

## SB0052S04 compared with SB0052S03

~~{deleted text}~~ shows text that was in SB0052S03 but was deleted in SB0052S04.

Inserted text shows text that was not in SB0052S03 but was inserted into SB0052S04.

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Senator Jacob L. Anderegg proposes the following substitute bill:

### SECONDARY WATER REQUIREMENTS

2019 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Jacob L. Anderegg**

House Sponsor: Timothy D. Hawkes

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#### LONG TITLE

##### General Description:

This bill addresses the metering of pressurized secondary water.

##### Highlighted Provisions:

This bill:

- ~~{ → addresses forfeiture of water and the sale of surplus water;~~
- ~~{~~
  - ▶ defines terms;
  - ▶ requires a secondary water ~~{supplier to report certain information to the Division of Water Rights each year;~~
- ~~→ requires a secondary water provider:~~
- ~~• } provider that begins design work for new secondary water services to certain users on or after April 1, 2020, to meter the use of water;~~
- ~~{ • to meter the use of all of the secondary water provider's commercial, industrial,~~

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- ~~institutional, and residential users by 2039;~~
- ~~to develop and submit to the Division of Water Rights a strategy for meeting the 2039 metering requirement; and~~
- ~~to provide educational material to certain users;~~
- ~~authorizes the Division of Water Rights to make, in conjunction with the Division of Water Resources, rules regarding the requirements of and the procedure for submitting a required report or strategy;~~
- ~~provides for exemptions;~~
- ‡ ~~requires a secondary water supplier to {finance at least 25% of the total cost to meet secondary water metering requirements through means other than those provided for in this bill;~~
- ~~requires \$20,000,000 in loans and grants available each year for the financing of secondary water metering;~~
- ~~authorizes rules regarding loans and grants for financing secondary water metering and exemptions;~~
- ~~creates the Secondary Water Metering Restricted Account (account);~~
- ~~requires grants from the account to assist secondary water suppliers to finance metering of the use of secondary water; and~~
- ~~authorizes} develop a plan related to metering for submission to the Division of Water Resources ~~{ to make rules for the administration of the account};~~~~
- ‡ requires a study of issues related to metering secondary water by a task force within the Department of Natural Resources and reporting its findings; and
- ‡ permits loans to fund metering of secondary water.

### Money Appropriated in this Bill:

None

### Other Special Clauses:

None

### Utah Code Sections Affected:

~~{AMENDS:~~

~~73-1-4, as last amended by Laws of Utah 2017, Chapter 132~~

~~{ENACTS:~~

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73-10-34, Utah Code Annotated 1953

~~{ 73-10-35, Utah Code Annotated 1953~~

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

Section 1. Section ~~{73-1-4}~~; 73-10-34 is ~~{amended to read:~~

~~73-1-4. Reversion to the public by abandonment or forfeiture for nonuse within seven years -- Nonuse application:~~

~~(1) As used in this section:~~

~~(a) "Public entity" means:~~

~~(i) the United States;~~

~~(ii) an agency of the United States;~~

~~(iii) the state;~~

~~(iv) a state agency;~~

~~(v) a political subdivision of the state; or~~

~~(vi) an agency of a political subdivision of the state.~~

~~(b) "Public water supplier" means an entity that:~~

~~(i) supplies water, directly or indirectly, to the public for municipal, domestic, secondary watering, or industrial use; and~~

~~(ii) is:~~

~~(A) a public entity;~~

~~(B) a water corporation, as defined in Section 54-2-1, that is regulated by the Public Service Commission;~~

~~(C) a community water system:~~

~~(I) that:~~

~~(Aa) supplies water to at least 100 service connections used by year-round residents; or~~

~~(Bb) regularly serves at least 200 year-round residents; and~~

~~(II) whose voting members:~~

~~(Aa) own a share in the community water system;~~

~~(Bb) receive water from the community water system in proportion to the member's share in the community water system; and~~

~~(Cc) pay the rate set by the community water system based on the water the member~~

