between the district and water users shall be subject to the provisions of the Colorado river basin project act (~~Public Law~~ P.L. 90-537; 82 Stat. 885). Before entering into such contracts the district shall determine that the proposed contract or proposed amendment, and all related exhibits and agreements, have been submitted to the director as required by section 45-107, subsection D.

F. The district may not sell, resell, deliver or distribute electricity to others. However, the district may, in conjunction with any other marketing entity or entities, be a marketing entity under section 107 of the Hoover power plant act of 1984 (P.L. 98-381; 98 Stat. 1333) solely for the limited purposes of establishing and collecting the additional rate components authorized by that act and may enter into contracts for that purpose. This subsection does not limit the authority of the district under subsection B, paragraph 3 of this section and does not prohibit the United States western area power administration or the Arizona power authority from making incidental disposition of power acquired by the district for purposes of operating the central Arizona project but not needed by the district for such purposes.

Sec. 11. Section 48-3715, Arizona Revised Statutes, is amended to read:

§ 48-3715. Tax levy; definition

A. On or before the second Monday in August of each year, the clerk of the county board of supervisors of each county within the district shall certify to the district board the total assessed valuation of all taxable property in the county. On or before the third Monday in August of each year, the district board shall fix the amount to be raised by direct taxation for the purpose of carrying out the provisions of this chapter, and shall levy a tax sufficient to raise such amount. Such tax shall not exceed ten cents on each one hundred dollars of assessed valuation in the district. The district board shall forthwith certify such tax rate to the board of supervisors of each county within the district, which boards at the time of levying general county taxes shall levy and cause to be collected taxes on the taxable property within such county at the tax rate fixed by the district board. The tax when collected shall be paid to the state treasurer and be credited to the district fund to be expended by the district only for purposes authorized by this chapter, which shall include costs and expenses of administration.

Additions are indicated by underline; deletions by ~~strikeout~~

B. The district board shall charge and collect a fee in lieu of taxes paid pursuant to subsection A for each acre-foot of central Arizona project water purchased or leased and delivered to or credited to a purchaser or lessee. The amount of this fee shall be computed by dividing the sum of the taxes levied in each county within the district pursuant to subsection A in the year in which the fee is charged by the amount of Colorado river water available for diversion into the central Arizona project as determined by the secretary during that year. This fee does not apply to:

1. Indian tribes with respect to water used directly on Indian reservation land in this state or on land owned in this state by the Indian tribe.

2. Water service providers whose customers are real property owners within the service area of the district and who pay the tax levied pursuant to subsection A. For purposes of this paragraph, "water service provider" means any person that has any obligation or duty of any nature to deliver water within the district's service area.

3. Persons who have entered into a contract with the district under which they agree to make payments in lieu of the tax levied pursuant to subsection A.

4. Persons that are real property owners within the service area of the district and that will use the water within the district's service area.

Sec. 12. Section 48-3715.02, Arizona Revised Statutes, is amended to read:

§ 48-3715.02. Tax levy for water storage

A. Until January 1, 1997, the following applies:

A.1. On or before August 19, 1991, August 17, 1992, August 16, 1993, August 15, 1994 and August 21, 1995 the district board shall fix the amount to be raised by direct taxation in the respective tax year for the purpose of carrying out section 48-3713, subsection B, paragraphs 7 and 8 and shall levy a tax, based on the assessed valuation certified under section 48-3715, sufficient to raise that amount, except that this tax shall not:

1.(a) Exceed four cents per one hundred dollars of assessed valuation in the district.

2.(b) Be levied in any county in the district in which the annual water allocation by the United States secretary of the interior of central Arizona project water for municipal and industrial uses is less than fifty thousand acre-feet.

B.2. The district board shall certify the tax rate to the board of supervisors of each county in the district in which the district board levies this tax, and the boards of supervisors at the time of levying general county taxes shall levy and cause to be collected taxes on the taxable property in the county at the tax rate fixed by the district board. The tax when collected shall be paid to the state treasurer and shall be credited to the state water storage fund established by section 45-835. All taxes levied pursuant to this section in counties having a population greater than five hundred thousand but less than one million five hundred thousand, ~~persons~~ according to the most recent United States decennial census, shall be deposited in account A of the fund established by section 45-835. All taxes levied pursuant to this section in counties having a population greater than one million five hundred thousand, ~~persons~~ according to the most recent United ~~States~~ States decennial census, shall be deposited in account B of the fund.

