

Senator J. Stuart Adams proposes the following substitute bill:

WATER INFRASTRUCTURE FUNDING AMENDMENTS

2016 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: J. Stuart Adams

House Sponsor: _____

LONG TITLE

General Description:

This bill modifies the duties of the Board of Water Resources, the Division of Water Resources, and the State Water Development Commission.

Highlighted Provisions:

This bill:

- ▶ requires the Board of Water Resources and the Division of Water Resources, in conjunction with the State Water Development Commission, when making rules regarding the funding of a water infrastructure project, to:
 - establish criteria for better water data and data reporting;
 - establish new conservation targets;
 - institute a process for the independent verification of water data and a proposed project;
 - invite public involvement; and
 - set appropriate financing and repayment terms;
- ▶ requires a report, no later than October 30, 2016, to the Natural Resources, Agriculture, and Environment Interim Committee and the Legislative Management Committee; and
- ▶ makes technical changes.



26 **Money Appropriated in this Bill:**

27 This bill appropriates in fiscal year 2016-2017:

28 ▶ to the Division of Water Resources, as a one-time appropriation:

29 • from the Water Infrastructure Restricted Account, \$1,000,000, to fulfill the
30 duties described in Section 73-10g-105.

31 **Other Special Clauses:**

32 None

33 **Utah Code Sections Affected:**

34 AMENDS:

35 **73-10g-104**, as enacted by Laws of Utah 2015, Chapter 458

36 **73-10g-105**, as enacted by Laws of Utah 2015, Chapter 458

37 **73-27-103**, as enacted by Laws of Utah 2000, Chapter 124



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

40 Section 1. Section **73-10g-104** is amended to read:

41 **73-10g-104. Authorized use of the Water Infrastructure Restricted Account.**

42 Money in the restricted account is to be used for:

43 (1) the development of the state's undeveloped share of the Bear and Colorado [~~Rivers~~]
44 rivers, pursuant to existing interstate compacts governing both rivers as described in [~~Title 73;~~]
45 Chapter 26, Bear River Development Act, and Chapter 28, Lake Powell Pipeline Development
46 Act; ~~and~~

47 (2) repair, replacement, or improvement of federal water projects for local sponsors in
48 the state of Utah when federal funds are not available~~[-];~~ and

49 (3) study and development of rules, criteria, targets, processes, and plans, as described
50 in Subsection 73-10g-105(3).

51 Section 2. Section **73-10g-105** is amended to read:

52 **73-10g-105. Loans -- Rulemaking.**

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

56 (b) Subject to Chapter 26, Bear River Development Act, and Chapter 28, Lake Powell

57 Pipeline Development Act, the division and the board shall make rules, in accordance with
58 Title 63G, Chapter 3, Utah Administrative Rulemaking Act, in preparation to make loans from
59 available funds to develop the state's undeveloped share of the Bear and Colorado rivers.

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

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

62 (b) specify the criteria the division and the board shall consider in prioritizing and
63 awarding loans;

64 (c) specify the minimum qualifications for an individual who, or entity that, receives a
65 loan, including the amount of cost-sharing to be the responsibility of the individual or entity
66 applying for a loan;

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

68 (e) require all applicants for a loan to apply on forms provided by the division and in a
69 manner required by the division.

70 (3) The division and the board shall, in making the rules described in Subsection (1)
71 and in consultation with the State Water Development Commission created in Section
72 73-27-102:

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

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

75 (c) institute a process for the independent verification of the data described in
76 Subsection (3)(a);

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

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

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

82 (e) invite and recommend public involvement; and

83 (f) set appropriate financing and repayment terms.

84 (4) (a) The division, board, and State Water Development Commission shall, no later
85 than October 30, 2016, report to the Natural Resources, Agriculture, and Environment Interim
86 Committee and Legislative Management Committee on the rules established pursuant to
87 Subsections (1) and (3).

88 (b) After October 30, 2016, the division and the board shall provide regular updates to
89 the Legislative Management Committee on the progress made under this section, including
90 whether the division and board intend to issue a request for proposals.

91 Section 3. Section **73-27-103** is amended to read:

92 **73-27-103. Duties of commission.**

93 (1) The commission shall consider and make recommendations to the Legislature and
94 governor on the following issues:

95 ~~[(1)]~~ (a) how the water needs of the state's growing municipal and industrial sectors
96 will be met;

97 ~~[(2)]~~ (b) what the impact of federal regulations and legislation will be on the ability of
98 the state to manage and develop its compacted water rights;

99 ~~[(3)]~~ (c) how the state will fund water projects;

100 ~~[(4)]~~ (d) whether the state should become an owner and operator of water projects;

101 ~~[(5)]~~ (e) how the state will encourage the implementation of water conservation
102 programs; and

103 ~~[(6)]~~ (f) other water issues of statewide importance.

104 (2) The commission shall:

105 (a) consult with the Division of Water Resources and the Board of Water Resources
106 regarding:

107 (i) recommendations for rules, criteria, targets, processes, and plans described in
108 Subsection [73-10g-105\(3\)](#); and

109 (ii) whether the Division of Water Resources and Board of Water Resources shall issue
110 a request for proposals to assist in creating the rules, criteria, targets, processes, and plans
111 described in Subsection [73-10g-105\(3\)](#); and

112 (b) report the recommendations described in Subsection (2)(a) to the Natural
113 Resources, Agriculture, and Environment Interim Committee and the Legislative Management
114 Committee by October 30, 2016.

115 Section 4. **Appropriation.**

116 Under the terms and conditions of Title 63J, Chapter 1, Budgetary Procedures Act, for
117 the fiscal year beginning July 1, 2016, and ending June 30, 2017, the following sums of money
118 are appropriated from resources not otherwise appropriated, or reduced from amounts

119 previously appropriated, out of the funds or amounts indicated. These sums of money are in
120 addition to amounts previously appropriated for fiscal year 2017.

121 To Department of Natural Resources - Division of Water Resources

122 From Water Infrastructure Restricted Account, one-time \$1,000,000

123 Schedule of Programs:

124 Administration \$1,000,000

125 The Legislature intends that the appropriation of \$1,000,000 to the Division of Water
126 Resources be used by the division, in cooperation and consultation with the Board of Water
127 Resources and the State Water Development Commission, in fulfilling the division's
128 responsibilities under Section [73-10g-105](#), including the possibility of issuing a request for
129 proposals, in accordance with Title 63G, Chapter 6a, Utah Procurement Code. The Legislature
130 intends that, before the division issues a request for proposals, the division seeks the approval
131 of the Legislative Management Committee. Under the terms of Subsection [63J-1-603\(3\)\(a\)](#), the
132 Legislature intends that the appropriation provided in this bill not lapse at the close of fiscal
133 year 2017. The use of any nonlapsing funds is limited to fulfilling the duties described in
134 Section [73-10g-105](#), with the Division of Water Resources and the Board of Water Resources
135 providing the Legislative Management Committee with regular updates on how the money is
136 being spent.