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receives; or

~~—— (D) a water users association;~~

~~—— (I) in which one or more public entities own at least 70% of the outstanding shares; and~~

~~—— (II) that is a local sponsor of a water project constructed by the United States Bureau of Reclamation.~~

~~—— (c) "Shareholder" means the same as that term is defined in Section 73-3-3.5.~~

~~—— (d) "Water company" means the same as that term is defined in Section 73-3-3.5.~~

~~—— (e) "Water supply entity" means an entity that supplies water as a utility service or for irrigation purposes and is also:~~

~~—— (i) a municipality, water conservancy district, metropolitan water district, irrigation district, or other public agency;~~

~~—— (ii) a water company regulated by the Public Service Commission; or~~

~~—— (iii) any other owner of a community water system.~~

~~—— (2) (a) Except as provided in Subsection (2)(b) or (c), when an appropriator or the appropriator's successor in interest abandons or ceases to beneficially use all or a portion of a water right for a period of at least seven years, the water right or the unused portion of that water right is subject to forfeiture in accordance with Subsection (2)(c).~~

~~—— (b) (i) An appropriator or the appropriator's successor in interest may file an application for nonuse with the state engineer.~~

~~—— (ii) A nonuse application may be filed on all or a portion of the water right, including water rights held by a water company.~~

~~—— (iii) After giving written notice to the water company, a shareholder may file a nonuse application with the state engineer on the water represented by the stock.~~

~~—— (iv) (A) The approval of a nonuse application excuses the requirement of beneficial use of water from the date of filing.~~

~~—— (B) The time during which an approved nonuse application is in effect does not count toward the seven-year period described in Subsection (2)(a).~~

~~—— (v) The filing or approval of a nonuse application or a series of nonuse applications under Subsection (3) does not:~~

~~—— (A) constitute beneficial use of a water right;~~

~~—— (B) protect a water right that is already subject to forfeiture under this section; or~~

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~~—— (C) bar a water right owner from:~~

~~—— (I) using the water under the water right as permitted under the water right; or~~

~~—— (II) claiming the benefit of Subsection (2)(c) or any other forfeiture defense provided by law:~~

~~—— (c) (i) Except as provided in Subsection (2)(c)(ii), a water right or a portion of the water right may not be forfeited unless a judicial action to declare the right forfeited is commenced:~~

~~—— (A) within 15 years from the end of the latest period of nonuse of at least seven years; or~~

~~—— (B) within the combined time of 15 years from the end of the most recent period of nonuse of at least seven years and the time the water right was subject to one or more nonuse applications:~~

~~—— (ii) (A) The state engineer, in a proposed determination of rights filed with the court and prepared in accordance with Section 73-4-11, may not assert that a water right was forfeited unless the most recent period of nonuse of seven years ends or occurs:~~

~~—— (I) during the 15 years immediately preceding the day on which the state engineer files the proposed determination of rights with the court; or~~

~~—— (II) during the combined time immediately preceding the day on which the state engineer files the proposed determination of rights consisting of 15 years and the time the water right was subject to one or more approved nonuse applications:~~

~~—— (B) After the day on which a proposed determination of rights is filed with the court a person may not assert that a water right subject to that determination was forfeited before the issuance of the proposed determination, unless the state engineer asserts forfeiture in the proposed determination, or a person, in accordance with Section 73-4-11, makes an objection to the proposed determination that asserts forfeiture:~~

~~—— (iii) A water right, found to be valid in a decree entered in an action for general determination of rights under Chapter 4, Determination of Water Rights, is subject to a claim of forfeiture based on a seven-year period of nonuse that begins after the day on which the state engineer filed the related proposed determination of rights with the court, unless the decree provides otherwise:~~

~~—— (iv) If in a judicial action a court declares a water right forfeited, on the date on which~~

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~~the water right is forfeited:~~

~~—— (A) the right to beneficially use the water reverts to the public; and~~

~~—— (B) the water made available by the forfeiture:~~

~~—— (I) first, satisfies other water rights in the hydrologic system in order of priority date;~~

