

**House Engrossed**

**financial assurance; reclamation; escrow; trusts**

**State of Arizona  
House of Representatives  
Fifty-seventh Legislature  
Second Regular Session  
2026**

# **CHAPTER 54**

## **HOUSE BILL 2278**

**AN ACT**

**AMENDING SECTIONS 27-991, 27-996, 27-1291 AND 27-1296, ARIZONA REVISED STATUTES;  
RELATING TO FINANCIAL ASSURANCE FOR RECLAMATION.**

**(TEXT OF BILL BEGINS ON NEXT PAGE)**

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

Section 1. Section 27-991, Arizona Revised Statutes, is amended to read:

**27-991. Financial assurance requirements; form**

A. ~~Beginning April 1, 1997~~; As required by this chapter, owners and operators of exploration operations and mining units who create surface disturbances shall provide financial assurance mechanisms to the inspector as provided by this article.

B. Allowable financial assurance mechanisms for **THE** purposes of this article include any or a combination of the following:

1. Surety bond.
2. Certificate of deposit.
3. Trust fund with pay-in period.
4. Letter of credit.
5. Insurance policy.
6. Certificate of self-insurance.
7. Cash deposit with the state treasurer.

8. Evidence of ability to meet a corporate financial test or corporate guarantees as provided by 40 Code of Federal Regulations section 264.143(f).

9. Annuities.

**10. CASH DEPOSIT WITH A THIRD-PARTY ESCROW OR TRUST ACCOUNT.**

~~10:~~ **11. Additional financial assurance mechanisms that are acceptable to the inspector.**

**C. ALL INTEREST AND EARNINGS ACCRUED THROUGH A CASH DEPOSIT WITH A THIRD-PARTY ESCROW OR TRUST ACCOUNT MADE PURSUANT TO SUBSECTION B, PARAGRAPH 10 OF THIS SECTION, MINUS ANY APPLICABLE ADMINISTRATIVE FEES AND COSTS IMPOSED BY THE THIRD-PARTY ESCROW OR TRUST ACCOUNT, ARE THE PROPERTY OF THE OWNER OR OPERATOR OF EXPLORATION OPERATIONS AND MINING UNITS AND MAY BE APPLIED TOWARD THE FINAL RECLAMATION COSTS. ON PARTIAL RELEASE OR SUBSTITUTION OF MONIES DEPOSITED IN A THIRD-PARTY ESCROW OR TRUST ACCOUNT, THE INSPECTOR SHALL RELEASE THE PROPORTIONAL SHARE OF ANY INTEREST EARNED.**

Sec. 2. Section 27-996, Arizona Revised Statutes, is amended to read:

**27-996. Release of financial assurance**

A. An owner or operator may apply to the ~~state-mine~~ inspector to release all or part of the financial assurance provided under this article. The application shall:

1. Describe the reclamation measures that have been performed.
2. Describe any surface disturbances included in the reclamation plan that have not been disturbed.
3. Contain an estimate of the costs of reclamation measures that have not been performed.

B. Within sixty days after receiving a complete application, the inspector shall release all or part of the financial assurance except for any amount that is necessary to perform the reclamation measures identified in the reclamation plan. **IF THE FINANCIAL ASSURANCE IS A THIRD-PARTY ESCROW OR TRUST ACCOUNT, THE INSPECTOR SHALL RELEASE THE PROPORTIONAL SHARE OF ANY INTEREST EARNED.** After the reclamation measures have been performed, the remaining financial assurance shall be released, except that ten per cent shall be retained for the costs of care, monitoring and one reseeding, if necessary, for areas that have been revegetated. The inspector shall release the retained monies after a period of not more than three growing seasons after the supplemental management or other man-induced inputs have been finally removed or as otherwise provided in section 27-992, subsection B.

Sec. 3. Section 27-1291, Arizona Revised Statutes, is amended to read:

**27-1291. Financial assurance requirements; form**

A. ~~On or before January 1, 2007~~; As required by this chapter, owners and operators of exploration operations and aggregate mining units who create surface disturbances shall provide financial assurance mechanisms to the inspector as provided by this article.

B. Allowable financial assurance mechanisms for purposes of this article include any or a combination of the following:

1. Surety bond.
2. Certificate of deposit.

3. Trust fund with pay-in period.
4. Letter of credit.
5. Insurance policy.
6. Certificate of self-insurance.
7. Cash deposit with the state treasurer.
8. Evidence of ability to meet a corporate financial test or corporate guarantees as provided by 40 Code of Federal Regulations section 264.143(f).
9. Annuities.
10. Bonding pools.
11. CASH DEPOSIT WITH A THIRD-PARTY ESCROW OR TRUST ACCOUNT.

~~H~~ 12. Additional financial assurance mechanisms that are acceptable to the inspector.

**C. ALL INTEREST AND EARNINGS ACCRUED THROUGH A CASH DEPOSIT WITH A THIRD-PARTY ESCROW OR TRUST ACCOUNT MADE PURSUANT TO SUBSECTION B, PARAGRAPH 10 OF THIS SECTION, MINUS ANY APPLICABLE ADMINISTRATIVE FEES AND COSTS IMPOSED BY THE THIRD-PARTY ESCROW OR TRUST ACCOUNT, ARE THE PROPERTY OF THE OWNER OR OPERATOR OF EXPLORATION OPERATIONS AND MINING UNITS AND MAY BE APPLIED TOWARD THE FINAL RECLAMATION COSTS. ON PARTIAL RELEASE OR SUBSTITUTION OF MONIES DEPOSITED IN A THIRD-PARTY ESCROW OR TRUST ACCOUNT, THE INSPECTOR SHALL RELEASE THE PROPORTIONAL SHARE OF ANY INTEREST EARNED.**

Sec. 4. Section 27-1296, Arizona Revised Statutes, is amended to read:

**27-1296. Release of financial assurance**

A. An owner or operator may apply to the ~~state-mine~~ inspector to release all or part of the financial assurance provided under this article. The application shall:

1. Describe the reclamation measures that have been performed.
2. Describe any surface disturbances proposed in the reclamation plan that have not been disturbed.
3. Contain an estimate of the costs of reclamation measures that have not been performed.

B. Within sixty days after receiving a complete application, the inspector shall release all or part of the financial assurance except for any amount that is necessary to perform the reclamation measures identified in the reclamation plan. **IF THE FINANCIAL ASSURANCE IS A THIRD-PARTY ESCROW OR TRUST ACCOUNT, THE INSPECTOR SHALL RELEASE THE PROPORTIONAL SHARE OF ANY INTEREST EARNED.** After the reclamation measures have been performed, the remaining financial assurance shall be released, except that ten ~~per-cent~~ **PERCENT** shall be retained for the costs of care, monitoring and one reseeding, if necessary, for areas that have been revegetated. The inspector shall release the retained monies after a period of not more than three growing seasons after the supplemental management or other man-induced inputs have been finally removed or as otherwise provided in section 27-1292, subsection B.

**APPROVED BY THE GOVERNOR APRIL 13, 2026.**

**FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 13, 2026.**