

SENATE BILL NO. 358

INTRODUCED BY W. GALT, J. SECKINGER, K. WALSH, R. MINER, J. COHENOUR

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING GROUND WATER LAWS; REVISING EXCEPTIONS FROM WATER RIGHT PERMITTING; PROVIDING FOR CLOSURE AND MONITORING OF AQUIFERS; REVISING DESIGNATION OF CONTROLLED GROUND WATER AREAS; REVISING DEPARTMENT DUTIES; REQUIRING THE IDENTIFICATION OF CERTAIN WELLS AND PROVIDING ENFORCEMENT MECHANISMS; PROVIDING REPORTING REQUIREMENTS; PROVIDING RULEMAKING AUTHORITY; AMENDING SECTIONS 85-2-113, 85-2-306, 85-2-381, 85-2-506, AND 85-2-524, MCA; PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 85-2-113, MCA, is amended to read:

"85-2-113. Department powers and duties. (1) The department may prescribe fees or service charges for any public service rendered by the department under this chapter, including fees for the filing of applications or for the issuance of permits and certificates, for rulemaking hearings under 85-2-319, for administrative hearings conducted under this chapter, for investigations concerning permit revocation, for field verification of issued and completed permits, and for all change approvals. There may not be fees for any action taken by the department at the request of the water judge or for the issuance of certificates of existing rights.

(2) The department may adopt rules necessary to implement and carry out the purposes and provisions of this chapter. These rules may include but are not limited to rules to:

(a) govern the issuance and terms of interim permits authorizing an applicant for a regular permit under this chapter to begin appropriating water immediately, pending final approval or denial by the department of the application for a regular permit;

(b) require the owner or operator of appropriation facilities to install and maintain suitable controlling and measuring devices, ~~except that the department may not require a meter on a water well outside~~

Amendment - 1st Reading-white - Requested by: (S) Natural Resources

- 2025

69th Legislature 2025

Drafter: Toni Henneman,

SB0358.001.013

1 ~~of a controlled ground water area or proposed controlled ground water area unless the maximum appropriation~~
2 ~~of the well is in excess of the limitation contained in 85-2-306 and report data;~~

3 (c) require the owner or operator of appropriation facilities to report to the department the readings
4 of measuring devices at reasonable intervals and to file reports on appropriations; and

5 (d) regulate the construction, use, and sealing of wells to prevent the waste, contamination, or
6 pollution of ground water.

7 (3) The department shall adopt rules providing for and governing temporary emergency
8 appropriations, including for emergency fire training and emergency fire-related operations, without prior
9 application for a permit, necessary to protect lives or property.

10 (4) (a) The department shall adopt rules to require the owner or operator of an appropriation facility
11 on a watercourse or portions of a watercourse identified as chronically dewatered by the department under 85-
12 2-150 to acquire, install, and maintain a suitable controlling and measuring device no later than 2 years after
13 designation of the watercourse or portions of the watercourse as chronically dewatered, except that when the
14 department specifically finds that the installation of measuring devices along the entire watercourse or portions
15 of the watercourse is not practicable within the 2-year deadline, it may establish a later deadline.

16 (b) For the purposes of subsection (4), an appropriation facility includes but is not limited to any
17 method used to divert, impound, or withdraw water from a watercourse. Hydroelectric facilities that are using
18 recognized methods of flow measurement, as determined by the department, are in compliance with subsection
19 (4)."

20

21 **Section 2.** Section 85-2-306, MCA, is amended to read:

22 **"85-2-306. Exceptions to permit requirements.** (1) (a) Except as provided in subsection (1)(b),
23 ground water may be appropriated only by a person who has a possessory interest in the property where the
24 water is to be put to beneficial use and exclusive property rights in the ground water development works.

25 (b) If another person has rights in the ground water development works, water may be
26 appropriated with the written consent of the person with those property rights or, if the ground water
27 development works are on national forest system lands, with any prior written special use authorization required
28 by federal law to occupy, use, or traverse national forest system lands for the purpose of diversion,

Amendment - 1st Reading-white - Requested by: (S) Natural Resources

- 2025

69th Legislature 2025

Drafter: Toni Henneman,

SB0358.001.013

1 impoundment, storage, transportation, withdrawal, use, or distribution of water under the certificate.

2 (c) If the person does not have a possessory interest in the real property from which the ground
3 water may be appropriated, the person shall provide to the owner of the real property written notification of the
4 works and the person's intent to appropriate ground water from the works. The written notification must be
5 provided to the landowner at least 30 days prior to constructing any associated works or, if no new or expanded
6 works are proposed, 30 days prior to appropriating the water. The written notification under this subsection is a
7 notice requirement only and does not create an easement in or over the real property where the ground water
8 development works are located.

9 (2) Inside the boundaries of a controlled ground water area, ground water may be appropriated
10 only:

11 (a) according to a permit received pursuant to 85-2-508; or

12 (b) according to the requirements of a rule promulgated pursuant to 85-2-506.

13 (3) A permit is not required for an appropriation within the Rye Creek stream depletion zone in
14 Ravalli County by means of a well or developed spring if the appropriation is 20 gallons a minute or less and
15 does not exceed 2 acre-feet a year, except that a combined appropriation from the same source by two or more
16 wells or developed springs exceeding 20 gallons a minute or 2 acre-feet a year requires a permit.

17 (4) (a) Outside the boundaries of a controlled ground water area, a stream depletion zone, or a
18 legislative aquifer closure legislatively designated controlled ground water area, a permit is not required before
19 appropriating ground water by means of a well or developed spring:

20 (i) when the appropriation is made by a local governmental fire agency organized under Title 7,
21 chapter 33, and the appropriation is used only for emergency fire protection, emergency fire training, and
22 emergency fire-related operations, which may include enclosed storage;

23 (ii) when a maximum appropriation of 350 gallons a minute or less is used in nonconsumptive
24 geothermal heating or cooling exchange applications, all of the water extracted is returned without delay to the
25 same source aquifer, and the distance between the extraction well and both the nearest existing well and the
26 hydraulically connected surface waters is more than twice the distance between the extraction well and the
27 injection well; or

28 (iii) for an appropriation on a ~~parcel of land~~ tract of record not being divided pursuant to Title 76.

