

WATER INFRASTRUCTURE FUNDING STUDY

2023 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Daniel McCay

House Sponsor: Walt Brooks

LONG TITLE

Committee Note:

The Revenue and Taxation Interim Committee recommended this bill.

Legislative Vote: 13 voting for 0 voting against 5 absent

General Description:

This bill addresses the use of property tax revenue for water.

Highlighted Provisions:

This bill:

- ▶ directs the Department of Natural Resources (department) to study the use of property tax revenue to fund water infrastructure, treatment, and delivery; and

- ▶ requires the department to report to the Natural Resources, Agriculture, and Environment Interim Committee and the Revenue and Taxation Interim Committee.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

63I-2-279, as last amended by Laws of Utah 2022, Chapter 68

ENACTS:

79-2-407, Utah Code Annotated 1953



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

Section 1. Section **63I-2-279** is amended to read:

63I-2-279. Repeal dates: Title 79.

(1) Section 79-2-206, Transition, is repealed July 1, 2024.

(2) Section 79-2-407, Study of the Use of Property Tax Revenue for Water, is repealed July 1, 2025.

~~[(2) Title 79, Chapter 6, Part 8, Voluntary Home Energy Information Pilot Program Act, is repealed January 1, 2022.]~~

Section 2. Section **79-2-407** is enacted to read:

79-2-407. Study of the Use of Property Tax Revenue for Water.

(1) The department shall study the use of property tax revenue for costs related to supplying drinking and irrigation water, including infrastructure, treatment, and delivery.

(2) As part of the study described in Subsection (1), the department shall:

(a) review local governments' use of property tax revenue for construction, operation, maintenance, repair, and replacement of water facilities, including facilities related to:

(i) diversion, treatment, and storage of drinking and irrigation water; and

(ii) the delivery of drinking and irrigation water to end users;

(b) analyze and develop policies that would ensure tax exempt entities contribute equally to the cost of water infrastructure paid for with property tax revenue;

(c) develop one or more tiered water rate structures that promote water conservation and ensure reasonable revenue stability;

(d) analyze the effect of eliminating or reducing property tax revenue as a funding source for costs related to water infrastructure, treatment, or delivery, including:

(i) the effect on retail water rates and retail customer water use and demand;

(ii) wholesale water suppliers' ability to prepare for anticipated local and regional water demand; and

(iii) water development costs associated with new growth.

(3) (a) The department shall convene a working group to help the department conduct the study described in this section.

(b) The department shall invite the following individuals to participate in the working

59 group:
60 (i) one or more state legislators;
61 (ii) a representative of the Governor's Office of Planning and Budget;
62 (iii) the director of the Division of Water Resources;
63 (iv) a representative of the Kem C. Gardner Policy Institute;
64 (v) a representative of a water trust created under Section [65A-16-301](#);
65 (vi) a representative of a non-profit corporation or other entity with a physical presence
66 in at least five counties within the state;
67 (vii) a representative of the Utah School Boards Association;
68 (viii) a representative of the Utah Association of Counties;
69 (ix) a representative of the Utah League of Cities and Towns;
70 (x) a representative of the Utah Association of Special Districts;
71 (xi) a representative of a qualified water conservancy district as defined in Section
72 [17B-2a-1010](#);
73 (xii) a representative of a large municipal drinking water system as defined in Section
74 [10-8-22](#);
75 (xiii) a representative of an association of homebuilders in the state;
76 (xiv) a representative of an association of manufacturers in the state; and
77 (xv) a representative of a chamber of commerce of a first or second class county.
78 (4) On or before October 30, 2024, the department shall provide a report of the
79 department's findings, including any recommended legislative action, to the Natural Resources,
80 Agriculture, and Environment Interim Committee and the Revenue and Taxation Interim
81 Committee.