

Senator Scott D. Sandall proposes the following substitute bill:

WATER RELATED CHANGES

2024 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Casey Snider

Senate Sponsor: Scott D. Sandall

LONG TITLE

General Description:

This bill addresses issues related to water.

Highlighted Provisions:

This bill:

- ▶ modifies provisions related to the formulation of a state water plan;
- ▶ requires a study of the financing of water infrastructure projects and provides a sunset date for the study;
- ▶ modifies provisions related to the Water Development Coordinating Council;
- ▶ defines terms;
- ▶ creates the Water Infrastructure Fund;
- ▶ modifies provisions of the Watershed Councils Act;
- ▶ provides for rulemaking;
- ▶ enacts planning and prioritization provisions, including:
 - defining terms;
 - requiring a unified water infrastructure plan;
 - providing for ranking and prioritizing of water infrastructure projects;
 - addressing duties; and
 - requiring reserve studies and capital asset management; and



26 ▶ makes technical and conforming changes.

27 **Money Appropriated in this Bill:**

28 This bill appropriates in fiscal year 2025:

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

31 • from the General Fund, One-time, \$2,500,000

32 **Other Special Clauses:**

33 None

34 **Utah Code Sections Affected:**

35 AMENDS:

36 **63I-1-273**, as last amended by Laws of Utah 2023, Chapters 205, 261

37 **73-10c-3**, as last amended by Laws of Utah 2023, Chapter 238

38 **73-10g-102**, as enacted by Laws of Utah 2015, Chapter 458

39 **73-10g-301**, as enacted by Laws of Utah 2020, Chapter 309

40 **73-10g-302**, as enacted by Laws of Utah 2020, Chapter 309

41 **73-10g-304**, as last amended by Laws of Utah 2022, Chapter 65

42 **73-10g-305**, as enacted by Laws of Utah 2020, Chapter 309

43 **73-10g-306**, as enacted by Laws of Utah 2020, Chapter 309

44 ENACTS:

45 **73-10-39**, Utah Code Annotated 1953

46 **73-10g-107**, Utah Code Annotated 1953

47 **73-10g-601**, Utah Code Annotated 1953

48 **73-10g-602**, Utah Code Annotated 1953

49 **73-10g-603**, Utah Code Annotated 1953

50 **73-10g-604**, Utah Code Annotated 1953

51 **73-10g-605**, Utah Code Annotated 1953

52 REPEALS AND REENACTS:

53 **73-10-15**, as last amended by Laws of Utah 1967, Chapter 176

54 REPEALS:

55 **73-10-17**, as enacted by Laws of Utah 1963, Chapter 178

56

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

58 Section 1. Section **63I-1-273** is amended to read:

59 **63I-1-273. Repeal dates: Title 73.**

60 (1) Title 73, Chapter 27, Legislative Water Development Commission, is repealed
61 January 1, 2031.

62 (2) Section 73-10-39, which requires a study related to financing water infrastructure,
63 is repealed July 1, 2027.

64 [~~2~~] (3) Title 73, Chapter 10g, Part 2, Agricultural Water Optimization, is repealed
65 July 1, 2028.

66 [~~3~~] (4) Section 73-18-3.5, which authorizes the Division of Outdoor Recreation to
67 appoint an advisory council that includes in the advisory council's duties advising on boating
68 policies, is repealed July 1, 2024.

69 [~~4~~] (5) In relation to Title 73, Chapter 31, Water Banking Act, on December 31,
70 2030:

71 (a) Subsection 73-1-4(2)(e)(xi) is repealed;

72 (b) Subsection 73-10-4(1)(h) is repealed; and

73 (c) Title 73, Chapter 31, Water Banking Act, is repealed.

74 [~~5~~] (6) Sections 73-32-302 and 73-32-303, related to the Great Salt Lake Advisory
75 Council, are repealed July 1, 2027.

76 Section 2. Section **73-10-15** is repealed and reenacted to read:

77 **73-10-15. State water plan -- Entities to cooperate in formulation of plan.**

78 (1) As used in this section:

79 (a) "Division" means the Division of Water Resources created under Section 73-10-18.