Amendment - 1st Reading-white - Requested by: (S) Natural Resources

- 2025

69th Legislature 2025

Drafter: Toni Henneman,

SB0358.001.013

chapter 3 or 4, when the appropriation is outside a stream depletion zone, is 35 gallons a minute or less, and does not exceed 10 acre-feet a year, except that a combined appropriation from the same source by two or more wells or developed springs exceeding 10 acre-feet, regardless of the flow rate, requires a permit; or. The department shall consider the following factors when evaluating if two or more wells or developed springs is a combined appropriation:

(A) a physically manifold water system;

(B) the purpose or purposes of use;

(C) the place of use;

(D) tract information;

(E) ownership;

(F) proximity of wells or developed springs;

(G) source of water; and

(H) topography;

(iv) for a parcel with a certificate of subdivision approval from the department of environmental quality before February 14, 2024. The water uses for the subdivision lots and volumes allocated by the department predetermination letter define the amount of water allowed to be appropriated without a permit under this subsection (4) for a parcel that received a certificate of subdivision approval from the department of environmental quality and a predetermination letter from the department of natural resources and conservation when the purpose of the use does not change and the volume of the appropriation does not exceed the volume identified for the parcel in the predetermination letter from the department of natural resources and conservation;

(v) for an appropriation on a parcel of land divided pursuant to Title 76, chapter 3 or 4, when the appropriation is 35 gallons a minute or less and:

(I) the parcel was created through a division of a tract of record as defined in 76-3-103 and in existence on October 17, 2014;

(II) water use is limited to use on no more than 24 parcels created pursuant to subsection (4)(a)(v)(I);

(III) the volume of water appropriated for a parcel does not exceed 0.5 acre-feet a year for each

Amendment - 1st Reading-white - Requested by: (S) Natural Resources

- 2025

69th Legislature 2025

Drafter: Toni Henneman,

SB0358.001.013

1 acre of land and does not exceed 1 acre-foot a year for the parcel, ~~except in a legislatively designated~~
2 ~~temporary controlled ground water areas, where the volume of water appropriated for a parcel does not exceed~~
3 ~~0.5 acre-feet a year for each acre of land and does not exceed 0.75 acre-feet a year for the parcel; and~~
4 (IV) the cumulative volume appropriated for a tract of record in subsection ~~(4)(a)(v)(I)(A)(4)(a)(v)~~
5 ~~(A)(I) may not exceed 24 acre-feet a year; or~~
6 (B) if the parcel was ~~divided-created~~ from a tract of record as defined in 76-3-103 and in existence
7 on or before October 17, 2014, and received a certificate of subdivision approval from the department of
8 environmental quality and a predetermination letter from the department of natural resources and conservation
9 ~~before February 14, 2024, then the water uses for the subdivision lots and volumes allocated in the~~
10 ~~predetermination letter define the amount of water allowed without a permit under the exception in this~~
11 ~~subsection (4) and will count toward the maximum cumulative volume limit in subsection (4)(a)(v)(A)(IV) when~~
12 ~~the purpose of use does not change and the volume of the appropriation does not exceed the volume identified~~
13 ~~for the parcel in the predetermination letter from the department of natural resources and conservation.~~
14 (b) (i) The water appropriated under subsection (4)(a)(v) must be measured and reported ~~annually~~
15 ~~semiannually~~ to the department. A totalizing metering device must be used and the measurements must be
16 reported ~~annually-semiannually~~ on a form provided by the department. The department may issue a fine for
17 noncompliance with this metering and reporting requirement.
18 (ii) An appropriation exceeding the amounts or conditions in subsection (4)(a)(~~v~~) requires a permit.
19 (iv) when the appropriation is within a stream depletion zone, is 20 gallons a minute or less, and
20 ~~does not exceed 2 acre-feet a year, except that a combined appropriation from the same source by two or more~~
21 ~~wells or developed springs exceeding this limitation requires a permit.~~
22 ~~(b)(c)~~ (i) Within 60 days of completion of the well or developed spring and appropriation of the ground
23 water for beneficial use, the appropriator shall file a notice of completion with the department on a form
24 provided by the department through its offices.
25 (ii) Upon receipt of the notice, the department shall review the notice and may, before issuing a
26 certificate of water right, return a defective notice for correction or completion, together with the reasons for
27 returning it. A notice does not lose priority of filing because of defects if the notice is corrected, completed, and
28 refiled with the department within 30 days of notification of defects or within a further time as the department

Amendment - 1st Reading-white - Requested by: (S) Natural Resources

- 2025

69th Legislature 2025

Drafter: Toni Henneman,

SB0358.001.013

1 may allow, not to exceed 6 months.

2 (iii) If a notice is not corrected and completed within the time allowed, the priority date of
3 appropriation is the date of refiling a correct and complete notice with the department.

4 ~~(e)(d)~~ A certificate of water right may not be issued until a correct and complete notice has been filed
5 with the department, including proof of landowner notification or a written federal special use authorization as
6 necessary under subsection (1). The original of the certificate must be sent to the appropriator. The department
7 shall keep a copy of the certificate in its office in Helena. The date of filing of the notice of completion is the date
8 of priority of the right.

9 ~~(d)(e)~~ (i) Construction of a water supply system subject to Title 75, chapter 6, part 1, and use of a
10 permit exception for the appropriation of water pursuant to this section is proof of beneficial use.

