

**Bridger Bolinder** proposes the following substitute bill:

**Water Modifications**

2026 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Bridger Bolinder**

Senate Sponsor: Scott D. Sandall

---

---

**LONG TITLE**

**General Description:**

This bill addresses regulation of the provision of water.

**Highlighted Provisions:**

This bill:

- ▶ exempts a water fee from certain rate setting requirements for municipalities and public water systems;
- ▶ defines terms;
- ▶ makes legislative findings;
- ▶ addresses modification of contracts that do not comply with metering and usage-based billing requirements;
- ▶ requires certain notices to secondary water suppliers regarding transfer of real property;
- ▶ allows for the imposition of penalties;
- ▶ requires the collection of certain local contribution amounts for water infrastructure as a condition of receiving state money;
- ▶ addresses the exemption of secondary water from certain fees;
- ▶ modifies a reporting requirement; and
- ▶ makes technical and conforming changes.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

This bill provides a special effective date.

**Utah Code Sections Affected:**

**AMENDS:**

**10-8-22 (Effective 05/06/26)**, as last amended by Laws of Utah 2025, Chapter 102

**73-10-32.5 (Effective 05/06/26)**, as last amended by Laws of Utah 2025, Chapter 102

29 **73-10-34 (Effective 05/06/26)**, as last amended by Laws of Utah 2025, Chapter 102

30 **73-10g-607 (Effective 07/01/26)**, as enacted by Laws of Utah 2025, Chapter 124

31 ENACTS:

32 **73-10g-801 (Effective 05/06/26)**, Utah Code Annotated 1953

33 **73-10g-802 (Effective 05/06/26)**, Utah Code Annotated 1953



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

36 Section 1. Section **10-8-22** is amended to read:

37 **10-8-22 (Effective 05/06/26). Water rates.**

38 (1) As used in this section:

39 (a) "Designated water service area" means the area defined by a municipality in  
40 accordance with the Utah Constitution, Article XI, Section 6, Subsection (1)(c).

41 (b) "Large municipal drinking water system" means a municipally owned and operated  
42 drinking water system serving a population of 10,000 or more.

43 (c) "Retail customer" means an end user:

44 (i) who receives culinary water directly from a municipality's waterworks system; and

45 (ii) whom the municipality described in Subsection (1)(c)(i) bills for water service.

46 (2) A municipality shall fix the rates to be paid for the use of water furnished by the  
47 municipality.

48 (3) The setting of municipal water rates is a legislative act.

49 (4) Within the municipality's designated water service area, a municipality shall:

50 (a) establish, by ordinance, reasonable rates for the services provided to the  
51 municipality's retail customers;

52 (b) use the same method of providing notice to all retail customers of proposed rate  
53 changes; and

54 (c) allow all retail customers the same opportunity to appear and participate in a public  
55 meeting addressing water rates.

56 (5)(a) A municipality may establish different rates for different classifications of retail  
57 customers within the municipality's designated water service area, if the rates and  
58 classifications have a reasonable basis.

59 (b) A reasonable basis for charging different rates for different classifications may  
60 include, among other things, a situation in which:

61 (i) there is a difference in the cost of providing service to a particular classification;

62 (ii) one classification bears more risk in relation to a system operation or obligation;

- 63 (iii) retail customers in one classification invested or contributed to acquire a water  
64 source or supply or build or maintain a system differently than retail customers in  
65 another classification;
- 66 (iv) the needs or conditions of one classification:  
67 (A) are distinguishable from the needs or conditions of another classification; and  
68 (B) based on economic, public policy, or other identifiable elements, support a  
69 different rate;
- 70 (v) there is a differential between the classifications based on a cost of service  
71 standard or a generally accepted rate setting method, including a standard or  
72 method the American Water Works Association establishes; or
- 73 (vi) water conservation is used as an element in determining the rate charged for a  
74 block unit of water as provided in Section 73-10-32.5.
- 75 (c) An adjustment based solely on the fact that a particular classification of retail  
76 customers is located either inside or outside of the municipality's corporate boundary  
77 is not a reasonable basis.
- 78 (d) Beginning July 1, 2026, Subsection (5)(b) does not apply to a rate or rate increase  
79 that is for the amount needed to pay a fee imposed on a municipality under Section  
80 73-10g-607.
- 81 (6)(a) If more than 10% of the retail customers within a large municipal drinking water  
82 system's designated water service area are located outside of the municipality's  
83 corporate boundary, the municipality shall:
- 84 (i) post on the municipality's website the rates assessed to retail customers within the  
85 designated water service area; and
- 86 (ii) establish an advisory board to make recommendations to the municipal legislative  
87 body regarding water rates, capital projects, and other water service standards.
- 88 (b) In establishing an advisory board described in Subsection (6)(a)(ii), a municipality  
89 shall:
- 90 (i) if more than 10% but no more than 30% of the municipality's retail customers  
91 receive service outside the municipality's municipal boundary, ensure that at least  
92 20% of the advisory board's members represent the municipality's retail customers  
93 receiving service outside the municipality's municipal boundary;
- 94 (ii) if more than 30% of the municipality's retail customers receive service outside of  
95 the municipality's municipal boundary, ensure that at least 40% of the advisory  
96 board's members represent the municipality's retail customers receiving service

97 outside of the municipality's municipal boundary; and  
 98 (iii) in appointing board members who represent retail customers receiving service  
 99 outside of the municipality's municipal boundary, as required in Subsections  
 100 (6)(b)(i) and (ii), solicit recommendations from each municipality and county  
 101 outside of the municipality's municipal boundary whose residents are retail  
 102 customers within the municipality's designated water service area.