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

83 (2) (a) Beginning on or before December 31, 2026, the division shall publish a state
84 water plan that:

85 (i) is consistent with the state water policy established in Section 73-1-21;

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

87 Development Coordinating Council under Section 73-10g-602;

88 (iii) fosters communities and businesses;

89 (iv) facilitates local agriculture;

90 (v) addresses outdoor recreation; and

91 (vi) provides for a healthy environment.

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

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

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

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

102 (a) the following state entities:

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

104 (ii) the Department of Agriculture and Food;

105 (iii) within the Department of Natural Resources:

106 (A) the Division of Water Rights;

107 (B) the Utah Geological Survey;

108 (C) the Division of Wildlife Resources;

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

110 (E) the Public Lands Policy Coordinating Office;

111 (iv) within the Department of Environmental Quality:

112 (A) the Division of Drinking Water; and

113 (B) the Division of Water Quality;

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

115 (vi) the Colorado River Authority of Utah;

116 (b) the following local entities:

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

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

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

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

124 (5) The division shall use information, including water resources data, that has been or
125 will be assembled by state entities, the United States government, various colleges and
126 universities of the state, or any other source that can profitably contribute to the development of
127 the state water plan.

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

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

133 Section 3. Section **73-10-39** is enacted to read:

134 **73-10-39. Study and recommendations related to the financing of water**
135 **infrastructure.**

136 (1) As used in this section:

137 (a) "Division" means the Division of Water Resources.

138 (b) "Water infrastructure projects" means the same as that term is defined in Section
139 [73-10g-102](#).

140 (2) (a) The division shall study and make recommendations, to be completed by
141 October 31, 2024, concerning:

142 (i) which funds or accounts used to finance water infrastructure projects should be tied
143 to the planning and prioritization process in Chapter 10g, Part 6, Planning and Prioritization;

144 (ii) whether any funds or accounts should be consolidated; and

145 (iii) whether changes to the membership of the Water Development Coordinating
146 Council, created by Sections [79-2-201](#) and [73-10c-3](#), are needed to fulfill the purposes of
147 Chapter 10g, Part 6, Planning and Prioritization.

148 (b) The division shall study and make recommendations, to be completed by October
149 31, 2025, concerning whether to impose a new fee to fund water infrastructure projects

150 identified in the unified water infrastructure plan adopted under Section 73-10g-602 and
151 consistent with the planning and prioritization process in Chapter 10g, Part 6, Planning and
152 Prioritization. The study shall consider:

153 (i) who is assessed the fee;
154 (ii) how to calculate the fee amount, including any adjustments to the fee amount over
155 time;

156 (iii) the process for collecting the fee;

157 (iv) where the money collected should be deposited;

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

159 (vi) how the money collected should be spent;

160 (vii) the affordability of the fee for end users; and

161 (viii) how to assure that the revenue is distributed equitably statewide.

162 (3) In conducting a study described in Subsection (2), the division shall:

163 (a) work cooperatively with the Water Development Coordinating Council; and

164 (b) consult with a wide range of stakeholders with diverse interests, including those
165 with expertise in water development and delivery, tax policy, and water funding.

166 (4) The division shall report the division's findings and recommendations to the
167 Natural Resources, Agriculture, and Environment Interim Committee by no later than:

168 (a) for the study described in Subsection (2)(a), the November 2024 interim meeting of
169 the Natural Resources, Agriculture, and Environment Interim Committee; and

170 (b) for the study described in Subsection (2)(b), the November 2025 interim meeting of
171 the Natural Resources, Agriculture, and Environment Interim Committee.

172 Section 4. Section 73-10c-3 is amended to read:

173 **73-10c-3. Water Development Coordinating Council created -- Purpose --**
174 **Members.**

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

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

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

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

180 (iv) the director of the Housing and Community Development Division or the director's

181 designee;

182 (v) the state treasurer or the state treasurer's designee; [~~and~~]

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

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

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

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

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

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

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

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

197 (iii) rules made by the Division of Finance pursuant to Sections [63A-3-106](#) and
198 [63A-3-107](#).

