

**Representative Casey Snider** proposes the following substitute bill:

**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;
- ▶ requires the Board and Division of Water Resources 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;



- 26           • providing for ranking and prioritizing of water infrastructure projects;
- 27           • addressing duties; and
- 28           • requiring reserve studies and capital asset management; and
- 29       ▶ makes technical and conforming changes.

30 **Money Appropriated in this Bill:**

31           This bill appropriates in fiscal year 2025:

- 32       ▶ to Department of Natural Resources - Water Infrastructure Fund as a one-time
- 33 appropriation:

- 34           • from the General Fund, One-time, \$5,000,000

35 **Other Special Clauses:**

36           None

37 **Utah Code Sections Affected:**

38 AMENDS:

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

- 57 **73-10c-4.2**, as last amended by Laws of Utah 2008, Chapter 382
- 58 **73-10c-5**, as last amended by Laws of Utah 2011, Chapter 342
- 59 **73-10g-102**, as enacted by Laws of Utah 2015, Chapter 458
- 60 **73-10g-103**, as last amended by Laws of Utah 2023, Chapter 261
- 61 **73-10g-104**, as last amended by Laws of Utah 2023, Chapter 261
- 62 **73-10g-105**, as last amended by Laws of Utah 2020, Chapter 28
- 63 **73-10g-301**, as enacted by Laws of Utah 2020, Chapter 309
- 64 **73-10g-302**, as enacted by Laws of Utah 2020, Chapter 309
- 65 **73-10g-304**, as last amended by Laws of Utah 2022, Chapter 65
- 66 **73-10g-305**, as enacted by Laws of Utah 2020, Chapter 309
- 67 **73-10g-306**, as enacted by Laws of Utah 2020, Chapter 309
- 68 **73-20-8**, as last amended by Laws of Utah 1988, Chapter 169

69 ENACTS:

- 70 **73-10g-105.5**, Utah Code Annotated 1953
- 71 **73-10g-107**, Utah Code Annotated 1953
- 72 **73-10g-108**, Utah Code Annotated 1953
- 73 **73-10g-601**, Utah Code Annotated 1953
- 74 **73-10g-602**, Utah Code Annotated 1953
- 75 **73-10g-603**, Utah Code Annotated 1953
- 76 **73-10g-604**, Utah Code Annotated 1953
- 77 **73-10g-605**, Utah Code Annotated 1953

78 REPEALS AND REENACTS:

- 79 **73-10-15**, as last amended by Laws of Utah 1967, Chapter 176

80 REPEALS:

- 81 **73-10-17**, as enacted by Laws of Utah 1963, Chapter 178



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

84 Section 1. Section **73-10-1** is amended to read:

85 **73-10-1. State's policy -- Creation of revolving fund -- General construction of**  
86 **chapter.**

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

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

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

93 (iii) by Section 17B-2a-1002 that the policy of the state is, to " obtain from water in the  
94 state the highest duty for domestic uses and irrigation of lands in the state within the terms of  
95 applicable interstate compacts and other law."

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

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

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

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

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

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

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

117 (f) that the interests of the state [~~of Utah~~] require that means be provided for close  
118 cooperation between all state and federal agencies to the end that the underground waters and

119 waters of the small streams of the state, and the lands thereunder, can be made to yield  
 120 abundantly and increase the income and well-being of the citizens of the state; and

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

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

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

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

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

132 **73-10-5. Selection of project by board -- Preparation of plans and estimate of cost**  
 133 **-- Contracts by board.**

134 [~~When a~~]

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

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

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

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

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

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

149 (c) The contracts [~~shall not be~~] described in Subsection (2)(b) are not binding upon the

150 state until approved by the director of the Division of Finance from the standpoint of whether  
151 [~~or not~~]:

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

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

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

156 **73-10-6. Making water available to citizens of state -- Assessment of charges**  
157 **against water users -- Water Resources Construction Fund.**

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

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

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

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

172 **73-10-7. Title to projects -- Contractual powers of board.**

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

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

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

180 **73-10-8. Water Resources Construction Fund -- Creation and contents of fund --**

181 Use -- Investigation Account created -- Interest -- Retainage -- Loans and grants for dam  
182 safety work.

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

184 (a) money appropriated or otherwise made available to it by the Legislature;

185 (b) money from the sale or management of the 500,000 acres of land selected for the  
186 establishment of reservoirs under Section 12 of the Utah Enabling Act;

187 (c) charges assessed against water and power users pursuant to Section 73-10-6; and

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

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

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

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

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

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

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

200 (d) as otherwise provided by law.

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

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

211 (5) [~~All money~~] Money deposited into the Water Resources Construction Fund shall be

212 invested by the state treasurer with interest accruing to the Water Resources Construction  
213 Fund.

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

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

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

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

223 (b) the dam safety study shall be required by the state engineer pursuant to Section  
224 73-5a-503; and

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

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

233 (b) (i) Pursuant to guidelines specified in Subsection (9)(b)(ii) and subject to Chapter  
234 10g, Part 6, Planning and Prioritization, the [~~board~~] Board of Water Resources may provide  
235 loans or grants, or both, to entities other than mutual irrigation companies and water users  
236 associations to upgrade dams in conformance with minimum standards of the state engineer.

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

240 (A) the degree of hazard;

241 (B) the threat to public safety;

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



- 243 (D) the cost effectiveness of the restoration;
- 244 (E) the number of potential and actual applications for financial assistance; and
- 245 (F) the funds available.
- 246 (10) The amount of money in the fund that may be used for grants for dam safety
- 247 studies shall be limited to the amount of money appropriated to the fund for that purpose.
- 248 (11) [~~The board~~] Subject to Chapter 10g, Part 6, Planning and Prioritization, the Board
- 249 of Water Resources shall consult with the state engineer in establishing a priority list of dams
- 250 to be upgraded with money in the fund.
- 251 (12) A dam owner who has initiated or completed construction approved by the state
- 252 engineer to upgrade the dam in conformance with minimum standards may apply for a grant or
- 253 loan from the [~~board~~] Board of Water Resources as reimbursement for those construction
- 254 expenditures.

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

256 **73-10-15. State water plan -- Entities to cooperate in formulation of plan.**

257 (1) As used in this section:

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

259 (b) "State water plan" means a comprehensive framework that identifies available

260 water resources, recommends strategies for water resource optimization, and guides efforts to

261 manage available water supplies.

262 (2) (a) Beginning on or before December 31, 2026, the division shall publish a state

263 water plan that:

264 (i) is consistent with the state water policy established in Section [73-1-21](#);

265 (ii) references the state unified water infrastructure plan created by the Water

266 Development Coordinating Council under Section [73-10g-602](#);

267 (iii) fosters communities and businesses;

268 (iv) facilitates local agriculture;

269 (v) addresses outdoor recreation; and

270 (vi) provides for a healthy environment.

271 (b) The state water plan may include recommendations for policy, fiscal support,

272 implementation of findings by governmental and private institutions, and public engagement.

273 (c) In formulating the state water plan, the division shall seek input from a wide range

274 of stakeholders, including representatives from agriculture and other water dependent  
275 businesses, conservationists, recreation interests, government entities, academia, and Utah  
276 residents in general.

277 (d) The division shall update the state water plan no less frequently than every ten  
278 years.

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

281 (a) the following state entities:

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

283 (ii) the Department of Agriculture and Food;

284 (iii) within the Department of Natural Resources:

285 (A) the Division of Water Rights;

286 (B) the Utah Geological Survey;

287 (C) the Division of Wildlife Resources;

288 (D) the Division of Forestry, Fire, and State Lands; and

289 (E) the Public Lands Policy Coordinating Office;

290 (iv) within the Department of Environmental Quality:

291 (A) the Division of Drinking Water; and

292 (B) the Division of Water Quality;

293 (v) the Office of the Great Salt Lake Commissioner; and

294 (vi) the Colorado River Authority of Utah;

295 (b) the following local entities:

296 (i) a water conservancy district created under Title 17B, Chapter 2a, Part 10, Water  
297 Conservancy District Act; and

298 (ii) a local watershed council created under Chapter 10g, Part 3, Watershed Councils  
299 Act; and

300 (c) any other state or local entity that the division considers necessary.