103 (7) A municipality that supplies water outside of the municipality's designated water service  
 104 area shall supply the water only by contract and shall include in the contract the terms  
 105 and conditions under which the contract can be terminated.

106 (8) A municipality shall:

- 107 (a) notify the director of the Division of Drinking Water of a contract the municipality  
 108 enters into with a person outside of the municipality's designated water service area,  
 109 including the name and contact information of the person named in each contract; and  
 110 (b) each year, provide to the director of the Division of Drinking Water any  
 111 supplementing or new information regarding a contract described in Subsection (8)(a),  
 112 including whether there is no new information to provide at that time.

113 Section 2. Section **73-10-32.5** is amended to read:

114 **73-10-32.5 (Effective 05/06/26). Culinary water pricing structure.**

115 (1) As used in this section:

- 116 (a) "Public water system" means the same as that term is defined in Section 19-4-102.  
 117 (b) "Retail water supplier" means the same as that term is defined in Section 19-4-102.  
 118 (c)(i) "Water conservation effort" means a program that is designed to incentivize,  
 119 encourage, or result in reduced water usage or more efficient use of water.  
 120 (ii) "Water conservation effort" includes the costs associated with designing,  
 121 implementing, and operating a program described in Subsection (1)(c)(i).  
 122 (d) "Wholesale water supplier" means the same as that term is defined in Section  
 123 19-4-102.

124 (2)(a) A retail water supplier shall:

- 125 [~~(a)~~] (i) consider water conservation, including at least one water conservation effort,  
 126 in setting water rates with the goal of encouraging efficient water use and  
 127 eliminating wasteful or excessive water use;  
 128 [~~(b)~~] (ii) establish a culinary water rate structure that:  
 129 [~~(i)~~] (A) incorporates increasing block units of water used;  
 130 [~~(ii)~~] (B) provides for an increase in the rate charged for additional block units of

131 water used as usage increases from one block unit to the next;  
 132 [~~(iii)~~] (C) by July 1, 2027, includes one or more water conservation efforts as an  
 133 element in determining the rate charged for at least the highest usage block unit  
 134 of water for a customer classification that primarily serves residential  
 135 customers; and  
 136 [~~(iv)~~] (D) is based on a generally accepted rate setting method, including a  
 137 standard or method established by the American Water Works Association;  
 138 [~~(e)~~] (iii) provide in customer billing notices, or in a notice that is distributed to  
 139 customers at least annually, block unit rates and the customer's billing cycle;  
 140 [~~(d)~~] (iv) include individual customer water usage in customer billing notices; and  
 141 [~~(e)~~] (v) consider urban farming that improves food security, reduces pollution, and  
 142 creates green spaces in setting rates.

143 (b) Beginning July 1, 2026, Subsection (2)(a)(ii)(D) does not apply to a rate or rate  
 144 increase that is for the amount needed to pay a fee imposed on a public water system  
 145 under Section 73-10g-607.

146 (3) This section does not prohibit:

- 147 (a) a public water system with 500 or fewer service connections from taking an action or
- 148 adopting a culinary water rate structure described in Subsection (2); or
- 149 (b) a retail water supplier from including water conservation and a water conservation
- 150 effort as an element in setting rates for customer classifications that do not primarily
- 151 serve residential customers.

152 (4) A public water system:

- 153 (a) is not required to establish or show that the portion of the rate designed to encourage
- 154 water conservation, and fund a water conservation effort, within the highest usage
- 155 block unit of water for a customer classification:
  - 156 (i) is based on the public water system's actual cost of service;
  - 157 (ii) has a reasonable basis when compared to rates the public water system charges:
    - 158 (A) for other block units of water within a customer classification; or
    - 159 (B) for block units of water in other customer classifications; or
  - 160 (iii) is limited to a reasonable profit or return on investment;
- 161 (b) may include in a customer billing a fee, surcharge, penalty, or other charge that is
- 162 collected pursuant to an agreement between the public water system and the
- 163 wholesale water supplier from whom the public water system purchases water; and
- 164 (c) if the public water system is a for-profit entity, may not use revenue from the highest

165 usage block unit of water designed to encourage water conservation to pay profits or  
166 dividends to the public water system's investors or owners.

167 (5) The use of revenue collected from the portion of any block unit of water designed to  
168 encourage water conservation may include funding water conservation efforts that are  
169 shared with or administered by another public water system or a wholesale water  
170 supplier.

171 (6) The adoption and implementation of that portion of a public water system's water rate  
172 that includes water conservation as an element in determining the rate charged for the  
173 highest usage block unit of water, as provided in this section, is conclusively presumed:

174 (a) to be reasonable; and

175 (b) to reflect the reasonable estimated cost of delivering the service for which the fee  
176 was paid.

