

HB0280S05 compared with HB0280S04

~~{deleted text}~~ shows text that was in HB0280S04 but was deleted in HB0280S05.

inserted text shows text that was not in HB0280S04 but was inserted into HB0280S05.

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~~{Representative Casey Snider}~~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;

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- ▶ 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
- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

This bill appropriates in fiscal year 2025:

- ▶ to Department of Natural Resources - Water Infrastructure Fund as a one-time appropriation:
 - from the General Fund, One-time, ~~(\$5,000)~~ \$2,500,000

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

- 63I-1-273, as last amended by Laws of Utah 2023, Chapters 205, 261
- 73-10c-3, as last amended by Laws of Utah 2023, Chapter 238
- 73-10g-102, as enacted by Laws of Utah 2015, Chapter 458
- 73-10g-301, as enacted by Laws of Utah 2020, Chapter 309
- 73-10g-302, as enacted by Laws of Utah 2020, Chapter 309
- 73-10g-304, as last amended by Laws of Utah 2022, Chapter 65
- 73-10g-305, as enacted by Laws of Utah 2020, Chapter 309
- 73-10g-306, as enacted by Laws of Utah 2020, Chapter 309

ENACTS:

- 73-10-39, Utah Code Annotated 1953
- 73-10g-107, Utah Code Annotated 1953
- 73-10g-601, Utah Code Annotated 1953
- 73-10g-602, Utah Code Annotated 1953
- 73-10g-603, Utah Code Annotated 1953

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73-10g-604, Utah Code Annotated 1953

73-10g-605, Utah Code Annotated 1953

REPEALS AND REENACTS:

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

REPEALS:

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

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

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

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

(1) Title 73, Chapter 27, Legislative Water Development Commission, is repealed January 1, 2031.

(2) Section 73-10-39, which requires a study related to financing water infrastructure, is repealed July 1, 2027.

~~[(2)]~~ (3) Title 73, Chapter 10g, Part 2, Agricultural Water Optimization, is repealed July 1, 2028.

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to appoint an advisory council that includes in the advisory council's duties advising on boating policies, is repealed July 1, 2024.

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

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

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

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

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

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

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

(1) As used in this section:

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

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

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water resources, recommends strategies for water resource optimization, and guides efforts to manage available water supplies.

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

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

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

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

(iii) fosters communities and businesses;

(iv) facilitates local agriculture;

(v) addresses outdoor recreation; and

(vi) provides for a healthy environment.

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

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

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

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

(a) the following state entities:

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

(ii) the Department of Agriculture and Food;

(iii) within the Department of Natural Resources:

(A) the Division of Water Rights;

(B) the Utah Geological Survey;

(C) the Division of Wildlife Resources;

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

(E) the Public Lands Policy Coordinating Office;

(iv) within the Department of Environmental Quality:

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(A) the Division of Drinking Water; and

(B) the Division of Water Quality;

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

(vi) the Colorado River Authority of Utah;

(b) the following local entities:

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

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

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

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

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

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

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

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

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

(1) As used in this section:

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

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

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

(i) which funds or accounts used to finance water infrastructure projects should be tied

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to the planning and prioritization process in Chapter 10g, Part 6, Planning and Prioritization;

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

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

(b) The division shall study and make recommendations, to be completed by October 31, 2025, concerning whether to impose a new fee to fund water infrastructure projects identified in the unified water infrastructure plan adopted under Section 73-10g-602 and consistent with the planning and prioritization process in Chapter 10g, Part 6, Planning and Prioritization. The study shall consider:

(i) who is assessed the fee;

(ii) how to calculate the fee amount, including any adjustments to the fee amount over time;

(iii) the process for collecting the fee;

(iv) where the money collected should be deposited;

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

(vi) how the money collected should be spent;

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

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

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

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

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

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

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

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

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

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

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Members.

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

- (i) the director of the Division of Water Resources;
- (ii) the executive secretary of the Water Quality Board;
- (iii) the executive secretary of the Drinking Water Board;
- (iv) the director of the Housing and Community Development Division or the director's designee;

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

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

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

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

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

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

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

- (i) Section 63A-3-106;
- (ii) Section 63A-3-107; and
- (iii) rules made by the Division of Finance pursuant to Sections 63A-3-106 and

63A-3-107.

(2) The purposes of the council are to:

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

(b) promote the coordination of the financial assistance programs administered by the state and the use of the financing alternative most economically advantageous to the state and

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its political subdivisions;

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

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

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

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

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

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

73-10g-102. Definitions.

As used in this chapter:

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

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

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

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

(5) "Water infrastructure project" means:

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

(i) planning;

(ii) design;

(iii) construction;

(iv) reconstruction;

(v) improvement;

(vi) renovation;

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(vii) acquisition; or

(viii) seismic upgrade; or

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

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

73-10g-107. Water Infrastructure Fund.

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

(2) The fund shall consist of:

(a) appropriations from the Legislature;

(b) money from the federal government;

(c) grants or donations from a person;

(d) money made available to the state for purposes of water infrastructure projects from
any source;

(e) money received for the repayment of loans made from the fund; and

(f) interest and earnings on the fund.

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

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

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

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

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

Part 3. Watershed Councils Act

73-10g-301. Implementation of part.

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

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

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

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

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

73-10g-302. Definitions.

As used in this part:

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

(2) "Local council" means a local [~~watershed~~] council created in accordance with Section 73-10g-306.