301 (4) A state entity identified in Subsection (3)(a) shall designate an individual to assist  
302 and advise the division in the formulation of a state water plan.

303 (5) The division shall use information, including water resources data, that has been or  
304 will be assembled by state entities, the United States government, various colleges and

305 universities of the state, or any other source that can profitably contribute to the development of  
 306 the state water plan.

307 (6) In accordance with this section, an entity described in Subsection (3) shall  
 308 cooperate with the division unless the cooperation would directly impair the authority granted  
 309 to the entity by statute.

310 (7) The Utah Watersheds Council shall advise the division concerning state water  
 311 planning activities.

312 Section 7. Section 73-10-22 is amended to read:

313 **73-10-22. Water Resources Cities Water Loan Fund -- Annual appropriation --**  
 314 **Interest.**

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

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

324 Section 8. Section 73-10-23 is amended to read:

325 **73-10-23. Loans for water systems -- Board of Water Resources authority --**  
 326 **Procedure.**

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

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

335 (b) The application may request a loan to cover all or part of the cost of an eligible

336 project.

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

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

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

346 [~~(c) In determining priorities for eligible projects, the board shall consider:]~~

347 [~~(i) probable growth of population due to actual or prospective economic development~~  
348 ~~in an area;]~~

349 [~~(ii) possible additional sources of state and local revenue;]~~

350 [~~(iii) opportunities for expanded employment;]~~

351 [~~(iv) present or potential health hazards;]~~

352 [~~(v) water systems which do not meet minimum state standards;]~~

353 [~~(vi) cities, towns, or districts which have insufficient water to meet current demands;]~~

354 [~~(vii) feasibility and practicality of the project;]~~

355 [~~(viii) per capita cost of the project;]~~

356 [~~(ix) per capita income of the residents in the area;]~~

357 [~~(x) the borrowing capacity of the city, town, or district and its ability to sell bonds in~~  
358 ~~the open market; and]~~

359 [~~(xi) the availability of federal funds for the project.]~~

360 [~~(4) (a) The board shall consult with the Governor's Advisory Council on Community~~  
361 ~~Affairs in the establishment of priorities but that advice is not binding upon the board.]~~

362 [~~(b)] (4) If an application is rejected, the [~~board~~] Board of Water Resources shall notify~~

363 the applicant stating the reasons for the rejection.

364 (5) The Board of Water Resources shall review the plans and specifications for the

365 project [~~prior to~~] before approval and may condition approval and the availability of [~~funds~~]  
366 money on assurances the [~~board~~] Board of Water Resources considers necessary to ensure that

367 the proceeds of the loan will be used to pay the cost of the project and that the project will be  
368 completed.

369 (6) Any loan shall specify the terms for repayment and may be evidenced by general  
370 obligation bonds, revenue bonds, special assessment bonds, or other bonds or obligations  
371 legally issued by the appropriate city, town, metropolitan water district, water conservancy  
372 district, improvement district, special improvement district, or special service district and  
373 purchased by the [board] Board of Water Resources pursuant to the authority for the issuance  
374 that exists at the time of the loan.

375 (7) (a) Upon approval of an application, the [board] Board of Water Resources shall  
376 advise the applicant and may provide [funds] money as a loan to cover all or part of the costs of  
377 eligible projects.

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

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

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

389 **73-10-24. Water Resources Conservation and Development Fund created.**

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

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

398 **73-10-25. Contents of fund -- Investment -- Contributions.**

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

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

401 (b) money received from the sale of project water and power, less operating and

402 maintenance costs;

403 (c) annual payments on contracts for projects constructed under Section 73-10-24 or

404 the State Water Conservation Program; and

405 (d) other money or tax revenues designated by the Legislature to be credited to the

406 Water Resources Conservation and Development Fund.

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

408 shall be invested by the state treasurer with interest accruing to the Water Resources

409 Conservation and Development Fund, except for payments, if any, necessary to comply with

410 Section 148(f), Internal Revenue Code of 1986.

411 (3) A contribution of money, property, or equipment may be received from a political

412 subdivision of the state, federal agency, water users' association, or person for use in carrying

413 out the purposes of Section 73-10-24.

414 (4) Notwithstanding Subsection (1), the division shall transfer a payment on a loan

415 issued subject to Chapter 10g, Part 6, Planning and Prioritization, to the Water Infrastructure

416 Restricted Account, created in Section 73-10g-103, if the loan:

417 (a) is issued from the Water Resources Conservation and Development Fund on or

418 after July 1, 2023; and

419 (b) relates to a project described in Subsection 73-10g-104(4).

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

421 **73-10-25.1. Credit enhancement and interest buy-down agreements.**

422 (1) The Board of Water Resources may enter into credit enhancement agreements with

423 political subdivisions containing terms and provisions that the [~~board~~] Board of Water424 Resources determines will reasonably improve the security for or marketability of water project

425 obligations financed using the Water Resources Cities Water Loan Fund created in Section

426 73-10-22 or the Water Resources Conservation and Development Fund created in Section

427 73-10-24. Credit enhancement agreements may include provisions for loans to political

428 subdivisions to pay the costs of obtaining letters of credit or other forms of insurance or

429 security to provide security for water project obligations.

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

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

435 **73-10-26. Definitions -- Construction of a project by board -- Ownership and**  
436 **operation -- Transfer of a water right -- Purchase of a bond from an Indian tribe.**

437 (1) As used in this section:

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

439 (b) "Bond" means:

440 (i) a written obligation to repay borrowed money, whether denominated a bond, note,  
441 warrant, certificate of indebtedness, or otherwise; and

442 (ii) a lease agreement, installment purchase agreement, or other agreement that  
443 includes an obligation to pay money.

444 (c) "Division" means the Division of Water Resources created in Section 73-10-18.

445 (d) "Project" means a facility, works, or other real or personal property that:

446 (i) conserves or develops the water or hydroelectric power resources of the state; or

447 (ii) controls flooding.

448 (2) (a) The board, through the division, may construct a project.

449 (b) An electric public utility or a municipality of the state may construct an electrical  
450 facility incidental to a project.

451 (c) If the state constructs the electrical facility, the state must first offer the power and  
452 energy derived from the hydroelectric generating project to an electric public utility or  
453 municipality in the state for distribution to electric consumers.

454 (3) (a) The board, through the division, may consider a flood control project in the  
455 same manner and apply the same procedures and rules as the board would consider or apply to  
456 another project within its statutory authority.

457 (b) If funds controlled by the board are to be used for the flood control project, the  
458 planning of the project is subject to the review of the board.

459 (c) If the flood control project is authorized for construction, the plans, specifications,

460 and construction supervision shall be undertaken as prescribed by the board.

461 (4) The board may enter into an agreement for the construction or financing of a  
462 project financed with money from the Water Resources Conservation and Development Fund  
463 with another state, the federal government, a political subdivision of the state, an Indian tribe,  
464 or a private corporation.

465 (5) (a) (i) Except as provided by Subsections (5)(a)(ii) and (b), title to a project,  
466 including a water right, constructed or acquired with money from the Water Resources  
467 Conservation and Development Fund is vested in the state.

468 (ii) The board may take a bond legally issued by the project sponsor in lieu of or in  
469 addition to taking title to the project and water right.

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

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

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

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

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

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

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

484 (I) enter into the agreement; or

485 (II) issue the bond;

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

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

490 (iii) determine whether it has sufficient legal recourse against the tribe and against a



491 security pledged by the tribe in the event of default.

