

BILL ANALYSIS

C.S.H.B. 3635
By: Hughes
Natural Resources
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The Texas Constitution authorizes the creation of groundwater conservation districts to plan, develop, and regulate the use of water. C.S.H.B. 3635 creates the Upshur County Groundwater Conservation District, subject to approval at a confirmation election, to manage Upshur County's groundwater resources.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 3635 creates the Upshur County Groundwater Conservation District (district) in Upshur County, subject to voter approval at a confirmation election. The substitute provides that the district is governed by a board of nine directors, sets forth provisions regarding the composition and administration of the board and the election, qualifications, and terms of the directors. In addition, the substitute prohibits the district's use of eminent domain and also prohibits the district from purchasing, selling, transporting, or distributing surface water or groundwater for any purpose.

The substitute also prohibits the district from levying or collecting an ad valorem tax at a rate that exceeds one-half cent on each \$100 valuation of taxable property in the district. The bill limits the use as well as the amount of fees the district can impose and also limits indebtedness not to exceed \$500,000 at any time.

The substitute provides that wells permitted by the Railroad Commission of Texas are under the exclusive jurisdiction of the Railroad Commission and are exempt from regulation. Groundwater produced in excess of Railroad Commission authorization, however, is subject to permitting and applicable regulatory fees. The substitute also provides that, with certain exceptions, wells drilled by nonprofit rural water supply corporations, water districts, and other political subdivisions for use within the district are exempt from fees.

The substitute sets forth provisions regarding an election to confirm establishment of the district and provides that if the district is not confirmed by confirmation election before September 1, 2005, the Act expires on that date.

EFFECTIVE DATE

September 1, 2003

COMPARISON OF ORIGINAL TO SUBSTITUTE

C.S.H.B. 3635 provides that the district is governed by a board of nine directors, rather than five directors as provided in the original bill.

The substitute provides that of the temporary directors, at least one must represent the interests of rural water suppliers, one must represent agricultural interests, and one must represent industrial interests. The

substitute provides for a maximum ad valorem tax rate of one-half cent on each \$100 valuation of taxable property in the district and sets out certain criteria for initial production fees, with a maximum initial fee of \$0.25 per acre-foot for water used for agricultural irrigation and \$0.0425 per thousand gallons for water used for any other purpose. The substitute also authorizes the district to assess an export fee. The substitute limits indebtedness of the district to a maximum of \$500,000 at any one time.

The substitute prohibits the district's use of eminent domain and also prohibits the district from purchasing, selling, transporting, or distributing surface water or groundwater for any purpose.

The substitute also adds provisions stating that wells permitted by the Railroad Commission of Texas are under the exclusive jurisdiction of the Railroad Commission and are exempt from regulation. Groundwater produced in excess of Railroad Commission authorization, however, is subject to permitting and applicable regulatory fees. The substitute also provides that, with certain exceptions, wells drilled by nonprofit rural water supply corporations, water districts, and other political subdivisions for use within the district are exempt from fees. The substitute also provides that the district shall coordinate with other groundwater conservation districts in the same management area.