177 Section 3. Section **73-10-34** is amended to read:

178 **73-10-34 (Effective 05/06/26). Secondary water metering -- Loans and grants --**

179 **Contract terms.**

180 (1) As used in this section:

181 (a) "Agriculture use" means water used on land assessed under Title 59, Chapter 2, Part  
182 5, Farmland Assessment Act.

183 (b)(i) "Commercial user" means a secondary water user that is a place of business.

184 (ii) "Commercial user" does not include a multi-family residence, an agricultural  
185 user, or a customer that falls within the industrial or institutional classification.

186 (c) "Critical area" means an area:

187 (i) serviced by one of the four largest water conservancy districts, as defined in  
188 Section 17B-1-102, measured by operating budgets; or

189 (ii) within the Great Salt Lake basin, which includes:

190 (A) the surveyed meander line of the Great Salt Lake;

191 (B) the drainage areas of the Bear River or the Bear River's tributaries;

192 (C) the drainage areas of Bear Lake or Bear Lake's tributaries;

193 (D) the drainage areas of the Weber River or the Weber River's tributaries;

194 (E) the drainage areas of the Jordan River or the Jordan River's tributaries;

195 (F) the drainage areas of Utah Lake or Utah Lake's tributaries;

196 (G) other water drainages lying between the Bear River and the Jordan River that  
197 are tributary to the Great Salt Lake and not included in the drainage areas  
198 described in Subsections (1)(c)(ii)(B) through (F); and

- 199 (H) the drainage area of Tooele Valley.
- 200 (d) "Full metering" means that use of secondary water is accurately metered by a meter  
201 that is installed and maintained on every secondary water connection of a secondary  
202 water supplier.
- 203 (e)(i) "Industrial user" means a secondary water user that manufactures or produces  
204 materials.
- 205 (ii) "Industrial user" includes a manufacturing plant, an oil and gas producer, and a  
206 mining company.
- 207 (f)(i) "Institutional user" means a secondary water user that is dedicated to public  
208 service, regardless of ownership.
- 209 (ii) "Institutional user" includes a school, church, hospital, park, golf course, and  
210 government facility.
- 211 (g) "Power generation use" means water used in the production of energy, such as use in  
212 an electric generation facility, natural gas refinery, or coal processing plant.
- 213 (h)(i) "Residential user" means a secondary water user in a residence.
- 214 (ii) "Residential user" includes a single-family or multi-family home, apartment,  
215 duplex, twin home, condominium, or planned community.
- 216 (i) "Secondary water" means water that is:
- 217 (i) not culinary or water used on land assessed under Title 59, Chapter 2, Part 5,  
218 Farmland Assessment Act; and
- 219 (ii) delivered to and used by an end user for the irrigation of landscaping or a garden.
- 220 (j) "Secondary water connection" means the location at which the water leaves the  
221 secondary water supplier's pipeline and enters into the remainder of the pipes that are  
222 owned by another person to supply water to an end user.
- 223 (k) "Secondary water supplier" means an entity that supplies pressurized secondary  
224 water.
- 225 (l) "Small secondary water retail supplier" means an entity that:
- 226 (i) supplies pressurized secondary water only to the end user of the secondary water;  
227 and
- 228 (ii)(A) is a city or town; or
- 229 (B) supplies 5,000 or fewer secondary water connections.
- 230 (m) "Title agent" means a title insurance producer licensed as an organization under  
231 Title 31A, Chapter 23a, Part 2, Producers and Consultants.
- 232 (2)(a)(i) A secondary water supplier that supplies secondary water within a county of

- 233 the first or second class and begins design work for new service on or after April  
234 1, 2020, to a commercial, industrial, institutional, or residential user shall meter  
235 the use of pressurized secondary water by the users receiving that new service.
- 236 (ii) A secondary water supplier that supplies secondary water within a county of the  
237 third, fourth, fifth, or sixth class and begins design work for new service on or  
238 after May 4, 2022, to a commercial, industrial, institutional, or residential user  
239 shall meter the use of pressurized secondary water by the users receiving that new  
240 service.
- 241 (b) By no later than January 1, 2030, a secondary water supplier shall install and  
242 maintain a meter of the use of pressurized secondary water by each user receiving  
243 secondary water service from the secondary water supplier.
- 244 (c) Beginning January 1, 2022, a secondary water supplier shall establish a meter  
245 installation reserve for metering installation and replacement projects.
- 246 (d) A secondary water supplier, including a small secondary water retail supplier, may  
247 not raise the rates charged for secondary water:
- 248 (i) by more than 10% in a calendar year for costs associated with metering secondary  
249 water unless the rise in rates is necessary because the secondary water supplier  
250 experiences a catastrophic failure or other similar event; or
- 251 (ii) unless, before raising the rates on the end user, the entity charging the end user  
252 provides a statement explaining the basis for why the needs of the secondary  
253 water supplier required an increase in rates.
- 254 (e)(i) A secondary water supplier that provides pressurized secondary water to a  
255 commercial, industrial, institutional, or residential user shall develop a plan, or if  
256 the secondary water supplier previously filed a similar plan, update the plan for  
257 metering the use of the pressurized water.
- 258 (ii) The plan required by this Subsection (2)(e) shall be filed or updated with the  
259 Division of Water Resources by no later than December 31, 2025, and address the  
260 process the secondary water supplier will follow to implement metering, including:
- 261 (A) the costs of full metering by the secondary water supplier;
- 262 (B) how long it would take the secondary water supplier to complete full  
263 metering, including an anticipated beginning date and completion date, except  
264 a secondary water supplier shall achieve full metering by no later than January  
265 1, 2030; and
- 266 (C) how the secondary water supplier will finance metering.