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

200 (a) coordinate the use and application of the [~~funds~~] money available to the state to
201 give financial assistance to political subdivisions of this state so as to promote the
202 conservation, development, treatment, restoration, and protection of the waters of this state;

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

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

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

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

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

216 (g) expend money from the Water Infrastructure Fund in accordance with Section
217 73-10g-107.

218 Section 5. Section 73-10g-102 is amended to read:

219 **73-10g-102. Definitions.**

220 As used in this chapter:

221 (1) "Board" means the Board of Water Resources[;].

222 (2) "Division" means the Division of Water Resources[;and].

223 (3) "Restricted account" means the Water Infrastructure Restricted Account created in
224 Section 73-10g-103.

225 (4) "Water Infrastructure Fund" means the enterprise fund created in Section
226 73-10g-107.

227 (5) "Water infrastructure project" means:

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

230 (i) planning;

231 (ii) design;

232 (iii) construction;

233 (iv) reconstruction;

234 (v) improvement;

235 (vi) renovation;

236 (vii) acquisition; or

237 (viii) seismic upgrade; or

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

239 Section 6. Section 73-10g-107 is enacted to read:

240 **73-10g-107. Water Infrastructure Fund.**

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

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

- 243 (2) The fund shall consist of:
- 244 (a) appropriations from the Legislature;
- 245 (b) money from the federal government;
- 246 (c) grants or donations from a person;
- 247 (d) money made available to the state for purposes of water infrastructure projects from
- 248 any source;
- 249 (e) money received for the repayment of loans made from the fund; and
- 250 (f) interest and earnings on the fund.

251 (3) The state treasurer shall invest the money in the fund according to Title 51, Chapter
 252 7, State Money Management Act, except that interest or other earnings derived from those
 253 investments shall be deposited into the fund.

254 (4) (a) The Water Development Coordinating Council may use money in the fund to
 255 pay for the costs of administering Part 6, Planning and Prioritization, including staff directly
 256 related to the activities of the Water Development Coordinating Council under Part 6, Planning
 257 and Prioritization.

258 (b) The division may use money in the fund to pay for the costs of the study required
 259 by Section [73-10-39](#).

260 (c) Fund money may be used to issue loans or grants prioritized in accordance with
 261 Section [73-10g-603](#).

262 Section 7. Section **73-10g-301** is amended to read:

Part 3. Watershed Councils Act

73-10g-301. Implementation of part.

265 ~~[(1) This part is known as the "Watershed Councils Act." (2)]~~ This part shall be
 266 liberally construed to:

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

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

273 ~~[(b)]~~ (3) use local expertise and resources found in universities and other research

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

275 Section 8. Section 73-10g-302 is amended to read:

276 **73-10g-302. Definitions.**

277 As used in this part:

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

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

280 Section 73-10g-306.

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

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

284 Section 9. Section 73-10g-304 is amended to read:

285 **73-10g-304. Utah Watersheds Council -- Creation and governance.**

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

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

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

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

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

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

293 (f) the director of the Division of Emergency Management within the Department of
294 Public Safety;

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

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

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

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

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

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

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

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

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

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

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

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

317 ~~(q)~~ (q) the designated individual selected by a local ~~[watershed]~~ council certified
318 under Section 73-10g-306.

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

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

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

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

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

329 (i) to the public;

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

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

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

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

336 adopted by the state council.

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

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

341 (7) The action of the majority of the voting members of the state council constitutes the
342 action of the state council.

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

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

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

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

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

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

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

356 **73-10g-305. Role of the state council -- Reporting.**

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

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

361 (b) facilitate communication and coordination between the Department of Natural
362 Resources, the Department of Agriculture and Food, the Department of Environmental Quality,
363 and other state and federal agencies in the administration and implementation of water-related
364 activities;

