

1 **WATER LAW - FORFEITURE EXEMPTIONS**

2 2015 GENERAL SESSION

3 STATE OF UTAH

4 **Chief Sponsor: Margaret Dayton**

5 House Sponsor: Michael E. Noel

7 **LONG TITLE**

8 **General Description:**

9 This bill modifies provisions relating to the abandonment or forfeiture of water.

10 **Highlighted Provisions:**

11 This bill:

12 ▶ clarifies that abandonment and forfeiture of water provisions do not apply to a water
13 right for nonuse during the period of time in which the water right is subject to an
14 approved change application where the applicant is diligently pursuing certification;
15 and

16 ▶ makes technical corrections.

17 **Money Appropriated in this Bill:**

18 None

19 **Other Special Clauses:**

20 None

21 **Utah Code Sections Affected:**

22 AMENDS:

23 **73-1-4**, as last amended by Laws of Utah 2013, Chapters 221 and 380

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

26 Section 1. Section **73-1-4** is amended to read:

27 **73-1-4. Reversion to the public by abandonment or forfeiture for nonuse within**
28 **seven years -- Nonuse application.**

29 (1) As used in this section:

- 30 (a) "Public entity" means:
- 31 (i) the United States;
- 32 (ii) an agency of the United States;
- 33 (iii) the state;
- 34 (iv) a state agency;
- 35 (v) a political subdivision of the state; or
- 36 (vi) an agency of a political subdivision of the state.
- 37 (b) "Public water supplier" means an entity that:
- 38 (i) supplies water, directly or indirectly, to the public for municipal, domestic, or
- 39 industrial use; and
- 40 (ii) is:
- 41 (A) a public entity;
- 42 (B) a water corporation, as defined in Section 54-2-1, that is regulated by the Public
- 43 Service Commission;
- 44 (C) a community water system:
- 45 (I) that:
- 46 (Aa) supplies water to at least 100 service connections used by year-round residents; or
- 47 (Bb) regularly serves at least 200 year-round residents; and
- 48 (II) whose voting members:
- 49 (Aa) own a share in the community water system;
- 50 (Bb) receive water from the community water system in proportion to the member's
- 51 share in the community water system; and
- 52 (Cc) pay the rate set by the community water system based on the water the member
- 53 receives; or
- 54 (D) a water users association:
- 55 (I) in which one or more public entities own at least 70% of the outstanding shares; and
- 56 (II) that is a local sponsor of a water project constructed by the United States Bureau of
- 57 Reclamation.

- 58 (c) "Shareholder" is as defined in Section 73-3-3.5.
- 59 (d) "Water company" is as defined in Section 73-3-3.5.
- 60 (e) "Water supply entity" means an entity that supplies water as a utility service or for

61 irrigation purposes and is also:

- 62 (i) a municipality, water conservancy district, metropolitan water district, irrigation
- 63 district, or other public agency;
- 64 (ii) a water company regulated by the Public Service Commission; or
- 65 (iii) any other owner of a community water system.

66 (2) (a) Except as provided in Subsection (2)(b) or (e), when an appropriator or the

67 appropriator's successor in interest abandons or ceases to use all or a portion of a water right

68 for a period of seven years, the water right or the unused portion of that water right is subject to

69 forfeiture in accordance with Subsection (2)(c).

70 (b) (i) An appropriator or the appropriator's successor in interest may file an

71 application for nonuse with the state engineer.

72 (ii) If a person described in Subsection (2)(b)(i) files and receives approval on a nonuse

73 application, nonuse of the water right subject to the application is not counted toward a

74 seven-year period described in Subsection (2)(a) during the period of time beginning on the day

75 on which the person files the application and ending on the day on which the application

76 expires without being renewed.

77 (iii) If a person described in Subsection (2)(b)(i) files and receives approval on

78 successive, overlapping nonuse applications, nonuse of the water right subject to the

79 applications is not counted toward a seven-year period described in Subsection (2)(a) during

80 the period of time beginning on the day on which the person files the first application and

81 ending on the day on which the last application expires without being renewed.

82 (iv) Approval of a nonuse application does not protect a water right that is already

83 subject to forfeiture under Subsection (2)(a) for full or partial nonuse of the water right.

84 (v) A nonuse application may be filed on all or a portion of the water right, including

85 water rights held by a water company.

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

88 (c) (i) Except as provided in Subsection (2)(c)(ii), a water right or a portion of the water
89 right may not be forfeited unless a judicial action to declare the right forfeited is commenced
90 within 15 years from the end of the latest period of nonuse of at least seven years.

91 (ii) (A) The state engineer, in a proposed determination of rights prepared in
92 accordance with Section 73-4-11, may not assert that a water right was forfeited unless a period
93 of nonuse of seven years ends or occurs during the 15 years immediately preceding the day on
94 which the state engineer files the proposed determination of rights with the court.

95 (B) After the day on which a proposed determination of rights is filed with the court a
96 person may not assert that a water right subject to that determination was forfeited during the
97 15-year period described in Subsection (2)(c)(ii)(A), unless the state engineer asserts forfeiture
98 in the proposed determination, or a person makes, in accordance with Section 73-4-11, an
99 objection to the proposed determination that asserts forfeiture.