11 (ii) The department shall allocate a volume of 10 acre-feet a year to the system and issue a
12 certificate of water right after the conditions in subsection ~~(3)(d)(i)~~ (4)(e)(i) are met.

13 (iii) The department shall consider a water right as perfected after the conditions in subsection
14 ~~(3)(d)(i)~~ (4)(e)(i) are met.

15 (iv) When the appropriation is for a water supply system that is subject to Title 75, chapter 6, part 1,
16 and is located outside of a stream depletion zone and does not exceed 10 acre-feet a year:

17 (A) For the purposes of subsection ~~(3)(b)(i)~~ (4)(c)(i), the appropriation will be considered perfected
18 upon completion of construction of the water supply system.

19 (B) A copy of the department of environmental quality approval for the water supply system must
20 be submitted with the notice of completion. This section does not preclude the public water supply developer or
21 any subsequent owners from expanding the water system or from revising the water use restrictions within the
22 subdivision, provided that the total amount does not exceed 10 acre-feet per year.

23 (C) Water appropriated under this exception must be measured and reported annually to the
24 department.

25 ~~(4)(5)~~ An appropriator of ground water by means of a well or developed spring first put to beneficial
26 use between January 1, 1962, and July 1, 1973, who did not file a notice of completion, as required by laws in
27 force prior to April 14, 1981, with the county clerk and recorder shall file a notice of completion, as provided in
28 subsection ~~(3)~~ (4), with the department to perfect the water right. The filing of a claim pursuant to 85-2-221 is

Amendment - 1st Reading-white - Requested by: (S) Natural Resources

- 2025

69th Legislature 2025

Drafter: Toni Henneman,

SB0358.001.013

sufficient notice of completion under this subsection. The priority date of the appropriation is the date of the filing of a notice, as provided in subsection ~~(3)~~ (4), or the date of the filing of the claim of existing water right.

~~(5)~~(6) An appropriation under subsection ~~(4)~~ (5) is an existing right, and a permit is not required.

However, the department shall acknowledge the receipt of a correct and complete filing of a notice of completion, except that for an appropriation of 35 gallons a minute or less, not to exceed 10 acre-feet a year, the department shall issue a certificate of water right. If a certificate is issued under this section, a certificate need not be issued under the adjudication proceedings provided for in 85-2-236.

~~(6)~~(7) A permit is not required before constructing an impoundment or pit and appropriating water for use by livestock if:

(a) the maximum capacity of the impoundment or pit is less than 15 acre-feet;

(b) the appropriation is less than 30 acre-feet a year;

(c) the appropriation is from an ephemeral stream, an intermittent stream, or another source other than a perennial flowing stream; and

(d) the impoundment or pit is to be constructed on and will be accessible to a parcel of land that is owned or under the control of the applicant and that is 40 acres or larger.

~~(7)~~(8) (a) Within 60 days after constructing an impoundment or pit, the appropriator shall apply for a permit as prescribed by this part. Subject to subsection ~~(7)(b)~~ (8)(b), upon receipt of a correct and complete application for a stock water provisional permit, the department shall automatically issue a provisional permit. If the department determines after a hearing that the rights of other appropriators have been or will be adversely affected, it may revoke the permit or require the permittee to modify the impoundment or pit and may then make the permit subject to terms, conditions, restrictions, or limitations that it considers necessary to protect the rights of other appropriators.

(b) If the impoundment or pit is on national forest system lands, an application is not correct and complete under this section until the applicant has submitted proof of any written special use authorization required by federal law to occupy, use, or traverse national forest system lands for the purpose of diversion, impoundment, storage, transportation, withdrawal, use, or distribution of water under the permit.

(c) The purpose of use authorized for a provisional permit pursuant to subsection (9) may not be changed pursuant to 85-2-402.

Amendment - 1st Reading-white - Requested by: (S) Natural Resources

- 2025

69th Legislature 2025

Drafter: Toni Henneman,

SB0358.001.013

(8)(9) A person may also appropriate water without applying for or prior to receiving a permit under rules adopted by the department under 85-2-113.

(9)(10) Pursuant to 85-20-1902, the provisions of this section do not apply within the exterior boundaries of the Flathead Indian reservation."

NEW SECTION. Section 3. ~~Legislative aquifer closures and monitoring~~ Legislatively

designated controlled ground water area areas. (1) Subject to subsection (2), ground water may only be appropriated by a permit issued pursuant to 85-2-302 in the following ~~legislative aquifer closure~~ legislatively designated controlled ground water areas as designated by the department:

(a) the Gallatin Valley aquifer within the department administrative boundary 41H, including the unconsolidated basin-fill sediments up to the consolidated bedrock contact and where it is not present to the surface hydrologic divide between major subbasins;

(b) the Helena Valley aquifer within the department administrative boundary 41I, including the unconsolidated basin-fill sediments up to the consolidated bedrock contact and where it is not present to the surface hydrologic divide between major subbasins; and

~~(c) the Bitterroot Valley aquifer within the department administrative boundary 76H, including the unconsolidated basin-fill sediments up to the consolidated bedrock contact and where it is not present to the surface hydrologic divide between major basins; and~~

~~(d)~~(c) the Missoula Valley aquifer within the department administrative boundary 76M, including the unconsolidated basin-fill sediments up to the consolidated bedrock contact and where it is not present to the surface hydrologic divide between major basins.

(2) In a ~~legislative aquifer closure~~ legislatively designated controlled ground water area pursuant to subsection (1), a ground water appropriation:

(a) must appropriate ground water by a permit issued pursuant to 85-2-302, except the department may authorize an appropriation for up to 0.5 acre-feet a year without a permit that is authorized by the department for:

(i) a single living unit on a tract of record in existence on January 1, 2025, when connection to a public water system and mitigation is infeasible; or

Amendment - 1st Reading-white - Requested by: (S) Natural Resources

- 2025

69th Legislature 2025

Drafter: Toni Henneman,

SB0358.001.013

1 (ii) stockwater.