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

- 367 (i) for the watersheds defined in Section 73-10g-303; and
368 (ii) after reviewing the proceedings and documents submitted by proposed local
369 councils, to ensure that the local council meets the certification requirements in Section
370 73-10g-306;
- 371 (d) provide resources and support for the administration of local councils;
372 (e) consult and seek guidance from local councils; ~~and~~
373 (f) advise the Water Development Coordinating Council regarding a unified water
374 infrastructure plan in accordance with Section 73-10g-602; and
375 ~~[(f)] (g)~~ provide advice to the governor and Legislature on water issues.
- 376 (2) The state council shall provide updates on the state council's activities annually, or
377 as invited, to:
- 378 (a) the Natural Resources, Agriculture, and Environment Interim Committee;
379 (b) the Legislative Water Development Commission; and
380 (c) the Utah Water Task Force.
- 381 Section 11. Section **73-10g-306** is amended to read:
382 **73-10g-306. Local councils -- Creation.**
- 383 (1) A proposed local ~~[watershed]~~ council may be certified by the Utah Watersheds
384 Council under Subsection 73-10g-305(1)(c) if:
- 385 (a) the organizing documents and policies of the proposed local ~~[watershed]~~ council:
386 (i) provide for an open and equitable system of governance;
387 (ii) encourage participation by a water user or group of water users, other watershed
388 groups, mutual irrigation companies, distribution system committees, and other stakeholders
389 within the watershed; and
390 (iii) require that:
391 (A) a majority of the members of the local council constitutes a quorum; and
392 (B) an action of the local council be approved by no less than a majority of the
393 members of the local council;
394 (b) in a balance appropriate for the watershed, the proposed local council membership
395 includes watershed stakeholders who reside or work within the watershed or own or control the
396 right to divert or use water within the watershed and is representative, where feasible, of at
397 least these interests:

- 398 (i) agriculture;
- 399 (ii) industry;
- 400 (iii) Indian tribes;
- 401 (iv) public water suppliers, as defined in Section 73-1-4;
- 402 (v) water planning and research institutions;
- 403 (vi) water quality;
- 404 (vii) fish and wildlife;
- 405 (viii) water dependent habitat and environments;
- 406 (ix) watershed management, such as distribution system committees functioning within
- 407 the watershed;

- 408 (x) mutual irrigation companies;
- 409 (xi) land use planning agencies; and
- 410 [~~(xi)~~] (xii) local sponsors of [reclamation] Bureau of Reclamation projects;
- 411 (c) for each of the five watersheds that drain into Great Salt Lake, the proposed local
- 412 council includes a person designated by the Great Salt Lake local watershed council, if the
- 413 Great Salt Lake local [watershed] council is certified; and

414 (d) for the Great Salt Lake watershed, the proposed local council includes a person

415 designated by each of the five watersheds that drain into Great Salt Lake that has a certified

416 local watershed council.

417 (2) A local council may invite state and federal agencies to name representatives as

418 liaisons to the local council.

419 Section 12. Section 73-10g-601 is enacted to read:

Part 6. Planning and Prioritization

73-10g-601. Definitions.

As used in this part:

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

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

(3) "Relevant agency" means:

(a) the Division of Water Resources;

(b) the Division of Drinking Water;

429 (c) the Division of Water Quality;

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

431 (e) the Department of Agriculture and Food.

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

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

434 (5) "Utah Watersheds Council" means the Utah Watersheds Council created in Section

435 [73-10g-304](#).

436 (6) "Water infrastructure fund money" means money in the Water Infrastructure Fund

437 created by Section [73-10g-107](#).

438 Section 13. Section **73-10g-602** is enacted to read:

439 **73-10g-602. Unified water infrastructure plan -- Annual reporting.**

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

441 with this section by no later than March 1, 2026.

442 (b) The state council shall update the unified water infrastructure plan as needed, but at

443 least every four years.

444 (c) A relevant agency may request that the state council amend the unified water

445 infrastructure plan.

446 (2) A unified water infrastructure plan shall:

447 (a) describe water infrastructure projects:

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

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

450 (b) be consistent with the policies, goals, and recommendations of the state water plan;

451 and

452 (c) be based primarily on agency plans submitted by the relevant agencies.

