

**WATER RELATED CHANGES**

2024 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Casey Snider**

Senate Sponsor: \_\_\_\_\_

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**LONG TITLE**

**General Description:**

This bill addresses issues related to water.

**Highlighted Provisions:**

This bill:

- ▶ provides for the application of planning and prioritization to water funds and accounts;
- ▶ modifies provisions related to the formulation of a state water plan;
- ▶ amends provisions related to the Water Infrastructure Restricted Account;
- ▶ authorizes rulemaking authority;
- ▶ requires the Board of Water Resources to impose a water use fee and to study the fee and consolidation of funds and accounts;
- ▶ creates the Water Infrastructure Fund;
- ▶ modifies provisions of the Watershed Councils Act;
- ▶ modifies provisions related to the Water Development Coordinating Council;
- ▶ enacts planning and prioritization provisions, including:
  - defining terms;
  - requiring a unified water infrastructure plan;
  - providing for ranking and prioritizing of water infrastructure projects;
  - addressing duties; and
  - requiring reserve studies and capital asset management; and



28           ▶ makes technical and conforming changes.

29 **Money Appropriated in this Bill:**

30           None

31 **Other Special Clauses:**

32           None

33 **Utah Code Sections Affected:**

34 AMENDS:

- 35           73-10-1, as last amended by Laws of Utah 2020, Chapter 354
- 36           73-10-5, as last amended by Laws of Utah 1983, Chapter 320
- 37           73-10-6, as last amended by Laws of Utah 1988, Chapter 169
- 38           73-10-7, as Utah Code Annotated 1953
- 39           73-10-8, as last amended by Laws of Utah 2011, Chapter 342
- 40           73-10-22, as last amended by Laws of Utah 1995, Chapter 183
- 41           73-10-23, as last amended by Laws of Utah 2007, Chapter 306
- 42           73-10-24, as last amended by Laws of Utah 1988, Chapter 169
- 43           73-10-25, as last amended by Laws of Utah 2023, Chapter 261
- 44           73-10-25.1, as last amended by Laws of Utah 1996, Chapter 199
- 45           73-10-26, as last amended by Laws of Utah 2008, Chapter 267
- 46           73-10-27, as last amended by Laws of Utah 2012, Chapter 347
- 47           73-10-29, as last amended by Laws of Utah 1988, Chapter 169
- 48           73-10-30, as last amended by Laws of Utah 2011, Chapter 342
- 49           73-10-31, as enacted by Laws of Utah 1996, Chapter 199
- 50           73-10c-3, as last amended by Laws of Utah 2023, Chapter 238
- 51           73-10c-4, as last amended by Laws of Utah 2007, Chapter 142
- 52           73-10c-4.1, as last amended by Laws of Utah 2008, Chapter 382
- 53           73-10c-4.2, as last amended by Laws of Utah 2008, Chapter 382
- 54           73-10c-5, as last amended by Laws of Utah 2011, Chapter 342
- 55           73-10g-102, as enacted by Laws of Utah 2015, Chapter 458
- 56           73-10g-103, as last amended by Laws of Utah 2023, Chapter 261
- 57           73-10g-104, as last amended by Laws of Utah 2023, Chapter 261
- 58           73-10g-105, as last amended by Laws of Utah 2020, Chapter 28

- 59 [73-10g-301](#), as enacted by Laws of Utah 2020, Chapter 309
- 60 [73-10g-304](#), as last amended by Laws of Utah 2022, Chapter 65
- 61 [73-10g-305](#), as enacted by Laws of Utah 2020, Chapter 309
- 62 [73-10g-306](#), as enacted by Laws of Utah 2020, Chapter 309
- 63 [73-20-8](#), as last amended by Laws of Utah 1988, Chapter 169

64 ENACTS:

- 65 [73-10g-105.5](#), Utah Code Annotated 1953
- 66 [73-10g-107](#), Utah Code Annotated 1953
- 67 [73-10g-108](#), Utah Code Annotated 1953
- 68 [73-10g-601](#), Utah Code Annotated 1953
- 69 [73-10g-602](#), Utah Code Annotated 1953
- 70 [73-10g-603](#), Utah Code Annotated 1953
- 71 [73-10g-604](#), Utah Code Annotated 1953
- 72 [73-10g-605](#), Utah Code Annotated 1953

73 REPEALS AND REENACTS:

- 74 [73-10-15](#), as last amended by Laws of Utah 1967, Chapter 176

75 REPEALS:

- 76 [73-10-17](#), as enacted by Laws of Utah 1963, Chapter 178



78 *Be it enacted by the Legislature of the state of Utah:*

79 Section 1. Section [73-10-1](#) is amended to read:

80 **[73-10-1. State's policy -- Creation of revolving fund -- General construction of](#)**  
81 **chapter.**

82 (1) (a) The Legislature [~~of the state of Utah has heretofore declared~~] declares:

83 (i) by Section [73-1-1](#) [~~Utah Code Annotated 1953,~~] that<sup>[;]</sup> "All waters in this state,  
84 whether above or under the ground, are hereby declared to be the property of the public, subject  
85 to all existing rights to the use thereof";

86 (ii) by Section [73-1-3](#) [~~Utah Code Annotated 1953,~~] that "Beneficial use shall be the  
87 basis, the measure and the limit of all rights to the use of water in this state"; and

88 (iii) by Section [17B-2a-1002](#) that the policy of the state is, to " obtain from water in the  
89 state the highest duty for domestic uses and irrigation of lands in the state within the terms of

90 applicable interstate compacts and other law."

91 (b) The Legislature by this chapter reiterates and reaffirms such declaration of the  
92 public policy of the state [~~of Utah~~].

93 (2) It is further declared to be the policy of this chapter and of the state [~~of Utah~~], and  
94 the [~~legislature~~] Legislature recognizes:

95 (a) that by construction of projects based upon sound engineering the waters within the  
96 various counties of the state [~~of Utah~~] can be saved from waste and increased in efficiency of  
97 beneficial use by 25% to 100%;

98 (b) that because of well-known conditions such as low prices and lack of market for  
99 farm products, particularly the inefficiency of water supply because of lack of late season water  
100 and consequent lack of financial strength, water users in small communities have been unable  
101 to build projects that would provide full conservation and beneficial use for the limited water  
102 supply in this semiarid land;

103 (c) that water, as the property of the public, should be so managed by the public that it  
104 can be put to the highest use for public benefit;

105 (d) that Congress of the United States has provided for the building of larger water  
106 conservation projects throughout the semiarid states, payment of the capital costs without  
107 interest to be made by the water users upon the basis of a fair portion of crop returns;

108 (e) that the Congress of the United States has established in the department of interior  
109 and in the department of agriculture, various agencies having authority to develop, protect, and  
110 aid in putting to beneficial use the land and water resources of the United States and to  
111 cooperate with state agencies having similar authority;

112 (f) that the interests of the state [~~of Utah~~] require that means be provided for close  
113 cooperation between all state and federal agencies to the end that the underground waters and  
114 waters of the small streams of the state, and the lands thereunder, can be made to yield  
115 abundantly and increase the income and well-being of the citizens of the state; and

116 (g) that it appears to be sound public policy for the state [~~of Utah~~] to provide a  
117 revolving fund, to be increased at each legislative session, to the end that every mountain  
118 stream and every water resource within the state can be made to render the highest beneficial  
119 service, such fund to be so administered that [~~no project will~~] a project may not be built;

120 (i) except upon expert engineering, financial, and geological approval[-]; and

121 (ii) for water infrastructure projects, subject to prioritization under Chapter 10g, Part 6,  
122 Planning and Prioritization.

123 (3) ~~[All of the provisions of this]~~ This chapter shall be liberally construed so as to carry  
124 out and put into force and effect the purposes and policies as ~~[hereinabove]~~ set forth in this  
125 section.

126 Section 2. Section **73-10-5** is amended to read:

127 **73-10-5. Selection of project by board -- Preparation of plans and estimate of cost**  
128 **-- Contracts by board.**

129 ~~[When a]~~

130 (1) The Board of Water Resources shall cause plans and cost estimates to be prepared  
131 for a project when the project to be constructed:

132 (a) is funded with money made available from the funds created by Section 73-10-8  
133 ~~[has been selected by the board, which in its opinion, will conserve];~~

134 (b) is prioritized under Chapter 10g, Part 6, Planning and Prioritization; and

135 (c) in the opinion of the Board of Water Resources, will result in the wise use of the  
136 water resources of this state for the best interests of the citizens of the state~~[, the board shall~~  
137 ~~cause plans and cost estimates of such project to be prepared. Such].~~

138 (2) (a) The Board of Water Resources shall refer the plans and cost estimates ~~[shall~~  
139 ~~then be referred]~~ described in Subsection (1) to the director of the Division of Finance who  
140 shall determine whether ~~[or not]~~ funds are available for the construction of the project.

141 (b) If the director of the Division of Finance approves the project so far as the  
142 availability of ~~[funds]~~ money is concerned, the ~~[Utah water and power board]~~ Board of Water  
143 Resources shall then enter into a contract or contracts for the construction of the project. ~~[Such]~~

144 (c) The contracts ~~[shall not be]~~ described in Subsection (2)(b) are not binding upon the  
145 state until approved by the director of the Division of Finance from the standpoint of whether  
146 [or not]:

147 (i) the cost of the work is reasonable; and ~~[whether]~~

148 (ii) the contract has been entered into under the terms and conditions most  
149 advantageous to the state.

150 Section 3. Section **73-10-6** is amended to read:

151 **73-10-6. Making water available to citizens of state -- Assessment of charges**

152 **against water users -- Water Resources Construction Fund.**

153 (1) ~~[The]~~ Subject to Chapter 10g, Part 6, Planning and Prioritization, the Board of  
 154 Water Resources may make available for the use of the citizens of the state who are, in [its] the  
 155 Board of Water Resources' opinion, best able to [utilize] use the same, any or all water and  
 156 power [conserved] made available by any of the projects to which the state may have title and  
 157 may enter into contracts for the use of [said] the water and power with individuals or with  
 158 organizations composed of citizens of the state [of Utah].

159 (2) (a) The ~~[board]~~ Board of Water Resources may assess against any person using  
 160 such water and power such charges as, in the opinion of the ~~[board]~~ Board of Water Resources,  
 161 are necessary and reasonable for the maintenance of the project and return to the state the  
 162 actual costs of the project over ~~[such] the~~ term of years as the [board may deem it] Board of  
 163 Water Resources may consider advisable.

164 (b) Any amount collected as charges over and above the amount necessary to maintain  
 165 any particular project shall become part of the Water Resources Construction Fund.

166 Section 4. Section 73-10-7 is amended to read:

167 **73-10-7. Title to projects -- Contractual powers of board.**

168 (1) ~~[Title]~~ Subject to Chapter 10g, Part 6, Planning and Prioritization, title of all  
 169 projects constructed with funds made available by Section 73-10-8 [hereof] under the terms of  
 170 this [act] chapter shall become vested in the state [of Utah].

171 (2) The ~~[board is empowered to]~~ Board of Water Resources may enter into contracts  
 172 [which are, in its] that are, in the Board of Water Resources' opinion, necessary for the  
 173 maintenance and continued operation of [such] the projects described in Subsection (1).

