

1 \_\_\_\_\_ BILL NO. \_\_\_\_\_  
2 INTRODUCED BY \_\_\_\_\_  
3 BY REQUEST OF THE WATER POLICY INTERIM COMMITTEE  
4

5 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING LAWS RELATED TO WATER MITIGATION;  
6 PROVIDING STANDARD PROCESSES FOR MITIGATION PLANS WITHIN OPEN AND CLOSED BASINS;  
7 CLARIFYING MITIGATION REQUIREMENTS FOR WATER RIGHT PERMITS AND WATER RIGHT CHANGE  
8 AUTHORIZATIONS; REVISING DEFINITIONS; AND AMENDING SECTIONS 75-5-410, 85-2-102, 85-2-310,  
9 85-2-360, 85-2-362, 85-2-364, AND 85-2-420, MCA."

10  
11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
12

13 **Section 1.** Section 75-5-410, MCA, is amended to read:

14 **"75-5-410. Water quality requirements -- aquifer recharge or certain mitigation plans --**

15 **minimum requirements.** (1) (a) Except as provided in subsection (1)(b), a person who proposes an aquifer  
16 recharge or mitigation plan pursuant to 85-2-362 shall apply for, if necessary, a current permit pursuant to this  
17 chapter.

18 (b) The requirements of this section do not apply to the portion of a mitigation plan that consists of  
19 a change in appropriation rights for instream flow filed pursuant to 85-2-402.

20 (2) The minimum treatment requirements for sewage systems subject to this section are the  
21 federal requirements provided for in 40 CFR 133, and the system must meet, at a minimum, the requirements  
22 of level two treatment for the removal of nitrogen in the effluent.

23 (3) In addition to the minimum treatment requirements of subsection (2), sewage systems subject  
24 to this section that are used for aquifer injection must meet the more stringent of either primary drinking water  
25 standards pursuant to Title 75, chapter 6, or the nondegradation requirements pursuant to 75-5-303 at the point  
26 of discharge.

27 (4) In addition to the minimum treatment requirements of subsection (2), sewage systems subject  
28 to this section that are used for aquifer recharge must meet either primary drinking water standards pursuant to

1 Title 75, chapter 6, or the nondegradation requirements pursuant to 75-5-303 at the point of discharge.

2 (5) For the purposes of this section:

3 (a) "aquifer injection" means the use of a well to inject water directly into an aquifer system without  
4 filtration through the geologic materials overlying the aquifer system for the purpose of aquifer recharge or for  
5 an aquifer storage and recovery project; and

6 (b) "aquifer recharge" means either the controlled subsurface addition of water directly to the  
7 aquifer or controlled application of water to the ground surface for the purpose of replenishing the aquifer to  
8 offset adverse effects resulting from net depletion of surface water; and

9 (c) "mitigation" ~~have the meanings~~ has the same meaning as provided in 85-2-102."

10

11 **Section 2.** Section 85-2-102, MCA, is amended to read:

12 **"85-2-102. Definitions.** Unless the context requires otherwise, in this chapter, the following definitions  
13 apply:

14 (1) "Appropriate" or "appropriation" means:

15 (a) to divert, impound, or withdraw, including by stock for stock water, a quantity of water for a  
16 beneficial use;

17 (b) in the case of a public agency, to reserve water in accordance with 85-2-316;

18 (c) in the case of the department of fish, wildlife, and parks, to change an appropriation right to  
19 instream flow to protect, maintain, or enhance streamflows to benefit the fishery resource in accordance with  
20 85-2-436;

21 (d) in the case of the United States department of agriculture, forest service:

22 (i) instream flows and in situ use of water created in 85-20-1401, Article V; or

23 (ii) to change an appropriation right to divert or withdraw water under subsection (1)(a) to instream  
24 flow to protect, maintain, or enhance streamflows in accordance with 85-2-320;

25 (e) temporary changes or leases for instream flow to maintain or enhance instream flow to benefit  
26 the fishery resource in accordance with 85-2-408;

27 (f) a use of water for ~~aquifer recharge or mitigation~~; or

28 (g) a use of water for an aquifer storage and recovery project as provided in 85-2-368.

