

1 AN ACT

2 relating to certain expenditures, charges, and other financial
3 matters of certain governmental entities.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. REDUCTION OF EXPENDITURES AND IMPOSITION OF
6 CHARGES GENERALLY. (a) This section applies to any state agency
7 that receives an appropriation under Article VI of the General
8 Appropriations Act.

9 (b) Notwithstanding any other statute of this state, each
10 state agency to which this section applies is authorized to reduce
11 or recover expenditures by:

12 (1) consolidating any reports or publications the
13 agency is required to make and filing or delivering any of those
14 reports or publications exclusively by electronic means;

15 (2) extending the effective period of any license,
16 permit, or registration the agency grants or administers;

17 (3) entering into a contract with another governmental
18 entity or with a private vendor to carry out any of the agency's
19 duties;

20 (4) adopting additional eligibility requirements for
21 persons who receive benefits under any law the agency administers
22 to ensure that those benefits are received by the most deserving
23 persons consistent with the purposes for which the benefits are
24 provided; and

1 (5) providing that any communication between the
2 agency and another person and any document required to be delivered
3 to or by the agency, including any application, notice, billing
4 statement, receipt, or certificate, may be made or delivered by
5 electronic mail or through the Internet.

6 SECTION 2. TEXAS ANIMAL HEALTH COMMISSION; DUTIES REGARDING
7 RIDING STABLES. (a) The Texas Animal Health Commission shall
8 reduce its expenditures of state money related to regulating equine
9 riding stables.

10 (b) Chapter 2053, Occupations Code, is repealed.

11 SECTION 3. ADMINISTRATIVE HEARINGS OF RAILROAD COMMISSION
12 OF TEXAS. Section 102.006, Utilities Code, is amended to read as
13 follows:

14 Sec. 102.006. [~~POWERS AND DUTIES OF STATE OFFICE OF~~]
15 ADMINISTRATIVE HEARINGS IN CONTESTED CASES. (a) The railroad
16 commission by rule shall provide for administrative hearings in
17 contested cases to be conducted by one or more members of the
18 railroad commission, by railroad commission hearings examiners, or
19 by the [The] utility division of the State Office of Administrative
20 Hearings. The rules must provide for a railroad commission
21 hearings examiner or the utility division of the State Office of
22 Administrative Hearings to [shall] conduct each hearing in a
23 contested case that is not conducted by one or more members of the
24 railroad commission. A hearing must be conducted in accordance
25 with the rules and procedures adopted by the railroad commission.

26 (b) The railroad commission may delegate to a railroad
27 commission hearings examiner or to the utility division of the

1 State Office of Administrative Hearings the authority to make a
2 final decision and to issue findings of fact, conclusions of law,
3 and other necessary orders in a proceeding in which there is not a
4 contested issue of fact or law.

5 (c) The railroad commission by rule shall define the
6 procedures by which it delegates final decision-making authority
7 under Subsection (b) to a railroad commission hearings examiner or
8 to the utility division of the State Office of Administrative
9 Hearings.

10 (d) For purposes of judicial review, the [~~an administrative~~
11 ~~law judge's~~] final decision of a railroad commission hearings
12 examiner or an administrative law judge of the State Office of
13 Administrative Hearings in a matter delegated under Subsection (b)
14 has the same effect as a final decision of the railroad commission
15 unless a member of the commission requests formal review of the
16 decision.

17 (e) The State Office of Administrative Hearings shall
18 charge the railroad commission a fixed annual rate for hearings
19 conducted by the office under this section only if the legislature
20 appropriates money for that purpose. If the legislature does not
21 appropriate money for the payment of a fixed annual rate under this
22 section, the State Office of Administrative Hearings shall charge
23 the railroad commission an hourly rate of not more than \$90 per hour
24 for hearings conducted by the office under this section.

25 SECTION 4. TEXAS DEPARTMENT OF AGRICULTURE. (a) Section
26 146.021, Agriculture Code, is amended to read as follows:

27 Sec. 146.021. DEPARTMENT FACILITIES. The department may

1 receive and hold for processing animals transported in
2 international trade and may establish and collect reasonable fees
3 for yardage, maintenance, feed, medical care, and other necessary
4 expenses incurred in the course of processing those animals.
5 Notwithstanding any other law, the department may use any portion
6 of fees collected under this section that remains after spending
7 the proceeds of the fees to meet other necessary expenses incurred
8 under this section for expenses related to maintenance of or
9 repairs to department facilities.