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

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

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

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

498 (c) (i) The board may enter into a contract with another state, the federal government, a  
499 political subdivision of the state, an Indian tribe, or a private corporation for operation,  
500 maintenance, and administration of the project.

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

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

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

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

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

510 (B) to which the state has title;

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

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

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

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

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

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

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

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

528 **73-10-27. Definitions -- Bids and contracts -- Retainage.**

529 (1) As used in this section:

530 (a) "Board" means the Board of Water Resources created in Section [73-10-1.5](#).

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

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

534 (i) who:

535 (A) submits the lowest bid; and

536 (B) furnishes a payment bond and a performance bond under Sections [14-1-18](#) and  
537 [63G-6a-1103](#); and

538 (ii) whose bid:

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

540 (B) meets the plans and specifications.

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

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

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

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

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

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

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

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

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

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

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

560 ~~[(b) adequately designed based on sound engineering and geologic considerations:]~~

561 ~~[(5)]~~ (2) ~~[In]~~ Subject to Chapter 10g, Part 6, Planning and Prioritization, in preparing a  
562 project constructed by the board, the board shall:

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

564 (i) a flood control project:

565 (A) involving a city or county; and

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

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

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

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

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

573 (ii) indicating that the board:

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

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

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

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

581 ~~[(6)]~~ (3) If no satisfactory bid is received by the board upon the readvertisement of the  
582 project in accordance with Subsection ~~[(5)]~~ (2), the board may proceed to construct the project  
583 in accordance with the plan and specifications used to calculate the estimated cost of the

584 project.

585 ~~[(7)]~~ (4) If a payment on a contract with a private contractor for construction of a  
586 project under this section is retained or withheld, it shall be retained or withheld and released  
587 as provided in Section ~~13-8-5~~.

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

589 **73-10-29. Additional amounts allocated -- Repayment.**

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

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

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

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

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

602 **73-10-30. Construction in conjunction with Water Resources Construction Fund**  
603 **-- Supplemental financing.**

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

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

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

611 **73-10-31. Allocation of funds for credit enhancement and interest buy-down**  
612 **agreements.**

613 (1) ~~[Of]~~ Notwithstanding Chapter 10g, Part 6, Planning and Prioritization, of the  
614 combined expenditures from the Water Resources Cities Water Loan Fund and Water

615 Resources Conservation and Development Fund authorized by the Board of Water Resources  
616 each year, at least 10% shall be allocated for credit enhancement and interest buy-down  
617 agreements.

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

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

622 **73-10c-3. Water Development Coordinating Council created -- Purpose --**

623 **Members.**

624 (1) (a) There is created within the Department of Natural Resources a Water  
625 Development Coordinating Council. The council is comprised of:

626 (i) the director of the Division of Water Resources;

627 (ii) the executive secretary of the Water Quality Board;

628 (iii) the executive secretary of the Drinking Water Board;

629 (iv) the director of the Housing and Community Development Division or the director's  
630 designee;

631 (v) the state treasurer or the state treasurer's designee; ~~and~~

632 (vi) the commissioner of the Department of Agriculture and Food, or the  
633 commissioner's designee[-]; and

634 (vii) an individual appointed by the governor with the advice and consent of the Senate  
635 who is:

636 (A) familiar with water infrastructure projects, including planning, financing,  
637 construction, or operation; and

638 (B) employed by a water conservancy district that is subject to the asset management  
639 criteria of Section [17B-2a-1010](#).

640 (b) The council shall choose a chair and vice chair from among the council's own  
641 members, except the chair and vice chair may not be from the same department.

642 (c) A member may not receive compensation or benefits for the member's service, but  
643 may receive per diem and travel expenses in accordance with:

644 (i) Section [63A-3-106](#);

645 (ii) Section [63A-3-107](#); and

646 (iii) rules made by the Division of Finance pursuant to Sections 63A-3-106 and  
647 63A-3-107.

648 (2) The purposes of the council are to:

649 (a) coordinate the use and application of the [~~fun~~ds] money available to the state to  
650 give financial assistance to political subdivisions of this state so as to promote the  
651 conservation, development, treatment, restoration, and protection of the waters of this state;

652 (b) promote the coordination of the financial assistance programs administered by the  
653 state and the use of the financing alternative most economically advantageous to the state and  
654 its political subdivisions;

655 (c) promote the consideration by the Board of Water Resources, Drinking Water  
656 Board, and Water Quality Board of regional solutions to the water and wastewater needs of  
657 individual political subdivisions of this state;

658 (d) assess the adequacy and needs of the state and its political subdivisions with respect  
659 to water-related infrastructures and advise the governor and the Legislature on those funding  
660 needs; [~~and~~]

661 (e) conduct reviews and reports on water-related infrastructure issues as directed by  
662 statute[~~:-~~];

663 (f) engage in planning and prioritization of water infrastructure projects in accordance  
664 with Chapter 10g, Part 6, Planning and Prioritization; and

665 (g) administer the Water Infrastructure Fund in accordance with Section 73-10g-108.

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

667 **73-10c-4. Credit enhancement and interest buy-down agreements -- Loans or**  
668 **grants -- Hardship grants.**

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

674 (a) a term providing security for drinking water and wastewater project obligations, as  
675 provided in Subsection 73-10c-6(2)(b), by agreeing to purchase the drinking water or  
676 wastewater project obligations of, or to make loans to, political subdivisions from a subaccount

677 of the security fund for the purpose of preventing defaults in the payment of principal and  
678 interest on drinking water and wastewater project obligations;

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

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

682 (ii) municipal bond insurance; or

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

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

688 (2) (a) The Drinking Water Board and the Water Quality Board may each make loans  
689 from a security fund subaccount to political subdivisions to finance all or part of drinking water  
690 and wastewater project costs by following the procedures and requirements of Sections  
691 [73-10c-4.1](#) and [73-10c-4.2](#).

692 (b) These loans may only be made after credit enhancement agreements, interest  
693 buy-down agreements, and all other financing alternatives have been evaluated by the acting  
694 board and the acting board determines those options are unavailable or unreasonably expensive  
695 for the subdivision requesting assistance.

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

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

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

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

706 (b) The requirement specified in Subsection (4)(a) shall apply only so long as sales and  
707 use tax is transferred to the Utah Wastewater Loan Program Subaccount and Drinking Water

708 Loan Program Subaccount as provided in Section [59-12-103](#).

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

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

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

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

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

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

724 **73-10c-4.1. Wastewater projects -- Loan criteria and requirements -- Process for**  
725 **approval.**

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

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

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

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

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

738 (3) [~~It~~] Subject to Subsection [73-10c-5\(6\)](#), in determining the priority for a wastewater



739 project loan, the Water Quality Board shall consider:

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

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

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

745 (d) whether or not the wastewater project:

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

747 (ii) is cost effective;

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

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

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

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

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

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

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

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

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

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

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

769 **73-10c-4.2. Drinking water projects -- Loan criteria and requirements -- Process**

770 **for approval.**

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

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

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

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

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

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

786 (a) the ability of the political subdivision to obtain money for the drinking water  
787 project from other sources or to finance such project from its own resources;

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

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

791 (d) whether or not the drinking water project:

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

793 (ii) is cost effective;

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

795 (iv) is needed to comply with minimum standards of the federal Safe Drinking Water  
796 Act, or any similar or successor statute;

797 (v) is needed to comply with the minimum standards of Title 19, Chapter 4, Safe  
798 Drinking Water Act, or any similar or successor statute; and

799 (vi) meets any other consideration considered necessary by the Drinking Water Board.