- 267 (3) A secondary water supplier shall on or before March 31 of each year, report to the  
268 Division of Water Rights:
- 269 (a) for commercial, industrial, institutional, and residential users whose pressurized  
270 secondary water use is metered, the number of acre feet of pressurized secondary  
271 water the secondary water supplier supplied to the commercial, industrial,  
272 institutional, and residential users during the preceding 12-month period;
- 273 (b) the number of secondary water meters within the secondary water supplier's service  
274 boundary;
- 275 (c) a description of the secondary water supplier's service boundary;
- 276 (d) the number of secondary water connections in each of the following categories  
277 through which the secondary water supplier supplies pressurized secondary water:
- 278 (i) commercial;
- 279 (ii) industrial;
- 280 (iii) institutional; and
- 281 (iv) residential;
- 282 (e) the total volume of water that the secondary water supplier receives from the  
283 secondary water supplier's sources; and
- 284 (f) the dates of service during the preceding 12-month period in which the secondary  
285 water supplier supplied pressurized secondary water.
- 286 (4)(a) Beginning July 1, 2019, the Board of Water Resources may make up to  
287 \$10,000,000 in low-interest loans available each year:
- 288 (i) from the Water Resources Conservation and Development Fund, created in  
289 Section 73-10-24; and
- 290 (ii) for financing the cost of secondary water metering.
- 291 (b) The Division of Water Resources and the Board of Water Resources shall make rules  
292 in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,  
293 establishing the criteria and process for receiving a loan described in this Subsection  
294 (4), except the rules may not include prepayment penalties.
- 295 (5)(a) Beginning July 1, 2021, subject to appropriation, the Division of Water Resources  
296 may make matching grants each year for financing the cost of secondary water  
297 metering for a commercial, industrial, institutional, or residential user by a small  
298 secondary water retail supplier that:
- 299 (i) is not for new service described in Subsection (2)(a); and
- 300 (ii) matches the amount of the grant.

- 301 (b) For purposes of issuing grants under this section, the division shall prioritize the  
302 small secondary water retail suppliers that can demonstrate the greatest need or  
303 greatest inability to pay the entire cost of installing secondary water meters.
- 304 (c) The amount of a grant under this Subsection (5) may not:  
305 (i) exceed 50% of the small secondary water retail supplier's cost of installing  
306 secondary water meters; or  
307 (ii) supplant federal, state, or local money previously allocated to pay the small  
308 secondary water retail supplier's cost of installing secondary water meters.
- 309 (d) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
310 Board of Water Resources shall make rules establishing:  
311 (i) the procedure for applying for a grant under this Subsection (5); and  
312 (ii) how a small secondary water retail supplier can establish that the small secondary  
313 water retail supplier meets the eligibility requirements of this Subsection (5).
- 314 (6) Nothing in this section affects a water right holder's obligation to measure and report  
315 water usage as described in Sections 73-5-4 and 73-5-8.
- 316 (7) If a secondary water supplier fails to comply with Subsection (2)(b), the secondary  
317 water supplier:  
318 (a) beginning January 1, 2030, may not receive state money for water related purposes  
319 until the secondary water supplier completes full metering; and  
320 (b) is subject to an enforcement action of the state engineer in accordance with  
321 Subsection (8).
- 322 (8)(a)(i) The state engineer shall commence an enforcement action under this  
323 Subsection (8) if the state engineer receives a referral from the director of the  
324 Division of Water Resources.  
325 (ii) The director of the Division of Water Resources shall submit a referral to the state  
326 engineer if the director:  
327 (A) finds that a secondary water supplier fails to fully meter secondary water as  
328 required by this section; and  
329 (B) determines an enforcement action is necessary to conserve or protect a water  
330 resource in the state.
- 331 (b) To commence an enforcement action under this Subsection (8), the state engineer  
332 shall issue a notice of violation that includes notice of the administrative fine to  
333 which a secondary water supplier is subject.
- 334 (c) The state engineer's issuance and enforcement of a notice of violation is exempt from