~~and~~

~~—— (II) second, may be appropriated as provided in this title.~~

~~—— (d) Except as provided in Subsection (2)(c), this section applies whether the unused or abandoned water or a portion of the water is:~~

~~—— (i) permitted to run to waste; or~~

~~—— (ii) beneficially used by others without right with the knowledge of the water right holder:~~

~~—— (e) This section does not apply to:~~

~~—— (i) the beneficial use of water according to a lease or other agreement with the appropriator or the appropriator's successor in interest;~~

~~—— (ii) a water right if its place of use is contracted under an approved state agreement or federal conservation following program;~~

~~—— (iii) those periods of time when a surface water or groundwater source fails to yield sufficient water to satisfy the water right;~~

~~—— (iv) a water right when water is unavailable because of the water right's priority date;~~

~~—— (v) a water right to store water in a surface reservoir or an aquifer, in accordance with Title 73, Chapter 3b, Groundwater Recharge and Recovery Act, if:~~

~~—— (A) the water is stored for present or future beneficial use; or~~

~~—— (B) storage is limited by a safety, regulatory, or engineering restraint that the appropriator or the appropriator's successor in interest cannot reasonably correct;~~

~~—— (vi) a water right if a water user has beneficially used substantially all of the water right within a seven-year period, provided that this exemption does not apply to the adjudication of a water right in a general determination of water rights under Chapter 4, Determination of Water Rights;~~

~~—— (vii) except as provided by Subsection (2)(g), a water right:~~

~~—— (A) (I) owned by a public water supplier;~~

~~—— (II) represented by a public water supplier's ownership interest in a water company; or~~

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- ~~—— (H) to which a public water supplier owns the right of beneficial use; and~~
- ~~—— (B) conserved or held for the reasonable future water requirement of the public, which is determined according to Subsection (2)(f);~~
- ~~—— (viii) a supplemental water right during a period of time when another water right available to the appropriator or the appropriator's successor in interest provides sufficient water so as to not require beneficial use of the supplemental water right; or~~
- ~~—— (ix) a period of nonuse of a water right during the time the water right is subject to an approved change application where the applicant is diligently pursuing certification:~~
- ~~—— (f) (i) The reasonable future water requirement of the public is the amount of water needed in the next 40 years by:~~
  - ~~—— (A) the persons within the public water supplier's reasonably anticipated service area based on reasonably anticipated population growth; or~~
  - ~~—— (B) other water use demand:~~
- ~~—— (ii) For purposes of Subsection (2)(f)(i), a community water system's reasonably anticipated service area:~~
  - ~~—— (A) is the area served by the community water system's distribution facilities; and~~
  - ~~—— (B) expands as the community water system expands the distribution facilities in accordance with Title 19, Chapter 4, Safe Drinking Water Act:~~
- ~~—— (g) For a water right acquired by a public water supplier on or after May 5, 2008, Subsection (2)(e)(vii) applies if:~~
  - ~~—— (i) the public water supplier submits a change application under Section 73-3-3; and~~
  - ~~—— (ii) the state engineer approves the change application:~~
- ~~—— (3) (a) The state engineer shall furnish a nonuse application form requiring the following information:~~
  - ~~—— (i) the name and address of the applicant;~~
  - ~~—— (ii) a description of the water right or a portion of the water right, including the point of diversion, place of use, and priority;~~
  - ~~—— (iii) the quantity of water;~~
  - ~~—— (iv) the period of use;~~
  - ~~—— (v) the extension of time applied for;~~
  - ~~—— (vi) a statement of the reason for the nonuse of the water; and~~