2 (b) may not change the purpose of a water right excepted from permitting pursuant to subsection

3 (2)(a);

4 (c) must meter and report all new water rights and authorizations pursuant to 85-2-306, 85-2-311,
5 and 85-2-402. A totalizing metering device must be used and measurements must be reported annually on a
6 form provided by the department. The department may issue a fine for noncompliance with this metering and
7 reporting requirement.

8 (d) may not appropriate ground water pursuant to 85-2-306, except for the completion of
9 appropriation for parcels created after October 17, 2014, that have received a certificate of subdivision approval
10 from the department of environmental quality and a predetermination letter from the department of natural
11 resources and conservation ~~before February 14, 2024.~~

12 (3) Subject to subsection (4), the following areas are established as ~~legislative aquifer monitoring~~
13 legislatively designated temporary controlled ground water areas as defined by the department:

14 (a) Flathead Valley deep and shallow aquifers within the department administrative boundary
15 76LJ, including the unconsolidated basin-fill sediments up to the consolidated bedrock contact and where it is
16 not present to the surface hydrologic divide between major basins; ~~and~~

17 (b) Billings terrace level 3 aquifer within the department administrative boundary 43Q up to the
18 consolidated bedrock contact and where it is not present to the terrace level 2 contact as described in literature
19 published by the Montana bureau of mines and geology; and

20 (c) Bitterroot Valley aquifer within the department administrative boundary 76H, including the
21 unconsolidated basin-fill sediments up to the consolidated bedrock contact and where it is not present to the
22 surface hydrologic divide between major basins.

23 (4) A ~~legislative aquifer monitoring~~ legislatively designated temporary controlled ground water area
24 must include:

25 ~~— (a) —~~ a provision requiring metering and reporting for all new water rights and authorizations
26 pursuant to 85-2-306, 85-2-311, and 85-2-402 in a ~~legislative aquifer monitoring~~ legislatively designated
27 temporary controlled ground water area. A totalizing metering device must be used and measurements must be
28 reported ~~annually~~ semiannually on a form provided by the department. The department may issue a fine for

noncompliance with this metering and reporting requirement.

~~(b) — a department review of the monitoring data at least once each biennium to determine if a change in status is needed.~~

(5) The department shall:

(a) develop a monitoring plan for each legislatively designated temporary controlled ground water area and may consult with the Montana bureau of mines and geology or other relevant agencies;

(b) conduct an annual review of the legislatively designated temporary controlled ground water areas and the controlled ground water areas pursuant to 85-2-506 to determine if a change in status is needed. The review must include analysis of the criteria found in 85-2-506(8)(a)(i) through (8)(a)(iii).

(c) provide, at minimum, an annual update to the water policy interim committee, in accordance with 5-11-210, of the monitoring plan required in subsection (5)(a), the status of each legislatively designated temporary controlled ground water area, and any proposed status change. The update must include department recommendations of statutory changes, enforcement needs, or policy considerations related to exempt wells. An organization, agency, or academic institution that provided data that contributed to the department's update must be allowed to present information during the update.

Section 4. Section 85-2-381, MCA, is amended to read:

"85-2-381. Water right enforcement of ground water uses exempt from permitting -- findings and purpose. (1) The legislature finds that:

(a) the state of Montana has managed the allocation of water under the prior appropriation doctrine for more than 100 years;

(b) Article IX, section 3, of the Montana constitution recognizes and confirms all existing water rights;

(c) the right to the use of water through a water right is a recognized property right;

(d) the development of ground water wells that are exempt from permitting may have an adverse effect on other water rights;

(e) the Water Use Act requires the department to coordinate the development and use of the water resources of the state so as to effect full utilization, conservation, and protection of its water resources; and

Amendment - 1st Reading-white - Requested by: (S) Natural Resources

- 2025

69th Legislature 2025

Drafter: Toni Henneman,

SB0358.001.013

(f) the ability to develop ground water wells that are exempt from permitting contributes to the full utilization of the water resources of the state.

(2) The establishment of a stream depletion zone pursuant to 85-2-380 provides a conclusive, scientific basis for determining where ground water rights that are exempt from permitting are affecting senior surface water rights.

(3) The purpose of this section is to continue allocating water under the exemptions provided for in 85-2-306 while providing a process by which senior water right holders may protect their rights under the prior appropriation doctrine. Nothing in this section is intended to limit the ability of a senior water right holder to enforce a water right or limit that enforcement to a specific area. Creation of a stream depletion zone is not a prerequisite to an enforcement action.

(4) Any use of water granted by a certificate of water right pursuant to 85-2-306(3)(a) is subject to enforcement according to priority by:

- (a) any remedy legally available;
- (b) the department, upon receiving a complaint, through the provisions of 85-2-114 and 85-2-122;
- or
- (c) a water commissioner appointed pursuant to 85-5-101.

(5) For each certificate issued pursuant to 85-2-306(3)(a) after October 1, 2013, the department shall include written notice of the provisions of this section."