- 335 Title 63G, Chapter 4, Administrative Procedures Act.
- 336 (d) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
337 state engineer shall make rules necessary to enforce a notice of violation, that  
338 includes:
- 339 (i) provisions consistent with this Subsection (8) for enforcement of the notice if a  
340 secondary water supplier to whom a notice is issued fails to respond to the notice  
341 or abate the violation;
- 342 (ii) the right to a hearing, upon request by a secondary water supplier against whom  
343 the notice is issued; and
- 344 (iii) provisions for timely issuance of a final order after the secondary water supplier  
345 to whom the notice is issued fails to respond to the notice or abate the violation, or  
346 after a hearing held under Subsection (8)(d)(ii).
- 347 (e) A person may not intervene in an enforcement action commenced under this section.
- 348 (f) After issuance of a final order under rules made pursuant to Subsection (8)(d), the  
349 state engineer shall serve a copy of the final order on the secondary water supplier  
350 against whom the order is issued by:
- 351 (i) personal service under Utah Rules of Civil Procedure, Rule 5; or  
352 (ii) certified mail.
- 353 (g)(i) The state engineer's final order may be reviewed by trial de novo by the court  
354 with jurisdiction in Salt Lake County or the county where the violation occurred.
- 355 (ii) A secondary water supplier shall file a petition for judicial review of the state  
356 engineer's final order issued under this section within 20 days from the day on  
357 which the final order was served on the secondary water supplier.
- 358 (h) The state engineer may bring suit in a court of competent jurisdiction to enforce a  
359 final order issued under this Subsection (8).
- 360 (i) If the state engineer prevails in an action brought under Subsection (8)(g) or (h), the  
361 state may recover court costs and a reasonable attorney fee.
- 362 (j) As part of a final order issued under this Subsection (8), the state engineer shall order  
363 that a secondary water supplier to whom an order is issued pay an administrative fine  
364 equal to:
- 365 (i) \$10 for each non-metered secondary water connection of the secondary water  
366 supplier for failure to comply with full metering by January 1, 2030;
- 367 (ii) \$20 for each non-metered secondary water connection of the secondary water  
368 supplier for failure to comply with full metering by January 1, 2031;

- 369 (iii) \$30 for each non-metered secondary water connection of the secondary water  
370 supplier for failure to comply with full metering by January 1, 2032;
- 371 (iv) \$40 for each non-metered secondary water connection of the secondary water  
372 supplier for failure to comply with full metering by January 1, 2033; and
- 373 (v) \$50 for each non-metered secondary water connection of the secondary water  
374 supplier for failure to comply with full metering by January 1, 2034, and for each  
375 subsequent year the secondary water supplier fails to comply with full metering.
- 376 (k) Money collected under this Subsection (8) shall be deposited into the Water  
377 Resources Conservation and Development Fund, created in Section 73-10-24.
- 378 (9) A secondary water supplier located within a county of the fifth or sixth class is exempt  
379 from Subsections (2)(a), (2)(b), (2)(c), (2)(e), (7), and (8) if:
- 380 (a) the owner or operator of the secondary water supplier seeks an exemption under this  
381 Subsection (9) by establishing with the Division of Water Resources that the cost of  
382 purchasing, installing, and upgrading systems to accept meters exceeds 25% of the  
383 total operating budget of the owner or operator of the secondary water supplier;
- 384 (b) the secondary water supplier agrees to not add a new secondary water connection to  
385 the secondary water supplier's system on or after May 4, 2022;
- 386 (c) within six months of when the secondary water supplier seeks an exemption under  
387 Subsection (9)(a), the secondary water supplier provides to the Division of Water  
388 Resources a plan for conservation within the secondary water supplier's service area  
389 that does not require metering;
- 390 (d) the secondary water supplier annually reports to the Division of Water Resources on  
391 the results of the plan described in Subsection (9)(c); and
- 392 (e) the secondary water supplier submits to evaluations by the Division of Water  
393 Resources of the effectiveness of the plan described in Subsection (9)(c).
- 394 (10) A secondary water supplier is exempt from Subsections (2)(a), (2)(b), (2)(c), (2)(e),  
395 (7), and (8) to the extent that the secondary water supplier:
- 396 (a) is unable to obtain a meter that a meter manufacturer will warranty because of the  
397 water quality within a specific location served by the secondary water supplier;
- 398 (b) submits reasonable proof to the Division of Water Resources that the secondary  
399 water supplier is unable to obtain a meter as described in Subsection (10)(a);
- 400 (c) within six months of when the secondary water supplier submits reasonable proof  
401 under Subsection (10)(b), provides to the Division of Water Resources a plan for  
402 conservation within the secondary water supplier's service area that does not require