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

105 (iv) If in a judicial action a court declares a water right forfeited, on the date on which
106 the water right is forfeited:

107 (A) the right to use the water reverts to the public; and

108 (B) the water made available by the forfeiture:

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

110 and

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

112 (d) This section applies whether the unused or abandoned water or a portion of the
113 water is:

- 114 (i) permitted to run to waste; or
- 115 (ii) used by others without right with the knowledge of the water right holder.
- 116 (e) This section does not apply to:
 - 117 (i) the use of water according to a lease or other agreement with the appropriator or the
 - 118 appropriator's successor in interest;
 - 119 (ii) a water right if its place of use is contracted under an approved state agreement or
 - 120 federal conservation fallowing program;
 - 121 (iii) those periods of time when a surface water or groundwater source fails to yield
 - 122 sufficient water to satisfy the water right;
 - 123 (iv) a water right when water is unavailable because of the water right's priority date;
 - 124 (v) a water right to store water in a surface reservoir or an aquifer, in accordance with
 - 125 Title 73, Chapter 3b, Groundwater Recharge and Recovery Act, if:
 - 126 (A) the water is stored for present or future use; or
 - 127 (B) storage is limited by a safety, regulatory, or engineering restraint that the
 - 128 appropriator or the appropriator's successor in interest cannot reasonably correct;
 - 129 (vi) a water right if a water user has beneficially used substantially all of the water right
 - 130 within a seven-year period, provided that this exemption does not apply to the adjudication of a
 - 131 water right in a general determination of water rights under Chapter 4, Determination of Water
 - 132 Rights;
 - 133 (vii) except as provided by Subsection (2)(g), a water right:
 - 134 (A) (I) owned by a public water supplier;
 - 135 (II) represented by a public water supplier's ownership interest in a water company; or
 - 136 (III) to which a public water supplier owns the right of use; and
 - 137 (B) conserved or held for the reasonable future water requirement of the public, which
 - 138 is determined according to Subsection (2)(f);
 - 139 (viii) a supplemental water right during a period of time when another water right
 - 140 available to the appropriator or the appropriator's successor in interest provides sufficient water
 - 141 so as to not require use of the supplemental water right; or

142 (ix) a period of nonuse of a water right during the time the water right is subject to an
143 approved change application where the applicant is diligently pursuing certification.

144 (f) (i) The reasonable future water requirement of the public is the amount of water
145 needed in the next 40 years by the persons within the public water supplier's projected service
146 area based on projected population growth or other water use demand.

147 (ii) For purposes of Subsection (2)(f)(i), a community water system's projected service
148 area:

149 (A) is the area served by the community water system's distribution facilities; and

150 (B) expands as the community water system expands the distribution facilities in
151 accordance with Title 19, Chapter 4, Safe Drinking Water Act.

152 (g) For a water right acquired by a public water supplier on or after May 5, 2008,
153 Subsection (2)(e)(vii) applies if:

154 (i) the public water supplier submits a change application under Section 73-3-3; and

155 (ii) the state engineer approves the change application.

156 (3) (a) The state engineer shall furnish a nonuse application form requiring the
157 following information:

158 (i) the name and address of the applicant;

159 (ii) a description of the water right or a portion of the water right, including the point of
160 diversion, place of use, and priority;

161 (iii) the quantity of water;

162 (iv) the period of use;

163 (v) the extension of time applied for;

164 (vi) a statement of the reason for the nonuse of the water; and

165 (vii) any other information that the state engineer requires.

166 (b) (i) Upon receipt of the application, the state engineer shall publish a notice of the
167 application once a week for two successive weeks:

168 (A) in a newspaper of general circulation in the county in which the source of the water
169 supply is located and where the water is to be used; and

- 170 (B) as required in Section 45-1-101.
- 171 (ii) The notice shall:
- 172 (A) state that an application has been made; and
- 173 (B) specify where the interested party may obtain additional information relating to the
174 application.
- 175 (c) Any interested person may file a written protest with the state engineer against the
176 granting of the application:
- 177 (i) within 20 days after the notice is published, if the adjudicative proceeding is
178 informal; and
- 179 (ii) within 30 days after the notice is published, if the adjudicative proceeding is
180 formal.
- 181 (d) In any proceedings to determine whether the nonuse application should be
182 approved or rejected, the state engineer shall follow the procedures and requirements of Title
183 63G, Chapter 4, Administrative Procedures Act.
- 184 (e) After further investigation, the state engineer may approve or reject the application.
- 185 (4) (a) The state engineer shall grant a nonuse application on all or a portion of a water
186 right for a period of time not exceeding seven years if the applicant shows a reasonable cause
187 for nonuse.
- 188 (b) A reasonable cause for nonuse includes:
- 189 (i) a demonstrable financial hardship or economic depression;
- 190 (ii) the initiation of water conservation or efficiency practices, or the operation of a
191 groundwater recharge recovery program approved by the state engineer;
- 192 (iii) operation of legal proceedings;
- 193 (iv) the holding of a water right or stock in a mutual water company without use by any
194 water supply entity to meet the reasonable future requirements of the public;
- 195 (v) situations where, in the opinion of the state engineer, the nonuse would assist in
196 implementing an existing, approved water management plan; or
- 197 (vi) the loss of capacity caused by deterioration of the water supply or delivery

198 equipment if the applicant submits, with the application, a specific plan to resume full use of
199 the water right by replacing, restoring, or improving the equipment.

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

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