453 (3) Beginning on June 30, 2025, a relevant agency shall:

454 (a) annually adopt a water infrastructure agency plan that describes and ranks needed

455 water infrastructure projects under the jurisdiction of the relevant agency;

456 (b) include in the agency plan ranking justifications and descriptions of whether a

457 water infrastructure project is:

458 (i) ready for construction;

459 (ii) planning for construction; or

460 (iii) a future project.
461 (c) organize an agency plan under this section in 10-year phases up to at least a 20-year
462 plan; and
463 (d) annually submit the agency plan to the state council by no later than June 30.
464 (4) Before adopting or amending a unified water infrastructure plan, the state council
465 shall provide a draft of the proposed unified water infrastructure plan to the Utah Watersheds
466 Council and the Utah Watersheds Council may advise the state council concerning the unified
467 water infrastructure plan.
468 (5) (a) Beginning September 1, 2024, a relevant agency shall annually prepare a report
469 and submit it to the state council concerning the funds or accounts that the relevant agency
470 administers.
471 (b) The report required by this Subsection (5) shall provide for the fund or account:
472 (i) the balance at the beginning of the fiscal year of the report;
473 (ii) revenues received from any source during the fiscal year;
474 (iii) the ending balance after the close of the fiscal year; and
475 (iv) projected revenues and disbursements for the coming fiscal year.
476 (c) The state council shall compile the reports submitted pursuant to this Subsection (5)
477 by no later than October 1 and distribute the compiled report to:
478 (i) the governor;
479 (ii) the Legislative Management Committee;
480 (iii) the Natural Resources, Agriculture, and Environment Interim Committee; and
481 (iv) the Natural Resources, Agriculture, and Environmental Quality Appropriations
482 Subcommittee.
483 Section 14. Section **73-10g-603** is enacted to read:
484 **73-10g-603. Ranking and prioritizing water infrastructure projects.**
485 (1) The state council, in consultation with the relevant agencies, shall develop a written
486 prioritization process for ranking and prioritizing water infrastructure projects that are or will
487 be funded by water infrastructure fund money beginning with fiscal year 2027. The written
488 prioritization process shall:
489 (a) identify water infrastructure projects listed in the unified water infrastructure plan
490 described in Section [73-10g-602](#); and

- 491 (b) rank the water infrastructure projects identified under Subsection (1)(a).
- 492 (2) The following shall be included in the written prioritization process under
- 493 Subsection (1):
- 494 (a) subject to Subsection (3), categories of the types of water infrastructure projects
- 495 against which other water infrastructure projects are prioritized;
- 496 (b) exclusion of the following types of water infrastructure projects:
- 497 (i) an emergency water infrastructure project; or
- 498 (ii) a small water infrastructure project that receives less than an amount of water
- 499 infrastructure fund money established by rule made by the state council in accordance with
- 500 Title 63G, Chapter 3, Utah Administrative Rulemaking Act;
- 501 (c) hardship criteria that at a minimum refer to the hardship criteria of the Division of
- 502 Drinking Water and the Division of Water Quality;
- 503 (d) criteria related to the public interest, including conservation and the protection of
- 504 public health and safety;
- 505 (e) criteria to ensure that the project is adequately designed based on sound engineering
- 506 and geologic considerations;
- 507 (f) criteria for ranking or prioritizing a local water infrastructure project based on:
- 508 (i) a local water infrastructure plan that is consistent with this section; and
- 509 (ii) consultation with local entities about local water infrastructure projects;
- 510 (g) criteria for ranking or prioritizing a water infrastructure project when water
- 511 infrastructure fund money will be used to match federal funding;
- 512 (h) a requirement that a person who receives water infrastructure fund money for a
- 513 water infrastructure project:
- 514 (i) engage in long-term planning consistent with Section [73-10g-602](#); and
- 515 (ii) comply with Section [73-10g-605](#); and
- 516 (i) any other provision the state council considers appropriate.
- 517 (3) When including categories of types of water infrastructure projects used in the
- 518 written prioritization process, the state council shall consider:
- 519 (a) whether to apply percentages of water infrastructure fund money assigned to each
- 520 category;
- 521 (b) the size and resources of recipients; and

522 (c) the potential purposes of the different types of water infrastructure projects, such as
523 agricultural, municipal, or industrial uses.