174 Section 5. Section 73-10-8 is amended to read:

175 **73-10-8. Water Resources Construction Fund -- Creation and contents of fund --**  
 176 **Use -- Investigation Account created -- Interest -- Retainage -- Loans and grants for dam**  
 177 **safety work.**

178 (1) There is created the Water Resources Construction Fund, which consists of:

- 179 (a) money appropriated or otherwise made available to it by the Legislature;
- 180 (b) money from the sale or management of the 500,000 acres of land selected for the  
 181 establishment of reservoirs under Section 12 of the Utah Enabling Act;
- 182 (c) charges assessed against water and power users pursuant to Section 73-10-6; and

183 (d) interest accrued pursuant to Subsection (5).

184 (2) [~~The board~~] Subject to Chapter 10g, Part 6, Planning and Prioritization, the Board  
185 of Water Resources may authorize the use of money in the fund for the following purposes:

186 (a) to develop water conservation projects, including paying the costs of construction,  
187 engineering, investigation, inspection, and other related expenses;

188 (b) to provide loans and grants to dam owners to conduct dam safety studies;

189 (c) to provide loans and grants to dam owners:

190 (i) to upgrade dams in conformance with the minimum standards established by the  
191 state engineer in rules; or

192 (ii) for nonstructural solutions developed to meet minimum standards or lower hazard  
193 ratings that are approved by the state engineer, including the purchase of habitable structures,  
194 purchase of flood easements, and installation of early warning systems; or

195 (d) as otherwise provided by law.

196 (3) The [~~board~~] Board of Water Resources may provide for the repayment of the costs  
197 of investigation, engineering, and inspection out of the first money to be paid under a contract  
198 for the construction of a water project. The money repaid shall be deposited into a subaccount  
199 within the Water Resources Construction Fund known as the "Investigation Account," to be  
200 used by the [~~board~~] Board of Water Resources for the purpose of making investigations for the  
201 development and use of the water resources of the state.

202 (4) Contributions of money, property, or equipment may be received from [~~any~~] a  
203 political subdivision of the state, federal agency, water users' association, person, or  
204 corporation for use in making investigations, constructing projects, or otherwise carrying out  
205 the purposes of this section.

206 (5) [~~All money~~] Money deposited into the Water Resources Construction Fund shall be  
207 invested by the state treasurer with interest accruing to the Water Resources Construction  
208 Fund.

209 (6) If any payment on a contract with a private contractor to construct a project funded  
210 by the Water Resources Construction Fund is retained or withheld, [~~it~~] the payment shall be  
211 retained or withheld and released as provided in Section [13-8-5](#).

212 (7) Loans to dam owners for dam safety studies and to upgrade dams in conformance  
213 with minimum standards shall be secured by taking water rights associated with the dam.

214 (8) The following restrictions apply to ~~[any]~~ a grant made to a dam owner for a dam  
215 safety study:

216 (a) only a nonprofit mutual irrigation company or a water users association is eligible  
217 to receive a grant;

218 (b) the dam safety study shall be required by the state engineer pursuant to Section  
219 [73-5a-503](#); and

220 (c) the amount of any grant shall be limited to up to 50% of the costs of the dam safety  
221 study.

222 (9) (a) ~~[The board]~~ Subject to Chapter 10g, Part 6, Planning and Prioritization, the  
223 Board of Water Resources may provide grants to mutual irrigation companies and water users  
224 associations to upgrade dams in conformance with minimum standards of the state engineer.  
225 ~~[Each]~~ A grant authorized by the ~~[board]~~ Board of Water Resources for the upgrade of a dam  
226 of a mutual irrigation company or water users association in conformance with the minimum  
227 standards shall be sufficient to pay for 80% of the costs to upgrade the dam.

228 (b) (i) Pursuant to guidelines specified in Subsection (9)(b)(ii) and subject to [Chapter](#)  
229 [10g, Part 6, Planning and Prioritization](#), the ~~[board]~~ Board of Water Resources may provide  
230 loans or grants, or both, to entities other than mutual irrigation companies and water users  
231 associations to upgrade dams in conformance with minimum standards of the state engineer.

232 (ii) In determining the type of financial assistance to be provided to an entity other than  
233 a mutual irrigation company or water users association, the ~~[board]~~ Board of Water Resources  
234 shall consider the dam owner's ability to pay and may consider other factors including:

235 (A) the degree of hazard;

236 (B) the threat to public safety;

237 (C) the state engineer's priority list of dams;

238 (D) the cost effectiveness of the restoration;

239 (E) the number of potential and actual applications for financial assistance; and

240 (F) the funds available.

241 (10) The amount of money in the fund that may be used for grants for dam safety  
242 studies shall be limited to the amount of money appropriated to the fund for that purpose.

243 (11) ~~[The board]~~ Subject to Chapter 10g, Part 6, Planning and Prioritization, the Board  
244 of Water Resources shall consult with the state engineer in establishing a priority list of dams



245 to be upgraded with money in the fund.

246 (12) A dam owner who has initiated or completed construction approved by the state  
247 engineer to upgrade the dam in conformance with minimum standards may apply for a grant or  
248 loan from the ~~[board]~~ Board of Water Resources as reimbursement for those construction  
249 expenditures.

250 Section 6. Section **73-10-15** is repealed and reenacted to read:

251 **73-10-15. State water plan -- Entities to cooperate in formulation of plan.**

252 (1) As used in this section:

253 (a) "Division" means the Division of Water Resources created under Section [73-10-18](#).

254 (b) "State water plan" means a comprehensive framework that identifies available  
255 water resources, recommends strategies for water resource optimization, and guides efforts to  
256 manage available water supplies.

257 (2) (a) The division shall formulate a state water plan that:

258 (i) at a minimum references the state unified water infrastructure plan created by the  
259 Water Development Coordinating Council under Section [73-10g-602](#);

260 (ii) fosters communities and businesses;

261 (iii) facilitates local agriculture;

262 (iv) addresses outdoor recreation; and

263 (v) provides for a healthy environment.

264 (b) The state water plan may include recommendations for policy, fiscal support,  
265 implementation of findings by governmental and private institutions, and public engagement.

266 (c) In formulating the state water plan, the division shall seek input from a wide range  
267 of stakeholders, including representatives from agriculture and other water dependent  
268 businesses, conservationists, recreation interests, government entities, academia, and Utah  
269 residents in general.

270 (3) The following shall cooperate with the division in the formulation of the state water  
271 plan:

272 (a) the following state entities:

273 (i) the Governor's Office of Planning and Budget;

274 (ii) the Department of Agriculture and Food;

275 (iii) within the Department of Natural Resources:

276 (A) the Division of Water Rights;  
277 (B) the Utah Geological Survey;  
278 (C) the Division of Wildlife Resources;  
279 (D) the Division of Forestry, Fire, and State Lands; and  
280 (E) the Public Lands Policy Coordinating Office;  
281 (iv) within the Department of Environmental Quality:  
282 (A) the Division of Drinking Water; and  
283 (B) the Division of Water Quality;  
284 (v) the Office of the Great Salt Lake Commissioner;  
285 (vi) the Utah Watersheds Council; and  
286 (vii) the Colorado River Authority of Utah;  
287 (b) the following local entities:  
288 (i) a water conservancy district created under Title 17B, Chapter 2a, Part 10, Water  
289 Conservancy District Act; and  
290 (ii) a local watershed council created under Chapter 10g, Part 3, Watershed Councils  
291 Act; and  
292 (c) any other state or local entity that the division considers necessary.  
293 (4) A state entity identified in Subsection (3)(a) shall designate an individual to assist  
294 and advise the division in the formulation of a state water plan.  
295 (5) The division shall use information, including water resources data, that has been or  
296 will be assembled by state entities, the United States government, various colleges and  
297 universities of the state, or any other source that can profitably contribute to the development of  
298 the state water plan.  
299 (6) In accordance with this section, an entity described in Subsection (3) shall  
300 cooperate with the division unless the cooperation would directly impair the authority granted  
301 to the entity by statute.  
302 (7) The Utah Watersheds Council shall advise the division concerning state water  
303 planning activities.  
304 Section 7. Section **73-10-22** is amended to read:  
305 **73-10-22. Water Resources Cities Water Loan Fund -- Annual appropriation --**  
306 **Interest.**

307 (1) Beginning with the fiscal year ending June 30, 1978, the Legislature shall provide  
308 an annual appropriation from the General Fund from liquor control profits to the Board of  
309 Water Resources to make the loans provided for in Sections [73-10-20](#), [73-10-21](#), and [73-10-23](#)  
310 if prioritized under Chapter 10g, Part 6, Planning and Prioritization. The money appropriated  
311 by the Legislature shall be deposited in a fund known as the "Water Resources Cities Water  
312 Loan Fund."

313 (2) [~~All money~~] Money deposited into the Water Resources Cities Water Loan Fund  
314 shall be invested by the state treasurer with interest accruing to the Water Resources Cities  
315 Water Loan Fund.

316 Section 8. Section [73-10-23](#) is amended to read:

317 **[73-10-23. Loans for water systems -- Board of Water Resources authority --](#)**  
318 **Procedure.**

319 (1) The Board of Water Resources [~~is authorized to~~] may make loans to cities, towns,  
320 metropolitan water districts, water conservancy districts, improvement districts, special  
321 improvement districts, or special service districts within the state for the acquisition or  
322 construction of new or existing water systems or the improvement or extension of those  
323 systems from [~~funds~~] money appropriated for the purpose of this chapter and prioritized under  
324 Chapter 10g, Part 6, Planning and Prioritization.

325 (2) (a) Cities, towns, or districts [~~which~~] that participate in this program shall submit  
326 an application for [~~funds~~] money to the Board of Water Resources.

327 (b) The application may request a loan to cover all or part of the cost of an eligible  
328 project.

329 (c) Requests for loans shall be submitted in a form and shall include information as the  
330 [~~board~~] Board of Water Resources prescribes.

331 (3) (a) The [~~board~~] Board of Water Resources shall establish criteria for determining  
332 eligibility for loans [~~and shall determine appropriate priorities among projects~~], except that the  
333 Board of Water Resources shall require compliance with Section [73-10g-605](#) to be eligible for  
334 a loan.

335 (b) [~~Funds~~] Money received from the repayment of loans shall be added to this special  
336 fund and be available for additional loans under the administration of the [~~board~~] Board of  
337 Water Resources.