(2) "Appropriation right" has the same meaning as "water right" as defined in this section.

~~(3) "Aquifer recharge" means either the controlled subsurface addition of water directly to the aquifer or controlled application of water to the ground surface for the purpose of replenishing the aquifer to offset adverse effects resulting from net depletion of surface water.~~

(4) (3) "Aquifer storage and recovery project" means a project involving the use of an aquifer to temporarily store water through various means, including but not limited to injection, surface spreading and infiltration, drain fields, or another department-approved method. The stored water may be either pumped from the injection well or other wells for beneficial use or allowed to naturally drain away for a beneficial use.

~~(5)~~ (4) "Beneficial use", unless otherwise provided, means:

(a) a use of water for the benefit of the appropriator, other persons, or the public, including but not limited to agricultural, stock water, domestic, fish and wildlife, industrial, irrigation, mining, municipal, power, and recreational uses;

(b) a use of water appropriated by the department for the state water leasing program under 85-2-141 and of water leased under a valid lease issued by the department under 85-2-141;

(c) a use of water by the department of fish, wildlife, and parks through a change in an appropriation right for instream flow to protect, maintain, or enhance streamflows to benefit the fishery resource authorized under 85-2-436;

(d) a use of water through a temporary change in appropriation right or lease to enhance instream flow to benefit the fishery resource in accordance with 85-2-408;

(e) a use of water through a temporary lease of an appropriation right approved by the department pursuant to 85-2-428;

(f) a use of water for ~~aquifer recharge~~ or mitigation; or

(g) a use of water for an aquifer storage and recovery project as provided in 85-2-368.

~~(6)~~ (5) "Certificate" means a certificate of water right issued by the department.

~~(7)~~ (6) (a) "Change in appropriation right" means a change in the place of diversion, the place of use, the purpose of use, or the place of storage.

(b) The term does not include a change in water use related to the method of irrigation.

~~(8)~~ (7) "Commission" means the fish and wildlife commission provided for in 2-15-3402.

(9) (8) "Correct and complete" means that the information required to be submitted conforms to the standard of substantial credible information and that all of the necessary parts of the form requiring the information have been filled in with the required information for the department to begin evaluating the information.

(10) (9) "Declaration" means the declaration of an existing right filed with the department under section 8, Chapter 452, Laws of 1973.

(11) (10) "Department" means the department of natural resources and conservation provided for in Title 2, chapter 15, part 33.

(12) (11) "Developed spring" means any point where ground water emerges naturally, that has subsequently been physically altered, and from which ground water flows under natural pressures or is artificially withdrawn.

(13) (12) "Existing right" or "existing water right" means a right to the use of water that would be protected under the law as it existed prior to July 1, 1973. The term includes federal non-Indian and Indian reserved water rights created under federal law and water rights created under state law.

(14) (13) "Ground water" means any water that is beneath the ground surface.

(15) (14) "Late claim" means a claim to an existing right forfeited pursuant to the conclusive presumption of abandonment under 85-2-226.

(16) (15) "Mitigation" means the ~~reallocation use~~ of surface water or ground water through a change in appropriation right or other means ~~that does not result in surface water being introduced into an aquifer through aquifer recharge~~ to offset adverse effects resulting from ~~net depletion of surface water~~ modifications to the conditions on a source caused by a permit or change in appropriation right or as evidence that water is legally available for a permit.

(17) (16) "Municipality" means an incorporated city or town organized and incorporated under Title 7, chapter 2.

(18) (17) (a) "National forest system lands" means all lands within Montana that are owned by the United States and administered by the secretary of agriculture through the forest service.

(b) The term does not include any lands within the exterior boundaries of national forest system units that are not owned by the United States and administered by the secretary of agriculture through the

1 forest service.

2 ~~(19)~~ (18) "Nonconsumptive use" means a beneficial use of water that does not cause a  
3 reduction in the source of supply and in which substantially all of the water returns without delay to the source  
4 of supply, causing little or no disruption in stream conditions.

