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TOP STORY EDITOR'S PICK

Hobbs signs law aimed at saving water by turning farms into homes

Bob Christie Capitol Media Services

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Gov. Katie Hobbs signed the bill Monday known as “ag to urban,” meaning farmland converted to neighborhoods. Mark Henle, The Arizona Republic

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PHOENIX — Legislation designed to save huge amounts of water by allowing farmers across central Arizona to sell their land and associated groundwater rights to developers who must limit future pumping was signed into law Monday by Gov. Katie Hobbs.

The Democrat said the legislation will preserve the state’s limited supply of groundwater while allowing growth to continue, create jobs and help lower the price of new homes.

Senate Bill 1611 was in part prompted by a moratorium on issuing new certificates of 100-year assured water supplies builders must obtain from state water regulators that was imposed in 2023 over the Pinal and Phoenix “active management areas.” It didn’t bar new building if the area was served by an existing water supplier.

The halt, which triggered screams from homebuilders, was prompted by new analyses from the Arizona Department of Water Resources that showed there just wasn’t enough groundwater to support new housing.

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Although the law signed Monday only initially applies to the Phoenix and Pinal AMAs created by the state’s landmark 1980 Groundwater Management Act, the Tucson AMA could be added to the new “ag to urban” program if a similar moratorium on development is issued there.

Builders in outlying areas of Maricopa and Pinal counties are increasingly relying on groundwater instead of Colorado River or Salt River Project supplies, and the moratorium halted developments in parts of Buckeye and Queen Creek and other far-flung suburban areas.

The state has faced cutbacks in its Colorado River supply and is fighting to avoid much steeper cuts as federal officials work on new allocations among the Western states that tap into the river. Long-term drought and climate change have lowered the amount of water in the river.

Hobbs was joined by lawmakers from both sides of the aisle in touting the legislation she called “historic.”

“The Ag-to-Urban water conservation legislation shows what we can achieve when state policymakers come together to focus on solving the problems that Arizonans care about most,” Hobbs said in a written statement. “Arizona has long led the country in water management, and today we have shown that we will continue this legacy of addressing our most pressing challenges.”

While there was bipartisan support for the measure, not everyone was happy.

Hobbs faced some criticism for not using the builders’ push for the “ag to urban” law as leverage to secure new groundwater rules in rural areas such as Cochise and Mohave counties not currently in an active management area. But she said in Monday’s statement that she is not giving up on efforts to stop over-pumping in those areas by large corporate farms that have moved in in recent years.

“I will continue fighting to protect groundwater in rural Arizona so every community throughout our state will know they have the tools they need to secure their water future,” she said.

The legislation passed the Senate on a 26-4 vote and the House by a slimmer but still bipartisan 35-20 margin. Hobbs negotiated with Republican lawmakers led by Sen. T.J. Shope, R-Coolidge, to reach a deal after vetoing a similar measure last year over

concerns it would not actually save water.

“The ag-to-urban plan represents nearly two years of painstaking negotiations between the Legislature, the executive, stakeholders, water experts, water users, and community leaders,” Shope said in a statement included in the governor’s news release announcing the signing. “I’m proud of the end result.”

He also touted the law’s potential impacts on home prices and said it also will allow farmers who are ready to retire to cash out while cutting overall water use.

The law limits pumping from former farms to 1.5 acre-feet per acre a year in the Phoenix AMA and 1 acre-foot a year in the Pinal AMA. Farms in the area currently pump about three times that much water, said Spencer Kamps, a lobbyist for the Home Builders of Southern Arizona, which pushed for the bill.

An acre-foot is about 326,000 gallons — enough water to cover an acre of land one foot deep and typically enough to supply three homes.

Homebuilders have been pushing for higher-density developments to lower costs for buyers. Kamps said the small pumping allocation will be a challenge.

“This is a new program and time will tell about the success of that program,” Kamps said. “We’ve done a lot of analysis about projects getting through at 1.5 (acre-feet per year) and we’re concerned about that because it’s such a low water amount.”

Kamps also noted that many of the areas developers have targeted on the far western fringes of the metro Phoenix area won’t be helped because they’re desert areas with no nearby farmland. That’s because the law requires land initially to be within a mile of the farm it’s getting its water from.

Despite the wide vote margin, there were critics in the Legislature, including Rep. Chris Mathis, D-Tucson.

Although Mathis said this year's version of the bill is much better than the one Hobbs vetoed last year, he opposed it because of new groundwater replenishment rules that ag to urban will trigger.

Farmland owners generally are not required to put water into the ground to make up for what they pump. But new homes that rely on groundwater do, and that is the job of the Central Arizona Groundwater Replenishment District, known as CAGRDR.

The district is overseen by the Central Arizona Project, which has a massive canal that transports water from the Colorado River to Phoenix and then south to Tucson. The district has relied on that water to recharge aquifers in the region.

The district has seen cutbacks in its river water supplies and doesn't have extra water to cover additional areas, Mathis said.

"There are already structural concerns with the CAGRDR system," Mathis said.

"There's just no way to do this ag-to-urban program without adding a significant amount of new replenishment obligation onto the already fully subscribed CAGRDR system," he said. "And so for that reason, I don't think we ought to be doing it."

A Senate Democrat from Tucson, minority leader Priya Sundareshan, had a different take, saying details in the new law assured her it was a good move for all concerned and will lower groundwater use.

"Importantly, it contains many key guardrails designed to ensure that groundwater savings will be achieved over the next 100 years as a result of this program," she said. "I am pleased that the various parties were able to reach agreement here, and we must continue to strengthen our state groundwater management, including by supporting our replenishment obligations and by protecting rural groundwater."

Whether the measure will actually lead to large tracts of ag lands being converted is an unknown, said Sarah Porter, director of the Kyl Center for Water Policy at Arizona State University.

She said the moratorium created the unintended consequence of preventing farmers from retiring their land and cutting water use, and SB1611 would remove that disincentive. Builders have been buying up ag land to use for homes for decades, and now will be able to again do so.

But it isn't clear just how much the new law will come into play in the coming years.

"The estimations of the acres of land that are available are really significant," Porter said, with "hundreds of thousands of acres of land that essentially are available to do it."

But that still leaves the restriction that new homes must be within a mile of the farm from which the water was retired.



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"But that may not be land that anyone cares about acquiring to do this kind of development," Porter said.