Section 5. Section 85-2-506, MCA, is amended to read:

"85-2-506. Controlled ground water areas -- designation or modification. (1) The department may by rule designate or modify ~~permanent or temporary~~ controlled ground water areas as provided in this part. The rule for each controlled ground water area must designate the vertical and horizontal boundaries ~~of the controlled ground water area necessary to mitigate the effects of the criteria identified in subsections (6) through (9).~~

(2) There are ~~six~~ four types of controlled ground water areas for:

- (a) public health, safety, and welfare;
- (b) temporary public health, safety, and welfare;

Amendment - 1st Reading-white - Requested by: (S) Natural Resources

- 2025

69th Legislature 2025

Drafter: Toni Henneman,

SB0358.001.013

(c) water quantity; or

(d) ground water monitoring for water quantity;

~~(e) water quality; or~~

~~(f) ground water monitoring for water quality.~~

~~(2)(3)~~ The department may initiate the rulemaking process for designation or modification of a controlled ground water area may be initiated by after the submission of a correct and complete petition for:

(a) the department a public health, safety, and welfare controlled ground water area pursuant to subsection (6), by the department, a state or local public health agency, a municipality, county, conservation district, or local water quality district formed under Title 7, chapter 13, part 45, the department of environmental quality, or at least one-third of the ~~water right holders individual water users~~ in a proposed area; or

(b) submission of a correct and complete petition from a state or local public health agency for identified public health risks a water quantity controlled ground water area pursuant to subsections (8) and (9), by the department, a municipality, county, or conservation district or by at least one-third of the ~~water right holders individual water users~~ in a proposed area; or

~~(c) submission of a correct and complete petition:~~

~~(i) by a municipality, county, conservation district, or local water quality district formed under Title 7, chapter 13, part 45; or~~

~~(ii) signed by at least one-third of the water right holders in a proposed controlled ground water area a water quality controlled groundwater area pursuant to subsections (10) and (11), by a municipality, county, conservation district, or local water quality district formed under Title 7, chapter 13, part 45, the department of environmental quality, or at least one-third of the water right holders in a proposed area.~~

~~(3)(4)~~ (a) A correct and complete petition must:

(i) be in a form prescribed by the department and must contain analysis prepared by a hydrogeologist, a qualified scientist, or a qualified licensed professional engineer concluding that one or more of the applicable criteria provided in ~~subsection (5)~~ subsections (6) through (11)(9) are met; and

(ii) describe proposed measures, if any, to mitigate effects of the criteria identified in ~~subsection (5)~~ subsections (6) or (7) that are alleged in the petition;

(b) For petitions submitted pursuant to subsection (8) or (9), the department shall conduct the data

Amendment - 1st Reading-white - Requested by: (S) Natural Resources

- 2025

69th Legislature 2025

Drafter: Toni Henneman,

SB0358.001.013

1 collection and analysis if more than 50% of the ~~water right holders individual water users~~ whose point of
2 diversion falls within the proposed area sign the petition. The department may not conduct more than two
3 analyses a year for a petition.

4 ~~(b)~~(c) When the department proposes a rule pursuant to this section, the place for the hearing must
5 be within or as close as practical to the proposed or existing controlled ground water area.

6 ~~(c)~~(d) (i) The department shall notify the petitioner of any defects in a petition within 180 days. If the
7 department does not notify the petitioner of any defects within 180 days, the petition must be treated as correct
8 and complete.

9 (ii) A petition that is not made correct and complete within 90 days from the date of notification by
10 the department of any defect is terminated.

11 ~~(4)~~(5) (a) Within 60 days after a petition is determined to be correct and complete, the department
12 shall:

13 (i) deny in writing the petition in whole or in part, stating the reasons for denial;

14 (ii) inform the petitioner that the department will study the information presented in the petition for
15 a period not to exceed 90 days before denying or proceeding with the petition; or

16 (iii) initiate rulemaking proceedings in accordance with Title 2, chapter 4, part 3.

17 (b) Failure of the department to act under subsection ~~(4)(a)~~ (5)(a) does not mandate that the
18 department grant the petition for rulemaking.

19 (c) In addition to the notice requirements of Title 2, chapter 4, parts 1 through 4, the department
20 shall provide public notice of the rulemaking hearing by:

21 (i) publishing a notice at least once each week for 3 successive weeks, with the first notice not
22 less than 30 days before the date of the hearing in a newspaper of general circulation in the county or counties
23 in which the proposed controlled ground water area is located;

24 (ii) serving by mail a copy of the notice, not less than 30 days before the hearing, upon each
25 person or public agency known from an examination of the records of the department to be a water right holder
26 with a diversion within the proposed controlled ground water area, all landowners of record within the proposed
27 controlled ground water area, and each well driller licensed in Montana whose address is within any county in
28 which any part of the proposed controlled ground water area is located; and

Amendment - 1st Reading-white - Requested by: (S) Natural Resources

- 2025

69th Legislature 2025

Drafter: Toni Henneman,

SB0358.001.013

(iii) serving by mail a copy of the notice upon any other person or state or federal agency that the department feels may be interested in or affected by the proposed designation or modification of a controlled ground water area.

(d) The notice under subsection ~~(4)(e)~~ (5)(c) must include a summary of the basis for the proposed rule. Publication and mailing of the notice as prescribed in this section, when completed, is considered to be sufficient notice of the hearing to all interested persons.

~~(5)(6)~~ (a) The department may designate a permanent public health, safety, and welfare controlled ground water area by rule if it finds by a preponderance of the evidence that any of the following criteria have been met and cannot be appropriately mitigated:

~~(a)~~(i) current or projected reductions of recharge to the aquifer or aquifers in the proposed controlled ground water area will cause ground water levels to decline to the extent that water right holders cannot reasonably exercise their water rights;

~~(b)~~(ii) current or projected ground water withdrawals from the aquifer or aquifers in the proposed controlled ground water area have reduced or will reduce ground water levels or surface water availability necessary for water right holders to reasonably exercise their water rights;

~~(c)~~(iii) current or projected ground water withdrawals from the aquifer or aquifers in the proposed controlled ground water area have induced or altered or will induce or alter contaminant migration exceeding relevant water quality standards;

~~(d)~~(iv) current or projected ground water withdrawals from the aquifer or aquifers in the proposed controlled ground water area have impaired or will impair ground water quality necessary for water right holders to reasonably exercise their water rights based on relevant water quality standards;

~~(e)~~(v) ground water within the proposed controlled ground water area is not suited for beneficial use;
or

~~(f)~~(vi) public health, safety, or welfare is or will become at risk.