5 ~~(20)~~ (19) "Permit" means the permit to appropriate issued by the department under 85-2-301  
6 through 85-2-303 and 85-2-306 through 85-2-314.

7 ~~(21)~~ (20) "Person" means an individual, association, partnership, corporation, state agency,  
8 political subdivision, the United States or any agency of the United States, or any other entity.

9 ~~(22)~~ (21) (a) "Political subdivision" means any county, incorporated city or town, public  
10 corporation, or district created pursuant to state law or other public body of the state empowered to appropriate  
11 water.

12 (b) The term does not mean a private corporation, association, or group.

13 ~~(23)~~ (22) "Salvage" means to make water available for beneficial use from an existing valid  
14 appropriation through application of water-saving methods.

15 ~~(24)~~ (23) "State water reservation" means a water right created under state law after July 1,  
16 1973, that reserves water for existing or future beneficial uses or that maintains a minimum flow, level, or  
17 quality of water throughout the year or at periods or for defined lengths of time.

18 ~~(25)~~ (24) "Stream depletion zone" means an area where hydrogeologic modeling concludes that  
19 as a result of a ground water withdrawal, the surface water would be depleted by a rate equal to at least 30% of  
20 the ground water withdrawn within 30 days after the first day a well or developed spring is pumped at a rate of  
21 35 gallons a minute.

22 ~~(26)~~ (25) "Substantial credible information" means probable, believable facts sufficient to support  
23 a reasonable legal theory upon which the department should proceed with the action requested by the person  
24 providing the information.

25 ~~(27)~~ (26) "Waste" means the unreasonable loss of water through the design or negligent  
26 operation of an appropriation or water distribution facility or the application of water to anything but a beneficial  
27 use.

28 ~~(28)~~ (27) "Water" means all water of the state, surface and subsurface, regardless of its

1 character or manner of occurrence, including but not limited to geothermal water, diffuse surface water, and  
2 sewage effluent.

3 ~~(29)~~ (28) "Water division" means a drainage basin as defined in 3-7-102.

4 ~~(30)~~ (29) "Water judge" means a judge as provided for in Title 3, chapter 7.

5 ~~(31)~~ (30) "Water master" means a master as provided for in Title 3, chapter 7.

6 ~~(32)~~ (31) (a) "Water right" means the right to appropriate water pursuant to an existing right, a  
7 permit, a certificate of water right, a state water reservation, or a compact.

8 (b) The term does not include an authorized notice of intent to appropriate groundwater pursuant  
9 to 85-2-306.

10 ~~(33)~~ (32) "Watercourse" means any naturally occurring stream or river from which water is  
11 diverted for beneficial uses. It does not include ditches, culverts, or other constructed waterways.

12 ~~(34)~~ (33) "Well" means any artificial opening or excavation in the ground, however made, by  
13 which ground water is sought or can be obtained or through which it flows under natural pressures or is  
14 artificially withdrawn."

15

16 **Section 3.** Section 85-2-310, MCA, is amended to read:

17 **"85-2-310. (Temporary) Action on application for permit or change in appropriation right. (1) (a)**

18 If the department issues an updated draft preliminary determination or a preliminary determination to deny an  
19 application for a permit or a change in appropriation right under 85-2-307, unless the applicant withdraws the  
20 application, the department shall hold a hearing pursuant to 2-4-604 after serving notice of the hearing by first-  
21 class mail on the applicant for the applicant to show cause by a preponderance of the evidence as to why the  
22 permit or change in appropriation right should not be denied.

23 (b) (i) On request from the applicant, the department shall appoint a hearing examiner who did not  
24 participate in the preliminary determination.

25 (ii) The applicant may make only one request pursuant to this subsection (1)(b) for a different  
26 hearing examiner.

27 (c) A decision to deny a permit or change in appropriation right following a hearing under this  
28 subsection (1) is final.