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

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

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

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

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

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

542 Section 15. Section **73-10g-604** is enacted to read:

543 **73-10g-604. State council's general duties related to prioritizing -- Reporting --**
544 **Relevant agency actions.**

545 (1) The state council shall:

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

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

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

553 (i) adopting the unified water infrastructure plan;
554 (ii) adopting a written prioritization plan; and
555 (iii) prioritizing and setting funding levels for water infrastructure projects.
556 (2) (a) For water infrastructure projects prioritized with funding provided under this
557 title, the state council shall annually report, by no later than the October interim meeting of the
558 Legislature, to a committee or commission designated by the Legislative Management
559 Committee:
560 (i) a prioritized list of the water infrastructure projects and the funding levels available
561 for those water infrastructure projects; and
562 (ii) the unfunded water infrastructure projects and maintenance needs within the state.
563 (b) The committee or commission designated by the Legislative Management
564 Committee under Subsection (2)(a) shall:
565 (i) review the list reported by the state council; and
566 (ii) recommend to the Legislature:
567 (A) the amount of additional funding to allocate to water infrastructure projects; and
568 (B) the source of revenue for the additional funding allocation under Subsection
569 (2)(b)(ii)(A).
570 (3) A relevant agency shall administer money prioritized under this part in a manner
571 consistent with this part.
572 Section 16. Section **73-10g-605** is enacted to read:
573 **73-10g-605. Capital asset management and reserve analysis -- Assistance for**
574 **person seeking state funds.**
575 (1) As a condition of receiving water infrastructure fund money for a water
576 infrastructure project by a loan or grant, a recipient shall:
577 (a) conduct a reserve study showing how the recipient shall:
578 (i) repay the loan if the recipient receives a loan; and
579 (ii) collect money for repair and replacement of the water infrastructure project;
580 (b) if the recipient receives a loan, update the reserve study described in Subsection
581 (1)(a) every five years or until the loan is repaid; and
582 (c) comply with the relevant capital asset management requirements under:
583 (i) Section [19-5-202](#) for a water infrastructure project related to wastewater or sewage

584 infrastructure; or

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

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

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

590 (b) a statement of the probable remaining useful life, as of the date of the reserve
591 analysis, of each component identified in the reserve analysis;

592 (c) an estimate of the cost to repair, replace, or restore each component identified in the
593 reserve analysis;

594 (d) an estimate of the total annual contribution to a reserve fund necessary to meet the
595 cost to repair, replace, or restore each component identified in the reserve analysis during the
596 component's useful life and at the end of the component's useful life; and

597 (e) a reserve funding plan that recommends how the system may fund the annual
598 contribution described in Subsection (2)(d).

599 (3) If a person seeking water infrastructure fund money under this part establishes a
600 need to the satisfaction of a relevant agency, the relevant agency may provide the person:

601 (a) water infrastructure fund money to assist the recipient in complying with the
602 planning, reserve analysis, and capital asset management requirements of this part; or

603 (b) technical assistance with the planning, reserve analysis, or capital asset
604 management requirements of this part.

605 Section 17. **Repealer.**

606 This bill repeals:

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

608 Section 18. **FY 2025 Appropriation.**

609 The following sums of money are appropriated for the fiscal year beginning July 1,
610 2024, and ending June 30, 2025. These are additions to amounts previously appropriated for
611 fiscal year 2025.

612 Subsection 18(a). **Business-like Activities.**

613 The Legislature has reviewed the following proprietary funds. Under the terms and
614 conditions of Utah Code 63J-1-410, for any included Internal Service Fund, the Legislature

615 approves budgets, full-time permanent positions, and capital acquisition amounts as indicated,
616 and appropriates to the funds, as indicated, estimated revenue from rates, fees, and other
617 charges. The Legislature authorizes the State Division of Finance to transfer amounts between
618 funds and accounts as indicated.

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

620 From General Fund, One-time \$2,500,000

621 Schedule of Programs:

622 Water Infrastructure Fund \$2,500,000

623 Section 19. **Effective date.**

624 This bill takes effect on May 1, 2024.