(b) A public health, safety, and welfare controlled ground water area may include provisions for:

(i) closing a controlled ground water area to further appropriation of ground water;

(ii) restricting the development of future ground water appropriations in the controlled ground water area by flow, volume, purpose, aquifer, depth, water temperature, water quality, density, or other criteria the

Amendment - 1st Reading-white - Requested by: (S) Natural Resources

- 2025

69th Legislature 2025

Drafter: Toni Henneman,

SB0358.001.013

1 department determines are necessary;

2 (iii) requiring measurement of future ground water or surface water appropriations;

3 (iv) requiring the filing of notice on land records within the boundary of a permanent controlled
4 ground water area to inform prospective holders of an interest in the property of the existence of a permanent
5 controlled ground water area. This notice of the designation must be removed or modified as necessary to
6 accurately reflect the modification or repeal of a permanent designation within 60 days.

7 (v) well spacing requirements, well construction constraints, and prior department approval before
8 well drilling unless the well is regulated pursuant to Title 82, chapter 11;

9 (vi) mitigation of ground water withdrawals;

10 (vii) water quality testing;

11 (viii) data reporting to the department; and

12 (ix) other provisions the department determines are appropriate and adopts through rulemaking.

13 ~~(6)(7)~~ (a) If the department finds that sufficient facts are not available to designate a permanent public
14 health, safety, and welfare controlled ground water area, it may designate by rule a temporary public health,
15 safety, and welfare controlled ground water area to allow studies to obtain the facts needed to determine
16 whether or not it is appropriate to designate a permanent controlled ground water area. The department shall
17 set the length of time that the temporary ~~controlled ground water~~ area will be in effect. Subject to subsection ~~(6)~~
18 ~~(7)~~(c), the term of a temporary ~~controlled ground water~~ area may be extended by rule.

19 (b) A temporary public health, safety, and welfare controlled ground water area designation is for
20 the purpose of study and cannot include the control provisions provided in subsection ~~(7)~~ (6), other than
21 measurement, water quality testing, and reporting requirements.

22 (c) A temporary public health, safety, and welfare controlled ground water area designation may
23 not exceed a total of 6 years, including any extensions.

24 (d) Prior to expiration of a temporary public health, safety, and welfare controlled ground water
25 area, the department may amend or repeal the rule establishing the temporary ~~controlled ground water~~ area or
26 may designate a permanent ~~controlled ground water~~ area through the rulemaking process under this section.

27 (e) Studies for temporary public health, safety, and welfare controlled ground water areas may be
28 considered for funding under the renewable resource grant and loan program in Title 85, chapter 1, part 6.

Amendment - 1st Reading-white - Requested by: (S) Natural Resources

- 2025

69th Legislature 2025

Drafter: Toni Henneman,

SB0358.001.013

(f) If there is a ground water investigation program within the bureau, the ground water assessment steering committee established by 2-15-1523 shall ~~consider-prioritize~~ temporary public health, safety, and welfare controlled ground water areas for study. The study must meet the needs of the department for the evaluation of the criteria found in subsections (8)(a)(i) through (8)(a)(iii). The study must be peer reviewed by the department and other applicable state and federal agencies prior to final publication.

~~(7) — A controlled ground water area may include but is not limited to the following control provisions:~~

~~(a) — a provision closing the controlled ground water area to further appropriation of ground water;~~

~~(b) — a provision restricting the development of future ground water appropriations in the controlled ground water area by flow, volume, purpose, aquifer, depth, water temperature, water quality, density, or other criteria that the department determines necessary;~~

~~(c) — a provision requiring measurement of future ground water or surface water appropriations;~~

~~(d) — a provision requiring the filing of notice on land records within the boundary of a permanent controlled ground water area to inform prospective holders of an interest in the property of the existence of a permanent controlled ground water area. Notice of the designation must be removed or modified as necessary to accurately reflect modification or repeal of a permanent designation within 60 days.~~

~~(e) — a provision for well spacing requirements, well construction constraints, and prior department approval before well drilling, unless the well is regulated pursuant to Title 82, chapter 11;~~

~~(f) — a provision for mitigation of ground water withdrawals;~~

~~(g) — a provision for water quality testing;~~

~~(h) — a provision for data reporting to the department; and~~

~~(i) — other control provisions that the department determines are appropriate and adopts through rulemaking~~

(8) (a) The department shall designate or modify a water quantity controlled ground water area by rule if it finds by a preponderance of the evidence that ~~there is an aquifer is the source for~~ a high concentration of ground water ~~use exempt from permitting pursuant to wells or developed springs that were developed pursuant to the permit exception provided for in 85-2-306(4) and the number of wells or developed springs exceeds 150 wells per square mile at any location within the proposed area,~~ and the department determines:

(i) the ground water level is declining or is projected to decline due to pumping based on a review

Amendment - 1st Reading-white - Requested by: (S) Natural Resources

- 2025

69th Legislature 2025

Drafter: Toni Henneman,

SB0358.001.013

1 of the most recent 10-year period of record that demonstrates a chronic lowering of the ground water table or
2 permanent loss of aquifer storage. This review must be based on available data or in consultation with the
3 Montana bureau of mines and geology or other relevant agencies;

4 (ii) ~~that 80% or more of the ground water in the aquifer has been appropriated the total volume of~~
5 ~~water rights appropriating from the source aquifer exceeds 80% of the volume of water physically available in~~
6 ~~the aquifer; or~~

7 (iii) ~~that 100% or more of the hydraulically connected surface water has been appropriated during~~
8 ~~any month. Ground water that is hydrologically connected to surface water is all ground water that, if extracted,~~
9 ~~may cause stream depletion by induced infiltration or pre-stream capture of tributary ground water the legal~~
10 ~~demand of surface water rights exceeds the amount of physically available water for at least one month in a~~
11 ~~hydrologically connected surface water source that the department determines will be depleted by new ground~~
12 ~~water appropriations.~~

13 (b) Control provisions for a water quantity controlled ground water area must include but are not
14 limited to:

15 (i) closing the water quantity controlled ground water area to all exceptions from the permitting
16 process pursuant to 85-2-306, except for those specific appropriations authorized by rule pursuant to this
17 section;

18 (ii) requiring metering and reporting for all new water rights and authorizations pursuant to 85-2-
19 306, 85-2-311, and 85-2-402 in water quantity controlled ground water areas. A totalizing metering device must
20 be used and measurements must be reported ~~annually~~ semiannually on a form provided by the department.