10 (b) Section 13.101(a), Agriculture Code, is amended to read
11 as follows:

12 (a) At least once every four [~~three~~] years, or more often as
13 required by the department, a weight or measure shall be inspected
14 and tested for correctness by a sealer if it:

15 (1) is kept for sale, sold, or used by a proprietor,
16 agent, lessee, or employee in proving the weight or measure,
17 including the size, quantity, extent, or area, of any item; or

18 (2) is purchased, offered, or submitted by a
19 proprietor, agent, lessee, or employee for sale, hire, or award.

20 (c) Section 9(d), Chapter 1033, Acts of the 71st
21 Legislature, Regular Session, 1989 (Article 8614, Vernon's Texas
22 Civil Statutes), is repealed.

23 (d) This section takes effect September 1, 2003.

24 SECTION 5. ANIMAL HEALTH COMMISSION. (a) Subchapter C,
25 Chapter 161, Agriculture Code, is amended by adding Section 161.060
26 to read as follows:

27 Sec. 161.060. INSPECTION FEES. The commission may charge a

1 fee, as provided by commission rule, for an inspection made by the
2 commission.

3 (b) This section takes effect September 1, 2003.

4 SECTION 6. TEXAS COMMISSION ON ENVIRONMENTAL QUALITY. (a)
5 Section 5.701, Water Code, is amended by adding Subsection (r) to
6 read as follows:

7 (r) The fee for processing a request for an expedited letter
8 from the executive director stating the total depth of surface
9 casing needed during the drilling of wells to protect usable ground
10 waters in the state and required for the processing of certain
11 permits from the Railroad Commission of Texas may not exceed \$75.

12 (b) Section 26.35731(c), Water Code, is amended to read as
13 follows:

14 (c) Not later than the 90th day after the date on which the
15 commission receives a completed application for reimbursement from
16 the petroleum storage tank remediation account, the commission
17 shall send a fund payment report to the owner or operator of a
18 petroleum storage tank system that is seeking reimbursement, if
19 sufficient funds are available to make the payment.

20 (d) This section takes effect September 1, 2003.

21 SECTION 7. TEXAS PARKS AND WILDLIFE DEPARTMENT FEES. (a)
22 Section 11.032, Parks and Wildlife Code, is amended by amending
23 Subsection (b) and adding Subsection (c) to read as follows:

24 (b) The department shall deposit to the credit of the game,
25 fish, and water safety account all revenue, less allowable costs,
26 from the following sources:

27 (1) all types of fishing licenses and stamps and

1 shrimping licenses, except as provided by Section 77.120;

2 (2) all types of hunting licenses and stamps;

3 (3) trapping licenses and other licenses relating to
4 the taking, propagation, and sale of fur-bearing animals or their
5 pelts;

6 (4) sale of marl, sand, gravel, shell, and mudshell;

7 (5) oyster bed rentals and permits;

8 (6) federal funds received for fish and wildlife
9 research, management, development and conservation, resource
10 protection, and law enforcement, unless the funds are received for
11 the specific purposes of Subchapter F, Chapter 77;

12 (7) sale of property, less advertising costs,
13 purchased from this account or a special fund or account that is now
14 part of this account;

15 (8) fines and penalties collected for violations of a
16 law pertaining to the protection and conservation of wild birds,
17 wild fowl, wild animals, fish, shrimp, oysters, game birds and
18 animals, fur-bearing animals, alligators, and any other wildlife
19 resources of this state;

20 (9) sale of rough fish by the department;

21 (10) fees for importation permits;

22 (11) fees from supplying fish for or placing fish in
23 water located on private property;

24 (12) sale of seized pelts;

25 (13) sale or lease of grazing rights to and the
26 products from game preserves, sanctuaries, and management areas;

27 (14) contracts for the removal of fur-bearing animals

1 and reptiles from wildlife management areas;

2 (15) vessel [~~motorboat~~] registration fees;

3 (16) vessel [~~motorboat~~] manufacturer or dealer
4 licensing fees [~~registration fee~~];

5 (17) fines or penalties imposed by a court for
6 violation of water safety laws contained in Chapter 31 of this code;

7 (18) alligator hunter's or alligator buyer's licenses;

8 (19) sale of alligators or any part of an alligator by
9 the department;

10 (20) fees and revenue collected under Section
11 11.027(b) or (c) of this code that are associated with the
12 conservation of fish and wildlife; [~~and~~]

13 (21) any other source provided by law; and

14 (22) vessel and outboard motor titling fees.

