

Scott D. Sandall proposes the following substitute bill:

**Water Fee Amendments**

2025 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Scott D. Sandall**

House Sponsor: Casey Snider

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**LONG TITLE**

**General Description:**

This bill allows state agencies to develop a fee schedule for water consumption.

**Highlighted Provisions:**

This bill:

- defines terms;
- requires the Department of Environmental Quality (department) to establish a fee schedule;
- allows the Water Development Coordinating Council (state council) to establish a fee schedule beginning on July 1, 2026, subject to approval by the Legislature;
- exempts a special district from certain fee requirements to pay the fees established by the department and state council;
- outlines requirements related to the fee schedules;
- allows the department to establish a financial incentive to comply with certain criteria;
- provides for the collection of fees by the department and, pending approval by the Legislature, the collection of fees by the state council;
- creates an exemption for a wholesale water supplier and agricultural water from the fees;
- provides for the deposit of fees into the Water Infrastructure Fund less the department's costs;
- requires the department and state council to report on the fee schedule to the Natural Resources, Agriculture, and Environment Interim Committee;
- requires monitoring of fees; and
- makes technical and conforming changes.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

29 This bill provides a special effective date.

30 **Utah Code Sections Affected:**

31 AMENDS:

32 **17B-1-121 (Effective 05/07/25)**, as last amended by Laws of Utah 2023, Chapter 15

33 **17B-1-643 (Effective 05/07/25)**, as last amended by Laws of Utah 2024, Chapter 382

34 **63I-2-219 (Effective 05/07/25)**, as last amended by Laws of Utah 2024, Third Special  
35 Session, Chapter 5

36 **63I-2-273 (Effective 07/01/26)**, as last amended by Laws of Utah 2024, Third Special  
37 Session, Chapter 5

38 **73-10g-601 (Effective 05/07/25)**, as enacted by Laws of Utah 2024, Chapter 335

39 ENACTS:

40 **19-4-116 (Effective 05/07/25)**, Utah Code Annotated 1953

41 **73-10g-606 (Effective 07/01/26)**, Utah Code Annotated 1953

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

44 Section 1. Section **17B-1-121** is amended to read:

45 **17B-1-121 (Effective 05/07/25). Limit on fees -- Requirement to itemize and**  
46 **account for fees -- Appeals.**

47 (1) A special district may not impose or collect:

- 48 (a) an application fee that exceeds the reasonable cost of processing the application; or  
49 (b) an inspection or review fee that exceeds the reasonable cost of performing an  
50 inspection or review.

51 (2)(a) Upon request by a service applicant who is charged a fee or an owner of  
52 residential property upon which a fee is imposed, a special district shall provide a  
53 statement of each itemized fee and calculation method for each fee.

54 (b) If an applicant who is charged a fee or an owner of residential property upon which a  
55 fee is imposed submits a request for a statement of each itemized fee no later than 30  
56 days after the day on which the applicant or owner pays the fee, the special district  
57 shall, no later than 10 days after the day on which the request is received, provide or  
58 commit to provide within a specific time:

- 59 (i) for each fee, any studies, reports, or methods relied upon by the special district to  
60 create the calculation method described in Subsection (2)(a);  
61 (ii) an accounting of each fee paid;  
62 (iii) how each fee will be distributed by the special district; and

- 63 (iv) information on filing a fee appeal through the process described in Subsection  
 64 (2)(c).
- 65 (c)(i) A special district shall establish an impartial fee appeal process to determine  
 66 whether a fee reflects only the reasonable estimated cost of delivering the service  
 67 for which the fee was paid.
- 68 (ii) A party to a fee appeal described in Subsection (2)(c)(i) may petition for judicial  
 69 review of the special district's final decision.
- 70 (3) A special district may not impose on or collect from a public agency a fee associated  
 71 with the public agency's development of the public agency's land other than:  
 72 (a) subject to Subsection (1), a hookup fee; or  
 73 (b) an impact fee, as defined in Section 11-36a-102 and subject to Section 11-36a-402,  
 74 for a public facility listed in Subsection 11-36a-102(17)(a), (b), (c), (d), (e), or (g).
- 75 (4) This section does not apply to a fee or fee increase that is equal to the amount needed to  
 76 pay a fee imposed on a special district under Sections 19-4-116 and 73-10g-606.
- 77 Section 2. Section **17B-1-643** is amended to read:
- 78 **17B-1-643 (Effective 05/07/25). Imposing or increasing a fee for service provided**  
 79 **by special district.**
- 80 (1)(a) Before imposing a new fee or increasing an existing fee for a service provided by  
 81 a special district, each special district board of trustees shall first hold a public  
 82 hearing at which:
- 83 (i) the special district shall demonstrate its need to impose or increase the fee; and  
 84 (ii) any interested person may speak for or against the proposal to impose a fee or to  
 85 increase an existing fee.
- 86 (b) Each public hearing under Subsection (1)(a) shall be held in the evening beginning  
 87 no earlier than 6 p.m.
- 88 (c) A public hearing required under this Subsection (1) may be combined with a public  
 89 hearing on a tentative budget required under Section 17B-1-610.
- 90 (d) Except to the extent that this section imposes more stringent notice requirements, the  
 91 special district board shall comply with Title 52, Chapter 4, Open and Public  
 92 Meetings Act, in holding the public hearing under Subsection (1)(a).
- 93 (2)(a) Each special district board shall give notice of a hearing under Subsection (1) as  
 94 provided in Subsections (2)(b) and (c) or Subsection (2)(d).
- 95 (b) The special district board shall publish the notice described in Subsection (2)(a) for  
 96 the special district, as a class A notice under Section 63G-30-102, for at least 30 days.