B. Beginning January 1, 1997, the following applies:

1. In addition to the tax authorized in sections 48-3713 and 48-3715, on or before the second Monday in August of each year, the district board shall fix the amount to be raised by direct taxation in the respective tax year for the purpose of carrying out section 48-3715.03 and shall levy a tax based on the assessed valuation certified under section 48-3715 sufficient to raise that amount, except that this tax shall not exceed four cents per one hundred dollars of assessed valuation in the district.

2. The district board shall certify the tax rate to the board of supervisors of each county in the district, and the boards of supervisors at the time of levying general county taxes shall levy and cause to be collected taxes on the taxable property in the county at the tax rate fixed by the district board. The tax when collected shall be paid to the state treasurer and shall be credited to the multi-county water storage fund established by section 48-3715.03. All taxes levied pursuant to this section in counties having a population of more than five hundred thousand but less than one million five hundred thousand persons according to the most recent United States decennial census shall be deposited in account A of the fund established by section 48-3715.03. All taxes levied pursuant to this section in counties having a population greater than one million five hundred thousand persons according to the most recent United States decennial census shall be deposited in account B of the fund. All taxes levied pursuant to this section in counties having a population of less than five hundred thousand persons according to the most recent United States decennial census shall be deposited in account C of the fund.

Sec. 13. Title 48, chapter 22, article 1, Arizona Revised Statutes, is amended by adding sections 48-3715.03 through 48-3715.05, to read:

§ 48-3715.03. Multi-county water storage fund; disbursement of monies

A. The multi-county water storage fund is established in the state treasury. The district shall administer the fund as provided in this section. The multi-county water storage fund shall be divided into three accounts, one account for the benefit of counties that are in the district and that have a population of more than five hundred thousand but less than one million five hundred thousand persons, one account for the benefit of counties that are in the district and that have a population of more than one million five hundred thousand persons and one account for the benefit of counties that are in the district and that have a population of less than five hundred thousand persons, according to the most recent United States decennial census. These accounts shall be referred to respectively as accounts A, B and C. The fund and the accounts within the fund consist of monies appropriated by the legislature and taxes levied pursuant to section 48-3715.02, subsection B after December 31, 1996. Monies appropriated by the legislature shall be credited to the separate accounts as provided by the legislature. Taxes levied pursuant to section 48-3715.02, subsection B shall be credited to the separate accounts based on the county in which the taxes are collected as provided in section 48-3715.02. Monies in the fund are exempt from lapsing under section 35-190. Interest earned on monies in the fund shall be credited to the fund and to the separate accounts in proportion to the balance of each account.

B. Except as provided in subsection C of this section, the fund shall be used to pay capital, operation, maintenance and other costs, including the costs of excess central Arizona project water, of underground storage and recovery projects operated by the district pursuant to permits issued under title 45, chapter 3, article 1. Monies from each account shall be used pursuant to this subsection only for underground storage and recovery projects located in the county that is to benefit from that account.

C. The district's board of directors may order by resolution that all or any part of the monies then in or thereafter deposited or credited to the fund be applied to the repayment of the construction costs of the central Arizona project including interest owed on district repayment contracts or to the annual operation, maintenance and replacement costs of the central Arizona project. If the district's board adopts such a resolution and delivers a certified copy to the state treasurer, those monies shall be transferred to the district for deposit in the district fund established pursuant to section 48-3712, subsection A, paragraph 5. The district's board of directors may amend the resolution from time to time or may rescind the resolution at any time after its adoption.

§ 48-3715.04. Tax levy against public service corporations

A. The board shall levy an annual tax for receiving water that is made available through the central Arizona project. The tax shall be imposed against each public service corporation that is located in the district and that has contracted for an allocation of water that is made available through the central Arizona project. The district shall levy an amount against each public service corporation that is sufficient to defray that public service corporation's share of the operation, maintenance and replacement costs of the project.

B. On or before August 15 of each year, the district shall transmit a statement to each public service corporation that is subject to the tax prescribed by subsection A of this section and that state the amount of the tax. On or before October 15 of each year, each public service corporation that is subject to the tax shall pay to the district an amount equal to the tax prescribed by subsection A of this section.