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- ~~—— (vii) any other information that the state engineer requires.~~
- ~~—— (b) (i) Upon receipt of the application, the state engineer shall publish a notice of the application once a week for two successive weeks:
  - ~~—— (A) in a newspaper of general circulation in the county in which the source of the water supply is located and where the water is to be beneficially used; and~~
  - ~~—— (B) as required in Section 45-1-101.~~~~
- ~~—— (ii) The notice shall:
  - ~~—— (A) state that an application has been made; and~~
  - ~~—— (B) specify where the interested party may obtain additional information relating to the application.~~~~
- ~~—— (c) Any interested person may file a written protest with the state engineer against the granting of the application:
  - ~~—— (i) within 20 days after the notice is published, if the adjudicative proceeding is informal; and~~
  - ~~—— (ii) within 30 days after the notice is published, if the adjudicative proceeding is formal.~~
  - ~~—— (d) In any proceedings to determine whether the nonuse application should be approved or rejected, the state engineer shall follow the procedures and requirements of Title 63G, Chapter 4, Administrative Procedures Act.~~~~
- ~~—— (e) After further investigation, the state engineer may approve or reject the application.~~
- ~~—— (4) (a) The state engineer shall grant a nonuse application on all or a portion of a water right for a period of time not exceeding seven years if the applicant shows a reasonable cause for nonuse:
  - ~~—— (b) A reasonable cause for nonuse includes:
    - ~~—— (i) a demonstrable financial hardship or economic depression;~~
    - ~~—— (ii) physical causes or changes that render use beyond the reasonable control of the water right owner so long as the water right owner acts with reasonable diligence to resume or restore the use;~~
    - ~~—— (iii) the initiation of water conservation or efficiency practices, or the operation of a groundwater recharge recovery program approved by the state engineer;~~
    - ~~—— (iv) operation of legal proceedings;~~~~~~

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~~— (v) the holding of a water right or stock in a mutual water company without use by any water supply entity to meet the reasonable future requirements of the public;~~

~~— (vi) situations where, in the opinion of the state engineer, the nonuse would assist in implementing an existing, approved water management plan; or~~

~~— (vii) the loss of capacity caused by deterioration of the water supply or delivery equipment if the applicant submits, with the application, a specific plan to resume full use of the water right by replacing, restoring, or improving the equipment.~~

~~— (5) (a) Sixty days before the expiration of a nonuse application, the state engineer shall notify the applicant by mail or by any form of electronic communication through which receipt is verifiable, of the date when the nonuse application will expire.~~

~~— (b) An applicant may file a subsequent nonuse application in accordance with this section.~~

~~— Section 2. Section ~~73-10-34~~ is } enacted to read:~~

### **73-10-34. Secondary water metering.**

(1) As used in this section:

~~{ (a) "Board" means the Board of Water Resources created in Section 73-10-1.5.~~

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

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

~~{ (c) "Connection" means a connection between a pressurized secondary water supply system and a user.~~

~~‡ (~~f~~~~d~~~~‡~~b) (i) "Industrial user" means a secondary water user that manufactures or produces materials.~~

~~(ii) "Industrial user" includes a manufacturing plant, an oil and gas producer, and a mining company.~~

~~(~~f~~~~e~~~~‡~~c) (i) "Institutional user" means a secondary water user that is dedicated to public service, regardless of ownership.~~

~~(ii) "Institutional user" includes a school, church, hospital, park, golf course, and government facility.~~

~~(~~f~~~~f~~~~‡~~d) (i) "Residential user" means a secondary water user in a residence.~~

~~(ii) "Residential user" includes a single-family or multi-family home, apartment,~~

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duplex, twin home, condominium, or planned community.

~~(f)g~~e) "Secondary water" means water that is:

(i) not culinary or water used on land assessed under Title 59, Chapter 2, Part 5,

Farmland Assessment Act; and

(ii) delivered to and used by an end consumer for the irrigation of landscaping or a garden.

~~(h)f~~ "Secondary water supplier" means an entity that supplies pressurized secondary water.

(2) A secondary water supplier that begins design work for new service on or after April 1, 2020, to a commercial, industrial, institutional, or residential user shall meter the use of pressurized secondary water by the users receiving that new service.

(3) (a) ~~Each~~A secondary water ~~supplier~~provider that ~~supplies~~provides pressurized secondary water to a commercial, industrial, institutional, or residential user shall ~~meter~~develop a plan for metering the use of the pressurized ~~secondary water by December 31, 2039~~.