15 (c) Not later than the 10th day of each month the department
16 shall transfer 15 percent of all amounts collected during the
17 previous month from sources described by Subsection (b)(15), (16),
18 or (22) to the state parks account.

19 (b) This section takes effect September 1, 2003.

20 SECTION 8. TEXAS PARKS AND WILDLIFE DEPARTMENT REGULATION
21 OF MARINE BUSINESSES. (a) Section 31.003, Parks and Wildlife Code,
22 is amended by amending Subdivision (7) and adding Subdivision (16)
23 to read as follows:

24 (7) "Dealer" means a person [~~customarily~~] engaged in
25 the business of buying, selling, selling on consignment, displaying
26 for sale, or exchanging at least five vessels, motorboats, or
27 outboard motors during a calendar year at an established or

1 permanent place of business in this state [~~and that at each place of~~
2 ~~business there is a sign conspicuously displayed showing the name~~
3 ~~of the dealership so that it may be located by the public and~~
4 ~~sufficient space to maintain an office, service area, and display~~
5 ~~of products~~].

6 (16) "Distributor" means a person who offers for sale,
7 sells, or processes for distribution new boats or outboard motors
8 to dealers in this state.

9 (b) Subchapter A, Chapter 31, Parks and Wildlife Code, is
10 amended by adding Section 31.007 to read as follows:

11 Sec. 31.007. DEALER REQUIREMENTS. A dealer shall:

12 (1) display in each of the dealer's places of business
13 a sign that:

14 (A) is conspicuous to the public; and

15 (B) shows the name of the dealership; and

16 (2) operate in a space sufficient to maintain an
17 office, service area, and display of products.

18 (c) Section 31.021, Parks and Wildlife Code, is amended to
19 read as follows:

20 Sec. 31.021. REQUIRED NUMBERING. (a) Each [~~undocumented~~]
21 vessel on the water of this state shall be numbered in accordance
22 with the provisions of this chapter unless specifically exempted.
23 The numbering system shall be in accord with the Federal Boating Act
24 of 1958 and subsequent federal legislation.

25 (b) No person may operate or give permission for the
26 operation of any vessel or may dock, moor, or store a vessel owned
27 by the person on the water of this state unless:

1 (1) the vessel is numbered as required by this
2 chapter;

3 (2) the certificate of number awarded to the vessel is
4 in full force and effect; and

5 (3) the identifying number set forth in the
6 certificate is properly displayed on each side of the bow of the
7 vessel as required by this chapter.

8 (d) Section 31.032, Parks and Wildlife Code, is amended to
9 read as follows:

10 Sec. 31.032. NUMBERING ON BOW. (a) The owner of a vessel
11 shall paint on or attach to each side of the vessel near the bow the
12 identification number and a validation decal in the manner
13 prescribed by the department. The number shall read from left to
14 right and shall be of block characters of good proportion of not
15 less than three inches in height. The numbers shall be of a color
16 which will contrast with the hull material of the vessel and so
17 maintained as to be clearly visible and legible.

18 (b) The owner of a vessel required to be numbered under this
19 subchapter and documented by the United States Coast Guard is not
20 required to attach an identification number as required by
21 Subsection (a).

22 (c) The commission shall adopt rules for the placement of
23 the validation decal in an alternate location for antique boats. In
24 this subsection, "antique boat" means a boat that:

25 (1) is used primarily for recreational purposes; and

26 (2) was manufactured before 1968.

27 (e) Section 31.039, Parks and Wildlife Code, is amended to

1 read as follows:

2 Sec. 31.039. PUBLIC RECORDS; FEES. (a) All ownership
3 records of the department made or kept under this chapter are public
4 records.

5 (b) The commission may by rule charge a fee for access to
6 ownership records and other records made or kept under this
7 chapter.