1           (2)     (a) A hearing under subsection (1) is limited to the evidence presented in support of the  
2 application considered by the department pursuant to 85-2-302 and 85-2-307.

3           (b)     If the department determines at a hearing held under subsection (1) that an application may  
4 proceed as a draft preliminary determination to grant or a draft preliminary determination to grant in a modified  
5 form, then the department shall modify the draft preliminary determination consistent with the determination of  
6 the hearing and proceed to provide notice of the opportunity to provide public comment pursuant to 85-2-  
7 307(4).

8           (c)     The department shall issue its determination on a hearing held under subsection (1) within 90  
9 days of the close of the administrative record.

10          (3)     If valid objections filed pursuant to 85-2-308 are not received on an application or if valid  
11 objections are unconditionally withdrawn and the department preliminarily determined to grant the permit or  
12 change in appropriation right, the department shall grant the permit or change in appropriation right as  
13 proposed in the preliminary determination pursuant to 85-2-307.

14          (4)     If valid objections filed pursuant to 85-2-308 to an application are received and withdrawn with  
15 conditions stipulated with the applicant and the department preliminarily determined to grant the permit or  
16 change in appropriation right under 85-2-307, the department shall grant the permit or change in appropriation  
17 right subject to conditions as necessary to satisfy applicable criteria.

18          (5)     The department shall deny, grant in a modified form, or grant with or without conditions a  
19 permit under 85-2-311 or a change in appropriation right under 85-2-402 by issuing a final determination within  
20 90 days after the administrative record is closed for a hearing held pursuant to 85-2-309.

21          (6)     If an application is to appropriate water with a point of diversion, conveyance, or place of use  
22 on national forest system lands, any application approved by the department is subject to any written special  
23 use authorization required by federal law to occupy, use, or traverse national forest system lands for the  
24 purpose of diversion, impoundment, storage, transportation, withdrawal, use, or distribution of the water applied  
25 for and any terms, conditions, and limitations related to the use of water contained in any special use  
26 authorization required by federal law.

27          (7)     The department may cease action on an application for a permit or change in appropriation  
28 right and return it to the applicant when it finds that the application is not in good faith or does not show a bona

1     fide intent to appropriate water for a beneficial use. An application returned for either of these reasons must be  
2     accompanied by a statement of the reasons for which it was returned, and for a permit application there is not a  
3     right to a priority date based on the filing of the application. Returning an application pursuant to this subsection  
4     is a final decision of the department.

5           (8)     For all applications filed after July 1, 1973, the department shall find that an application is not in  
6     good faith or does not show a bona fide intent to appropriate water for a beneficial use if:

7           (a)     an application is not corrected and completed as required by 85-2-302;

8           (b)     the appropriate filing fee is not paid;

9           (c)     the application does not document:

10          (i)     a beneficial use of water;

11          (ii)    the proposed place of use of all water applied for;

12          (iii)   for an appropriation of 4,000 acre-feet a year or more and 5.5 cubic feet per second or more, a  
13     detailed project plan describing when and how much water will be put to a beneficial use. The project plan must  
14     include a reasonable timeline for the completion of the project and the actual application of the water to a  
15     beneficial use.

16          (iv)    for appropriations not covered in subsection (8)(c)(iii), a general project plan stating when and  
17     how much water will be put to a beneficial use; and

18          (v)     except as provided in subsection (9), if the water applied for is to be appropriated above that  
19     which will be used solely by the applicant or if it will be marketed by the applicant to other users, information  
20     detailing:

21          (A)     each person who will use the water and the amount of water each person will use;

22          (B)     the proposed place of use of all water by each person;

23          (C)     the nature of the relationship between the applicant and each person using the water; and

24          (D)     each firm contractual agreement for the specified amount of water for each person using the  
25     water; or

26          (d)     the appropriate environmental impact statement costs or fees, if any, are not paid as required  
27     by 85-2-124.

28          (9)     If water applied for is to be marketed by the applicant to other users for the purpose of aquifer

1 recharge or mitigation, the applicant is exempt from the provisions of subsection (8)(c)(v). The applicant shall  
2 provide information detailing the proposed place of use. (Terminates June 30, 2031--sec. 9, Ch. 244, L. 2023.)