338 ~~[(c) In determining priorities for eligible projects, the board shall consider:]~~  
339 ~~[(i) probable growth of population due to actual or prospective economic development~~  
340 ~~in an area;]~~  
341 ~~[(ii) possible additional sources of state and local revenue;]~~  
342 ~~[(iii) opportunities for expanded employment;]~~  
343 ~~[(iv) present or potential health hazards;]~~  
344 ~~[(v) water systems which do not meet minimum state standards;]~~  
345 ~~[(vi) cities, towns, or districts which have insufficient water to meet current demands;]~~  
346 ~~[(vii) feasibility and practicality of the project;]~~  
347 ~~[(viii) per capita cost of the project;]~~  
348 ~~[(ix) per capita income of the residents in the area;]~~  
349 ~~[(x) the borrowing capacity of the city, town, or district and its ability to sell bonds in~~  
350 ~~the open market; and]~~  
351 ~~[(xi) the availability of federal funds for the project.]~~  
352 ~~[(4) (a) The board shall consult with the Governor's Advisory Council on Community~~  
353 ~~Affairs in the establishment of priorities but that advice is not binding upon the board.]~~  
354 ~~[(b)] (4) If an application is rejected, the [board] Board of Water Resources shall notify~~  
355 ~~the applicant stating the reasons for the rejection.~~  
356 (5) The Board of Water Resources shall review the plans and specifications for the  
357 project ~~[prior to]~~ before approval and may condition approval and the availability of ~~[funds]~~  
358 money on assurances the ~~[board]~~ Board of Water Resources considers necessary to ensure that  
359 the proceeds of the loan will be used to pay the cost of the project and that the project will be  
360 completed.  
361 (6) Any loan shall specify the terms for repayment and may be evidenced by general  
362 obligation bonds, revenue bonds, special assessment bonds, or other bonds or obligations  
363 legally issued by the appropriate city, town, metropolitan water district, water conservancy  
364 district, improvement district, special improvement district, or special service district and  
365 purchased by the ~~[board]~~ Board of Water Resources pursuant to the authority for the issuance  
366 that exists at the time of the loan.  
367 (7) (a) Upon approval of an application, the ~~[board]~~ Board of Water Resources shall  
368 advise the applicant and may provide ~~[funds]~~ money as a loan to cover all or part of the costs of

369 eligible projects.

370 (b) Costs of an eligible project may include all costs of acquisition and construction as  
371 well as costs incurred for preliminary planning to determine the economic and engineering  
372 feasibility of a proposed project, the engineering, architectural, legal, fiscal, and economic  
373 investigations and studies, surveys, designs, plans, working drawings, specifications,  
374 procedures, and other action necessary to the project and its financing; the cost of erection,  
375 building, acquisition, modification, improvement, or extension of water system facilities and  
376 the inspection and supervision of the construction of such facilities.

377 (8) ~~[No loan shall]~~ A loan may not include any project costs for which the applicant  
378 receives federal financial assistance, other than federal loans ~~[which]~~ that must be repaid by the  
379 applicant.

380 Section 9. Section **73-10-24** is amended to read:

381 **73-10-24. Water Resources Conservation and Development Fund created.**

382 There is created a Water Resources Conservation and Development Fund to further  
383 enhance the state's ability to carry out the policy described in Section **73-10-1**. The fund shall  
384 be administered by the Board of Water Resources and is subject to Chapter 10g, Part 6,  
385 Planning and Prioritization. The fund is a revolving fund established for the construction,  
386 operation, and maintenance of projects considered by the ~~[board]~~ Board of Water Resources to  
387 be outside the scope of financing by the Water Resources Construction Fund, as created by  
388 Section **73-10-8**, and shall include~~[-but not be limited to,]~~ flood control projects.

389 Section 10. Section **73-10-25** is amended to read:

390 **73-10-25. Contents of fund -- Investment -- Contributions.**

391 (1) The Water Resources Conservation and Development Fund consists of:

392 (a) money appropriated to it by the Legislature;

393 (b) money received from the sale of project water and power, less operating and  
394 maintenance costs;

395 (c) annual payments on contracts for projects constructed under Section **73-10-24** or  
396 the State Water Conservation Program; and

397 (d) other money or tax revenues designated by the Legislature to be credited to the  
398 Water Resources Conservation and Development Fund.

399 (2) Money deposited into the Water Resources Conservation and Development Fund

400 shall be invested by the state treasurer with interest accruing to the Water Resources  
401 Conservation and Development Fund, except for payments, if any, necessary to comply with  
402 Section 148(f), Internal Revenue Code of 1986.

403 (3) A contribution of money, property, or equipment may be received from a political  
404 subdivision of the state, federal agency, water users' association, or person for use in carrying  
405 out the purposes of Section [73-10-24](#).

406 (4) Notwithstanding Subsection (1), the division shall transfer a payment on a loan  
407 issued subject to Chapter 10g, Part 6, Planning and Prioritization, to the Water Infrastructure  
408 Restricted Account, created in Section [73-10g-103](#), if the loan:

409 (a) is issued from the Water Resources Conservation and Development Fund on or  
410 after July 1, 2023; and

411 (b) relates to a project described in Subsection [~~73-10g-104(4)~~] [73-10g-104\(2\)\(d\)](#) or a  
412 water infrastructure project prioritized under Chapter 10g, Part 6, Planning and Prioritization.

413 Section 11. Section **73-10-25.1** is amended to read:

414 **73-10-25.1. Credit enhancement and interest buy-down agreements.**

415 (1) The Board of Water Resources may enter into credit enhancement agreements with  
416 political subdivisions containing terms and provisions that the [~~board~~] Board of Water  
417 Resources determines will reasonably improve the security for or marketability of water project  
418 obligations financed using the Water Resources Cities Water Loan Fund created in Section  
419 [73-10-22](#) or the Water Resources Conservation and Development Fund created in Section  
420 [73-10-24](#). Credit enhancement agreements may include provisions for loans to political  
421 subdivisions to pay the costs of obtaining letters of credit or other forms of insurance or  
422 security to provide security for water project obligations.

423 (2) The Board of Water Resources may make loans or grants from the Water Resources  
424 Cities Water Loan Fund or the Water Resources Conservation and Development Fund to  
425 political subdivisions for interest buy-down agreements for water development projects subject  
426 to Chapter 10g, Part 6, Planning and Prioritization.

427 Section 12. Section **73-10-26** is amended to read:

428 **73-10-26. Definitions -- Construction of a project by board -- Ownership and**  
429 **operation -- Transfer of a water right -- Purchase of a bond from an Indian tribe.**

430 (1) As used in this section:

- 431 (a) "Board" means the Board of Water Resources created in Section 73-10-1.5.
- 432 (b) "Bond" means:
- 433 (i) a written obligation to repay borrowed money, whether denominated a bond, note,
- 434 warrant, certificate of indebtedness, or otherwise; and
- 435 (ii) a lease agreement, installment purchase agreement, or other agreement that
- 436 includes an obligation to pay money.
- 437 (c) "Division" means the Division of Water Resources created in Section 73-10-18.
- 438 (d) "Project" means a facility, works, or other real or personal property that:
- 439 (i) conserves or develops the water or hydroelectric power resources of the state; or
- 440 (ii) controls flooding.
- 441 (2) (a) The board, through the division, may construct a project.
- 442 (b) An electric public utility or a municipality of the state may construct an electrical
- 443 facility incidental to a project.
- 444 (c) If the state constructs the electrical facility, the state must first offer the power and
- 445 energy derived from the hydroelectric generating project to an electric public utility or
- 446 municipality in the state for distribution to electric consumers.
- 447 (3) (a) The board, through the division, may consider a flood control project in the
- 448 same manner and apply the same procedures and rules as the board would consider or apply to
- 449 another project within its statutory authority.
- 450 (b) If funds controlled by the board are to be used for the flood control project, the
- 451 planning of the project is subject to the review of the board.
- 452 (c) If the flood control project is authorized for construction, the plans, specifications,
- 453 and construction supervision shall be undertaken as prescribed by the board.
- 454 (4) The board may enter into an agreement for the construction or financing of a
- 455 project financed with money from the Water Resources Conservation and Development Fund
- 456 with another state, the federal government, a political subdivision of the state, an Indian tribe,
- 457 or a private corporation.
- 458 (5) (a) (i) Except as provided by Subsections (5)(a)(ii) and (b), title to a project,
- 459 including a water right, constructed or acquired with money from the Water Resources
- 460 Conservation and Development Fund is vested in the state.
- 461 (ii) The board may take a bond legally issued by the project sponsor in lieu of or in

462 addition to taking title to the project and water right.

463 (b) If an Indian tribe sponsors a project, the board may take a bond legally issued by the  
464 tribe, to the extent that federal law allows the tribe to issue a bond, in lieu of taking title to the  
465 project and water right, if the tribe:

466 (i) waives the defense of sovereign immunity regarding the bond issue in an action  
467 arising out of the issuance or default under the bond; and

468 (ii) agrees in writing that it will not challenge state court jurisdiction over any litigation  
469 resulting from default on its obligation in the transaction.

470 (c) Before entering into an agreement with or purchasing a bond from a tribe, the board  
471 shall:

472 (i) require that the tribe obtain the written approval of the Secretary of the United  
473 States Department of the Interior or the secretary's designee to all aspects of the agreement or  
474 bond;

475 (ii) obtain a legal opinion from a recognized bond counsel certifying:

476 (A) that the tribe has legal authority to:

477 (I) enter into the agreement; or

478 (II) issue the bond;

479 (B) that the pledge of an asset or revenue by the tribe as security for the payments  
480 under the agreement or bond is a valid and legally enforceable pledge; and

481 (C) that the agreement or bond may be enforced in a court of general jurisdiction in the  
482 state; and

483 (iii) determine whether it has sufficient legal recourse against the tribe and against a  
484 security pledged by the tribe in the event of default.

485 (6) (a) The board may own and operate a project if:

486 (i) the project is consistent with the plan adopted by the board; and

487 (ii) in the opinion of the board the ownership and operation of the project by the board  
488 is in the best interest of the state.

489 (b) In the ownership and operation of a project referred to in Subsection (6)(a), the  
490 board shall use a water right held in its name under authority of Section [73-10-19](#).

491 (c) (i) The board may enter into a contract with another state, the federal government, a  
492 political subdivision of the state, an Indian tribe, or a private corporation for operation,



493 maintenance, and administration of the project.

494 (ii) The board may pay the contracting agency a reasonable sum for operation,  
495 maintenance, and administration of the project.

496 (7) (a) The board may also:

497 (i) enter into an agreement in which title to a project is conveyed to a cooperating  
498 project sponsor after charges assessed against the project have been paid to the state in  
499 accordance with the terms of the construction agreement or amendment to the agreement;

500 (ii) make the water and power available to the state's citizens who are, in the board's  
501 opinion, best able to use the water and power:

502 (A) [~~that is conserved~~] made available by the project; and

503 (B) to which the state has title;

504 (iii) enter into a contract for the use of the water and power with an individual or an  
505 organization composed of the state's citizens; and

506 (iv) assess a reasonable fee against a person using water and power from a project.

507 (b) The amount collected over the amount to be returned to the state for payment of the  
508 principal, interest, and maintenance of the project shall be deposited in the Water Resources  
509 Conservation and Development Fund as established by Section 73-10-24.

510 (8) The board shall retain ownership of a water right used for a project owned and  
511 operated by the board unless:

512 (a) the water right originally held by a cooperating project sponsor is conveyed to the  
513 project sponsor upon payment to the state of charges assessed against the project in accordance  
514 with the terms of the construction agreement or an amendment to the agreement; or

515 (b) the board transfers an unperfected water right held by the board that is not being  
516 used in a state-owned project to a political subdivision of the state, an agency of the federal  
517 government, or a nonprofit water company.