- 97 (c) The notice described in Subsection (2)(b) shall state that the special district board  
98 intends to impose or increase a fee for a service provided by the special district and  
99 will hold a public hearing on a certain day, time, and place fixed in the notice, which  
100 shall be not less than seven days after the day the notice is first posted as provided in  
101 Subsection (2)(b) for the purpose of hearing comments regarding the proposed  
102 imposition or increase of a fee and to explain the reasons for the proposed imposition  
103 or increase.
- 104 (d)(i) In lieu of providing notice under Subsection (2)(b), the special district board of  
105 trustees may give the notice required under Subsection (2)(a) by mailing the  
106 notice to those within the district who:
- 107 (A) will be charged the fee for a district service, if the fee is being imposed for the  
108 first time; or
  - 109 (B) are being charged a fee, if the fee is proposed to be increased.
- 110 (ii) Each notice under Subsection (2)(d)(i) shall comply with Subsection (2)(c).  
111 (iii) A notice under Subsection (2)(d)(i) may accompany a district bill for an existing  
112 fee.
- 113 (e) If the hearing required under this section is combined with the public hearing  
114 required under Section 17B-1-610, the notice required under this Subsection (2):  
115 (i) may be combined with the notice required under Section 17B-1-609; and  
116 (ii) shall be posted or mailed in accordance with the notice provisions of this section.
- 117 (f) Proof that notice was given as provided in Subsection (2)(b) or (d) is prima facie  
118 evidence that notice was properly given.
- 119 (g) If no challenge is made to the notice given of a hearing required by Subsection (1)  
120 within 30 days after the date of the hearing, the notice is considered adequate and  
121 proper.
- 122 (h) After holding a public hearing under Subsection (1), a special district board may:  
123 (i) impose the new fee or increase the existing fee as proposed;  
124 (ii) adjust the amount of the proposed new fee or the increase of the existing fee and  
125 then impose the new fee or increase the existing fee as adjusted; or  
126 (iii) decline to impose the new fee or increase the existing fee.
- 127 (i) This section applies to each new fee imposed and each increase of an existing fee that  
128 occurs on or after July 1, 1998.
- 129 (j)(i) This section does not apply to an impact fee.  
130 (ii) The imposition or increase of an impact fee is governed by Title 11, Chapter 36a,

131 Impact Fees Act.

132 (k) This section does not apply to a fee or fee increase that is equal to the amount needed  
133 to pay a fee imposed on a special district under Sections 19-4-116 and 73-10g-606.

134 Section 3. Section **19-4-116** is enacted to read:

135 **19-4-116 (Effective 05/07/25). Fee schedule -- Exemption -- Report -- Monitoring**  
136 **of fees.**

137 (1)(a) The department shall establish a fee schedule for the regulation of public water  
138 systems in the state in accordance with Section 63J-1-504.

139 (b) To create the fee schedule described in Subsection (1)(a), the department shall:

140 (i) complete a review of program costs and indirect costs of regulating public water  
141 systems in the state, after consulting with industry, local governments, special  
142 districts, and special service districts;

143 (ii) use the findings from the review described in Subsection (1)(b)(i); and

144 (iii) evaluate other sources of funding to support the regulation of public water  
145 systems in the state.

146 (c) The fee schedule described in Subsection (1)(a) may:

147 (i) implement an annual fee on a public water system in the state, on the basis of  
148 consumption, for the direct delivery of water to an end user for human  
149 consumption and other domestic uses;

150 (ii) implement a reasonable fee for plan review;

151 (iii) implement a reasonable fee for a public water system sanitary survey;

152 (iv) provide for reasonable and timely oversight of the fee schedule by the  
153 department; and

154 (v) be in an amount needed to reasonably enable the department and public water  
155 systems to:

156 (A) employ qualified personnel to appropriately oversee public drinking water  
157 regulation; and

158 (B) beginning on July 1, 2026, fund water infrastructure projects ranked and  
159 prioritized in the unified water infrastructure plan under Section 73-10g-603.