3 **85-2-310. (Effective July 1, 2031) Action on application for permit or change in appropriation**  
4 **right.** (1) (a) If the department proposes to deny an application for a permit or a change in appropriation right  
5 under 85-2-307, unless the applicant withdraws the application, the department shall hold a hearing pursuant to  
6 2-4-604 after serving notice of the hearing by first-class mail upon the applicant for the applicant to show cause  
7 by a preponderance of the evidence as to why the permit or change in appropriation right should not be denied.

8 (b) (i) Upon request from the applicant, the department shall appoint a hearing examiner who did  
9 not participate in the preliminary determination.

10 (ii) The applicant may make only one request pursuant to this subsection (1)(b) for a different  
11 hearing examiner.

12 (2) A proposal to grant a permit or change in appropriation right with or without conditions following  
13 a hearing on a proposal to deny the application must proceed as if the department proposed to grant the permit  
14 or change in appropriation right in its preliminary determination pursuant to 85-2-307.

15 (3) If valid objections are not received on an application or if valid objections are unconditionally  
16 withdrawn and the department preliminarily determined to grant the permit or change in appropriation right, the  
17 department shall grant the permit or change in appropriation right as proposed in the preliminary determination  
18 pursuant to 85-2-307.

19 (4) If valid objections to an application are received and withdrawn with conditions stipulated with  
20 the applicant and the department preliminarily determined to grant the permit or change in appropriation right,  
21 the department shall grant the permit or change in appropriation right subject to conditions as necessary to  
22 satisfy applicable criteria.

23 (5) The department shall deny or grant with or without conditions a permit under 85-2-311 or a  
24 change in appropriation right under 85-2-402 within 90 days after the administrative record is closed.

25 (6) If an application is to appropriate water with a point of diversion, conveyance, or place of use  
26 on national forest system lands, any application approved by the department is subject to any written special  
27 use authorization required by federal law to occupy, use, or traverse national forest system lands for the  
28 purpose of diversion, impoundment, storage, transportation, withdrawal, use, or distribution of the water applied

1 for and any terms, conditions, and limitations related to the use of water contained in any special use  
2 authorization required by federal law.

3 (7) (a) Except as provided in subsection (6), if the department proposes to grant a permit or  
4 change in appropriation right in modified form, the applicant must be given an opportunity to be heard. The  
5 addition of conditions or changes to conditions required for approval does not constitute a modification of the  
6 application.

7 (b) The department shall serve notice of a preliminary determination to grant a permit or change in  
8 appropriation right in a modified form by first-class mail upon the applicant, with a notice that the applicant may  
9 obtain a hearing pursuant to 2-4-604 to show cause by a preponderance of the evidence as to why the permit  
10 or change in appropriation right should not be preliminarily determined to be granted in the modified form by  
11 filing a request within 30 days after the notice is mailed. The notice must state that the permit or change in  
12 appropriation right will be preliminarily determined to be granted as modified unless a hearing is requested.

13 (8) The department may cease action upon an application for a permit or change in appropriation  
14 right and return it to the applicant when it finds that the application is not in good faith or does not show a bona  
15 fide intent to appropriate water for a beneficial use. An application returned for either of these reasons must be  
16 accompanied by a statement of the reasons for which it was returned, and for a permit application there is not a  
17 right to a priority date based upon the filing of the application. Returning an application pursuant to this  
18 subsection is a final decision of the department.

19 (9) For all applications filed after July 1, 1973, the department shall find that an application is not in  
20 good faith or does not show a bona fide intent to appropriate water for a beneficial use if:

- 21 (a) an application is not corrected and completed as required by 85-2-302;  
22 (b) the appropriate filing fee is not paid;  
23 (c) the application does not document:  
24 (i) a beneficial use of water;  
25 (ii) the proposed place of use of all water applied for;  
26 (iii) for an appropriation of 4,000 acre-feet a year or more and 5.5 cubic feet per second or more, a  
27 detailed project plan describing when and how much water will be put to a beneficial use. The project plan must  
28 include a reasonable timeline for the completion of the project and the actual application of the water to a

1 beneficial use.