- 403 metering;
- 404 (d) annually reports to the Division of Water Resources on the results of the plan  
405 described in Subsection (10)(c); and
- 406 (e) submits to evaluations by the Division of Water Resources of the effectiveness of the  
407 plan described in Subsection (10)(c).
- 408 (11) A secondary water supplier that is located within a critical management area that is  
409 subject to a groundwater management plan adopted or amended under Section 73-5-15  
410 on or after May 1, 2006, is exempt from Subsections (2)(a), (2)(b), (2)(c), (2)(e), (7), and  
411 (8).
- 412 (12) If a secondary water supplier is required to have a water conservation plan under  
413 Section 73-10-32, that water conservation plan satisfies the requirements of Subsection  
414 (9)(c) or (10)(c).
- 415 (13)(a) Notwithstanding the other provisions of this section and unless exempt under  
416 Subsection (9), (10), or (11), to comply with this section, a secondary water supplier  
417 is not required to meter every secondary water connection of the secondary water  
418 supplier's system, but shall meter at strategic points of the system as approved by the  
419 state engineer under this Subsection (13) if:
- 420 (i) the system has no or minimal storage and relies primarily on stream flow;
- 421 (ii)(A) the majority of secondary water users on the system are associated with  
422 agriculture use or power generation use; and
- 423 (B) less than 50% of the secondary water is used by residential secondary water  
424 users; or
- 425 (iii) the system has a mix of pressurized lines and open ditches and:
- 426 (A) 1,000 or fewer users if any part of the system is within a critical area; or  
427 (B) 2,500 or fewer users for a system not described in Subsection (13)(a)(iii)(A).
- 428 (b)(i) A secondary water supplier may obtain the approval by the state engineer of  
429 strategic points where metering is to occur as required under this Subsection (13)  
430 by filing an application with the state engineer in the form established by the state  
431 engineer.
- 432 (ii) The state engineer may by rule, made in accordance with Title 63G, Chapter 3,  
433 Utah Administrative Rulemaking Act, establish procedures for approving strategic  
434 points for metering under this Subsection (13).
- 435 (14)(a) A contract entered into or renewed on or after July 1, 2025, between a secondary  
436 water supplier and an end user shall allow for billing by tiered conservation rates.

- 437 (b) Except as provided in Subsection (14)(f), by no later than July 1, 2030, regardless of  
438 whether the secondary water supplier is fully metered or has modified existing  
439 contracts with end users, a secondary water supplier shall begin billing an end user  
440 using a tiered conservation rate that considers:
- 441 (i) revenue stability;
  - 442 (ii) water conservation; and
  - 443 (iii) cost of service.
- 444 (c) A secondary water supplier may comply with Subsection (14)(b) by entering into a  
445 contract with a third-party, including the public water system that serves an end user  
446 of the secondary water supplier, to bill the end user according to end user's usage of  
447 secondary water and the secondary water supplier's tiered conservation rate.
- 448 (d) By no later than April 1, 2030, a secondary water supplier shall provide an  
449 educational component for end users as determined by the division by rule made in  
450 accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, either  
451 on a monthly statement or by an end user specific Internet portal that provides  
452 information on the end user's usage more frequently than monthly.
- 453 (e) A public water system:
- 454 (i) shall enter into a contract with a secondary water supplier described in Subsection  
455 (14)(c) upon request from the secondary water supplier if the secondary water  
456 supplier agrees to provide water use and other data necessary for accurate billing  
457 in a file format compatible with the public water supplier's billing system;
  - 458 (ii) may collect the costs associated with billing on behalf of a secondary water  
459 supplier under this section from the secondary water end users, including  
460 reasonable administrative and overhead expenses; and
  - 461 (iii) shall, as the public water supplier and the secondary water supplier find  
462 necessary or convenient, exchange with the secondary water supplier, for the  
463 purpose of maintaining accurate records, relevant information with regard to an  
464 end user of the secondary water supplier, such as:
    - 465 (A) a billing address;
    - 466 (B) an address where the secondary water is delivered;
    - 467 (C) a parcel identification number; and
    - 468 (D) ownership information.
- 469 (f)(i) A secondary water supplier is not required to bill an end user a tiered  
470 conservation rate if the secondary water supplier is:

- 471 (A) exempt from metering under Subsection (9), (10), or (11); or  
472 (B) authorized to meter at strategic points of the system under Subsection (13).
- 473 (ii) Notwithstanding the other provisions of this section, on or after July 1, 2030, a  
474 secondary water supplier with a tiered conservation rate under this Subsection (14)  
475 shall charge an end user at the lowest rate of the tiered conservation rate if the end  
476 user is using a portion of the water to grow food, including growing a garden, fruit  
477 trees, or pasture for grazing.
- 478 (g)(i) If a secondary water supplier violates this Subsection (14) on or after April 1,  
479 2030, the secondary water supplier:
- 480 (A) may not receive state money for water related purposes until the secondary  
481 water supplier complies with this Subsection (14); and  
482 (B) is subject to an enforcement action of the state engineer in accordance with  
483 this Subsection (14)(g).
- 484 (ii) The state engineer shall commence an enforcement action under this Subsection  
485 (14)(g) if the state engineer receives a referral from the director of the Division of  
486 Water Resources.
- 487 (iii) The director of the Division of Water Resources shall submit a referral to the  
488 state engineer if the director:
- 489 (A) finds that a secondary water supplier fails to comply with this Subsection (14);  
490 and  
491 (B) determines an enforcement action is necessary to conserve or protect a water  
492 resource in the state.
- 493 (iv) To commence an enforcement action under this Subsection (14)(g), the state  
494 engineer shall issue a notice of violation that includes notice of the administrative  
495 fine described in Subsection (14)(g)(xiii) to which a secondary water supplier is  
496 subject.
- 497 (v) The state engineer's issuance and enforcement of a notice of violation is exempt  
498 from Title 63G, Chapter 4, Administrative Procedures Act.
- 499 (vi) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,  
500 the state engineer shall make rules necessary to enforce a notice of violation, that  
501 includes:
- 502 (A) provisions consistent with this Subsection (14)(g) for enforcement of the  
503 notice if a secondary water supplier to whom a notice is issued fails to respond  
504 to the notice or abate the violation;