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

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

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

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

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

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

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

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

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

(e) the Utah State University Extension vice president;

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

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

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

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

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(j) a representative of reclamation projects located in the state selected by the governor from a list of three persons nominated jointly by the local sponsors of reclamation projects located in the state and the executive director of the Department of Natural Resources;

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

(l) a representative of environmental conservation interests selected by the governor from a list of three persons nominated jointly by the executive directors of the Department of Environmental Quality and Department of Natural Resources;

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

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

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

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

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

(2) (a) The state council shall:

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

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

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

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

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- (i) to the public;
- (ii) at each meeting of the state council; and
- (iii) on a public website maintained by the division for council business.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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and institutions;

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

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

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

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

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

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

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

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

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

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

(b) the Legislative Water Development Commission; and

(c) the Utah Water Task Force.

Section 11. Section **73-10g-306** is amended to read:

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

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

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

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

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

(iii) require that:

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

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

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

(i) agriculture;

(ii) industry;

(iii) Indian tribes;

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

(v) water planning and research institutions;

(vi) water quality;

(vii) fish and wildlife;

(viii) water dependent habitat and environments;

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

(x) mutual irrigation companies;

(xi) land use planning agencies; and

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

(c) for each of the five watersheds that drain into Great Salt Lake, the proposed local council includes a person designated by the Great Salt Lake local watershed council, if the Great Salt Lake local ~~[watershed]~~ council is certified; and

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

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

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

Part 6. Planning and Prioritization

73-10g-601. Definitions.

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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;

(c) the Division of Water Quality;

(d) the Housing and Community Development Division; and

(e) the Department of Agriculture and Food.

(4) "State council" means the Water Development Coordinating Council created in Sections 73-10c-3 and 79-2-201.

(5) "Utah Watersheds Council" means the Utah Watersheds Council created in Section 73-10g-304.

(6) "Water infrastructure fund money" means money in the Water Infrastructure Fund created by Section 73-10g-107.

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

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

(1) (a) The state council shall adopt a unified water infrastructure plan in accordance with this section by no later than March 1, 2026.

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

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

(2) A unified water infrastructure plan shall:

(a) describe water infrastructure projects:

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

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

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

and

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

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

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

(b) include in the agency plan ranking justifications and descriptions of whether a water infrastructure project is:

(i) ready for construction;

(ii) planning for construction; or

(iii) a future project.

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

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

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

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

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

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

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

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

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

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

(i) the governor;

(ii) the Legislative Management Committee;

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

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

Section 14. Section **73-10g-603** is enacted to read:

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

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

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

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

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

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

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

(i) an emergency water infrastructure project; or

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

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

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

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

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

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

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

(g) criteria for ranking or prioritizing a water infrastructure project when water infrastructure fund money will be used to match federal funding;

(h) a requirement that a person who receives water infrastructure fund money for a water infrastructure project:

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

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

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

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

(a) whether to apply percentages of water infrastructure fund money assigned to each category;

(b) the size and resources of recipients; and

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

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

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

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

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

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

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

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

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

(1) The state council shall:

HB0280S05 compared with HB0280S04

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

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

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

(i) adopting the unified water infrastructure plan;

(ii) adopting a written prioritization plan; and

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

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

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

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

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

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

(ii) recommend to the Legislature:

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

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

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

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

Section 16. Section **73-10g-605** is enacted to read:

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

(1) As a condition of receiving water infrastructure fund money for a water infrastructure project by a loan or grant, a recipient shall:

HB0280S05 compared with HB0280S04

- (a) conduct a reserve study showing how the recipient shall:
 - (i) repay the loan if the recipient receives a loan; and
 - (ii) collect money for repair and replacement of the water infrastructure project;
- (b) if the recipient receives a loan, update the reserve study described in Subsection (1)(a) every five years or until the loan is repaid; and
- (c) comply with the relevant capital asset management requirements under:
 - (i) Section 19-5-202 for a water infrastructure project related to wastewater or sewage infrastructure; or
 - (ii) Section 73-10g-502 for a water provider's, as defined in Section 73-10g-501, water infrastructure project that is not described in Subsection (1)(c)(i).
- (2) A reserve study required under this section shall include:
 - (a) a list of the components identified in the reserve analysis that will reasonably require reserve funds;
 - (b) a statement of the probable remaining useful life, as of the date of the reserve analysis, of each component identified in the reserve analysis;
 - (c) an estimate of the cost to repair, replace, or restore each component identified in the reserve analysis;
 - (d) an estimate of the total annual contribution to a reserve fund necessary to meet the cost to repair, replace, or restore each component identified in the reserve analysis during the component's useful life and at the end of the component's useful life; and
 - (e) a reserve funding plan that recommends how the system may fund the annual contribution described in Subsection (2)(d).
- (3) If a person seeking water infrastructure fund money under this part establishes a need to the satisfaction of a relevant agency, the relevant agency may provide the person:
 - (a) water infrastructure fund money to assist the recipient in complying with the planning, reserve analysis, and capital asset management requirements of this part; or
 - (b) technical assistance with the planning, reserve analysis, or capital asset management requirements of this part.

Section 17. **Repealer.**

This bill repeals:

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

HB0280S05 compared with HB0280S04

Section 18. **FY 2025 Appropriation.**

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

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

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

ITEM 1 To Department of Natural Resources - Water Infrastructure Fund

From General Fund, One-time	(\$5,000) <u>\$2,50</u> <u>0,000</u>
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Schedule of Programs:

Water Infrastructure Fund	{ \$5,000 } <u>\$2,500</u> ,000
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Section 19. **Effective date.**

This bill takes effect on May 1, 2024.