518 (9) A transfer of the board's water right shall be made to the entity that is best able to  
519 use the water right for the benefit of the state's citizens.

520 Section 13. Section 73-10-27 is amended to read:

521 **73-10-27. Definitions -- Bids and contracts -- Retainage.**

522 (1) As used in this section:

523 (a) "Board" means the Board of Water Resources created in Section 73-10-1.5.

524 (b) "Estimated cost" means the cost of the labor, material, and equipment necessary for  
525 construction of the contemplated project.

526 (c) "Lowest responsible bidder" means a licensed contractor:

527 (i) who:

528 (A) submits the lowest bid; and

529 (B) furnishes a payment bond and a performance bond under Sections 14-1-18 and  
530 63G-6a-1103; and

531 (ii) whose bid:

532 (A) is in compliance with the invitation for a bid; and

533 (B) meets the plans and specifications.

534 [~~(2) In considering the priority for a project to be built or financed with funds made  
535 available under Section 73-10-24, the board shall give preference to a project that:]~~

536 [~~(a) is sponsored by, or for the benefit of, the state or a political subdivision of the  
537 state;~~]

538 [~~(b) meets a critical local need;~~]

539 [~~(c) has greater economic feasibility;~~]

540 [~~(d) will yield revenue to the state within a reasonable time or will return a reasonable  
541 rate of interest, based on financial feasibility; and]~~

542 [~~(e) meets other considerations deemed necessary by the board, including wildlife  
543 management and recreational needs.]~~

544 [~~(3) (a) In determining the economic feasibility, the board shall establish a  
545 benefit-to-cost ratio for each project, using a uniform standard of procedure for all projects.]~~

546 [~~(b) In considering whether a project should be built, the benefit-to-cost ratio for each  
547 project shall be weighted based on the relative cost of the project.]~~

548 [~~(c) A project, when considered in total with all other projects constructed under this  
549 chapter and still the subject of a repayment contract, may not cause the accumulative  
550 benefit-to-cost ratio of the projects to be less than one to one.]~~

551 [~~(4) A project may not be built if the project is not:]~~

552 [~~(a) in the public interest, as determined by the board; or]~~

553 [~~(b) adequately designed based on sound engineering and geologic considerations.]~~

554 [~~(5) (2) [In] Subject to Chapter 10g, Part 6, Planning and Prioritization, in preparing a~~

555 project constructed by the board, the board shall:

556 (a) based on a competitive bid, award a contract for:

557 (i) a flood control project:

558 (A) involving a city or county; and

559 (B) costing in excess of \$35,000;

560 (ii) the construction of a storage reservoir in excess of 100 acre-feet; or

561 (iii) the construction of a hydroelectric generating facility;

562 (b) publish an advertisement for a competitive bid:

563 (i) at least once a week for three consecutive weeks in a newspaper with general  
564 circulation in the state, with the last date of publication appearing at least five days before the  
565 schedule bid opening; and

566 (ii) indicating that the board:

567 (A) will award the contract to the lowest responsible bidder; and

568 (B) reserves the right to reject any and all bids;

569 (c) readvertise the project in the manner specified in Subsection [~~(5)(b)~~] (2)(b) if the  
570 board rejects all of the initial bids on the project; and

571 (d) keep an accurate record of all facts and representations relied upon in preparing the  
572 board's estimated cost for a project that is subject to the competitive bidding requirements of  
573 this section.

574 [~~(6)~~] (3) If no satisfactory bid is received by the board upon the readvertisement of the  
575 project in accordance with Subsection [~~(5)~~] (2), the board may proceed to construct the project  
576 in accordance with the plan and specifications used to calculate the estimated cost of the  
577 project.

578 [~~(7)~~] (4) If a payment on a contract with a private contractor for construction of a  
579 project under this section is retained or withheld, it shall be retained or withheld and released  
580 as provided in Section [13-8-5](#).

581 Section 14. Section **73-10-29** is amended to read:

582 **73-10-29. Additional amounts allocated -- Repayment.**

583 (1) The [board] Board of Water Resources, subject to Chapter 10g, Part 6, Planning  
584 and Prioritization, and in addition to the amount allocated to a project to cover the actual cost  
585 of construction, may:

586 (a) allocate to the project constructed by [it] the Board of Water Resources, under  
587 contract or otherwise, [~~such~~] the amounts as may be determined by [it] the Board of Water  
588 Resources for investigating, engineering, inspection, and other expenses[;]; and [may]

589 (b) provide for the repayment of the [~~same~~] the expenses out of the first money  
590 repayable from the project under the contract for its construction[~~, and such money so~~].

591 (2) Money repaid under Subsection (1) shall be accounted for within the Water  
592 Resources Construction Fund, to be used by the [~~board~~] Board of Water Resources for the  
593 purpose of making investigations for the development of the water resources of the state.

594 Section 15. Section **73-10-30** is amended to read:

595 **73-10-30. Construction in conjunction with Water Resources Construction Fund**  
596 **-- Supplemental financing.**

597 (1) Projects authorized under this chapter may be constructed in participation with  
598 money from the Water Resources Construction Fund when authorized by the [~~board~~] Board of  
599 Water Resources and prioritized under Chapter 10g, Part 6, Planning and Prioritization.

600 (2) Projects specified by the Legislature to be financed by general obligation bonds of  
601 the state may receive supplemental financing from the Water Resources Conservation and  
602 Development Fund when needed and money is available.

603 Section 16. Section **73-10-31** is amended to read:

604 **73-10-31. Allocation of funds for credit enhancement and interest buy-down**  
605 **agreements.**

606 (1) [~~Of~~] Notwithstanding Chapter 10g, Part 6, Planning and Prioritization, the  
607 combined expenditures from the Water Resources Cities Water Loan Fund and Water  
608 Resources Conservation and Development Fund authorized by the Board of Water Resources  
609 each year, at least 10% shall be allocated for credit enhancement and interest buy-down  
610 agreements.

611 (2) The requirement specified in Subsection (1) shall apply only so long as sales and  
612 use tax is transferred to the Water Resources Conservation and Development Fund as provided  
613 in Section [59-12-103](#).

614 Section 17. Section **73-10c-3** is amended to read:

615 **73-10c-3. Water Development Coordinating Council created -- Purpose --**  
616 **Members.**

- 617 (1) (a) There is created within the Department of Natural Resources a Water  
618 Development Coordinating Council. The council is comprised of:
- 619 (i) the director of the Division of Water Resources;
  - 620 (ii) the executive secretary of the Water Quality Board;
  - 621 (iii) the executive secretary of the Drinking Water Board;
  - 622 (iv) the director of the Housing and Community Development Division or the director's  
623 designee;
  - 624 (v) the state treasurer or the state treasurer's designee; and
  - 625 (vi) the commissioner of the Department of Agriculture and Food, or the  
626 commissioner's designee.
- 627 (b) The council shall choose a chair and vice chair from among the council's own  
628 members, except the chair and vice chair shall be from different departments.
- 629 (c) A member may not receive compensation or benefits for the member's service, but  
630 may receive per diem and travel expenses in accordance with:
- 631 (i) Section [63A-3-106](#);
  - 632 (ii) Section [63A-3-107](#); and
  - 633 (iii) rules made by the Division of Finance pursuant to Sections [63A-3-106](#) and  
634 [63A-3-107](#).
- 635 (2) The purposes of the council are to:
- 636 (a) coordinate the use and application of the ~~[funds]~~ money available to the state to  
637 give financial assistance to political subdivisions of this state so as to promote the  
638 conservation, development, treatment, restoration, and protection of the waters of this state;
  - 639 (b) promote the coordination of the financial assistance programs administered by the  
640 state and the use of the financing alternative most economically advantageous to the state and  
641 its political subdivisions;
  - 642 (c) promote the consideration by the Board of Water Resources, Drinking Water  
643 Board, and Water Quality Board of regional solutions to the water and wastewater needs of  
644 individual political subdivisions of this state;
  - 645 (d) assess the adequacy and needs of the state and its political subdivisions with respect  
646 to water-related infrastructures and advise the governor and the Legislature on those funding  
647 needs; ~~[and]~~

648 (e) conduct reviews and reports on water-related infrastructure issues as directed by  
649 statute[-]; and

650 (f) engage in planning and prioritization of water infrastructure projects in accordance  
651 with Chapter 10g, Part 6, Planning and Prioritization.

652 Section 18. Section **73-10c-4** is amended to read:

653 **73-10c-4. Credit enhancement and interest buy-down agreements -- Loans or**  
654 **grants -- Hardship grants.**

655 (1) [~~Or~~] Subject to Chapter 10g, Part 6, Planning and Prioritization, on behalf of the  
656 state, the Water Quality Board and the Drinking Water Board may each enter into credit  
657 enhancement agreements with political subdivisions containing terms and provisions that the  
658 acting board determines will reasonably improve the security for or marketability of drinking  
659 water and wastewater project obligations, including any of the following:

660 (a) a term providing security for drinking water and wastewater project obligations, as  
661 provided in Subsection **73-10c-6(2)(b)**, by agreeing to purchase the drinking water or  
662 wastewater project obligations of, or to make loans to, political subdivisions from a subaccount  
663 of the security fund for the purpose of preventing defaults in the payment of principal and  
664 interest on drinking water and wastewater project obligations;

665 (b) a term making loans to political subdivisions to pay the cost of obtaining:

666 (i) letters of credit from banks, savings and loan institutions, insurance companies, or  
667 other financial institutions;

668 (ii) municipal bond insurance; or

669 (iii) other forms of insurance or security to provide security for drinking water and  
670 wastewater project obligations; and

671 (c) a term providing other methods and assistance to political subdivisions that are  
672 reasonable and proper to enhance the marketability of or security for drinking water and  
673 wastewater project obligations.

674 (2) (a) The Drinking Water Board and the Water Quality Board may each make loans  
675 from a security fund subaccount to political subdivisions to finance all or part of drinking water  
676 and wastewater project costs by following the procedures and requirements of Sections  
677 **73-10c-4.1** and **73-10c-4.2**.

678 (b) These loans may only be made after credit enhancement agreements, interest

679 buy-down agreements, and all other financing alternatives have been evaluated by the acting  
680 board and the acting board determines those options are unavailable or unreasonably expensive  
681 for the subdivision requesting assistance.

682 (c) Loans may be made from the security fund subaccount at interest rates determined  
683 by the acting board.

684 (3) (a) The Drinking Water Board and the Water Quality Board may each make loans  
685 or grants from the security fund to political subdivisions for interest buy-down agreements for  
686 drinking water or wastewater project obligations.

687 (b) The Drinking Water Board may make loans or grants from the security account to  
688 political subdivisions for planning for drinking water projects.

689 (4) (a) Of the total amount of money annually available to the Drinking Water Board  
690 and Water Quality Board for financial assistance to political subdivisions, at least 10% shall be  
691 allocated by each board for credit enhancement and interest buy-down agreements.

692 (b) The requirement specified in Subsection (4)(a) shall apply only so long as sales and  
693 use tax is transferred to the Utah Wastewater Loan Program Subaccount and Drinking Water  
694 Loan Program Subaccount as provided in Section [59-12-103](#).