~~Each secondary water supplier shall finance at least 25% of the supplier's total cost to comply~~water in accordance with this Subsection (3) ~~without the use of:~~

~~(i) a loan described in Subsection (6); or~~

~~(ii) a grant described in Section 73-10-35.~~

~~(c) If a secondary water provider acquires a metering device that has the ability to provide flow data, usage data, or both in real-time, the secondary water provider shall make the data available to the user in an open-source format upon request.~~

~~(4) A secondary water supplier shall:~~

~~(a) on or before March 31 of each year, report to the Division of Water Rights:~~

~~(i) for commercial, industrial, institutional, and residential users whose pressurized secondary water use is metered, the number of acre feet of pressurized secondary water the secondary water supplier supplied to the commercial, industrial, institutional, and residential users during the preceding 12-month period;~~

~~(ii) the number of secondary water meters within the secondary water supplier's service boundary;~~

~~(iii) a description of the secondary water supplier's service boundary;~~

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~~— (iv) the number of connections in each of the following categories through which the secondary water supplier supplies pressurized secondary water:~~

~~— (A) commercial;~~

~~— (B) industrial;~~

~~— (C) institutional; and~~

~~— (D) residential;~~

~~— (v) for each size of connection, the number of connections in that size through which the secondary water supplier supplies pressurized secondary water; and~~

~~— (vi) the dates of service during the preceding 12-month period in which the secondary water supplier supplied pressurized secondary water;~~

~~— (b) on or before March 31, 2020, develop and submit to the Division of Water Rights the secondary water supplier's strategy to comply with the metering requirement described in Subsection (3); and~~

~~— (c) each month that the secondary water supplier provides service, provide each of the secondary water supplier's metered commercial, industrial, institutional, and residential users with educational material regarding the user's pressurized secondary water use that shall include:~~

~~— (i) the user's pressurized secondary water use in relation to others in the area; and~~

~~— (ii) one or more suggestions for conserving pressurized secondary water use.~~

~~— (5) The Division of Water Rights in conjunction}.~~

~~(b) The plan required by this Subsection (3) shall be filed with the Division of Water Resources {shall make rules, in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, establishing:~~

~~— (a) the requirements of and the procedure for submitting a report under Subsection (4)(a); and~~

~~— (b) the requirements of and the procedure for submitting a strategy under Subsection (4)(b);~~

~~(6); by no later than December 31, 2019, and address the process the secondary water supplier will follow to implement metering, including:~~

~~(i) the costs of full metering by the secondary water provider;~~

~~(ii) how long it would take the secondary water provider to complete full metering,~~

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including an anticipated begin date and completion date; and

(iii) how the secondary water supplier will finance metering.

(4) (a) The Department of Natural Resources shall oversee a study by the Utah Water Task Force within the Department of Natural Resources of issues related to metering secondary water in the state including cost, timing, the need for exemptions, resources to pay the cost of metering, and any other issues the Department of Natural Resources finds relevant.

(b) The Department of Natural Resources shall report the results of the study to the Natural Resources, Agriculture, and Environment Interim Committee by no later than the November interim meeting of 2019.

(5) (a) Beginning July 1, 2019, ~~and ending June 30, 2039,~~ the ~~board shall~~ Board of Water Resources may make ~~at least~~ up to \$10,000,000 in low-interest loans available each year:

(i) from the Water Resources Conservation and Development Fund, created in Section 73-10-24; and

(ii) for financing ~~, in conjunction with grants from the Secondary Water Metering Restricted Account, created in Section 73-10-35,~~ the cost of secondary water metering ~~as described in Subsection (3).~~

(b) The Division of Water Resources shall ensure that ~~:~~

~~(i) in accordance with Subsection (3), the total amount available to a secondary water supplier through:~~

~~(A) a loan described in this Subsection (6) does not exceed 25% of the supplier's total cost to comply with Subsection (3); and~~

~~(B) a grant described in Section 73-10-35 does not exceed 50% of the supplier's total cost to comply with Subsection (3); and~~