160 (d) The fee schedule described in Subsection (1)(a) may include fees that provide  
161 financial incentives:

162 (i) to a public water system that is not a community water system if the public water  
163 system complies with Section 19-4-114; and

164 (ii) to a community water system if the community water system:

- 165                   (A) installs water meters on each residential connection in the community water  
 166                   system;
- 167                   (B) adopts tiered water rates;
- 168                   (C) creates a drinking water master plan report within 10 years before the day on  
 169                   which the fee is imposed; and
- 170                   (D) complies with Section 19-4-114.
- 171 (2) Except for water delivered by a wholesale water supplier directly to an end user for  
 172                   human consumption and other domestic uses, a public water system that is a wholesale  
 173                   water supplier is exempt from the fee established under Subsection (1)(c)(i).
- 174 (3) Agricultural water, as that term is defined in Section 73-10g-601, is exempt from the fee  
 175                   established under Subsection (1).
- 176 (4) A public water system shall submit payment of the fee established by Subsection (1) to  
 177                   the department:
- 178                   (a) in accordance with a schedule provided by the department; and
- 179                   (b) using a form provided by the department.
- 180 (5)(a) Except as provided in Subsection (5)(b), the department shall deposit fees  
 181                   collected under this section into the Water Infrastructure Fund created in Section  
 182                   73-10g-107.
- 183                   (b) The department shall retain a portion of the fees collected under Subsection (1)(c) to  
 184                   offset the department's costs in regulating public water systems.
- 185 (6) On or before October 31, 2025, the department shall report to the Natural Resources,  
 186                   Agriculture, and Environment Interim Committee regarding the development of the fee  
 187                   schedule described in Subsection (1).
- 188 (7) The Office of the Legislative Fiscal Analyst shall monitor fees collected under this  
 189                   section.

190                   Section 4. Section **63I-2-219** is amended to read:

191                   **63I-2-219 (Effective 05/07/25). Repeal dates: Title 19.**

- 192 (1) Section 19-1-109, Clean Air Support Restricted Account, is repealed July 1, 2024.
- 193 (2) Section 19-2a-102.5, Emissions reduction plan study and recommendations, is repealed  
 194                   July 1, 2024.
- 195 (3) Subsection 19-4-116(6), regarding a requirement to report to an interim committee, is  
 196                   repealed January 1, 2026.

197                   Section 5. Section **63I-2-273** is amended to read:

198                   **63I-2-273 (Effective 07/01/26). Repeal dates: Title 73.**

199 [Reserved.] Subsection 73-10g-606(5), regarding a requirement to report to an interim  
 200 committee, is repealed January 1, 2027.

201 Section 6. Section **73-10g-601** is amended to read:

202 **73-10g-601 (Effective 05/07/25). Definitions.**

203 As used in this part:

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

205 (2)(a) "Agricultural water" means water beneficially used in irrigation under a water  
 206 right in this state for the production of food, fiber, or fuel, or other agricultural  
 207 purpose.

208 (b) "Agricultural water" does not include water delivered:

209 (i) to an end user for human consumption and other domestic uses; or

210 (ii) through a secondary water connection.

211 [~~2~~] (3) "Executive director" means the executive director of the Department of Natural  
 212 Resources.

213 [~~3~~] (4) "Relevant agency" means:

214 (a) the Division of Water Resources;

215 (b) the Division of Drinking Water;

216 (c) the Division of Water Quality;

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

218 (e) the Department of Agriculture and Food.

219 (5) "Secondary water connection" means the same as that term is defined in Section  
 220 73-10-34.

221 [~~4~~] (6) "State council" means the Water Development Coordinating Council created in  
 222 Sections 73-10c-3 and 79-2-201.

223 [~~5~~] (7) "Utah Watersheds Council" means the Utah Watersheds Council created in Section  
 224 73-10g-304.

225 [~~6~~] (8) "Water infrastructure fund money" means money in the Water Infrastructure Fund  
 226 created by Section 73-10g-107.

227 Section 7. Section **73-10g-606** is enacted to read:

228 **73-10g-606 (Effective 07/01/26). Fee schedule --Approval of fee schedule --**

229 **Exemption -- Report -- Monitoring of fees.**

230 (1)(a) Subject to Subsection (2), the state council may establish a fee schedule for public  
 231 water systems for water service and delivery in the state.

232 (b) To create a fee schedule for public water systems, the state council shall use the

- 233 findings from the review described in Section 73-10-39.
- 234 (2) The state council may not charge or collect a fee described in Subsection (1) without  
235 approval of the fee schedule by the Legislature in accordance with Section 63J-1-504.
- 236 (3) Agricultural water is exempt from a fee established under Subsection (1).
- 237 (4) Subject to Subsection (2), a public water system shall submit payment of the fee  
238 established in Subsection (1) into the Water Infrastructure Fund created in Section  
239 73-10g-107:
- 240 (a) in accordance with a schedule provided by the state council; and  
241 (b) using a form provided by the state council.
- 242 (5) On or before October 31, 2026, the state council shall report to the Natural Resources,  
243 Agriculture, and Environment Interim Committee regarding the development of the fee  
244 schedule described in Subsection (1).
- 245 (6) The Office of the Legislative Fiscal Analyst shall monitor any fees collected under this  
246 section.

247 **Section 8. Effective Date.**

- 248 (1) Except as provided in Subsection (2), this bill takes effect on May 7, 2025.
- 249 (2) The actions affecting the following sections take effect on July 1, 2026:
- 250 (a) Section 73-10g-606 (Effective 07/01/26); and  
251 (b) Section 63I-2-273 (Effective 07/01/26).