By optimizing water pricing in Utah, policymakers can improve water management and increase water deliveries to Great Salt Lake.

**Summary**

Water pricing impacts consumption. Economists estimate that for every 10% increase in water rates, water consumption declines by 2.5%-7.5%. By optimizing water pricing, policymakers can benefit from market forces and more closely align supply with demand. This will improve efficiency and fairness, while also reducing demand.

**Key facts and insights**

- **Metering** – An estimated 60% of municipal and industrial water in Utah is metered. The state’s recent $265 million investment in secondary-metering infrastructure provides additional metering capabilities.

- **Water subsidies** – An estimated 65% ($674 million) of Utah’s state and local water delivery costs in FY 2020 accrued from revenues unrelated to water use. The remaining 35% ($388 million) came from monthly water usage charges. Currently, more than 90% of Utahns pay subsidized water rates.

- **Property and sales taxes** – In FY2022 Utahns paid nearly $120 million in sales taxes for water and $160 million in local property taxes for water. Because water delivery in Utah is often metered, it does not require general tax financing, like many other government services.

**Policy options and tradeoffs**

Water managers and policymakers can refine water pricing proposals to maximize the public good and minimize unintended consequences. Water pricing options and trade-offs include, but are not limited to, the following:

**Policy Options**
- Increased secondary water metering
- Tiered water pricing
- Revenue-neutral water user charge increases
- Refined analysis on price elasticity of water
- Tax credit for homeowners and mobile homeowners who meet certain income and resident qualifications
- Additional optimization of state water loan funds for conservation and potential private market capitalization

**Tradeoffs**
- Adjusting to new landscapes
- Increased transaction costs
- Higher financing costs for water districts
- Switching costs associated with more efficient water use (ex. landscaping)

**Benefits**
- Water brought to the lake
- Air quality improvements
- Biological health

**Costs, Challenges, and Adaptations**
- Financial cost
- Agriculture changes
- Extractive industry changes
- Cultural shift

**Feasibility**
- Speed of implementation
- Legal/regulatory feasibility

Source: Great Salt Lake Strike Team

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**Figure 13: Utah State and Local Water Revenues, FY 2020 (in millions)**

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$242 Monthly Flat Base Rate</td>
<td>$242</td>
</tr>
<tr>
<td>$111 Impact &amp; Connection Fees</td>
<td>$111</td>
</tr>
<tr>
<td>$87 Other Funding Sources</td>
<td>$87</td>
</tr>
<tr>
<td>$140 Local Property Taxes</td>
<td>$140</td>
</tr>
<tr>
<td>$94 State Taxes and Fees</td>
<td>$94</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$674</strong></td>
</tr>
</tbody>
</table>

**Figure 14: Estimated Lawn Watering Use Compared to Plant Needs, 2018**

<table>
<thead>
<tr>
<th>Region</th>
<th>Turf grass water needs</th>
<th>Actual water use for metered systems</th>
<th>Actual water use for unmetered systems</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wasatch Front</td>
<td>2.1</td>
<td>3.4</td>
<td>5.1</td>
</tr>
<tr>
<td>Wasatch Back</td>
<td>1.8</td>
<td>2.9</td>
<td>4.4</td>
</tr>
<tr>
<td>St. George Area</td>
<td>2.8</td>
<td>4.7</td>
<td>7.0</td>
</tr>
</tbody>
</table>

Source: Utah Department of Natural Resources - State of Utah Water Use Data Collection Program Report

Note: Economists view water pricing as an area of public policy ripe for what is called *Pareto improvement* - a change in allocation that harms no one and benefits someone or society as a whole.