

**Bill: HB 494 – Transfer of Water Interests**

Sponsor: Representative Owens

Floor Sponsor: Senator Owens

**UASD Position: Support**

This Bill addresses water rights, shares in water companies, and their relationship to land conveyances.

Discussion: The sponsor presented House Amendment 2, which was adopted by the Committee. The State Engineer and Warren Peterson representing the Utah Farm Bureau presented with the sponsor. The State Engineer explained that water rights and water right titles are updated through the Office of the State Engineer. Water stock shares are managed through irrigation or water companies. The only time a share comes before the State Engineer is if there is a change application or a nonuse application that is filed in the State Engineers Office and it is given a water right number. Ultimately, the ownership of those shares of stock are handled by the private companies. The Bill clarifies how a company handles title of water stocks. Next year, the Legislature will consider how the State Engineer update title on their records when it updates water stocks. The adopted amendment removes the updates for the State Engineer's Office and leaves in place the updates for the irrigation and water companies. Mr. Peterson explained that water shares represent corporate stock and are distinct from water rights. The courts continued to confuse the two because language regarding shares of water stock is found within the "water Code". This Bill simply moves the language regarding shares of water stock over to the "corporate Code".

Representative Chew raised concerns regarding lines 55–60, particularly about the sale of water shares, the operation of the water banking system, and how the sale of water may affect irrigation and land use. The State Engineer responded that it is important for companies to track where shares are attached, noting that the sale of water can result in the retirement of a parcel of land. Representative Chew further expressed concern that farmers who use less water than their allotted rights could be disadvantaged if selling part of their water bank results in the loss of rights tied to acreage. Mr. Peterson clarified that most water companies do not tie water and land together, and those that do primarily serve residential developments. Representative Kohler spoke in support of the Bill. Representative Albrecht questioned whether water company shares could still be sold at market rates or leased seasonally. Representatives Chew and Watkins spoke in support of the Bill.

Yeas: 9

Nays: 0

N/V: 5

**Outcome: HB 494, as amended, was passed out of the Committee with a favorable recommendation.**

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**Bill: 2<sup>nd</sup> substitute HB 533 – Groundwater Amendments**

Sponsor: Representative Kohler

Floor Sponsor:

**UASD Position: Track**

This Bill addresses groundwater.

Discussion: The sponsor explained that the Bill addresses water rights associated with groundwater flows, noting that groundwater system reservoirs that feed back into the broader water system are declining due to increasingly conservative sprinkler use. The Bill establishes a framework for determining when a groundwater system should be recharged by requiring land use authorities to consider groundwater issues when they review and approve land use applications, thereby integrating groundwater planning into local land-use decision-making processes.

Representative Shipp commented on the critical importance of groundwater, the depletion of aquifers, and the over-allocation of groundwater rights. He spoke in support of the Bill. Representative Albrecht also spoke in support. Representative Arthur questioned the relationship between counties and the Utah Geological Survey. The sponsor responded that the ongoing groundwater study in Ogden Valley will provide information to better support groundwater systems. Representative Owens asked whether the Bill would be better held for additional work.

The Utah State Engineer, a member of the public, and the Utah Farm Bureau spoke in support of the Bill. Representative Chew expressed concern regarding the issue of over-conservation. Representative Koford motioned to hold the Bill, citing the importance of conducting interim studies.

Yeas: 8

Nays: 0

N/V: 6

**Outcome: 2<sup>nd</sup> substitute HB 533 was held in the Committee.**

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