§ 48-3715.05. Contribution for water protection

A. On or before the second Monday in July of each year, the state treasurer shall transfer from amounts credited to the district the amounts that have been collected by the district pursuant to section 48-3715, subsection B, during the fiscal year immediately preceding the year in which the transfer is made.

B. The amounts transferred by the state treasurer pursuant to subsection A of this section shall be deposited in the Arizona water protection fund established pursuant to title 45, chapter 12, article 2.

Sec. 14. Delayed repeal

Section 48-3715.02, Arizona Revised Statutes, as amended by this act, is repealed from and after January 1, 2001.

Sec. 15. Section 48-3762, Arizona Revised Statutes, is amended to read:

§ 48-3762. Limitation on amount, rates, fees and charges

A. The district shall not issue any bonds under the provisions of this article that will cause the aggregate principal amount of bonds issued and outstanding under this article to exceed ~~one~~ two hundred fifty million dollars.

B. Bonds issued before ~~the effective date of this article~~ September 21, 1991 are excluded for the purposes of determining the aggregate principal amount.

C. Notwithstanding any other law, the district may establish and collect a fee for water for bonding purposes in lieu of or in addition to any rate or charge made pursuant to law or by contract.

Sec. 16. Appropriations; purposes

A. Notwithstanding section 45-2112, Arizona Revised Statutes, as added by this act, the following sums are appropriated from the state general fund to the Arizona water protection fund established pursuant to title 45, chapter 12, Arizona Revised Statutes, for the purposes of the Arizona water protection fund consistent with this act:

1. \$4,000,000 in fiscal year 1994-1995.
2. \$6,000,000 in fiscal year 1995-1996.

B. The sum of \$110,000 is appropriated from the state general fund to the department of water resources in fiscal year 1994-1995 for the purpose of establishing and supporting the office of Indian water rights settlement facilitation.

Sec. 17. Joint legislative oversight committee; Arizona water protection fund

A. A joint legislative oversight committee is established consisting of the following persons:

1. The chairmen of the committee on natural resources, agriculture and rural development and the committee on appropriations from the house of representatives.
2. The chairmen of the committee on natural resources, agriculture and the environment and the committee on appropriations from the senate.
3. The leader of the minority party from the house of representatives and the leader of the minority party from the senate.

B. The committee shall review the expenditures, including administrative costs, made from the Arizona water protection fund established by title 45, chapter 12, article 2, Arizona Revised Statutes, by the Arizona water protection commission and shall submit its review to the speaker of the house of representatives and the president of the senate. The committee shall conduct its review annually by October 1. In its first annual review the committee shall identify and recommend possible sources of dedicated funding for the fund.

Sec. 18. Initial terms of members of the Arizona water protection fund commission

A. Notwithstanding section 45-2103, Arizona Revised Statutes, as added by this act, the initial terms of members of the commission shall be as follows:

1. Five members shall serve a term ending on July 1, 1996.
2. Five members shall serve a term ending on July 1, 1997.
3. Five members shall serve a term ending on July 1, 1998.

B. At the first meeting of the Arizona water protection fund commission, the members shall by lot divide the membership into three classes to serve a term as prescribed by subsection A of this section. All subsequent terms for members of the commission shall be three year terms as prescribed by statute.

Sec. 19. Arizona water protection fund; fiscal year 1994-1995; administration

Notwithstanding sections 45-2113 and 45-2114, Arizona Revised Statutes, as added by this act, no more than five per cent of the monies appropriated to the Arizona water protection fund in fiscal year 1994-1995 may be spent by the department of water resources and the state land department during fiscal year 1994-1995 for purposes of establishing and supporting the Arizona water protection fund commission. Of those monies, no more than \$100,000 may be spent by the department of water resources and no more than \$50,000 may be spent by the state land department.

Approved by the Governor April 25, 1994.

Filed in the Office of the Secretary of State April 25, 1994.

**COURTS AND CIVIL PROCEEDINGS—MEDICAL
MALPRACTICE—POSTJUDGMENT
INTEREST**

CHAPTER 279

H.B. 2162

AN ACT AMENDING TITLE 12, CHAPTER 3, ARTICLE 5, ARIZONA REVISED STATUTES, BY ADDING SECTION 12-352; RELATING TO PAYMENT OF INTEREST ON MEDICAL MALPRACTICE JUDGMENTS.

Be it enacted by the Legislature of the State of Arizona:

Additions are indicated by underline; deletions by ~~strikeout~~

1421