

Summary of Drought Mitigation Revolving Fund and Drought Mitigation Board (Sec. 5)

Sources of Funding

Establishes the Drought Mitigation Revolving Fund (Drought Fund) consisting of:

- a) Legislative appropriations;
- b) Drought mitigation monies from the federal government;
- c) Monies received as loan repayments, interest and penalties;
- d) Interest and income received from investing Drought Fund monies; and
- e) Gifts, grants and donations received from any public or private source.

States that Drought Fund monies are **continuously appropriated** and exempt from lapsing.

Board Composition

The Drought Mitigation Board Consists of the Following Members:

- a) The Governor and the President of the Senate shall *each* appoint one person from a combination of Maricopa, Pima or Pinal County.
- b) The Speaker of the House of Representatives shall appoint one person from La Paz, Mohave, or Yuma County.
- c) The Speaker of the House of Representatives shall appoint one person from Cochise, Graham, Greenlee, or Santa Cruz County.
- d) The President of the Senate shall appoint one person from Gila or Yavapai County.
- e) The Governor shall appoint one person from Apache, Coconino, or Navajo County.
- f) The Director of Water Resources or the Director's designee.
- g) The following as Advisory Members without the power to vote:
 - a. The President of the Senate
 - b. The Speaker of the House of Representatives
 - c. The State Land Commissioner

Board Purpose, Composition, Terms, Appointment, Subcommittees

Establishes the Drought Mitigation Board (Drought Board) **to evaluate and approve funding requests for monies** from the Drought Fund and outlines the Drought Board's membership.

States that appointed members' **terms are five years long** and begin and end on the third Monday in January.

Requires the **appointed members to have a strong background in water issues** within Arizona.

Directs, before appointment to the Drought Board, a prospective member to submit a full set of fingerprints to the appointing entity for a criminal records check.

Permits the Department of Public Safety to share a prospective members' fingerprints with the Federal Bureau of Investigation.

Directs the Drought Board to **elect a chairperson from among the voting members.**

Allows the chairperson to **appoint subcommittees as necessary.**

Assistance, State Agencies

Permits the Drought Board to request assistance from representatives of other state agencies.

Administrative & Technical Support

Instructs **ADWR to provide clerical, administrative and technical support** for the Drought Board.

Compensation, Opening Meeting Law, Conflicts, Standards of Conduct

Stipulates that Drought Board members serve without compensation but are eligible for reimbursement of expenses provided through ADWR and paid from the Drought Fund.

Requires Drought Board meetings to follow open meeting laws except in such circumstances as outlined in the bill.

States that the Drought Board and its officers and employees are subject to state conflict of interest laws.

Directs the Drought Board to adopt policies for standards of conduct, including a gift policy, for its members, officers and employees.

Annual Audit

Requires the Drought Board, by October 31st annually, to hire **an independent certified public accountant, with monies from the Drought Fund, to conduct an audit of the Drought Fund.**

Instructs the Drought Board to immediately submit a certified copy of the audit with the Auditor General and permits the Auditor General to make further audits and examinations as necessary.

States that the audit is considered sufficient if the Auditor General takes no further action within 30 days of receiving the audit.

Data Sharing, State Agencies

Directs all state agencies to cooperate with and share data with the Drought Board upon their request.

Investing/Divesting Monies

Directs the State Treasurer, on notice from the Drought Board, to invest and divest monies in the Drought Fund, and the monies earned from such investments are deposited in the Drought Fund.

Authorized Purposes of Funding

Authorizes monies in the Drought Fund to be:

- a) The **Department of Water Resources may award grants to facilitate the forbearance of water deliveries** that would avoid cuts to Arizona's Colorado river water supplies, but such grants cannot be used to supplant any existing forbearance contract for water to be stored in Lake Mead;
- b) The **State Land Department may apply for grants to make the best use of water resources associated with state trust land** — before awarding a grant to SLD for development of infrastructure for the Butler Valley groundwater basin, a hydrological study of groundwater availability must be completed;
- c) Board may approve monies awarded **as low-cost long-term loans for the planning, designing, constructing or financing of water supply development projects to import water supplies** from outside of Arizona into Arizona,

with **priority given to those loan applications demonstrating the largest statewide benefit;** and
- d) Board may **pay the costs to administer the fund.**

Prohibited Purposes of Funding

Prohibits monies in the Drought Fund from being used to fund **transferences of water or water rights, related to a mainstream Colorado River entitlement**, away from an area near the Colorado River.

Grants, Loans, Assistance

Exempts grants from the Drought Fund from statute governing solicitation and award of grant applications.

Permits Drought Fund loans to be secured by providing linked deposit guarantees through third party lenders by depositing monies with the lender on certain conditions.

Permits an entity to apply to the Drought Board and accept and incur indebtedness as a result of a loan or any other financial assistance from the Drought Fund for conservation and water supply purposes.

States that an entity which applies for and receives financial assistance from the Drought Fund is not precluded from applying for and accepting a loan or other financial assistance under any other law.

Directs the Drought Board to prescribe a simplified form and procedure to apply for and approve assistance.

Evaluating Applications

Instructs the Drought Board to establish criteria to evaluate applications, including requirements for local participation in project costs, if deemed advisable.

Requires the Drought Board's **established criteria to include** the applicant's:

- a) Ability to repay a loan;

- b) Legal capability to enter into a loan repayment agreement;
- c) Financial ability to manage, construct, operate and maintain the project if it receives the financial assistance; and
- d) Ability to acquire necessary regulatory permits and meet any applicable environmental requirements imposed by federal or state agencies.

Directs the Drought Board to determine the priority of projects assisted based on the merits of the application with respect to drought mitigation issues.

Requires the Drought Board to review each application and inform the applicant of their decision within 90 days of the application's submission.

Directs the Drought Board, upon denying an application, to explain to the applicant the reason for the denial.

Permits the Drought Board to condition the approval of an application on such assurances as the Drought Board deems necessary to ensure the applicant will use the financial assistance properly.

Definitions, Intent, Establishment and Termination

Defines entity, board and fund.

Contains a legislative intent clause and legislative findings.

Contains a legislative purpose clause. (Sec. 13)

Contains a retroactivity **clause establishing the Drought Board and Drought Fund on July 1, 2021.** (Sec. 14)

Terminates the Drought Board on July 1, 2031. (Sec. 4)

Terminates the Drought Fund on January 1, 2032. (Sec. 4)