2 (iv) for appropriations not covered in subsection (9)(c)(iii), a general project plan stating when and  
3 how much water will be put to a beneficial use; and

4 (v) except as provided in subsection (10), if the water applied for is to be appropriated above that  
5 which will be used solely by the applicant or if it will be marketed by the applicant to other users, information  
6 detailing:

7 (A) each person who will use the water and the amount of water each person will use;

8 (B) the proposed place of use of all water by each person;

9 (C) the nature of the relationship between the applicant and each person using the water; and

10 (D) each firm contractual agreement for the specified amount of water for each person using the  
11 water; or

12 (d) the appropriate environmental impact statement costs or fees, if any, are not paid as required  
13 by 85-2-124.

14 (10) If water applied for is to be marketed by the applicant to other users for the purpose of ~~aquifer~~  
15 ~~recharge or mitigation~~, the applicant is exempt from the provisions of subsection (9)(c)(v). The applicant must  
16 provide information detailing the proposed place of use."  
17

18 **Section 4.** Section 85-2-360, MCA, is amended to read:

19 **"85-2-360. Ground water appropriation right in closed basins.** (1) An application for a ground  
20 water appropriation right in a basin closed pursuant to 85-2-319, 85-2-321, 85-2-330, 85-2-336, 85-2-341, 85-2-  
21 343, or 85-2-344 must be accompanied by a hydrogeologic report conducted pursuant to 85-2-361, ~~an aquifer~~  
22 ~~recharge or a~~ mitigation plan if required, and an application for a change in appropriation right or rights if  
23 necessary.

24 (2) The department shall use the hydrogeologic report to determine if the proposed appropriation  
25 right could result in a net depletion of surface water. If the hydrogeologic report predicts that there will be a net  
26 depletion of surface water, the applicant shall submit a mitigation plan pursuant to 85-2-362.

27 (3) (a) For the purposes of 85-2-360 through 85-2-362, the prediction of net depletion does not  
28 mean that an adverse effect on a prior appropriator will occur or if an adverse effect does occur that the entire

1 amount of net depletion is the cause of the adverse effect. A determination of whether or not there is an  
2 adverse effect on a prior appropriator as the result of a new appropriation right is a determination that must be  
3 made by the department based on the rate, location, and timing of the net depletion that causes the adverse  
4 effect relative to the historic beneficial use of the appropriation right that may be adversely affected.

5 (b) The department may not consider an adverse effect caused by the grant of an application  
6 pursuant to this section on any water right listed on a written consent to approval filed pursuant to 85-2-311.

7 (c) The department may grant a permit for a new appropriation only if the applicant proves by a  
8 preponderance of the evidence that the adverse effect would be offset through ~~an aquifer recharge or a~~  
9 mitigation plan that meets the requirements of 85-2-362."

10  
11 **Section 5.** Section 85-2-362, MCA, is amended to read:

12 **"85-2-362. ~~Aquifer recharge or mitigation~~ Mitigation plans in closed basins -- minimum**  
13 **requirements.** (1) An applicant whose hydrogeologic report conducted pursuant to 85-2-361 predicts that there  
14 will be a net depletion of surface water shall submit an aquifer recharge or mitigation plan. An aquifer recharge  
15 ~~or who proposes to use mitigation in a permit or change application shall submit a mitigation plan, which~~ must  
16 include:

17 (a) ~~where and how~~ the water in the plan will be put to beneficial use;

18 (b) ~~when and where, generally,~~ the rate, location, and timing of mitigation water for aquifer  
19 recharge or mitigation will be required that will be used;

20 (c) ~~the amount of water that is required for aquifer recharge or mitigation;~~

21 (d) (c) how the proposed project or beneficial use for which the ~~aquifer recharge or mitigation~~ plan is  
22 required will be operated;

23 (e) (d) evidence that an application for a change in appropriation right, if necessary, has been  
24 submitted;

25 (f) (e) evidence of water availability;

26 (g) (f) evidence of how the ~~aquifer recharge or mitigation~~ plan will offset the required amount of net  
27 depletion of surface water in a manner that will offset an adverse effect on a prior appropriator; and

28 (h) (g) evidence that the appropriate water quality permits have been granted pursuant to Title 75,

1 chapter 5, as required by 75-5-410 and 85-2-364.