21 The department may issue a fine for noncompliance with this metering and reporting requirement;

22 (iii) allowing for the completion of appropriations on parcels created after October 17, 2014, that
23 received a certificate of subdivision approval from the department of environmental quality and a
24 predetermination letter from the department of natural resources and conservation ~~before February 14, 2024;~~

25 (iv) closing an aquifer area to all exceptions from the permitting process pursuant to 85-2-306,
26 except for appropriations pursuant to subsection (8)(b)(iii) or one exception allowing for up to 0.5 acre-feet a
27 year without a permit that is authorized by the department for a single living unit on a tract of record in existence
28 on ~~January 1, 2025 the date the petition was filed,~~ when connection to a public water system and mitigation is

Amendment - 1st Reading-white - Requested by: (S) Natural Resources

- 2025

69th Legislature 2025

Drafter: Toni Henneman,

SB0358.001.013

1 infeasible or for stockwater. Within 60 days of completion of the well or developed spring and appropriation of
2 the ground water for beneficial use, the appropriator shall file a correct and complete notice of completion on a
3 form provided by the department and with a fee commensurate with the cost of processing the notice of
4 completion as designated by rule. A change in the purpose of a water right excepted from permitting pursuant
5 to this subsection (8)(b)(iv) is prohibited.

6 (v) other control provisions the department determines are appropriate and adopts through
7 administrative rule.

8 (9) (a) The department shall designate or modify a water quantity ground water monitoring area by
9 rule if it finds by a preponderance of the evidence that ~~there is an aquifer is the source for~~ a high concentration
10 of ground water ~~use exempt from permitting pursuant to wells or developed springs that were developed~~
11 ~~pursuant to the permit exemption provided for in 85-2-306(4) and the number of wells or developed springs~~
12 ~~exceeds 100 wells per square mile at any location within the proposed area, and the department determines:~~

13 (i) ~~determines~~ the ground water level is declining or is projected to decline due to pumping based
14 on a review of the most recent 10-year period of record that demonstrates a chronic lowering of the ground
15 water table or permanent loss of aquifer storage. This review must be based on available data or in consultation
16 with the Montana bureau of mines and geology or other relevant agencies.

17 (ii) ~~determines that 70% or more of the ground water in the aquifer has been appropriated the total~~
18 ~~volume of water rights appropriated from the source aquifer exceeds 70% of the volume of water physically~~
19 ~~available in the aquifer;~~

20 (iii) ~~determines~~ that aquifer recharge is reliant on irrigation losses or where the geologic structure
21 or formation has limited storage or limited storage potential based on available data or in consultation with the
22 Montana bureau of mines and geology or other relevant agencies; or

23 (iv) ~~determines that 90% or more of the hydraulically connected surface water has been~~
24 ~~appropriated during any month the legal demand of surface water rights exceeds 90% of the amount of~~
25 ~~physically available water for at least one month in a hydrologically connected surface water source the~~
26 ~~department determines will be depleted by new ground water appropriations.~~

27 (b) (i) Control provisions for water quantity ground water monitoring areas must include but are not
28 limited to:

Amendment - 1st Reading-white - Requested by: (S) Natural Resources

- 2025

69th Legislature 2025

Drafter: Toni Henneman,

SB0358.001.013

(A) requiring the department to develop a monitoring plan for each designated ground water

monitoring area in consultation with the Montana bureau of mines and geology or other relevant agencies;

(B) requiring metering and reporting for all new water rights and authorizations pursuant to 85-2-

306, 85-2-311, and 85-2-402 in water quantity ground water monitoring areas. A totalizing metering device must

be used and measurements must be reported ~~annually~~ semiannually on a form provided by the department.

The department may issue a fine for noncompliance with this metering and reporting requirement:

(ii) The department shall review the monitoring data and plan provided for in subsection (8)(b)(i)(A)

each biennium to determine if a change in area status is necessary.

(c) If there is a ground water investigation program within the bureau, the ground water

assessment steering committee established in 2-15-1523 shall prioritize water quantity ground water monitoring

areas for study. The study must meet the needs of the department for the evaluation of the criteria found in

subsections (8)(a)(i) through (8)(a)(iii). The study must be peer reviewed by the department and other

applicable state and federal agencies prior to final publication.