800 (4) In determining the cost effectiveness of a drinking water project the Drinking Water

801 Board shall:

802 (a) require the preparation of a cost-effective analysis of feasible drinking water  
803 projects;

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

806 (c) ensure that the alternative selected is the most economical means of meeting  
807 applicable water quality or public health requirements over the useful life of the facility while  
808 recognizing environmental and other nonmonetary considerations.

809 (5) A loan may not be made for a drinking water project that is not in the public  
810 interest as determined by the Drinking Water Board.

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

812 **73-10c-5. Water Development Security Fund created -- Water Quality Security**  
813 **and Drinking Water Security Subaccounts created -- Use -- Revolving loan funds --**  
814 **Hardship grants.**

815 (1) There is established an enterprise fund known as the Water Development Security  
816 Fund which includes the Water Quality Security Subaccount and the Drinking Water Security  
817 Subaccount.

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

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

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

821 (ii) money received from the repayment of the principal of loans made by the Water  
822 Quality Board under Sections 73-10c-4 and 73-10c-6 from the Utah Wastewater Loan Program  
823 Subaccount; and

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

825 (b) the Utah State Revolving Fund for Wastewater Projects Subaccount, which consists  
826 of:

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

828 (ii) money received from the Utah Wastewater Loan Program Subaccount applied to  
829 meet match requirements for federal funds under 33 U.S.C.A. 1251 et seq., federal Clean  
830 Water Act;

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

832 under Section 73-10c-4 from the Utah State Revolving Fund for Wastewater Projects  
833 Subaccount;

834 (iv) money received from the repayment of loans made by the Water Quality Board  
835 under Section 73-10c-4.5;

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

837 (vi) money received under and subject to the restrictions of 33 U.S.C.A. 1251 et seq.,  
838 federal Clean Water Act, and which is eligible for use in state revolving loan funds established  
839 to meet the requirements of the act; and

840 (vii) all investment income derived from money in the Utah State Revolving Fund for  
841 Wastewater Projects Subaccount;

842 (c) the Hardship Grant Program for Wastewater Projects Subaccount, which consists  
843 of:

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

845 (ii) money received as interest payments on loans made by the Water Quality Board  
846 under Sections 73-10c-4 and 73-10c-6, from the Utah Wastewater Loan Program Subaccount;

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

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

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

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

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

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

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

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

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

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

- 863 (i) money appropriated to the subaccount by the Legislature;
- 864 (ii) money received from the Utah Drinking Water Loan Program Subaccount and  
865 applied to meet match requirements for federal funds under 42 U.S.C.A. 300f et seq., federal  
866 Safe Drinking Water Act;
- 867 (iii) money received from the repayment of loans made by the Drinking Water Board  
868 under Section 73-10c-4 from the State Revolving Fund for Drinking Water Projects  
869 Subaccount;
- 870 (iv) money deposited in the subaccount under any other law;
- 871 (v) money received under and subject to the restrictions of 42 U.S.C.A. 300f et seq.,  
872 federal Safe Drinking Water Act, and which is eligible for use in state revolving loan funds  
873 established to meet the requirements of the act; and
- 874 (vi) all investment income derived from money in the State Revolving Fund for  
875 Drinking Water Projects Subaccount;
- 876 (c) the Hardship Grant Program for Drinking Water Projects Subaccount, which  
877 consists of:
- 878 (i) money appropriated to the subaccount by the Legislature;
- 879 (ii) money received from interest payments on loans made by the Drinking Water  
880 Board under Sections 73-10c-4 and 73-10c-6, from the Drinking Water Loan Program  
881 Subaccount;
- 882 (iii) money deposited in the subaccount under any other law;
- 883 (iv) the Hardship Grant Assessment charged to State Revolving Fund loan recipients;  
884 and
- 885 (v) all investment income derived from money in the Drinking Water Loan Program  
886 Subaccount or the Hardship Grant Program for Drinking Water Projects Subaccount; and
- 887 (d) the Drinking Water Origination Fee Subaccount, which consists of the origination  
888 fee paid under Section 73-10c-10.
- 889 (4) State money in the Water Quality Security Subaccount and the Drinking Water  
890 Security Subaccount may be applied to meet match requirements for federal funds under the  
891 Clean Water Act, 33 U.S.C. Sec. 1251 et seq. and the Safe Drinking Water Act, 42 U.S.C. Sec.  
892 300f et seq.
- 893 (5) If the money in the security fund is insufficient for the purposes for which the

894 security fund is established, the council shall ask the governor to request the Legislature to  
895 appropriate additional money to the account.

896 (6) (a) The Drinking Water Board and Water Quality Board may use the money in the  
897 appropriate security fund subaccount:

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

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

902 (iii) to fund in whole or in part a water infrastructure project, as defined in Section  
903 73-10g-102, not including state funding used to meet federal match requirements, only if the  
904 water infrastructure project is prioritized by the Water Development Coordinating Council  
905 under Chapter 10g, Part 6, Planning and Prioritization.

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

909 (c) The Drinking Water Board and Water Quality Board may use the money in the  
910 origination fee subaccount to administer this chapter.

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

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

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

921 **73-10g-102. Definitions.**

922 As used in this chapter:

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

- 925 (i) the Water Resources Conservation and Development Fund;
- 926 (ii) the Water Resources Construction Fund, including the fund's subaccounts;
- 927 (iii) the Water Resources Cities Water Loan Fund;
- 928 (iv) the Water Infrastructure Restricted Account;
- 929 (v) the Water Development Security Fund, including the fund's subaccounts;
- 930 (vi) the Water Infrastructure Fund;
- 931 (vii) the Water Development and Flood Mitigation Reserve Account; and
- 932 (viii) the Lake Powell Pipeline Project Operation and Maintenance Fund.

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

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

935 ~~[(2)]~~ (3) "Division" means the Division of Water Resources[; and].

936 ~~[(3)]~~ (4) "Restricted account" means the Water Infrastructure Restricted Account  
937 created in Section 73-10g-103.

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

940 (6) "Water Infrastructure Fund" means the special revenue fund created in Section  
941 73-10g-108.

942 (7) "Water infrastructure project" means:

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

945 (i) planning;

946 (ii) design;

947 (iii) construction;

948 (iv) reconstruction;

949 (v) improvement;

950 (vi) renovation;

951 (vii) acquisition; or

952 (viii) seismic upgrade; or

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

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

955 **73-10g-103. Creation of the Water Infrastructure Restricted Account.**

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

958 (b) The restricted account shall earn interest.

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

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

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

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

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

965 (3) Subject to appropriation and prioritization under Part 6, Planning and Prioritization,  
966 the division and the board shall manage the restricted account created in Subsection (1) in  
967 accordance with this chapter.

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

969 **73-10g-104. Authorized use of the Water Infrastructure Restricted Account.**

970 Money in the restricted account is to be used, subject to Part 6, Planning and  
971 Prioritization, for:

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

976 (2) repair, replacement, or improvement of federal water projects for local sponsors in  
977 the state when federal funds are not available;

978 (3) study and development of rules, criteria, targets, processes, and plans, as described  
979 in Subsection [73-10g-105](#)(3); and

980 (4) a project that benefits the Colorado River drainage in Utah, including projects for  
981 water reuse, desalinization, building of dams, or water conservation, if a county or municipality  
982 that benefits from the project:

983 (a) requires a new residential subdivision follow the regional conservation level of .59  
984 acre-feet regardless of whether the outside water is potable, reuse, or secondary water;

985 (b) adopts and implements the local water conservancy district's emergency drought  
986 contingency plan;



987 (c) adopts and implements the local water conservancy district's grass rebate program's  
988 maximum grass restrictions;

989 (d) prohibits grass in new retail, industrial, or commercial facility landscaping;

990 (e) has reuse water be managed by the local water conservancy district;

991 (f) does not withdraw water from an aquifer in excess of the safe yield of the aquifer as  
992 defined in Section [73-5-15](#);

993 (g) adopts and implements excess water use surcharges;

994 (h) prohibits private water features in new development, such as a fountain, pond, or  
995 ski lake; and

996 (i) prohibits large grassy areas in new development, unless the large grassy area is open  
997 to the general public.