~~(ii) for ~~the purpose~~ purposes of determining the amount of a loan under this Subsection (~~6~~5) ~~or a grant described in Section 73-10-35,~~ the calculation of a secondary water supplier's total cost to ~~comply with Subsection (3)~~ meter secondary water includes secondary water metering costs the secondary water supplier:~~

~~(A) i~~ incurs in or before May 2019; or

~~(B) ii~~ finances through a loan, bond, grant, subsidy ~~,~~ program, or ~~any~~ other means not described in this Subsection (~~6~~5) ~~or Section 73-10-35.~~

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(c) The Division of Water Resources and ~~board~~the Board of Water Resources shall make rules in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, establishing the criteria and process for receiving a loan described in this Subsection (~~6~~):

~~(7) A commercial, industrial, institutional, or residential user may not use culinary water for the regular irrigation of landscaping or a garden, if:~~

~~(a) the user has a connection to secondary water;~~

~~(b) the user's area is served with both culinary and secondary water; and~~

~~(c) the user's secondary water rates exceed the user's culinary water rates.~~

~~(8) The Division of Water Resources may exempt a secondary water supplier from the requirements of this section if, after testing, there is no meter that a meter manufacturer will warrant for the water in a specific location. In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the Division of Water Resources may make rules for the implementation of this Subsection (8):~~

~~(9) This section does not apply to a secondary water supplier to the extent that the secondary water supplier supplies secondary water to a county of the third, fourth, fifth, or sixth class:~~

~~(10) The Division of Water Resources may exempt from this section a secondary water supplier that:~~

~~(a) provides both culinary and pressurized secondary irrigation water; and~~

~~(b) demonstrates, through a study conducted by a person licensed under Title 58, Occupations and Professions, as an engineer or geologist, to the satisfaction of the Division of Water Resources, that the estimate recharge into the aquifer or response to the levels of ground water wells has a significant impact and warrants an exemption.~~

~~(11) The selling by a secondary water supplier of surplus water, as authorized for a municipality under Subsection 10-8-14(2)(d), and not restricted for any other water user, if used by the purchaser for beneficial purposes fulfills the requirements of use contemplated in Subsection 73-1-4(2):~~

~~Section 3. Section 73-10-35 is enacted to read:~~

~~73-10-35. Creation of Secondary Water Metering Restricted Account -- Awarding of grants from the restricted account:~~

~~(1) There is created with the General Fund a restricted account known as the Secondary~~

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### Water Metering Restricted Account:

- ~~—— (2) The restricted account consists of:~~
    - ~~—— (a) any voluntary contributions received;~~
    - ~~—— (b) appropriations the Legislature makes to the restricted account; and~~
    - ~~—— (c) interest or other earnings accrued pursuant to Subsection (3)(b).~~
  - ~~—— (3) The state treasurer shall:~~
    - ~~—— (a) invest the money in the restricted account by following the procedures and requirements of Title 51, Chapter 7, State Money Management Act; and~~
    - ~~—— (b) deposit all interest or other earnings derived from those investments into the restricted account.~~
  - ~~—— (4) Upon appropriation from the Legislature, the Division of Water Resources shall make grants from the Secondary Water Metering Restricted Account:~~
    - ~~—— (a) to assist secondary water suppliers, as defined in Section 73-10-34, to comply with Subsection 73-10-34(3);~~
    - ~~—— (b) beginning July 1, 2019, and ending June 30, 2039, in the total amount of up to \$10,000,000 each year; and~~
    - ~~—— (c) in accordance with Subsection 73-10-34(6)(b).~~
  - ~~—— (5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the Division of Water Resources shall make rules establishing:~~
    - ~~—— (a) criteria for awarding grants under this section; and~~
    - ~~—— (b) criteria for determining eligibility for assistance under this section, specifically including factors such as the size of the secondary water supplier's budget, the secondary water supplier's ability to contribute to the cost of complying with Subsection 73-10-34(4), and the water rates that would have to be charged to cover the secondary water supplier's contribution to the costs.~~
- ‡5), except the rules may not include prepayment penalties.