2 (2) ~~In addition to the requirements of subsection (1), an aquifer recharge plan must include~~ An  
3 applicant who proposes to use aquifer recharge as a mitigation mechanism must include in the plan required by  
4 this section a description of the process by which water will be reintroduced to the aquifer.

5 (3) The department may not require an applicant, through ~~an aquifer recharge or a~~ mitigation plan,  
6 to provide more water than the quantity needed to offset the adverse effects on a prior appropriator ~~caused by~~  
7 ~~the net depletion or show legal availability~~.

8 (4) An appropriation right that relies on ~~an aquifer recharge or a~~ mitigation plan must require that  
9 the ~~aquifer recharge or~~ mitigation plan be exercised when the appropriation right is exercised."  
10

11 **Section 6.** Section 85-2-364, MCA, is amended to read:

12 **"85-2-364. Department permit coordination -- requirements for aquifer recharge or mitigation**  
13 **plans.** To ensure that the department and the department of environmental quality are coordinating their  
14 respective permitting activities:

15 (1) an applicant for a new appropriation right pursuant to ~~85-2-360~~ 85-2-362 that involves aquifer  
16 ~~recharge or~~ mitigation shall provide the department with a copy of a relevant discharge permit if necessary; and

17 (2) the department may not grant a new appropriation right pursuant to ~~85-2-360~~ 85-2-362 that  
18 involves aquifer recharge or mitigation until the discharge permit, if necessary, has been obtained and  
19 presented to the department."  
20

21 **Section 7.** Section 85-2-420, MCA, is amended to read:

22 **"85-2-420. Change in appropriation right for aquifer recharge or mitigation -- mitigation or**  
23 **marketing for mitigation.** (1) Subject to 85-2-402 and this section, an appropriator may apply for a change in  
24 appropriation right for the purpose of ~~aquifer recharge or~~ mitigation or ~~for the purpose of~~ marketing water for  
25 ~~aquifer recharge or~~ mitigation.

26 (2) During the completion period authorized by the department for a change pursuant to this  
27 section, the appropriator may continue to use the appropriation right for any authorized beneficial use provided  
28 that proportionate amounts of the appropriation right are retired as the mitigation ~~or aquifer recharge~~ beneficial

1 use is perfected.

2 (3) (a) If the full amount of the appropriation right is not sold or marketed as mitigation or aquifer  
3 recharge prior to the completion date, the water right retains the beneficial uses authorized prior to the change  
4 approved pursuant to this section.

5 (b) For an appropriation right that retains the original beneficial uses pursuant to this section, if the  
6 water retained for the original beneficial uses and the amount sold or marketed for mitigation or aquifer  
7 recharge are:

8 (i) not diverted at a common point of diversion, the flow rate and volume of water retained at the  
9 point of diversion for the original beneficial uses must be equal to the flow rate and volume allowed under the  
10 original beneficial uses minus the amount sold or marketed for mitigation or aquifer recharge; or

11 (ii) diverted at a common point of diversion, the entire flow rate and volume of the appropriation is  
12 allowed from the common point of diversion.

13 (4) As part of a change in appropriation right approved pursuant to this section, the department  
14 shall:

15 (a) determine a period for the change in appropriation right to be completed that does not exceed  
16 20 years;

17 (b) determine an appropriate location for measuring the amount of water that will be used for  
18 mitigation or aquifer recharge and, if necessary, require installation of a measuring device; and

19 (c) require the appropriator to notify the department within 30 days each time a portion of the  
20 change is completed."

21 - END -