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

999 **73-10g-105. Loans -- Rulemaking.**

1000 (1) (a) The division and the board shall make rules, in accordance with Title 63G,  
1001 Chapter 3, Utah Administrative Rulemaking Act, in preparation to make loans from available  
1002 funds to repair, replace, or improve underfunded federal water infrastructure projects.

1003 (b) Subject to Part 6, Planning and Prioritization, Chapter 26, Bear River Development  
1004 Act, and Chapter 28, Lake Powell Pipeline Development Act, the division and the board shall  
1005 make rules, in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, in  
1006 preparation to make loans from available funds to develop the state's undeveloped share of the  
1007 Bear ~~[and]~~ River or Colorado ~~[rivers]~~ River.

1008 (2) The rules described in Subsection (1) shall:

1009 (a) specify the amount of money that may be loaned;

1010 (b) ~~[specify the criteria the division and the board shall consider in prioritizing and]~~  
1011 require the division and the board to comply with Part 6, Planning and Prioritization, in  
1012 awarding loans;

1013 (c) specify the minimum qualifications for a person to receive a loan, including:

1014 (i) the amount of cost-sharing to be the responsibility of the person applying for a loan;

1015 and

1016 (ii) compliance with Section [73-10g-605](#);

1017 (d) specify the terms of the loan, including the terms of repayment; and

1018 (e) require an applicant for a loan to apply on forms provided by the division and in a  
1019 manner required by the division.

1020 (3) The division and the board shall, in making the rules described in Subsection (1)  
1021 and in consultation with the Legislative Water Development Commission created in Section  
1022 [73-27-102](#):

1023 (a) establish criteria for better water data and data reporting;

1024 (b) establish new conservation targets based on the data described in Subsection (3)(a);

1025 (c) institute a process for the independent verification of the data described in

1026 Subsection (3)(a);

1027 (d) establish a plan for an independent review of:

1028 (i) the proposed construction plan for an applicant's qualifying water infrastructure  
1029 project; and

1030 (ii) the applicant's plan to repay the loan for the construction of the proposed water  
1031 infrastructure project;

1032 (e) invite and recommend public involvement; and

1033 (f) set appropriate financing and repayment terms.

1034 (4) The division and the board shall provide regular updates to the Legislative  
1035 Management Committee on the progress made under this section, including whether the  
1036 division and board intend to issue a request for proposals.

1037 Section 26. Section [73-10g-105.5](#) is enacted to read:

1038 **[73-10g-105.5](#). Grants and loans-- Rulemaking.**

1039 (1) Subject to Part 6, Planning and Prioritization, the division and the board shall make  
1040 rules, in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, in  
1041 preparation to make from available funds:

1042 (a) grants for water infrastructure projects; or

1043 (b) loans for water infrastructure projects not addressed under Section [73-10g-105](#).

1044 (2) The rules described in Subsection (1) shall:

1045 (a) specify from which fund or account the grant or loan to be issued;

1046 (b) specify the amount of money that may be granted or loaned;

1047 (c) require the division and the board to comply with Part 6, Planning and

1048 Prioritization, in awarding grants or loans;

1049 (d) specify the minimum qualifications for a person to receive a grant or loan, except  
1050 that the division and board shall require compliance with Section [73-10g-605](#) to be eligible for  
1051 a grant or loan;

1052 (e) specify the terms of the grant or loan, except that for a loan, the terms shall:

1053 (i) provide for the issuance of low interest revolving loans; and

1054 (ii) include repayment terms not to exceed 30 years; and

1055 (f) require an applicant for a grant or loan to apply on forms provided by the division  
1056 and in a manner required by the division.

1057 Section 27. Section **73-10g-107** is enacted to read:

1058 **73-10g-107. Water use fee -- Study of water funding tools.**

1059 (1) (a) Beginning July 1, 2027, the board shall assess an annual fee on an end user as a  
1060 condition of the water supplier providing water to the end user. The fee shall be collected by  
1061 the retail water supplier or other water provider that provides water to the end user for a price.

1062 (b) The board shall calculate the amount of the annual fee assessed by:

1063 (i) determining the amount of money committed to fund prioritized water infrastructure  
1064 projects in fiscal year 2026; and

1065 (ii) calculating the proportional share of the amount described in Subsection (1)(b)(i)  
1066 for each retail water supplier or other water provider based on the amount of water that the  
1067 retail water supplier or other water provider supplies to an end user.

1068 (c) The board shall deposit money collected from the fee into the Water Infrastructure  
1069 Fund created in Section [73-10g-108](#).

1070 (d) The board may make rules, in accordance with Title 63G, Chapter 3, Utah  
1071 Administrative Rulemaking Act, providing for the method of assessing and collecting the fee.

1072 (e) A fee imposed under this Subsection (1) is not subject to the jurisdiction of the  
1073 Public Service Commission or subject to procedures under Title 54, Public Utilities.

1074 (2) (a) In addition to the Department of Natural Resources' study under Section  
1075 [79-2-407](#), the board and division shall jointly study the funding of water infrastructure projects  
1076 in the state through:

1077 (i) the collection of the fee provided in Subsection (1); and

1078 (ii) the consolidation into a single fund or account money used to fund water  
1079 infrastructure projects as described in Subsection (4).

1080           (b) The board and division shall consider how to facilitate the implementation of Part  
1081 6, Planning and Prioritization, as part of the study.

1082           (3) With regard to the fee, the board and division shall jointly study and make  
1083 recommendations about how to modify Subsection (1) regarding:

1084           (a) who is assessed the fee;

1085           (b) how to calculate the fee amount, including any adjustments to the fee amount over  
1086 time;

1087           (c) the process of collecting the fee, including whether it should be collected by:

1088           (i) retail water suppliers or a broader definition of water retailers;

1089           (ii) wholesale water providers;

1090           (iii) nonprofit irrigation companies; or

1091           (iv) wastewater treatment plants;

1092           (d) where the money collected should be deposited;

1093           (e) whether the revenue stream should be configured as a tax rather than a fee;

1094           (f) how the money collected should be spent;

1095           (g) the affordability of the fee for end users; and

1096           (h) how to assure that the revenue is distributed equitably statewide.

1097           (4) With regard to the consolidation of funds or accounts, the board and division shall  
1098 jointly study and make recommendations about consolidating into a single fund or account  
1099 money used to fund water infrastructure projects, including available funds.

1100           (5) The board and division shall jointly report the board's and division's joint findings  
1101 from the study described in this section, including any recommendations, to the Natural  
1102 Resources, Agriculture, and Environment Interim Committee and the Natural Resources,  
1103 Agriculture, and Environmental Quality Appropriations Subcommittee by no later than the  
1104 2025 October interim meetings of the Legislature.

1105           Section 28. Section **73-10g-108** is enacted to read:

1106           **73-10g-108. Water Infrastructure Fund.**

1107           (1) There is created an enterprise fund known as the "Water Infrastructure Fund,"  
1108 which is referred to in this section as the "fund."

1109           (2) The fund shall consist of:

1110           (a) deposits of the fee under Section [73-10g-107](#);

- 1111 (b) appropriations from the Legislature;
- 1112 (c) money from the federal government;
- 1113 (d) grants or donations from a person;
- 1114 (e) money received for the repayment of loans made from the fund;
- 1115 (f) money made available to the state for purposes of water infrastructure projects from
- 1116 any source; and

1117 (g) interest and earnings on the fund.

1118 (3) The state treasurer shall invest the money in the fund according to Title 51, Chapter

1119 7, State Money Management Act, except that interest or other earnings derived from those

1120 investments shall be deposited into the fund.

