

**MINUTES OF THE  
NATURAL RESOURCES, AGRICULTURE, AND ENVIRONMENT  
INTERIM COMMITTEE**

Wednesday, October 24, 2001 - 2:00 p.m. - Room 303 State Capitol

**Members Present:**

Sen. Parley G. Hellewell, Senate Chair  
Rep. Bradley J. Johnson, House Chair  
Sen. Leonard M. Blackham  
Sen. Mike Dmitrich  
Sen. Bill Wright  
Rep. Eli H. Anderson  
Rep. Roger E. Barrus  
Rep. Jackie Biskupski  
Rep. Craig W. Buttars  
Rep. David N. Cox  
Rep. Margaret Dayton

Rep. Glenn A. Donnelson  
Rep. Fred J. Fife III  
Rep. James R. Gowans  
Rep. Thomas Hatch  
Rep. Darin G. Peterson  
Rep. Michael R. Styler  
Rep. Stephen H. Urquhart

**Staff Present:**

Mr. Brian Allred, Research Analyst  
Ms. Jeanenne B. Larson, Associate General Counsel  
Ms. Joy L. Miller, Legislative Secretary

**Note:** A list of others present and a copy of materials can be found at <http://www.image.le.state.ut.us/imaging/history.asp> or contact the Office of Legislative Research and General Counsel.

**1. Committee Business**

Chair Hellewell called the meeting to order at 2:25 p.m.

**MOTION:** Rep. Buttars moved to approve the minutes of the September 12, 2001 meeting. The motion passed unanimously with Sen. Dmitrich, Sen. Wright, Rep. Anderson, Rep. Biskupski, Rep. Cox, and Rep. Donnelson absent for the vote.

**2. Report of the Executive Committee on Water Rights**

- Partial Forfeiture of Water Rights
- Mutual Water Company Change Applications

Mr. Bob Morgan, State Engineer, reviewed the proposed changes to Section 73-1-4, Reversion to public by abandonment or forfeiture for nonuse within five years – Extension of time. A policy statement included in the draft ties the forfeiture concept to beneficial use of water rights. The legislation provides additional criteria to the state engineer and water users so that if they are not using or have some legitimate reason for not using all or a part of their water right, they can file a nonuse application. Mr. Morgan pointed out that once water is actually diverted and placed in storage it can be left there by the water user without being forfeited. He outlined the reasonable causes for nonuse of a perfected water right.

Mr. Morgan reviewed proposed new Section 73-1-4.5, Authorization for water companies to allocate water rights lost by forfeiture or nonuse, to redeem and retire shares, arrange for use of water. He said the executive committee felt strongly that the stockholders in the company who are causing the forfeiture to happen should bear the burden. Once those shares have been identified, they will be redeemed and will no longer have a right to share in the water rights of the company.

Mr. Morgan discussed proposed new Section 73-3-3.5, Change of point of diversion, place of use, or

purpose of use of water in a water company. If a shareholder is going to change any element of his water right, he must first file a request with the company board of directors to allow his shares to be subject to the change application. He reviewed the information that must be contained in the request. A water company shall provide a written decision on any shareholder's request for a change application within 120 days from receipt of the request. The company may approve, approve with conditions, or deny the change request. He discussed the remedies available if the shareholder feels the water company has unreasonably withheld its approval.

Mr. Fred Finlinson, attorney, said water users are supportive of the proposed bills and encouraged the committee to adopt them.

**MOTION:** Sen. Blackham moved to express thanks to the executive committee for its efforts and to adopt the three proposals as committee bills. Staff will draft the proposals in the appropriate legislative format. The motion passed unanimously with Rep. Biskupski absent for the vote.

Sen. Blackham stated that a telephone conference was held with many of the members of the State Water Development Commission during which some language changes were proposed.

**MOTION:** Sen. Blackham moved to amend Section 73-3-3.5(6) to read as follows:

"(6) The shareholder requesting the change must be current on all water company assessments and agree to continue to pay all applicable future assessments, except that the shareholder may elect to prepay any portion of the water company assessments attributable to an existing debt of the water company. Other than prepaid assessments, the water company may require that the shareholder continue to pay all applicable assessments of the water company." The motion passed unanimously with Rep. Biskupski absent for the vote.

Rep. Cox, Rep. Johnson, Rep. Hatch, and Sen. Blackham declared a conflict of interest.

### **3. Department of Natural Resources / School and Institutional Trust Lands Memorandum of Understanding**

Mr. Hugh Thompson, acting director, DNR (Department of Natural Resources), indicated that they have come a long way in resolving and improving the relationships of the two agencies.

Mr. Steven Boyden, director, School and Institutional Trust Lands Administration, distributed a handout "DNR/TLA MOU Summary." The background in the MOU contains a history or management of trust lands and the DNR and summarizes land ownership in Utah. It states the statutory authority and mission statements of the two agencies and acknowledges their different focus in statutes and mission statements. The potential areas of conflict/reconciliation are outlined in the MOU and are organized by subject area. The MOU recites numerous projects on which the parties are currently working and lists existing MOUs and directs review for continuing use. Mr. Boyden stated the MOU creates a new process for improved coordination.

#### **4. Proposal for Sand Hollow State Park**

Mr. Ron Thompson, Washington County Water Conservancy District, distributed a map of the Sand Hollow project and "An Analysis of the Economic Impact of Recreational Use of the Proposed Sand Hollow Reservoir on Washington County, Utah." He also distributed a handout "Sand Hollow Recreation Management Plan." Mr. Thompson indicated that they are in the final part of constructing the new reservoir which will be complete in February 2002. It will store 50,000 acre feet of water and will bring a considerable amount of recreational opportunities to the area. Sand Hollow is double the surface area of Quail Creek and is surrounded by sandy beaches. He said it was determined that a partnership was needed to bring about the public recreation of the facility which will have a \$21 million per year impact on the local economy. A proposal was developed for a multi-use recreation area with shared funding between the water district, the Bureau of Land Management, and the Division of State Parks and Recreation. Mr. Thompson pointed out that initially the reservoir will be fed off the Virgin River, however, it is the future intent to have the Sand Hollow Reservoir become the terminal reservoir for the Lake Powell Pipeline.

Mr. Dave Morrow, Division of Parks and Recreation, stated the proposal is an opportunity to open up 20,000 acres of federal lands to recreational use. He said the impact on the state General Fund will be an ongoing cost of \$122,000. The agencies involved have developed a method using the Land and Water Conservation Fund and the state's Boating and OHV Restricted Fund to pay for the state's share of the capital expenditures on the site.

**MOTION:** Rep. Gowans moved to continue to review the project and determine if funding can be made available. The motion passed with Rep. Dayton voting in opposition and Sen. Blackham and Rep. Biskupski absent for the vote.

**MOTION:** Rep. Anderson moved to adjourn the meeting. The motion passed unanimously. Chair Hellewell adjourned the meeting at 3:45 p.m.