~~(10) (a) The department shall designate or modify a water quality controlled ground water area by~~

~~rule if it finds by a preponderance of the evidence that using site specific data, 50% of the designated area is~~

~~classified as high septic system density, as defined in department circular PWS 6 from the department of~~

~~environmental quality, and one of these criteria is met:~~

~~(i) nitrate concentrations exceed standards in department circular DEQ-7, department circular~~

~~DEQ 12A, or department circular DEQ 4 from the department of environmental quality;~~

~~(ii) exceedance of a ground water human health standard in department circular DEQ-7 in more~~

~~than 25% of a set of no fewer than 30 ground water wells;~~

~~(iii) exceedance of a U.S. environmental protection agency human health advisory for a toxic or~~

~~carcinogenic compound is more than 25% of a set of no fewer than 30 ground water wells; or~~

~~(iv) (A) if the aquifer is known or may be demonstrated to be interconnected with surface water;~~

~~(I) aquatic life or recreation beneficial uses of the connected surface water are listed as impaired~~

~~by the department of environmental quality pursuant to Title 75, chapter 5; and~~

~~(II) impaired by total nitrogen or total phosphorus attributable to on-site subsurface wastewater~~

~~treatment and disposal systems sources at a source contribution rate equal to or greater than 10%; or~~

Amendment - 1st Reading-white - Requested by: (S) Natural Resources

- 2025

69th Legislature 2025

Drafter: Toni Henneman,

SB0358.001.013

~~(B) if a connected surface water is not listed as impaired by the department of environmental quality, the petitioner may provide substantial credible data and analysis conducted in accordance with water quality assessment methods prescribed by the department of environmental quality to demonstrate an impairment:~~

~~(I) to aquatic life or recreation beneficial uses; and~~

~~(II) based on total nitrogen or total phosphorous attributable to on-site subsurface wastewater treatment and disposal system sources at a source contribution rate of equal to or greater than 10%.~~

~~(b) The department shall determine appropriate control provisions for a water quality controlled ground water area by rule.~~

~~(11) (a) The department shall designate or modify a water quality ground water monitoring areas by rule if it finds by a preponderance of the evidence that using site-specific data, 50% of the designated area is classified as moderate septic system density, as defined in department circular PWS 6 from the department of environmental quality, and one of these criteria is met:~~

~~(i) background nitrate as nitrogen levels are 5.0 micrograms a liter or more using nondegradation methods for drainfields that are not required to get a discharge permit;~~

~~(ii) exceedance of a ground water human health standard in department circular DEQ 7 in more than 10% of a set of no fewer than 30 ground water wells; or~~

~~(iii) exceedance of a U.S. environmental protection agency human health advisory for a toxic or carcinogenic compound is more than 10% of a set of no fewer than 30 ground water wells.~~

~~(b) The department shall determine appropriate control provisions for a water quality ground water monitoring area by rule.~~

~~(12)(10)(a) The department may initiate rulemaking for the modification or removal of an area designated pursuant to subsections (6), and (8) through (11), and (9) if the area no longer meets the designation criteria.~~

~~(b) A petition may be filed pursuant to subsection (3) to modify or remove an area designated pursuant to subsections (6) and (8) through (11), and (9). The petitioners shall provide facts, updated aquifer monitoring data, calibrated numerical models, or other recently published information from the Montana bureau of mines and geology, the United States geological survey, or other agencies of how demonstrating the area no~~

Amendment - 1st Reading-white - Requested by: (S) Natural Resources

- 2025

69th Legislature 2025

Drafter: Toni Henneman,

SB0358.001.013

longer meets the designation criteria. If the petitioners prove the criteria are no longer being met, the department shall modify ~~the horizontal or vertical extent of the boundary~~ or remove the designation.

(c) The entities in subsection (3) may file a petition to modify or remove a designated area to the department.

~~(8)(13)(11)~~ Pursuant to 85-20-1902, the provisions of this section do not apply within the exterior boundaries of the Flathead Indian reservation."

Section 6. Section 85-2-524, MCA, is amended to read:

"85-2-524. Criteria for petition applications. Municipalities, counties, conservation districts, and local water quality districts may establish specific criteria for acceptance of an application to the municipality, county, conservation district, or local water quality district to petition for creation of a controlled ground water area and other criteria necessary to implement this part. Those criteria may include but are not limited to:

- (1) the submission of substantial credible evidence that one or more of the criteria provided in 85-2-506~~(5)~~ are met;
- (2) a description of proposed measures, if any, to mitigate effects of the criteria identified in 85-2-506~~(5)~~;
- (3) a description of proposed studies for a temporary controlled ground water area;
- (4) a requirement that an application be supported by owners of at least one-fourth of the water rights with a point of diversion of water within the boundaries of the proposed controlled ground water area;
- (5) a requirement that an applicant pay an application or processing fee for the application; and
- (6) a description of proposed funding for studies for a controlled ground water area."

NEW SECTION. Section 7. Department identification of noncompliant water use -- educational materials -- enforcement. (1) No later than December 31, 2026, the department shall:

- (a) conduct a statewide analysis to identify suspected noncompliant water use by cross-referencing water right records with publicly available data including but not limited to:
 - (i) inhabited dwellings not connected to a public water supply; and
 - (ii) aerial imagery indicating irrigation or ponds with no associated water right; and

Amendment - 1st Reading-white - Requested by: (S) Natural Resources

- 2025

69th Legislature 2025

Drafter: Toni Henneman,

SB0358.001.013

(b) send individual mailings to landowners identified in subsection (1)(a) including:

(i) background information on Montana water law and illegal water use;

(ii) notice of the grace period described in subsection (2) for demonstrating that the water use is lawful; and

(iii) a description of the process to apply for a water permit or to perfect a permit exception.

(2) The department may not pursue judicial enforcement pursuant to 85-2-114 on water uses meeting the exception to the permit requirements pursuant to 85-2-306 before December 1, 2028, after which time the department shall pursue judicial enforcement pursuant to 85-2-114.

NEW SECTION. Section 8. Notification to tribal governments. The secretary of state shall send a copy of [this act] to each federally recognized tribal government in Montana.

NEW SECTION. Section 9. Codification instruction. [~~Section Sections 3 and 7~~ is-are intended to be codified as an integral part of Title 85, chapter 2, part 5, and the provisions of Title 85, chapter 2, part 5, apply to [section-sections 3 and 7]].

NEW SECTION. Section 10. Effective date. [This act] is effective on passage and approval.

- END -