1121 (4) The Water Development Coordinating Council may:

1122 (a) issue loans and grants from the fund to pay for water infrastructure projects

1123 prioritized by the Water Development Coordinating Council under Part 6, Planning and

1124 Prioritization, including:

- 1125 (i) a new water infrastructure project; or
- 1126 (ii) a water infrastructure project that exists at the time of the loan or grant; and
- 1127 (b) provide for the costs of administering Part 6, Planning and Prioritization, including
- 1128 staff directly related to the activities of the Water Development Coordinating Council under
- 1129 Part 6, Planning and Prioritization.

1130 Section 29. Section **73-10g-301** is amended to read:

**Part 3. Watershed Councils Act**

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

1133 [~~(1)~~ This part is known as the "Watershed Councils Act." ~~(2)~~] This part shall be

1134 liberally construed to:

- 1135 [~~(a)~~] (1) provide input to the Water Development Coordinating Council regarding
- 1136 infrastructure planning on a watershed and state level in accordance with Part 6, Planning and
- 1137 Prioritization;
- 1138 (2) develop diverse and balanced stakeholder forums for discussion of water policy and
- 1139 resource issues at watershed and state levels that are not vested with regulatory, infrastructure
- 1140 financing, or enforcement powers or responsibilities; and
- 1141 [~~(b)~~] (3) use local expertise and resources found in universities and other research

1142 institutions or in regional, state, and federal agencies.

1143 Section 30. Section **73-10g-302** is amended to read:

1144 **73-10g-302. Definitions.**

1145 As used in this part:

1146 (1) "Council" means the state council or a local council created under this part.

1147 (2) "Local council" means a local [~~watershed~~] council created in accordance with

1148 Section **73-10g-306**.

1149 (3) "State council" means the Utah Watersheds Council created in Section **73-10g-304**.

1150 (4) "Utah Water Task Force" means a task force created by the Department of Natural  
1151 Resources to review and make recommendations regarding water issues.

1152 Section 31. Section **73-10g-304** is amended to read:

1153 **73-10g-304. Utah Watersheds Council -- Creation and governance.**

1154 (1) Within the Department of Natural Resources, there is created the "Utah Watersheds  
1155 Council" consisting of the following members who are residents of the state:

1156 (a) the executive director of the Department of Natural Resources;

1157 (b) the executive director of the Department of Environmental Quality;

1158 (c) the commissioner of the Department of Agriculture and Food;

1159 (d) the director of the Utah Division of Indian Affairs;

1160 (e) the Utah State University Extension vice president;

1161 (f) the director of the Division of Emergency Management within the Department of  
1162 Public Safety;

1163 (g) a representative designated by the Utah Association of Counties;

1164 (h) a representative designated by the Utah League of Cities and Towns;

1165 (i) a representative designated by the Utah Association of Special Districts;

1166 (j) a representative of reclamation projects located in the state selected by the governor  
1167 from a list of three persons nominated jointly by the local sponsors of reclamation projects

1168 located in the state and the executive director of the Department of Natural Resources;

1169 (k) a representative of agricultural interests selected by the governor from a list of three  
1170 persons nominated jointly by the commissioner of the Department of Agriculture and Food, the  
1171 president of the Utah Farm Bureau, and the Utah State University Extension vice president;

1172 (l) a representative of environmental conservation interests selected by the governor

1173 from a list of three persons nominated jointly by the executive directors of the Department of  
1174 Environmental Quality and Department of Natural Resources;

1175 (m) a representative of business and industry water interests selected by the governor  
1176 from a list of three individuals nominated jointly by the Utah Manufacturers Association, Utah  
1177 Mining Association, and Utah Petroleum Association;

1178 (n) an attorney who is authorized to practice law in the state, who has recognized  
1179 expertise in water law, and is selected by the governor from a list of three individuals  
1180 nominated jointly by the executive director of the Department of Natural Resources, the  
1181 executive director of the Department of Environmental Quality, and the commissioner of the  
1182 Department of Agriculture and Food; ~~and~~

1183 (o) the state engineer, as a nonvoting member;

1184 (p) the director of the division, as a nonvoting member; and

1185 ~~(q)~~ (q) the designated individual selected by a local ~~watershed~~ council certified  
1186 under Section 73-10g-306.

1187 (2) (a) The state council shall:

1188 (i) organize the state council as provided in this part;

1189 (ii) select a chair and at least one vice-chair from among the members of the state  
1190 council to have powers and duties provided in the organizing documents adopted by the state  
1191 council; and

1192 (iii) adopt policies to govern the state council's activities, including policies for the  
1193 creation of subcommittees that may be less than a quorum of the state council and may include  
1194 persons of suitable expertise who are not state council members.

1195 (b) The state council shall make the organizing documents and policies created under  
1196 Subsection (2)(a) available:

1197 (i) to the public;

1198 (ii) at each meeting of the state council; and

1199 (iii) on a public website maintained by the division for council business.

1200 (3) The state council may invite federal agencies to name representatives as liaisons to  
1201 the state council.

1202 (4) The state council shall stagger the initial terms of the state council members listed  
1203 in Subsections (1)(g) through (n), after which members will be replaced according to policies

1204 adopted by the state council.

1205 (5) After the state council's initial organization, the state council may hold regular and  
1206 special meetings at such locations within the state and on a schedule as the state council  
1207 determines, provided that the state council shall meet at least semi-annually.

1208 (6) A majority of the voting members of the state council constitutes a quorum.

1209 (7) The action of the majority of the voting members of the state council constitutes the  
1210 action of the state council.

1211 (8) (a) The state council policies may allow that a properly authorized representative of  
1212 a voting member of the state council may act in the place of that voting member if the voting  
1213 member is absent or unable to act.

1214 (b) The state council shall enter in the record of a meeting proper documentation of a  
1215 representative's authority to act on behalf of the voting member under this Subsection (8).

1216 (c) Authorization to act on behalf of a voting member may be given for more than one  
1217 meeting.

1218 (d) Authorization to act on behalf of a voting member shall comply with the policies  
1219 adopted by the state council.

1220 (9) (a) The division shall staff the state council.

1221 (b) The division may make rules in accordance with Title 63G, Chapter 3, Utah  
1222 Administrative Rulemaking Act, to facilitate the creation and operation of the state council.

1223 Section 32. Section **73-10g-305** is amended to read:

1224 **73-10g-305. Role of the state council -- Reporting.**

1225 (1) The state council [~~is directed to~~] shall:

1226 (a) serve as a forum to encourage and facilitate discussion and collaboration by and  
1227 among the stakeholders relative to the water-related interests of the state and the state's people  
1228 and institutions;

1229 (b) facilitate communication and coordination between the Department of Natural  
1230 Resources, the Department of Agriculture and Food, the Department of Environmental Quality,  
1231 and other state and federal agencies in the administration and implementation of water-related  
1232 activities;

1233 (c) facilitate the establishment of local [~~watershed~~] councils by certifying a local  
1234 council:



- 1235 (i) for the watersheds defined in Section 73-10g-303; and  
1236 (ii) after reviewing the proceedings and documents submitted by proposed local  
1237 councils, to ensure that the local council meets the certification requirements in Section  
1238 73-10g-306;
- 1239 (d) provide resources and support for the administration of local councils;  
1240 (e) consult and seek guidance from local councils; [~~and~~]  
1241 (f) advise the Water Development Coordinating Council regarding a unified water  
1242 infrastructure plan in accordance with Section 73-10g-602; and  
1243 [~~(f)~~] (g) provide advice to the governor and Legislature on water issues.
- 1244 (2) The state council shall provide updates on the state council's activities annually, or  
1245 as invited, to:
- 1246 (a) the Natural Resources, Agriculture, and Environment Interim Committee;  
1247 (b) the Legislative Water Development Commission; and  
1248 (c) the Utah Water Task Force.
- 1249 Section 33. Section 73-10g-306 is amended to read:  
1250 **73-10g-306. Local councils -- Creation.**
- 1251 (1) A proposed local [~~watershed~~] council may be certified by the Utah Watersheds  
1252 Council under Subsection [~~73-10g-305(1)(c)~~] if:
- 1253 (a) the organizing documents and policies of the proposed local [~~watershed~~] council:  
1254 (i) provide for an open and equitable system of governance;  
1255 (ii) encourage participation by a water user or group of water users, other watershed  
1256 groups, mutual irrigation companies, distribution system committees, and other stakeholders  
1257 within the watershed; and  
1258 (iii) require that:  
1259 (A) a majority of the members of the local council constitutes a quorum; and  
1260 (B) an action of the local council be approved by no less than a majority of the  
1261 members of the local council;  
1262 (b) in a balance appropriate for the watershed, the proposed local council membership  
1263 includes watershed stakeholders who reside or work within the watershed or own or control the  
1264 right to divert or use water within the watershed and is representative, where feasible, of at  
1265 least these interests:

- 1266 (i) agriculture;
- 1267 (ii) industry;
- 1268 (iii) Indian tribes;
- 1269 (iv) public water suppliers, as defined in Section 73-1-4;
- 1270 (v) water planning and research institutions;
- 1271 (vi) water quality;
- 1272 (vii) fish and wildlife;
- 1273 (viii) water dependent habitat and environments;
- 1274 (ix) watershed management, such as distribution system committees functioning within
- 1275 the watershed;
- 1276 (x) mutual irrigation companies;
- 1277 (xi) land use planning agencies; and
- 1278 [~~(xi)~~] (xii) local sponsors of [reclamation] Bureau of Reclamation projects;
- 1279 (c) for each of the five watersheds that drain into Great Salt Lake, the proposed local
- 1280 council includes a person designated by the Great Salt Lake local watershed council, if the
- 1281 Great Salt Lake local [~~watershed~~] council is certified; and
- 1282 (d) for the Great Salt Lake watershed, the proposed local council includes a person
- 1283 designated by each of the five watersheds that drain into Great Salt Lake that has a certified
- 1284 local watershed council.
- 1285 (2) A local council may invite state and federal agencies to name representatives as
- 1286 liaisons to the local council.

1287 Section 34. Section 73-10g-601 is enacted to read:

1288 **Part 6. Planning and Prioritization**

1289 **73-10g-601. Definitions.**

1290 As used in this part:

1291 (1) "Agency plan" means a water infrastructure plan adopted by a relevant agency.

1292 (2) "Executive director" means the executive director of the Department of Natural

1293 Resources.

1294 (3) "Relevant agency" means:

1295 (a) the Division of Water Resources;

1296 (b) the Division of Drinking Water;

- 1297 (c) the Division of Water Quality;  
1298 (d) the Housing and Community Development Division; and  
1299 (e) the Department of Agriculture and Food.
- 1300 (4) "State council" means the Water Development Coordinating Council created in  
1301 Sections [73-10c-3](#) and [79-2-201](#).
- 1302 (5) "State water funds" means money:  
1303 (a) appropriated by the Legislature to fund a water infrastructure project; or  
1304 (b) that is:  
1305 (i) state money; and  
1306 (ii) held in a fund administered by a relevant agency for purposes related to water.
- 1307 (6) "Utah Watersheds Council" means the Utah Watersheds Council created in Section  
1308 [73-10g-304](#).
- 1309 Section 35. Section **73-10g-602** is enacted to read:
- 1310 **73-10g-602. Unified water infrastructure plan -- Annual reporting.**
- 1311 (1) (a) The state council shall adopt a unified water infrastructure plan in accordance  
1312 with this section by no later than June 30, 2026.
- 1313 (b) The state council shall update the unified water infrastructure plan as needed, but at  
1314 least every four years.
- 1315 (c) A relevant agency may request that the state council amend the unified water  
1316 infrastructure plan.
- 1317 (2) A unified water infrastructure plan shall:  
1318 (a) describe water infrastructure projects:  
1319 (i) needed to maintain the reliable supply of safe and clean water within the state; and  
1320 (ii) organized in 10-year phases up to at least a 20-year plan;  
1321 (b) be consistent with the policies, goals, and recommendations of the state water plan;  
1322 and
- 1323 (c) be based primarily on agency plans submitted by the relevant agencies.
- 1324 (3) Beginning on June 30, 2025, a relevant agency shall:  
1325 (a) annually adopt a water infrastructure agency plan that describes and prioritizes  
1326 needed water infrastructure projects under the jurisdiction of the relevant agency;  
1327 (b) include in the agency plan prioritization justifications and descriptions of whether

1328 the water infrastructure project is:

1329 (i) ready for construction;

1330 (ii) planning for construction; or

1331 (iii) a future project.

1332 (c) organize an agency plan under this section in 10-year phases up to at least a 20-year  
1333 plan; and

1334 (d) annually submit the agency plan to the state council by no later than June 30.

1335 (4) Before adopting or amending a unified water infrastructure plan, the state council  
1336 shall provide a draft of the proposed unified water infrastructure plan to the Utah Watersheds  
1337 Council and the Utah Watersheds Council may advise the state council concerning the unified  
1338 water infrastructure plan.

1339 (5) (a) Beginning September 1, 2024, a relevant agency shall annually prepare a report  
1340 and submit it to the state council concerning the funds or accounts that the relevant agency  
1341 administers.

1342 (b) The report required under this Subsection (5) shall provide for the fund or account:

1343 (i) the balance at the beginning of the fiscal year of the report;

1344 (ii) revenues received from any source during the fiscal year;

1345 (iii) the ending balance after the close of the fiscal year; and

1346 (iv) projected revenues and disbursements for the coming fiscal year.

1347 (c) The state council shall compile the reports submitted pursuant to this Subsection (5)  
1348 by no later than October 1 and distribute the compiled report to:

1349 (i) the governor;

1350 (ii) the Legislative Management Committee;

1351 (iii) the Natural Resources, Agriculture, and Environment Interim Committee; and

1352 (iv) the Natural Resources, Agriculture, and Environmental Quality Appropriations  
1353 Subcommittee.

1354 Section 36. Section **73-10g-603** is enacted to read:

1355 **73-10g-603. Ranking and prioritizing water infrastructure projects.**

1356 (1) The state council, in consultation with the relevant agencies, shall develop a written  
1357 prioritization process for ranking and prioritizing water infrastructure projects that are or will  
1358 be funded by state water funds beginning with fiscal year 2027. The written prioritization

1359 process shall:

1360 (a) identify water infrastructure projects listed in the unified water infrastructure plan  
1361 described in Section 73-10g-602; and

1362 (b) rank the water infrastructure projects identified under Subsection (1)(a).

1363 (2) The following shall be included in the written prioritization process under  
1364 Subsection (1):

1365 (a) subject to Subsection (3), categories of the types of water infrastructure projects  
1366 against which other water infrastructure projects are prioritized;

1367 (b) exclusion of the following types of water infrastructure projects:

1368 (i) an emergency water infrastructure project; or

1369 (ii) a small water infrastructure project that receives less than an amount of state water  
1370 funds established by rule made by the state council in accordance with Title 63G, Chapter 3,  
1371 Utah Administrative Rulemaking Act;

1372 (c) hardship criteria that at a minimum refer to the hardship criteria of the Division of  
1373 Drinking Water and the Division of Water Quality;

1374 (d) criteria related to the public interest, including conservation and the protection of  
1375 public health and safety;

1376 (e) criteria to ensure that the project is adequately designed based on sound engineering  
1377 and geologic considerations;

1378 (f) criteria for ranking or prioritizing a local water infrastructure project based on:

1379 (i) a local water infrastructure plan that is consistent with this section; and

1380 (ii) consultation with local entities about local water infrastructure projects;

1381 (g) criteria for ranking or prioritizing a water infrastructure project when state water  
1382 funds will be used to match federal funding;

1383 (h) a requirement that a person who receives state water funds for a water infrastructure  
1384 project:

1385 (i) engage in long-term planning consistent with Section 73-10g-602; and

1386 (ii) comply with Section 73-10g-605; and

1387 (i) any other provision the state council considers appropriate.