695 (5) To the extent money is available in the hardship grant subaccounts of the security  
696 fund, the Drinking Water Board and the Water Quality Board may each make grants to political  
697 subdivisions that meet the drinking water or wastewater project loan considerations  
698 respectively, but whose projects are determined by the granting board to not be economically  
699 feasible unless grant assistance is provided.

700 (6) The Drinking Water Board and Water Quality [~~Boards~~] Board may at any time  
701 transfer money out of their respective hardship grant subaccounts of the security fund to their  
702 respective loan program subaccounts.

703 (7) The Water Quality Board may make a grant from the Hardship Grant Program for  
704 Wastewater Projects Subaccount created in Subsection [73-10c-5\(2\)\(c\)](#) for a nonpoint source  
705 project as provided by Section [73-10c-4.5](#) if:

706 (a) money is available in the subaccount; and

707 (b) the Water Quality Board determines that the project would not be economically  
708 feasible unless a grant were made.

709 Section 19. Section **73-10c-4.1** is amended to read:

710           **73-10c-4.1. Wastewater projects -- Loan criteria and requirements -- Process for**  
711 **approval.**

712           (1) The Water Quality Board shall review the plans and specifications for a wastewater  
713 project before approval of any loan and may condition approval on the availability of loan  
714 funds and on assurances that the Water Quality Board considers necessary to ensure that loan  
715 funds are used to pay the wastewater project costs and that the wastewater project is completed.

716           (2) (a) Each loan shall specify the terms for repayment, with the term, interest rate or  
717 rates, including a variable rate, and security as determined by the Water Quality Board.

718           (b) The loan may be evidenced by general obligation or revenue bonds or other  
719 obligations of the political subdivision.

720           (c) Loan payments made by a political subdivision shall be deposited in the Water  
721 Quality Security Subaccount as described in Section [73-10c-5](#).

722           (d) The loans are subject to ~~[the provisions of]~~ Title 63B, Chapter 1b, State Financing  
723 Consolidation Act.

724           (3) ~~[It]~~ Subject to Subsection [73-10c-5\(6\)](#), in determining the priority for a wastewater  
725 project loan, the Water Quality Board shall consider:

726           (a) the ability of the political subdivision to obtain money for the wastewater project  
727 from other sources or to finance the project from its own resources;

728           (b) the ability of the political subdivision to repay the loan;

729           (c) whether or not a good faith effort to secure all or part of the services needed from  
730 the private sector of the economy has been made; and

731           (d) whether or not the wastewater project:

732           (i) meets a critical local or state need;

733           (ii) is cost effective;

734           (iii) will protect against present or potential health hazards;

735           (iv) is needed to comply with minimum standards of the federal Water Pollution  
736 Control Act, Title 33, Chapter 26, United States Code, or any similar or successor statute;

737           (v) is needed to comply with the minimum standards of Title 19, Chapter 5, Water  
738 Quality Act, or any similar or successor statute;

739           (vi) is designed to reduce the pollution of the waters of this state; and

740           (vii) meets any other consideration considered necessary by the Water Quality Board.



741 (4) In determining the cost effectiveness of a wastewater project the Water Quality  
742 Board shall:

743 (a) require the preparation of a cost-effective analysis of feasible wastewater treatment  
744 or conveyance alternatives capable of meeting state and federal water quality and public health  
745 requirements;

746 (b) consider monetary costs, including the present worth or equivalent annual value of  
747 all capital costs and operation, maintenance, and replacement costs; and

748 (c) ensure that the alternative selected is the most economical means of meeting  
749 applicable state and federal wastewater and water quality or public health requirements over  
750 the useful life of the facility while recognizing environmental and other nonmonetary  
751 considerations.

752 (5) A loan may not be made for a wastewater project that is not in the public interest as  
753 determined by the Water Quality Board.

754 Section 20. Section **73-10c-4.2** is amended to read:

755 **73-10c-4.2. Drinking water projects -- Loan criteria and requirements -- Process**  
756 **for approval.**

757 (1) The Drinking Water Board shall review the plans and specifications for a drinking  
758 water project before approval of any loan and may condition approval on the availability of  
759 loan funds and on the assurances that the Drinking Water Board considers necessary to ensure  
760 that loan funds are used to pay the drinking water project costs and that the drinking water  
761 project is completed.

762 (2) (a) Each loan shall specify the terms for repayment, with the term, interest rate or  
763 rates, including a variable rate, and security as determined by the Drinking Water Board.

764 (b) The loan may be evidenced by general obligation or revenue bonds or other  
765 obligations of the political subdivision.

766 (c) Loan payments made by a political subdivision shall be deposited in the Drinking  
767 Water Security Subaccount as described in Section [73-10c-5](#).

768 (d) The loans are subject to the provisions of Title 63B, Chapter 1b, State Financing  
769 Consolidation Act.

770 (3) ~~[It]~~ Subject to Subsection [73-10c-5\(6\)](#), in determining the priority for a drinking  
771 water project loan, the Drinking Water Board shall consider:

- 772 (a) the ability of the political subdivision to obtain money for the drinking water
- 773 project from other sources or to finance such project from its own resources;
- 774 (b) the ability of the political subdivision to repay the loan;
- 775 (c) whether or not a good faith effort to secure all or part of the services needed from
- 776 the private sector of the economy has been made; and
- 777 (d) whether or not the drinking water project:
  - 778 (i) meets a critical local or state need;
  - 779 (ii) is cost effective;
  - 780 (iii) will protect against present or potential health hazards;
  - 781 (iv) is needed to comply with minimum standards of the federal Safe Drinking Water
  - 782 Act, or any similar or successor statute;
  - 783 (v) is needed to comply with the minimum standards of Title 19, Chapter 4, Safe
  - 784 Drinking Water Act, or any similar or successor statute; and
  - 785 (vi) meets any other consideration considered necessary by the Drinking Water Board.
- 786 (4) In determining the cost effectiveness of a drinking water project the Drinking Water
- 787 Board shall:
  - 788 (a) require the preparation of a cost-effective analysis of feasible drinking water
  - 789 projects;
  - 790 (b) consider monetary costs, including the present worth or equivalent annual value of
  - 791 all capital costs and operation, maintenance, and replacement cost; and
  - 792 (c) ensure that the alternative selected is the most economical means of meeting
  - 793 applicable water quality or public health requirements over the useful life of the facility while
  - 794 recognizing environmental and other nonmonetary considerations.
  - 795 (5) A loan may not be made for a drinking water project that is not in the public
  - 796 interest as determined by the Drinking Water Board.

797 Section 21. Section **73-10c-5** is amended to read:

798 **73-10c-5. Water Development Security Fund created -- Water Quality Security**  
799 **and Drinking Water Security Subaccounts created -- Use -- Revolving loan funds --**  
800 **Hardship grants.**

801 (1) There is established an enterprise fund known as the Water Development Security  
802 Fund which includes the Water Quality Security Subaccount and the Drinking Water Security

803 Subaccount.

804 (2) The Water Quality Security Subaccount consists of four subaccounts:

805 (a) the Utah Wastewater Loan Program Subaccount, which consists of:

806 (i) money appropriated to the subaccount by the Legislature;

807 (ii) money received from the repayment of the principal of loans made by the Water

808 Quality Board under Sections 73-10c-4 and 73-10c-6 from the Utah Wastewater Loan Program

809 Subaccount; and

810 (iii) money deposited in the subaccount under any other law;

811 (b) the Utah State Revolving Fund for Wastewater Projects Subaccount, which consists

812 of:

813 (i) money appropriated to the subaccount by the Legislature;

814 (ii) money received from the Utah Wastewater Loan Program Subaccount applied to

815 meet match requirements for federal funds under 33 U.S.C.A. 1251 et seq., federal Clean

816 Water Act;

817 (iii) money received from the repayment of loans made by the Water Quality Board

818 under Section 73-10c-4 from the Utah State Revolving Fund for Wastewater Projects

819 Subaccount;

820 (iv) money received from the repayment of loans made by the Water Quality Board

821 under Section 73-10c-4.5;

822 (v) money deposited in the subaccount under any other law;

823 (vi) money received under and subject to the restrictions of 33 U.S.C.A. 1251 et seq.,

824 federal Clean Water Act, and which is eligible for use in state revolving loan funds established

825 to meet the requirements of the act; and

826 (vii) all investment income derived from money in the Utah State Revolving Fund for

827 Wastewater Projects Subaccount;

828 (c) the Hardship Grant Program for Wastewater Projects Subaccount, which consists

829 of:

830 (i) money appropriated to the subaccount by the Legislature;

831 (ii) money received as interest payments on loans made by the Water Quality Board

832 under Sections 73-10c-4 and 73-10c-6, from the Utah Wastewater Loan Program Subaccount;

833 (iii) money deposited in the subaccount under any other law;

834 (iv) the Hardship Grant Assessment charged to State Revolving Fund loan recipients;  
835 and

836 (v) all investment income derived from money in the Utah Wastewater Loan Program  
837 Subaccount or the Hardship Grant Program for Wastewater Projects Subaccount; and

838 (d) the Water Quality Origination Fee Subaccount, which consists of the origination  
839 fee paid under Section 73-10c-10.

840 (3) The Drinking Water Security Subaccount consists of four subaccounts:

841 (a) the Drinking Water Loan Program Subaccount, which consists of:

842 (i) money appropriated to the subaccount by the Legislature;

843 (ii) money received from the repayment of the principal of loans made by the Drinking  
844 Water Board under Sections 73-10c-4 and 73-10c-6, from the Drinking Water Loan Program  
845 Subaccount; and

846 (iii) money deposited in the subaccount under any other law;

847 (b) the State Revolving Fund for Drinking Water Projects Subaccount, which consists  
848 of:

849 (i) money appropriated to the subaccount by the Legislature;

850 (ii) money received from the Utah Drinking Water Loan Program Subaccount and  
851 applied to meet match requirements for federal funds under 42 U.S.C.A. 300f et seq., federal  
852 Safe Drinking Water Act;

853 (iii) money received from the repayment of loans made by the Drinking Water Board  
854 under Section 73-10c-4 from the State Revolving Fund for Drinking Water Projects  
855 Subaccount;

856 (iv) money deposited in the subaccount under any other law;

857 (v) money received under and subject to the restrictions of 42 U.S.C.A. 300f et seq.,  
858 federal Safe Drinking Water Act, and which is eligible for use in state revolving loan funds  
859 established to meet the requirements of the act; and

860 (vi) all investment income derived from money in the State Revolving Fund for  
861 Drinking Water Projects Subaccount;

862 (c) the Hardship Grant Program for Drinking Water Projects Subaccount, which  
863 consists of:

864 (i) money appropriated to the subaccount by the Legislature;

865 (ii) money received from interest payments on loans made by the Drinking Water  
866 Board under Sections 73-10c-4 and 73-10c-6, from the Drinking Water Loan Program  
867 Subaccount;

868 (iii) money deposited in the subaccount under any other law;

869 (iv) the Hardship Grant Assessment charged to State Revolving Fund loan recipients;  
870 and

871 (v) all investment income derived from money in the Drinking Water Loan Program  
872 Subaccount or the Hardship Grant Program for Drinking Water Projects Subaccount; and

873 (d) the Drinking Water Origination Fee Subaccount, which consists of the origination  
874 fee paid under Section 73-10c-10.