- 505 (B) the right to a hearing, upon request by a secondary water supplier against  
506 whom the notice is issued; and
- 507 (C) provisions for timely issuance of a final order after the secondary water  
508 supplier to whom the notice is issued fails to respond to the notice or abate the  
509 violation, or after a hearing held under Subsection (14)(g)(vi)(B).
- 510 (vii) A person may not intervene in an enforcement action commenced under this  
511 Subsection (14)(g).
- 512 (viii) After issuance of a final order under rules made pursuant to Subsection  
513 (14)(g)(vi), the state engineer shall serve a copy of the final order on the  
514 secondary water supplier against whom the order is issued by:
- 515 (A) personal service under Utah Rules of Civil Procedure, Rule 5; or  
516 (B) certified mail.
- 517 (ix) The state engineer's final order may be reviewed by trial de novo by a court with  
518 jurisdiction in Salt Lake County or the county where the violation occurred.
- 519 (x) A secondary water supplier shall file a petition for judicial review of the state  
520 engineer's final order issued under this Subsection (14)(g) within 20 days from the  
521 day on which the final order was served on the secondary water supplier.
- 522 (xi) The state engineer may bring suit in a court to enforce a final order issued under  
523 this Subsection (14)(g).
- 524 (xii) If the state engineer prevails in an action brought under Subsection (14)(g)(x) or  
525 (xi), the state may recover court costs and reasonable attorney fees.
- 526 (xiii) The administrative fine imposed under this section shall be an amount not to  
527 exceed the sum of any money received by the secondary water supplier under this  
528 section or Section 73-10-34.5 to fund costs related to metering.
- 529 (xiv) Money collected under this Subsection (14) shall be deposited into the Water  
530 Resources Conservation and Development Fund, created in Section 73-10-24.
- 531 (15)(a) The Legislature finds that requiring a secondary water supplier to modify a  
532 contract to allow for compliance with metering and usage-based billing requirements  
533 under this chapter is in the public interest and reasonably necessary to achieve the  
534 needed public purpose of demand reduction for water use by sending appropriate  
535 price signals regarding water use.
- 536 (b) To the extent necessary to comply with the usage-based billing requirements under  
537 this chapter, a secondary water supplier shall use best efforts to comply with  
538 metering and usage-based billing requirements under this section by modifying a

- 539 contract that:
- 540 (i) existed before July 1, 2025; and
- 541 (ii) does not comply with metering and usage-based billing requirements under this
- 542 chapter.
- 543 (c) Upon modification of a contract described in Subsection (15)(b), a secondary water
- 544 supplier:
- 545 (i) shall execute contract terms that:
- 546 (A) authorize metering and volumetric billing; and
- 547 (B) apply a secondary water rate, which includes a tiered conservation rate set in
- 548 accordance with Subsection (14); and
- 549 (ii) may execute contract terms that:
- 550 (A) bind a real property owner to delivery obligations; and
- 551 (B) mandate a subsequent real property owner to execute a successor contract
- 552 upon transfer of the real property.
- 553 (d) A covenant ensuring compliance with this Subsection (15) runs with the real
- 554 property and is enforceable against a successor in interest.
- 555 (16)(a)(i) To facilitate the execution of a successor contract described in Subsection
- 556 (15)(c) upon the transfer of real property as described in this Subsection (16)(a), a
- 557 title agent involved in a real property transaction that affects secondary water shall
- 558 notify the applicable secondary water supplier of a change in ownership of
- 559 property receiving secondary water services within 10 business days of the closing
- 560 of the real property transaction.
- 561 (ii) If a title agent is not involved in a transaction affecting secondary water, the seller
- 562 is responsible for making the notification described in Subsection (16)(a)(i) in
- 563 accordance with this Subsection (16).
- 564 (b) A notification described in Subsection (16)(a) shall include:
- 565 (i) the new owner's name and contact information;
- 566 (ii) the effective date of the transfer; and
- 567 (iii) relevant parcel identification information.
- 568 (c) A secondary water supplier shall maintain a publicly accessible database of serviced
- 569 real properties to enable a title agent described in Subsection (16)(a) to identify the
- 570 applicable secondary water supplier during a real property transaction.
- 571 (d) The Division of Water Resources may impose an administrative penalty not to
- 572 exceed \$500 per violation for the failure to provide notification under Subsection

573 (16)(a).

574 Section 4. Section **73-10g-607** is amended to read:

575 **73-10g-607 (Effective 07/01/26). Fee schedule -- Approval of fee schedule --**  
 576 **Exemption -- Report -- Monitoring of fees.**

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

579 (b) To create a fee schedule for public water systems, the state council shall use the  
 580 findings from the review described in Section 73-10-39.

581 (2) The state council may not charge or collect a fee described in Subsection (1) without  
 582 approval of the fee schedule by the Legislature in accordance with Section 63J-1-504.

583 (3) Agricultural water [is] and secondary water, as defined in Section 73-10-34, are exempt  
 584 from a fee established under Subsection (1).

