Representative Keven J. Stratton proposes the following substitute bill:

**CAPITAL ASSETS RELATED TO WATER**

**2022 GENERAL SESSION**

**STATE OF UTAH**

**Chief Sponsor: Keven J. Stratton**

Senate Sponsor: Scott D. Sandall

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**LONG TITLE**

**General Description:**

This bill addresses management of capital assets related to water.

**Highlighted Provisions:**

This bill:

- defines terms;
- requires wastewater service providers or water providers to commit to adopt capital asset management plans under certain circumstances;
- requires rulemaking related to capital asset management plans;
- addresses the scope of certain provisions;
- requires participation in surveys or evaluations;
- establishes a review and report related to capital asset management; and
- makes technical changes.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

None

**Utah Code Sections Affected:**

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

Section 1. Section 19-5-201 is enacted to read:

Part 2. Capital Assets for Wastewater

19-5-201. Definitions.

As used in this part:

(1) "Capital asset" means an asset that:

(a) is a significant investment or an essential component necessary to provide a wastewater service, including:

(i) a facility;
(ii) infrastructure, whether above or below ground level;
(iii) equipment; or
(iv) a communications network; and
(b) is owned by a wastewater service provider.

(2) "Governing body" means a political subdivision governing body defined in Section 63A-15-102.

(3) "Large underground wastewater disposal system" is as defined by rule made by the board in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act.

(4) "Wastewater service provider" means a political subdivision of the state that owns, operates, or otherwise sponsors through agreement a sewerage system, a treatment works, or large underground wastewater disposal system for the collection, storage, treatment, or disposal of domestic waste.
Section 2. Section 19-5-202 is enacted to read:

**19-5-202. Capital asset management.**

(1) As a condition of receiving state or federal financing or grants to be used for an improvement to a capital asset related to wastewater or sewer infrastructure, the governing body of a wastewater service provider shall commit to adopt a capital asset management plan.

(2) The board shall make rules, in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, to establish the elements of a capital asset management plan required by Subsection (1).

Section 3. Section 19-5-203 is enacted to read:

**19-5-203. Participation in survey.**

A wastewater service provider shall participate in the United States Environmental Protection Agency's 2022 Clean Water Needs Survey and deliver the required data to the survey data portal by no later than December 31, 2022.

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

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

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

(i) the director of the Division of Water Resources;

(ii) the executive secretary of the Water Quality Board;

(iii) the executive secretary of the Drinking Water Board;

(iv) the director of the Housing and Community Development Division or the director's designee; and

(v) the state treasurer or the state treasurer's designee.

(b) The council shall choose a chair and vice chair from among its own members.

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

(i) Section 63A-3-106;

(ii) Section 63A-3-107; and

(iii) rules made by the Division of Finance pursuant to Sections 63A-3-106 and 63A-3-107.
(2) The purposes of the council are to:
   (a) coordinate the use and application of the funds available to the state to give
       financial assistance to political subdivisions of this state so as to promote the conservation,
       development, treatment, restoration, and protection of the waters of this state;
   (b) promote the coordination of the financial assistance programs administered by the
       state and the use of the financing alternative most economically advantageous to the state and
       its political subdivisions;
   (c) promote the consideration by the Board of Water Resources, Drinking Water
       Board, and Water Quality Board of regional solutions to the water and wastewater needs of
       individual political subdivisions of this state; \[and\]
   (d) assess the adequacy and needs of the state and its political subdivisions with respect
       to water-related infrastructures and advise the governor and the Legislature on those funding
       needs[\]; and
   (e) conduct reviews and reports on water-related infrastructure issues as directed by
       statute.

Section 5. Section 73-10g-401 is enacted to read:

Part 4. Capital Assets for Water

73-10g-401. Definitions.

As used in this part:

(1) "Capital asset" means an asset that:
   (a) is a significant investment or an essential component necessary to provide water
       service, including:
       (i) a facility;
       (ii) infrastructure, whether above or below ground level;
       (iii) equipment; or
       (iv) a communications network; and
   (b) is owned by a water provider.

(2) "Governing body" means:
   (a) for a political subdivision, the political subdivision governing body defined in
       Section 63A-15-102; or
   (b) for a private entity, the private entity's board of directors, managing members,
partners, or equivalent body.

(3) "Retail water supplier" means the same as that term is defined in Section 19-4-102.

(4) "Water conservancy district" means the same as that term is defined in Section 73-10-32.

(5) "Water provider" means:

(a) a retail water supplier; or

(b) a water conservancy district.

Section 6. Section 73-10g-402 is enacted to read:

73-10g-402. Capital asset management.

(1) As a condition of receiving state or federal financing or grants to be used for an improvement to a capital asset related to water infrastructure, the governing body of a water provider shall commit to adopt a capital asset management plan.

(2) (a) The Drinking Water Board shall make rules, in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, to establish the elements of a capital asset management plan required under Subsection (1) for a water provider that is a retail water supplier.

(b) The Board of Water Resources shall make rules, in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, to establish the elements of a capital asset management plan required under Subsection (1) for a water provider that is a water conservancy district.

(3) A qualified water conservancy district, as defined in Section 17B-2a-1010, is not subject to this section but shall comply with Section 17B-2a-1010.

Section 7. Section 73-10g-403 is enacted to read:

73-10g-403. Participation in survey or evaluation.

A water provider shall participate in regular infrastructure needs surveys or evaluations and shall complete the asset-related sections of a survey or evaluation within the deadline established by the Division of Drinking Water or the Division of Water Resources.

Section 8. Section 73-10g-404 is enacted to read:

73-10g-404. Review and reporting by the Water Development Coordinating Council.

(1) As used in this section:
(a) "Council" means the Water Development Coordinating Council created by Sections 73-10c-3 and 79-2-201.

(b) "Wastewater service provider" means the same as that term is defined in Section 19-5-202.

(2) The council shall review:
   (a) best practices related to the assessment, evaluation, maintenance, and replacement of capital assets of wastewater service providers or water providers; and
   (b) costs associated with:
      (i) the best practices described in Subsection (2)(a); and
      (ii) adoption of a capital asset management plan.

(3) The council shall finalize the council's review and report to the Natural Resources, Agriculture, and Environment Interim Committee by no later than the 2022 November interim meeting of the Natural Resources, Agriculture, and Environment Interim Committee.