875 (4) State money in the Water Quality Security Subaccount and the Drinking Water  
876 Security Subaccount may be applied to meet match requirements for federal funds under the  
877 Clean Water Act, 33 U.S.C. Sec. 1251 et seq. and the Safe Drinking Water Act, 42 U.S.C. Sec.  
878 300f et seq.

879 (5) If the money in the security fund is insufficient for the purposes for which the  
880 security fund is established, the council shall ask the governor to request the Legislature to  
881 appropriate additional money to the account.

882 (6) (a) The Drinking Water Board and Water Quality Board may use the money in the  
883 appropriate security fund subaccount;

884 (i) only to the extent of the money available in the account[-];

885 (ii) for the support of drinking water projects and wastewater projects in accordance  
886 with the terms of credit enhancement agreements, grant agreements, and loan agreements[-];

887 and

888 (iii) to fund in whole or in part a water infrastructure project, as defined in Section  
889 73-10g-102, not including state funding used to meet federal match requirements, only if the  
890 water infrastructure project is prioritized by the Water Development Coordinating Council  
891 under Chapter 10g, Part 6, Planning and Prioritization.

892 (b) Repayments to the security fund from loans made by the acting board, money  
893 allocated by the Legislature, and interest accrued on the money shall remain available for use  
894 by that acting board for further project funding.

895 (c) The Drinking Water Board and Water Quality Board may use the money in the

896 origination fee subaccount to administer this chapter.

897 (d) The Water Development Coordinating Council shall include in the unified state  
 898 water infrastructure plan water infrastructure projects funded with federal State Revolving  
 899 Fund funding or state water funds used to meet federal match requirements. A water  
 900 infrastructure project described in this Subsection (6)(d) may be added to the unified state  
 901 water infrastructure plan after the water infrastructure project receives authorization for  
 902 funding from the Drinking Water Board or Water Quality Board.

903 (7) [~~Funds~~] Money received under the Safe Drinking Water Act, 42 U.S.C. Sec. 300f et  
 904 seq. may be used for providing financial assistance to community water systems and nonprofit  
 905 noncommunity water systems as defined and within the limits of that act.

906 Section 22. Section **73-10g-102** is amended to read:

907 **73-10g-102. Definitions.**

908 As used in this chapter:

909 (1) (a) "Available funds" means money that may be issued as a loan or grant in  
 910 accordance with a fund or account created under this title, including:

911 (i) the Water Resources Conservation and Development Fund;

912 (ii) the Water Resources Construction Fund, including the fund's subaccounts;

913 (iii) the Water Resources Cities Water Loan Fund;

914 (iv) the Water Infrastructure Restricted Account;

915 (v) the Water Development Security Fund, including the fund's subaccounts;

916 (vi) the Water Infrastructure Fund;

917 (vii) the Water Development and Flood Mitigation Reserve Account; and

918 (viii) the Lake Powell Pipeline Project Operation and Maintenance Fund.

919 (b) "Available funds" does not include the Agricultural Water Optimization Account.

920 (2) "Board" means the Board of Water Resources[;].

921 [~~(2)~~] (3) "Division" means the Division of Water Resources[; and].

922 [~~(3)~~] (4) "Restricted account" means the Water Infrastructure Restricted Account  
 923 created in Section **73-10g-103**.

924 (5) "Retail water supplier" means a person that supplies water to an end user for  
 925 municipal or industrial purposes such as human consumption or other domestic uses.

926 (6) "Water Infrastructure Fund" means the special revenue fund created in Section

927 [73-10g-108.](#)

928 (7) "Water infrastructure project" means:

929 (a) the following for the supply, control, measurement, treatment, distribution, storage,  
930 or transport of water:

931 (i) planning;

932 (ii) design;

933 (iii) construction;

934 (iv) reconstruction;

935 (v) improvement;

936 (vi) renovation;

937 (vii) acquisition; or

938 (viii) seismic upgrade; or

939 (b) a project to engage in planning consistent with Part 6, Planning and Prioritization.

940 Section 23. Section **73-10g-103** is amended to read:

941 **73-10g-103. Creation of the Water Infrastructure Restricted Account.**

942 (1) (a) There is created a restricted account in the General Fund known as the "Water  
943 Infrastructure Restricted Account."

944 (b) The restricted account shall earn interest.

945 (2) The restricted account consists of money generated from the following sources:

946 (a) voluntary contributions made to the division for the construction, operation, or  
947 maintenance of state water projects;

948 (b) appropriations made to the restricted account by the Legislature;

949 (c) interest earned on the restricted account; and

950 (d) money transferred to the restricted account under Section [73-10-25](#).

951 (3) Subject to appropriation and prioritization under [Part 6, Planning and Prioritization](#),  
952 the division and the board shall manage the restricted account created in Subsection (1) in  
953 accordance with this chapter.

954 Section 24. Section **73-10g-104** is amended to read:

955 **73-10g-104. Authorized use of the Water Infrastructure Restricted Account.**

956 [~~Money in the restricted account is to be used for:~~]

957 (1) Subject to appropriation and Part 6, Planning and Prioritization, the board shall

958 allocate and expend money in the restricted account to fund, in whole or in part, water  
959 infrastructure projects.

960 (2) Water infrastructure projects funded by the restricted account include:

961 [~~(1)~~] (a) the development of the state's undeveloped share of the Bear [~~and~~] River or  
962 Colorado [~~rivers~~] River, pursuant to existing interstate compacts governing both rivers as  
963 described in Chapter 26, Bear River Development Act, and Chapter 28, Lake Powell Pipeline  
964 Development Act;

965 [~~(2)~~] (b) repair, replacement, or improvement of federal water projects for local  
966 sponsors in the state when federal funds are not available;

967 [~~(3)~~] (c) study and development of rules, criteria, targets, processes, and plans, as  
968 described in Subsection 73-10g-105(3); and

969 [~~(4)~~] (d) a project that benefits the Colorado River drainage in Utah, including projects  
970 for water reuse, desalinization, building of dams, or water conservation, if a county or  
971 municipality that benefits from the project:

972 [~~(a)~~] (i) requires a new residential subdivision follow the regional conservation level of  
973 .59 acre-feet regardless of whether the outside water is potable, reuse, or secondary water;

974 [~~(b)~~] (ii) adopts and implements the local water conservancy district's emergency  
975 drought contingency plan;

976 [~~(c)~~] (iii) adopts and implements the local water conservancy district's grass rebate  
977 program's maximum grass restrictions;

978 [~~(d)~~] (iv) prohibits grass in new retail, industrial, or commercial facility landscaping;

979 [~~(e)~~] (v) has reuse water be managed by the local water conservancy district;

980 [~~(f)~~] (vi) does not withdraw water from an aquifer in excess of the safe yield of the  
981 aquifer as defined in Section 73-5-15;

982 [~~(g)~~] (vii) adopts and implements excess water use surcharges;

983 [~~(h)~~] (viii) prohibits private water features in new development, such as a fountain,  
984 pond, or ski lake; and

985 [~~(i)~~] (ix) prohibits large grassy areas in new development, unless the large grassy area  
986 is open to the general public.

987 Section 25. Section **73-10g-105** is amended to read:

988 **73-10g-105. Loans -- Rulemaking.**



989 (1) (a) The division and the board shall make rules, in accordance with Title 63G,  
 990 Chapter 3, Utah Administrative Rulemaking Act, in preparation to make loans from available  
 991 funds to repair, replace, or improve underfunded federal water infrastructure projects.

992 (b) Subject to Part 6, Planning and Prioritization, Chapter 26, Bear River Development  
 993 Act, and Chapter 28, Lake Powell Pipeline Development Act, the division and the board shall  
 994 make rules, in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, in  
 995 preparation to make loans from available funds to develop the state's undeveloped share of the  
 996 Bear ~~[and]~~ River or Colorado ~~[rivers]~~ River.

997 (2) The rules described in Subsection (1) shall:

998 (a) specify the amount of money that may be loaned;

999 (b) ~~[specify the criteria the division and the board shall consider in prioritizing and]~~  
 1000 require the division and the board to comply with Part 6, Planning and Prioritization, in  
 1001 awarding loans;

1002 (c) specify the minimum qualifications for a person to receive a loan, including:

1003 (i) the amount of cost-sharing to be the responsibility of the person applying for a loan;  
 1004 and

1005 (ii) compliance with Section [73-10g-605](#);

1006 (d) specify the terms of the loan, including the terms of repayment; and

1007 (e) require an applicant for a loan to apply on forms provided by the division and in a  
 1008 manner required by the division.

1009 (3) The division and the board shall, in making the rules described in Subsection (1)  
 1010 and in consultation with the Legislative Water Development Commission created in Section  
 1011 [73-27-102](#):

1012 (a) establish criteria for better water data and data reporting;

1013 (b) establish new conservation targets based on the data described in Subsection (3)(a);

1014 (c) institute a process for the independent verification of the data described in  
 1015 Subsection (3)(a);

1016 (d) establish a plan for an independent review of:

1017 (i) the proposed construction plan for an applicant's qualifying water infrastructure  
 1018 project; and

1019 (ii) the applicant's plan to repay the loan for the construction of the proposed water

1020 infrastructure project;

1021 (e) invite and recommend public involvement; and

1022 (f) set appropriate financing and repayment terms.

1023 (4) The division and the board shall provide regular updates to the Legislative

1024 Management Committee on the progress made under this section, including whether the

1025 division and board intend to issue a request for proposals.

1026 Section 26. Section **73-10g-105.5** is enacted to read:

1027 **73-10g-105.5. Grants -- Rulemaking.**

1028 (1) Subject to Part 6, Planning and Prioritization, the division and the board shall make

1029 rules, in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, in

1030 preparation to make grants from available funds for water infrastructure projects.

1031 (2) The rules described in Subsection (1) shall:

1032 (a) specify from which fund or account the grant money is to be issued;

1033 (b) specify the amount of money that may be granted;

1034 (c) require the division and the board to comply with Part 6, Planning and

1035 Prioritization, in awarding grants;

1036 (d) specify the minimum qualifications for a person to receive a grant, except that the

1037 division and board shall require compliance with Section [73-10g-605](#) to be eligible for a grant;

1038 (e) specify the terms of the grant; and

1039 (f) require an applicant for a grant to apply on forms provided by the division and in a

1040 manner required by the division.

1041 Section 27. Section **73-10g-107** is enacted to read:

1042 **73-10g-107. Water use fee -- Study of water funding tools.**

1043 (1) (a) Beginning July 1, 2027, the board shall assess an annual fee on a retail water

1044 supplier as a condition of the retail water supplier providing water to an end user.

1045 (b) The board shall calculate the amount of the annual fee assessed by:

1046 (i) determining the amount of money committed to fund prioritized water infrastructure

1047 projects in fiscal year 2026; and

1048 (ii) calculating the proportional share of the amount described in Subsection (1)(b)(i)

1049 for each retail water supplier based on the amount of water the retail water supplier supplies to

1050 an end user.