1388 (3) When including categories of types of water infrastructure projects used in the  
1389 written prioritization process, the state council shall consider:

1390 (a) whether to apply percentages of state water funds assigned to each category;  
1391 (b) the size and resources of recipients; and  
1392 (c) the potential purposes of the different types of water infrastructure projects, such as  
1393 agricultural, municipal, or industrial uses.

1394 (4) In developing the written prioritization process, the state council shall seek and  
1395 consider public comment related to developing the written prioritization process by holding  
1396 public meetings at locations throughout the state in accordance with Title 52, Chapter 4, Open  
1397 and Public Meetings Act.

1398 (5) (a) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,  
1399 the state council shall make rules establishing the written prioritization process under  
1400 Subsection (1).

1401 (b) The state council shall submit a proposed rule to a committee or commission  
1402 designated by the Legislative Management Committee for review before taking final action on  
1403 the proposed rule or a proposed amendment to the rule described in this Subsection (5).

1404 (6) In determining priorities and funding levels of water infrastructure projects, the  
1405 state council shall use the ranked list of water infrastructure projects based on the criteria  
1406 adopted in the written prioritization process under Subsection (1).

1407 (7) A relevant agency shall annually report to the state council on the status of new  
1408 water infrastructure projects, including water infrastructure projects that are funded by the  
1409 Legislature in an appropriation act.

1410 (8) For a fiscal year before fiscal year 2027, a relevant agency shall prioritize water  
1411 infrastructure projects within the jurisdiction of the relevant agency and not the state council.

1412 Section 37. Section **73-10g-604** is enacted to read:

1413 **73-10g-604. State council's general duties related to prioritizing -- Reporting --**  
1414 **Relevant agency actions.**

1415 (1) The state council shall:

1416 (a) beginning with fiscal year 2027, determine priorities and funding levels of water  
1417 infrastructure projects for each fiscal year based on ranked water infrastructure projects;

1418 (b) hold public meetings in accordance with Title 52, Chapter 4, Open and Public  
1419 Meetings Act, and otherwise provide for public input on funding of water infrastructure  
1420 projects; and

- 1421 (c) make rules in accordance with Title 63G, Chapter 3, Utah Administrative  
1422 Rulemaking Act, necessary to perform the state council's duties related to:
- 1423 (i) adopting the unified water infrastructure plan;  
1424 (ii) adopting a written prioritization plan; and  
1425 (iii) prioritizing and setting funding levels for water infrastructure projects.
- 1426 (2) (a) For water infrastructure projects prioritized with funding provided under this  
1427 title, the state council shall annually report, by no later than the October interim meeting of the  
1428 Legislature, to a committee or commission designated by the Legislative Management  
1429 Committee:
- 1430 (i) a prioritized list of the water infrastructure projects and the funding levels available  
1431 for those water infrastructure projects; and
- 1432 (ii) the unfunded water infrastructure projects and maintenance needs within the state.
- 1433 (b) The committee or commission designated by the Legislative Management  
1434 Committee under Subsection (2)(a) shall:
- 1435 (i) review the list reported by the state council; and  
1436 (ii) recommend to the Legislature:
- 1437 (A) the amount of additional funding to allocate to water infrastructure projects; and  
1438 (B) the source of revenue for the additional funding allocation under Subsection  
1439 (2)(b)(ii)(A).
- 1440 (3) A relevant agency shall administer money prioritized under this part in a manner  
1441 consistent with this part.
- 1442 Section 38. Section **73-10g-605** is enacted to read:
- 1443 **73-10g-605. Capital asset management and reserve analysis -- Assistance for**  
1444 **person seeking state funds.**
- 1445 (1) As a condition of receiving state water funds for a water infrastructure project by a  
1446 loan or grant, a recipient shall:
- 1447 (a) conduct a reserve study showing how the recipient shall:
- 1448 (i) repay the loan if the recipient receives a loan; and  
1449 (ii) collect money for repair and replacement of the water infrastructure project;
- 1450 (b) if the recipient receives a loan, update the reserve study described in Subsection  
1451 (1)(a) every five years or until the loan is repaid; and

1452 (c) comply with the relevant capital asset management requirements under:  
1453 (i) Section 19-5-202 for a water infrastructure project related to wastewater or sewage  
1454 infrastructure; or  
1455 (ii) Section 73-10g-502 for a water provider's, as defined in Section 73-10g-501, water  
1456 infrastructure project that is not described in Subsection (1)(c)(i).  
1457 (2) A reserve study required under this section shall include:  
1458 (a) a list of the components identified in the reserve analysis that will reasonably  
1459 require reserve funds;  
1460 (b) a statement of the probable remaining useful life, as of the date of the reserve  
1461 analysis, of each component identified in the reserve analysis;  
1462 (c) an estimate of the cost to repair, replace, or restore each component identified in the  
1463 reserve analysis;  
1464 (d) an estimate of the total annual contribution to a reserve fund necessary to meet the  
1465 cost to repair, replace, or restore each component identified in the reserve analysis during the  
1466 component's useful life and at the end of the component's useful life; and  
1467 (e) a reserve funding plan that recommends how the system may fund the annual  
1468 contribution described in Subsection (2)(d).  
1469 (3) If a person seeking state water funds under this part establishes a need to the  
1470 satisfaction of a relevant agency, the relevant agency may provide the person:  
1471 (a) state water funds to assist the recipient in complying with the planning, reserve  
1472 analysis, and capital asset management requirements of this part; or  
1473 (b) technical assistance with the planning, reserve analysis, or capital asset  
1474 management requirements of this part.  
1475 Section 39. Section **73-20-8** is amended to read:  
1476 **73-20-8. Emergency Water Resources Account -- Creation -- Purpose.**  
1477 There is hereby created within the Water Resources Construction Fund an account to be  
1478 known as the "Emergency Water Resources Account," the proceeds of which shall be used:  
1479 (1) exclusively for the development of emergency water resources; and  
1480 (2) (a) if prioritized under Chapter 10g, Part 6, Planning and Prioritization; or  
1481 (b) excluded from prioritization pursuant to Subsection 73-10g-603(2)(b)(i).  
1482 Section 40. **Repealer.**



1483 This bill repeals:

1484 Section **73-10-17, State water plan -- Authority of other agencies not impaired.**

1485 Section 41. **FY 2025 Appropriation.**

1486 The following sums of money are appropriated for the fiscal year beginning July 1,  
1487 2024, and ending June 30, 2025. These are additions to amounts previously appropriated for  
1488 fiscal year 2025.

1489 Subsection 41(a). **Business-like Activities.**

1490 The Legislature has reviewed the following proprietary funds. Under the terms and  
1491 conditions of Utah Code **63J-1-410**, for any included Internal Service Fund, the Legislature  
1492 approves budgets, full-time permanent positions, and capital acquisition amounts as indicated,  
1493 and appropriates to the funds, as indicated, estimated revenue from rates, fees, and other  
1494 charges. The Legislature authorizes the State Division of Finance to transfer amounts between  
1495 funds and accounts as indicated.

1496 ITEM 1 To Department of Natural Resources - Water Infrastructure Fund

1497 From General Fund, One-time \$5,000,000

1498 Schedule of Programs:

1499 Water Infrastructure Fund \$5,000,000

1500 Section 42. **Effective date.**

1501 This bill takes effect on May 1, 2024.