

BILL ANALYSIS

Senate Research Center
84R8158 SLB-F

H.B. 1421
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Agriculture, Water & Rural Affairs
5/6/2015
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Southeast and Gulf Coast regions of Texas have been subject to reoccurring drought while the territory covered by the Coastal Plains Groundwater Conservation District (GCD) is experiencing extraordinary growth and associated increases in demand for water that is anticipated to continue into the future. Groundwater resources in the three-county region are under pressure to supply existing needs. As the population of Greater Houston and other growth areas in the state expand, there is increasing interest in capturing large quantities of groundwater from rural areas. Local entities in this area are interested in discouraging the export of groundwater from the Coastal Plains GCD Territory. Exporting groundwater from aquifers in the Gulf Coast region could decrease or eliminate spring flows, reduce surface flows, and adversely affect groundwater supplies needed for future local use.

Groundwater conservation districts, the state's preferred method of regulating groundwater, are governed by Chapter 36, Water Code. Section 36.122 permits a district to charge export fees for the transfer of groundwater out of the district. Those fees are often set in the district's enabling legislation, most often located in the Special District Local Laws Code.

Proposed legislation:

- H.B. 1421 is the companion to S.B. 1206, which was heard in the Senate Committee on Agriculture, Water, and Rural Affairs on April 27 and recommended for the local and consent calendar. The bills are identical.
- H.B. 1421 amends the district's enabling legislation to allow the district to assess production fees as required by Section 36.205, Water Code. This establishes more standardized guidelines on how the fees are set and the amount the district may charge. This is much more specific than what is in current law.
- H.B. 1421 also increases the export fees charged by the district to 150 percent of the maximum wholesale water rate charged by the City of Houston. This is designed to discourage people from sending water out of the district area.

The bill also clarifies the district's law to enable it to assess fees authorized by Chapter 36, Water Code, and that the fees are necessary to accomplish the regulatory goals of the district only, and not to provide a source of revenue.

H.B. 1421 amends current law relating to fees charged by the Coastal Plains Groundwater Conservation District.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 8831.151, Special District Local Laws Code, as follows:

Sec. 8831.151. New heading: DISTRICT REVENUE AND FEES. Authorizes the Coastal Plains Groundwater Conservation District (district), to accomplish the regulatory

goals of the district, to pay the district's maintenance and operating costs, and to pay any bonds issued by the district, to:

(1) impose an ad valorem tax at a rate not to exceed 2.5 cents for each \$100 of taxable value of property in the district, subject to voter approval;

(2) assess production fees as authorized by Section 36.205 (Authority to Set Fees), Water Code, rather than assess fees for services or for water withdrawn from wells;

(3) solicit and accept grants from any public or private source; and

(4) assess:

(A) an export fee on groundwater exported from the district in an amount not to exceed 150 percent of the maximum wholesale water rate charged by the City of Houston; and

(B) other fees authorized by Chapter 36 (Groundwater Conservation Districts), Water Code.

SECTION 2. Effective date: upon passage or September 1, 2015.