1051 (c) The board shall deposit money collected from the fee into the Water Infrastructure  
1052 Fund created in Section 73-10g-108.

1053 (d) The board may make rules, in accordance with Title 63G, Chapter 3, Utah  
1054 Administrative Rulemaking Act, providing for the method of assessing and collecting the fee.

1055 (2) (a) In addition to the Department of Natural Resources' study under Section  
1056 79-2-407, the board shall study the funding of water infrastructure projects in the state through:

1057 (i) the collection of the fee provided in Subsection (1); and

1058 (ii) the consolidation into a single fund or account money used to fund water  
1059 infrastructure projects as described in Subsection (4).

1060 (b) The board shall consider how to facilitate the implementation of Part 6, Planning  
1061 and Prioritization, as part of the study.

1062 (3) With regard to the fee, the board shall study and make recommendations about how  
1063 to modify Subsection (1) regarding:

1064 (a) who is assessed the fee;

1065 (b) how to calculate the fee amount, including any adjustments to the fee amount over  
1066 time;

1067 (c) the process of collecting the fee;

1068 (d) where the money collected should be deposited;

1069 (e) whether the revenue stream should be configured as a tax rather than a fee; and

1070 (f) how the money collected should be spent.

1071 (4) With regard to the consolidation of funds or accounts, the board shall study and  
1072 make recommendations about consolidating into a single fund or account money used to fund  
1073 water infrastructure projects, including available funds.

1074 (5) The board shall report the board's findings from the study described in this section,  
1075 including any recommendations, to the Natural Resources, Agriculture, and Environment  
1076 Interim Committee and the Natural Resources, Agriculture, and Environmental Quality  
1077 Appropriations Subcommittee by no later than the 2024 October interim meetings of the  
1078 Legislature.

1079 Section 28. Section **73-10g-108** is enacted to read:

1080 **73-10g-108. Water Infrastructure Fund.**

1081 (1) There is created an enterprise fund known as the "Water Infrastructure Fund,"

1082 which is referred to in this section as the "fund."

1083 (2) The fund shall consist of:

1084 (a) deposits of the water infrastructure fee under Section [73-10g-107](#);

1085 (b) appropriations from the Legislature; and

1086 (c) interest and earnings on the fund.

1087 (3) The state treasurer shall invest the money in the fund according to Title 51, Chapter  
1088 7, State Money Management Act, except that interest or other earnings derived from those  
1089 investments shall be deposited into the fund.

1090 (4) The board may issue loans and grants from the fund to pay for water infrastructure  
1091 projects prioritized by the Water Development Coordinating Council under Part 6, Planning  
1092 and Prioritization, including:

1093 (a) a new water infrastructure project; or

1094 (b) a water infrastructure project that exists at the time of the loan or grant.

1095 Section 29. Section **73-10g-301** is amended to read:

1096 **Part 3. Watershed Councils Act**

1097 **73-10g-301. Implementation of part.**

1098 [~~(1) This part is known as the "Watershed Councils Act."~~(2)]

1099 This part shall be liberally construed to:

1100 [~~(a)~~] (1) provide input to the Water Development Coordinating Council regarding  
1101 infrastructure planning on a watershed and state level in accordance with Part 6, Planning and  
1102 Prioritization;

1103 (2) develop diverse and balanced stakeholder forums for discussion of water policy and  
1104 resource issues at watershed and state levels that are not vested with regulatory, infrastructure  
1105 financing, or enforcement powers or responsibilities; and

1106 [~~(b)~~] (3) use local expertise and resources found in universities and other research  
1107 institutions or in regional, state, and federal agencies.

1108 Section 30. Section **73-10g-304** is amended to read:

1109 **73-10g-304. Utah Watersheds Council -- Creation and governance.**

1110 (1) Within the Department of Natural Resources, there is created the "Utah Watersheds  
1111 Council" consisting of the following members who are residents of the state:

1112 (a) the executive director of the Department of Natural Resources;

- 1113 (b) the executive director of the Department of Environmental Quality;
- 1114 (c) the commissioner of the Department of Agriculture and Food;
- 1115 (d) the director of the Utah Division of Indian Affairs;
- 1116 (e) the Utah State University Extension vice president;
- 1117 (f) the director of the Division of Emergency Management within the Department of  
1118 Public Safety;
- 1119 (g) a representative designated by the Utah Association of Counties;
- 1120 (h) a representative designated by the Utah League of Cities and Towns;
- 1121 (i) a representative designated by the Utah Association of Special Districts;
- 1122 (j) a representative of reclamation projects located in the state selected by the governor  
1123 from a list of three persons nominated jointly by the local sponsors of reclamation projects  
1124 located in the state and the executive director of the Department of Natural Resources;
- 1125 (k) a representative of agricultural interests selected by the governor from a list of three  
1126 persons nominated jointly by the commissioner of the Department of Agriculture and Food, the  
1127 president of the Utah Farm Bureau, and the Utah State University Extension vice president;
- 1128 (l) a representative of environmental conservation interests selected by the governor  
1129 from a list of three persons nominated jointly by the executive directors of the Department of  
1130 Environmental Quality and Department of Natural Resources;
- 1131 (m) a representative of business and industry water interests selected by the governor  
1132 from a list of three individuals nominated jointly by the Utah Manufacturers Association, Utah  
1133 Mining Association, and Utah Petroleum Association;
- 1134 (n) an attorney who is authorized to practice law in the state, who has recognized  
1135 expertise in water law, and is selected by the governor from a list of three individuals  
1136 nominated jointly by the executive director of the Department of Natural Resources, the  
1137 executive director of the Department of Environmental Quality, and the commissioner of the  
1138 Department of Agriculture and Food; ~~and~~
- 1139 (o) the state engineer, as a nonvoting member;
- 1140 (p) the director of the division, as a nonvoting member; and
- 1141 ~~(q)~~ (q) the designated individual selected by a local ~~watershed~~ council certified  
1142 under Section 73-10g-306.
- 1143 (2) (a) The state council shall:

- 1144 (i) organize the state council as provided in this part;
- 1145 (ii) select a chair and at least one vice-chair from among the members of the state  
1146 council to have powers and duties provided in the organizing documents adopted by the state  
1147 council; and
- 1148 (iii) adopt policies to govern the state council's activities, including policies for the  
1149 creation of subcommittees that may be less than a quorum of the state council and may include  
1150 persons of suitable expertise who are not state council members.
- 1151 (b) The state council shall make the organizing documents and policies created under  
1152 Subsection (2)(a) available:
- 1153 (i) to the public;
- 1154 (ii) at each meeting of the state council; and
- 1155 (iii) on a public website maintained by the division for council business.
- 1156 (3) The state council may invite federal agencies to name representatives as liaisons to  
1157 the state council.
- 1158 (4) The state council shall stagger the initial terms of the state council members listed  
1159 in Subsections (1)(g) through (n), after which members will be replaced according to policies  
1160 adopted by the state council.
- 1161 (5) After the state council's initial organization, the state council may hold regular and  
1162 special meetings at such locations within the state and on a schedule as the state council  
1163 determines, provided that the state council shall meet at least semi-annually.
- 1164 (6) A majority of the voting members of the state council constitutes a quorum.
- 1165 (7) The action of the majority of the voting members of the state council constitutes the  
1166 action of the state council.
- 1167 (8) (a) The state council policies may allow that a properly authorized representative of  
1168 a voting member of the state council may act in the place of that voting member if the voting  
1169 member is absent or unable to act.
- 1170 (b) The state council shall enter in the record of a meeting proper documentation of a  
1171 representative's authority to act on behalf of the voting member under this Subsection (8).
- 1172 (c) Authorization to act on behalf of a voting member may be given for more than one  
1173 meeting.
- 1174 (d) Authorization to act on behalf of a voting member shall comply with the policies

1175 adopted by the state council.

1176 (9) (a) The division shall staff the state council.

1177 (b) The division may make rules in accordance with Title 63G, Chapter 3, Utah

1178 Administrative Rulemaking Act, to facilitate the creation and operation of the state council.

1179 Section 31. Section **73-10g-305** is amended to read:

1180 **73-10g-305. Role of the state council -- Reporting.**

1181 (1) The state council [~~is directed to~~] shall:

1182 (a) serve as a forum to encourage and facilitate discussion and collaboration by and  
1183 among the stakeholders relative to the water-related interests of the state and the state's people  
1184 and institutions;

1185 (b) facilitate communication and coordination between the Department of Natural  
1186 Resources, the Department of Agriculture and Food, the Department of Environmental Quality,  
1187 and other state and federal agencies in the administration and implementation of water-related  
1188 activities;

1189 (c) facilitate the establishment of local [~~watershed~~] councils by certifying a local  
1190 council:

1191 (i) for the watersheds defined in Section [73-10g-303](#); and

1192 (ii) after reviewing the proceedings and documents submitted by proposed local  
1193 councils, to ensure that the local council meets the certification requirements in Section  
1194 [73-10g-306](#);

1195 (d) provide resources and support for the administration of local councils;

1196 (e) consult and seek guidance from local councils; [~~and~~]

1197 (f) advise the Water Development Coordinating Council regarding a unified water  
1198 infrastructure plan in accordance with Section [73-10g-602](#); and

1199 [~~(f)~~] (g) provide advice to the governor and Legislature on water issues.

1200 (2) The state council shall provide updates on the state council's activities annually, or  
1201 as invited, to:

1202 (a) the Natural Resources, Agriculture, and Environment Interim Committee;

1203 (b) the Legislative Water Development Commission; and

1204 (c) the Utah Water Task Force.

1205 Section 32. Section **73-10g-306** is amended to read:

1206 **73-10g-306. Local councils -- Creation.**

1207 (1) A proposed local [watershed] council may be certified by the Utah Watersheds  
1208 Council under Subsection 73-10g-305(1)(c) if:

1209 (a) the organizing documents and policies of the proposed local [watershed] council:

1210 (i) provide for an open and equitable system of governance;

1211 (ii) encourage participation by a water user or group of water users, other watershed  
1212 groups, mutual irrigation companies, distribution system committees, and other stakeholders  
1213 within the watershed; and

1214 (iii) require that:

1215 (A) a majority of the members of the local council constitutes a quorum; and

1216 (B) an action of the local council be approved by no less than a majority of the  
1217 members of the local council;

1218 (b) in a balance appropriate for the watershed, the proposed local council membership  
1219 includes watershed stakeholders who reside or work within the watershed or own or control the  
1220 right to divert or use water within the watershed and is representative, where feasible, of at  
1221 least these interests:

1222 (i) agriculture;

1223 (ii) industry;

1224 (iii) Indian tribes;

1225 (iv) public water suppliers, as defined in Section 73-1-4;

1226 (v) water planning and research institutions;

1227 (vi) water quality;

1228 (vii) fish and wildlife;

1229 (viii) water dependent habitat and environments;

1230 (ix) watershed management, such as distribution system committees functioning within  
1231 the watershed;

1232 (x) mutual irrigation companies;

1233 (xi) land use planning agencies; and

1234 [~~(xi)~~] (xii) local sponsors of [~~reclamation~~] Bureau of Reclamation projects;

1235 (c) for each of the five watersheds that drain into Great Salt Lake, the proposed local  
1236 council includes a person designated by the Great Salt Lake local watershed council, if the



1237 Great Salt Lake local [~~watershed~~] council is certified; and

1238 (d) for the Great Salt Lake watershed, the proposed local council includes a person  
1239 designated by each of the five watersheds that drain into Great Salt Lake that has a certified  
1240 local watershed council.

