



ARIZONA STATE SENATE
Fiftieth Legislature, Second Regular Session

FACT SHEET FOR S.B. 1288

municipal water fees; repeal; appropriation

Purpose

Repeals the section of law that authorizes the Director of the Arizona Department of Water Resources to assess and collect a municipality fee based on population and appropriates \$6,300,000 from the state General Fund to the Arizona Department of Water Resources for FY 2013.

Background

Laws 2011, Chapter 36 suspended funding of the Arizona Water Protection Fund in FY 2012 and authorized the Director of the Arizona Department of Water Resources (ADWR) to assess and collect a municipality water fee that is proportionality based on population. The fee collected is required to be deposited into the Water Resources Fund. The legislation contained a legislative intent clause that limited additional revenues generated by the increased fee to \$7,000,000. Additionally, session law continued the ADWR Director's authority to increase fees for services in FY 2012 and exempted ADWR from rulemaking requirements until July 1, 2012, in order to establish the fees. Under this exemption, ADWR filed a Notice of Exempt Rulemaking on August 10, 2011, giving notice it has adopted a rule establishing the municipality fee for FY 2012. On August 15, 2011, ADWR mailed each municipality in the state a notice of its municipality fee for FY 2012. Each municipality was required to pay at least half of its fee by October 17, 2011 and any remaining portion of the fee by January 16, 2012. ADWR has collected \$5,869,866.12 of the municipality fee assessed for FY 2012.

On January 10, 2012, the Governor's Regulatory Review Council approved ADWR's proposed rule establishing the municipality fee for FY 2013. The rule will become effective on July 1, 2012. The rule requires ADWR to notify each municipality of its actual fee for a fiscal year by July 15 of that fiscal year. Each municipality must pay at least one-half of its fees by August 15 of the fiscal year and any remaining portion of the fee by January 15 of the same fiscal year.

The fiscal impact to the state General Fund is a reduction of \$6,300,000 in FY 2013.

Provisions

1. Repeals the section of law that authorizes the ADWR Director to assess and collect, from every municipality, a fee that is proportionately based on population (A.R.S. § 45-118).
2. Appropriates \$6,300,000 from the state General Fund to the ADWR for general operating expenditures for FY 2013.

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3. Becomes effective on the general effective date.

Prepared by Senate Research

January 26, 2012

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