585 (4) Subject to Subsection (2), a public water system shall submit payment of the fee  
 586 established in Subsection (1) into the Water Infrastructure Fund created in Section  
 587 73-10g-107:

588 (a) in accordance with a schedule provided by the state council; and

589 (b) using a form provided by the state council.

590 (5) On or before October 31, 2026, the state council shall report to the [~~Natural Resources,~~  
 591 ~~Agriculture, and Environment Interim Committee~~] Natural Resources, Agriculture, and  
 592 Environmental Quality Appropriations Subcommittee regarding the development of the  
 593 fee schedule described in Subsection (1).

594 (6) The Office of the Legislative Fiscal Analyst shall monitor any fees collected under this  
 595 section.

596 Section 5. Section **73-10g-801** is enacted to read:

597 **Part 8. Local Contribution Rates**

598 **73-10g-801 (Effective 05/06/26). Definitions.**

599 As used in this part:

600 (1) "Local contribution amount" means an amount determined by the state council for a  
 601 public water system or wastewater service provider in accordance with Section  
 602 73-10g-802.

603 (2) "Public water system" means the same as that term is defined in Section 19-4-102.

604 (3) "State council" means the Water Development Coordinating Council created in Sections  
 605 73-10c-3 and 79-2-201.

606 (4) "State money" means money distributed or administered by the state, including federal

607 grant or money revolved or generated by a program described in Section 73-10c-5.

608 (5)(a) "Wastewater service provider," except as provided in Subsection (5)(b), means the  
609 same as that term is defined in Section 19-5-201.

610 (b) "Wastewater service provider" does not include a regional wastewater service  
611 provider:

612 (i) that only provides treatment services; and

613 (ii) to the extent that the regional wastewater service provider does not bill an end  
614 user.

615 Section 6. Section **73-10g-802** is enacted to read:

616 **73-10g-802 (Effective 05/06/26). Local contribution amount requirements to**  
617 **receive state money.**

618 (1)(a) On and after January 1, 2027, to qualify for receipt of state money for water  
619 infrastructure or water development, a public water system that delivers retail water  
620 shall establish that as of the day on which the public water system receives the state  
621 money the public water system collects from connections to which the public water  
622 system delivers retail water an amount that equals or exceeds the local contribution  
623 amount.

624 (b) The state council shall by no later than July 1, 2026, determine for each public water  
625 system that delivers retail water a local contribution amount that is calculated by:

626 (i) determining the median adjusted gross income for the service area within which  
627 the public water system provides retail services;

628 (ii) multiplying the number determined under Subsection (1)(b)(i) by:

629 (A) 1.5% if the public water system bills a retail customer for drinking water  
630 independent of services provided by a wastewater service provider; or

631 (B) 3% if the public water system bills a retail customer for both drinking water  
632 and services provided by a wastewater service provider; and

633 (iii) multiplying the number determined under Subsection (1)(b)(ii) by the number of  
634 connections to which the public water system provides retail water.

635 (2)(a) On and after January 1, 2027, to qualify for receipt of state money for water  
636 infrastructure or water development, a wastewater service provider shall establish  
637 that as of the day on which the wastewater service provider receives the state money  
638 the wastewater service provider collects, either directly or through a public water  
639 system, an amount that equals or exceeds the local contribution amount.

640 (b) The state council shall by no later than July 1, 2026, determine for each wastewater

- 641 service provider a local contribution amount that is calculated by:
- 642 (i) determining the median adjusted gross income for the service area within which
- 643 the wastewater service provider provides services;
- 644 (ii) multiplying the number determined under Subsection (2)(b)(i) by:
- 645 (A) 1.5% if the wastewater service provider bills customers independent of a
- 646 public water system; and
- 647 (B) 3% if the wastewater service provider bills through a public water system that
- 648 bills for drinking water and services provided by a wastewater service
- 649 provider; and
- 650 (iii) multiplying the number determined under Subsection (2)(b)(ii) by the number of
- 651 connections of the wastewater service provider.
- 652 (3) At least every five years the state council shall:
- 653 (a) update the local contribution amount for a public water system that delivers retail
- 654 water or wastewater service provider; and
- 655 (b) recommend to the Natural Resources, Agriculture, and Environment Interim
- 656 Committee whether the Legislature should adjust the multiplier under Subsection
- 657 (1)(b)(ii) or (2)(b)(ii) to reflect the financial capability of a household to pay
- 658 expenses for drinking water or services of a wastewater service provider, inclusive of
- 659 applicable property taxes, without undue hardship.
- 660 (4) The state council may make rules, in accordance with Title 63G, Chapter 3, Utah
- 661 Administrative Rulemaking Act, to establish procedures for calculating a local
- 662 contribution amount.
- 663 (5) A public water system or wastewater service provider may expend money collected as
- 664 the local contribution amount in the manner allowed by law other than this section.
- 665 Amounts collected under the local contribution amount belong to the public water
- 666 system or wastewater service provider.

667 Section 7. **Effective Date.**

- 668 (1) Except as provided in Subsection (2), this bill takes effect May 6, 2026.
- 669 (2) The actions affecting Section 73-10g-607 (Effective 07/01/26) take effect on July 1,
- 670 2026.