1241 (2) A local council may invite state and federal agencies to name representatives as  
1242 liaisons to the local council.

1243 Section 33. Section **73-10g-601** is enacted to read:

1244 **Part 6. Planning and Prioritization**

1245 **73-10g-601. Definitions.**

1246 As used in this part:

1247 (1) "Agency plan" means a water infrastructure plan adopted by a relevant agency.

1248 (2) "Executive director" means the executive director of the Department of Natural

1249 Resources.

1250 (3) "Relevant agency" means:

1251 (a) the Division of Water Resources;

1252 (b) the Division of Drinking Water;

1253 (c) the Division of Water Quality;

1254 (d) the Housing and Community Development Division; and

1255 (e) the Department of Agriculture and Food.

1256 (4) "State council" means the Water Development Coordinating Council created in

1257 Sections [73-10c-3](#) and [79-2-201](#).

1258 (5) "State water funds" means money:

1259 (a) appropriated by the Legislature to fund a water infrastructure project; or

1260 (b) that is:

1261 (i) state money; and

1262 (ii) held in a fund administered by a relevant agency for purposes related to water.

1263 (6) "Utah Watersheds Council" means the Utah Watersheds Council created in Section

1264 [73-10g-304](#).

1265 Section 34. Section **73-10g-602** is enacted to read:

1266 **73-10g-602. Unified water infrastructure plan.**

1267 (1) (a) The state council shall adopt a unified water infrastructure plan in accordance

1268 with this section by no later than January 1, 2025.

1269 (b) The state council shall update the unified water infrastructure plan as needed, but at  
1270 least every four years.

1271 (c) A relevant agency may request that the state council amend the unified water  
1272 infrastructure plan.

1273 (2) A unified water infrastructure plan shall:

1274 (a) describe water infrastructure projects:

1275 (i) needed to maintain the reliable supply of safe and clean water within the state; and

1276 (ii) organized in 10-year phases up to at least a 20-year plan; and

1277 (b) be based on agency plans submitted by the relevant agencies and other relevant  
1278 information.

1279 (3) Beginning on June 30, 2024, a relevant agency shall:

1280 (a) annually adopt a water infrastructure agency plan that describes needed water  
1281 infrastructure projects under the jurisdiction of the relevant agency;

1282 (b) organize an agency plan under this section in 10-year phases up to at least a 20-year  
1283 plan; and

1284 (c) annually submit the agency plan to the state council by no later than June 30.

1285 (4) Before adopting or amending a unified water infrastructure plan, the state council  
1286 shall provide a draft of the proposed unified water infrastructure plan to the Utah Watersheds  
1287 Council and the Utah Watersheds Council may advise the state council concerning the unified  
1288 water infrastructure plan.

1289 Section 35. Section **73-10g-603** is enacted to read:

1290 **73-10g-603. Ranking and prioritizing water infrastructure projects.**

1291 (1) The state council, in consultation with the relevant agencies, shall develop a written  
1292 prioritization process for ranking and prioritizing water infrastructure projects that are or will  
1293 be funded by state water funds beginning with fiscal year 2026. The written prioritization  
1294 process shall:

1295 (a) identify water infrastructure projects listed in the unified water infrastructure plan  
1296 described in Section [73-10g-602](#); and

1297 (b) rank the water infrastructure projects identified under Subsection (1)(a).

1298 (2) The following shall be included in the written prioritization process under

1299 Subsection (1):

1300 (a) subject to Subsection (3), categories of the types of water infrastructure projects  
1301 against which other water infrastructure projects are prioritized;

1302 (b) exclusion of the following types of water infrastructure projects:

1303 (i) an emergency water infrastructure project; or

1304 (ii) a small water infrastructure project that receives less than an amount of state water  
1305 funds established by rule made by the state council in accordance with Title 63G, Chapter 3,  
1306 Utah Administrative Rulemaking Act;

1307 (c) hardship criteria that at a minimum refer to the hardship criteria of the Division of  
1308 Drinking Water and the Division of Water Quality;

1309 (d) criteria related to the public interest, including conservation and the protection of  
1310 public health and safety;

1311 (e) criteria to ensure that the project is adequately designed based on sound engineering  
1312 and geologic considerations;

1313 (f) criteria for ranking or prioritizing a local water infrastructure project based on:

1314 (i) a local water infrastructure plan that is consistent with this section; and

1315 (ii) consultation with local entities about local water infrastructure projects;

1316 (g) criteria for ranking or prioritizing a water infrastructure project when state water  
1317 funds will be used to match federal funding;

1318 (h) a requirement that a person who receives state water funds for a water infrastructure  
1319 project:

1320 (i) engage in long-term planning consistent with Section [73-10g-602](#); and

1321 (ii) comply with Section [73-10g-605](#); and

1322 (i) any other provision the state council considers appropriate.

1323 (3) When including categories of types of water infrastructure projects used in the  
1324 written prioritization process, the state council may consider whether to apply percentages of  
1325 state water funds assigned to each category and the size and resources of recipients.

1326 (4) In developing the written prioritization process, the state council shall seek and  
1327 consider public comment related to developing the written prioritization process by holding  
1328 public meetings at locations throughout the state in accordance with Title 52, Chapter 4, Open  
1329 and Public Meetings Act.

1330 (5) (a) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,  
1331 the state council shall make rules establishing the written prioritization process under  
1332 Subsection (1).

1333 (b) The state council shall submit a proposed rule to a committee or commission  
1334 designated by the Legislative Management Committee for review before taking final action on  
1335 the proposed rule or a proposed amendment to the rule described in this Subsection (5).

1336 (6) In determining priorities and funding levels of water infrastructure projects, the  
1337 state council shall use the ranked list of water infrastructure projects based on the criteria  
1338 adopted in the written prioritization process under Subsection (1).

1339 (7) A relevant agency shall annually report to the state council on the status of new  
1340 water infrastructure projects, including water infrastructure projects that are funded by the  
1341 Legislature in an appropriation act.

1342 (8) For a fiscal year before fiscal year 2026, a relevant agency shall prioritize water  
1343 infrastructure projects within the jurisdiction of the relevant agency.

1344 Section 36. Section **73-10g-604** is enacted to read:

1345 **73-10g-604. State council's general duties related to prioritizing -- Reporting --**  
1346 **Relevant agency actions.**

1347 (1) The state council shall:

1348 (a) beginning with fiscal year 2026, determine priorities and funding levels of water  
1349 infrastructure projects for each fiscal year based on ranked water infrastructure projects;

1350 (b) hold public meetings in accordance with Title 52, Chapter 4, Open and Public  
1351 Meetings Act, and otherwise provide for public input on funding of water infrastructure  
1352 projects; and

1353 (c) make rules in accordance with Title 63G, Chapter 3, Utah Administrative  
1354 Rulemaking Act, necessary to perform the state council's duties related to:

1355 (i) adopting the unified water infrastructure plan;

1356 (ii) adopting a written prioritization plan; and

1357 (iii) prioritizing and setting funding levels for water infrastructure projects.

1358 (2) (a) For water infrastructure projects prioritized with funding provided under this  
1359 title, the state council shall annually report, by no later than the October interim meeting of the  
1360 Legislature, to a committee or commission designated by the Legislative Management

1361 Committee:

1362 (i) a prioritized list of the water infrastructure projects and the funding levels available  
1363 for those water infrastructure projects; and

1364 (ii) the unfunded water infrastructure projects and maintenance needs within the state.

1365 (b) The committee or commission designated by the Legislative Management  
1366 Committee under Subsection (2)(a) shall:

1367 (i) review the list reported by the state council; and

1368 (ii) recommend to the Legislature:

1369 (A) the amount of additional funding to allocate to water infrastructure projects; and

1370 (B) the source of revenue for the additional funding allocation under Subsection

1371 (2)(b)(ii)(A).

1372 (3) A relevant agency shall administer money prioritized under this part in a manner  
1373 consistent with this part.

1374 Section 37. Section **73-10g-605** is enacted to read:

1375 **73-10g-605. Capital asset management and reserve analysis -- Assistance for**  
1376 **person seeking state funds.**

1377 (1) As a condition of receiving state water funds for a water infrastructure project by a  
1378 loan or grant, a recipient shall:

1379 (a) conduct a reserve study showing how the recipient shall:

1380 (i) repay the loan if the recipient receives a loan; and

1381 (ii) collect money for repair and replacement of the water infrastructure project;

1382 (b) if the recipient receives a loan, update the reserve study described in Subsection

1383 (1)(a) every five years or until the loan is repaid; and

1384 (c) comply with the relevant capital asset management requirements under:

1385 (i) Section [19-5-202](#) for a water infrastructure project related to wastewater or sewage  
1386 infrastructure; or

1387 (ii) Section [73-10g-502](#) for a water provider's, as defined in Section [73-10g-501](#), water  
1388 infrastructure project that is not described in Subsection (1)(c)(i).

1389 (2) A reserve study required under this section shall include:

1390 (a) a list of the components identified in the reserve analysis that will reasonably  
1391 require reserve funds;

- 1392 (b) a statement of the probable remaining useful life, as of the date of the reserve
- 1393 analysis, of each component identified in the reserve analysis;
- 1394 (c) an estimate of the cost to repair, replace, or restore each component identified in the
- 1395 reserve analysis;
- 1396 (d) an estimate of the total annual contribution to a reserve fund necessary to meet the
- 1397 cost to repair, replace, or restore each component identified in the reserve analysis during the
- 1398 component's useful life and at the end of the component's useful life; and
- 1399 (e) a reserve funding plan that recommends how the system may fund the annual
- 1400 contribution described in Subsection (2)(d).

1401 (3) If a person seeking state water funds under this part establishes a need to the

1402 satisfaction of a relevant agency, the relevant agency may provide the person:

- 1403 (a) state water funds to assist the recipient in complying with the planning, reserve
- 1404 analysis, and capital asset management requirements of this part; or
- 1405 (b) technical assistance with the planning, reserve analysis, or capital asset
- 1406 management requirements of this part.

1407 Section 38. Section **73-20-8** is amended to read:

1408 **73-20-8. Emergency Water Resources Account -- Creation -- Purpose.**

1409 There is hereby created within the Water Resources Construction Fund an account to be

1410 known as the "Emergency Water Resources Account," the proceeds of which shall be used:

- 1411 (1) exclusively for the development of emergency water resources; and
- 1412 (2) (a) if prioritized under Chapter 10g, Part 6, Planning and Prioritization; or
- 1413 (b) excluded from prioritization pursuant to Subsection [73-10g-603\(2\)\(b\)\(i\)](#).

1414 Section 39. **Repealer.**

1415 This bill repeals:

1416 Section [73-10-17](#), **State water plan -- Authority of other agencies not impaired.**

1417 Section 40. **Effective date.**

1418 This bill takes effect on May 1, 2024.