8 (f) Section 31.041, Parks and Wildlife Code, is amended to
9 read as follows:

10 Sec. 31.041. DEALER'S, DISTRIBUTOR'S, AND MANUFACTURER'S
11 LICENSE [~~NUMBER~~]. (a) A person may not engage in business in this
12 state as a dealer, distributor, or manufacturer unless the person
13 holds a license issued under this section. A dealer must have a
14 license for each place of business owned and operated by the person.

15 (b) The commission shall establish the form and manner for
16 display of a license issued under this section.

17 (c) The department shall issue a dealer, distributor, or
18 manufacturer number to each dealer, distributor, or manufacturer
19 licensed under this section in the manner provided by Section
20 31.031(b).

21 (d) A dealer, distributor, or manufacturer of vessels in
22 this state may use the [~~obtain a~~] dealer's, distributor's, or [~~and~~]
23 manufacturer's number for vessels the dealer, distributor, or
24 manufacturer wishes to show, demonstrate, or test on the water of
25 this state instead of securing a certificate of number for each
26 vessel. The number shall be attached to any vessel that the dealer,
27 distributor, or manufacturer sends temporarily on the water. For

1 purposes of this subsection, "show, demonstrate, or test" does not
2 include the use of a vessel for recreational purposes or for
3 participation in a contest or event.

4 (e) [~~(b)~~] The application for a license under this section
5 [~~number~~] must state that the applicant is a dealer, distributor, or
6 manufacturer within the meaning of this chapter, and the facts
7 stated on the application must be sworn before an officer
8 authorized to administer oaths. An [~~The~~] application submitted by
9 a dealer must be accompanied by photographs of the business
10 sufficient to show any sign the business is required to display and
11 the extent of the space the business is required to maintain. The
12 application must also be accompanied by a copy of the tax permit of
13 the dealer, distributor, or manufacturer issued by the comptroller
14 under Chapter 151, Tax Code, if the dealer, distributor, or
15 manufacturer has a tax permit. The two-year fee for a dealer's,
16 distributor's, or [~~and~~] manufacturer's number is \$500 [~~\$45 or an~~
17 ~~amount set by the commission, whichever amount is more~~]. A license
18 [~~No number~~] may not be issued until the provisions of this section
19 have been satisfied.

20 (f) [~~(c)~~] A dealer, distributor, or manufacturer holding a
21 dealer's, distributor's, or [~~and~~] manufacturer's license [~~number~~]
22 may issue a reasonable temporary facsimile of the number issued
23 under Subsection (c), which may be used by any authorized person. A
24 person purchasing a vessel may use the dealer's number for a period
25 not to exceed 15 days prior to filing an application for a
26 certificate of number. The form of the facsimile and the manner of
27 display of the number shall be prescribed by the department.

1 (g) [(d)] A dealer, distributor, or manufacturer holding a
2 dealer's, distributor's, or ~~[and]~~ manufacturer's license ~~[number]~~
3 may transfer a certificate of number or a certificate of title to a
4 vessel or outboard motor without securing a certificate of number
5 or certificate of title in the dealer's, distributor's, or
6 manufacturer's name if the vessel or outboard motor is sold in the
7 normal course of the dealer's, distributor's, or manufacturer's
8 business. ~~[Any other person transferring a vessel or outboard~~
9 ~~motor must secure a certificate of number or certificate of title in~~
10 ~~the person's name before transferring the certificate of number or~~
11 ~~the certificate of title.]~~

12 (g) Subchapter B, Chapter 31, Parks and Wildlife Code, is
13 amended by adding Sections 31.0411, 31.0412, and 31.0413 to read as
14 follows:

15 Sec. 31.0411. TERM OF LICENSE; TRANSFER. (a) Except as
16 provided by Subsection (b), a license issued under Section 31.041:

17 (1) is valid for two years from the date of issuance;
18 and

19 (2) may not be transferred to another person.

20 (b) A license issued under Section 31.041 in the name of a
21 business remains valid for the business location specified on the
22 license if a change of ownership or business name occurs.

23 (c) A license issued under Section 31.041 may be transferred
24 to a new address if:

25 (1) a business moves to another location; and

26 (2) a change of ownership has not occurred.

27 Sec. 31.0412. LICENSING RULES. The commission may adopt

1 rules regarding licenses issued under Section 31.041, including
2 rules:

- 3 (1) regarding license transfer procedures;
4 (2) prescribing application forms;
5 (3) regarding application and renewal procedures;
6 (4) prescribing reporting and recordkeeping
7 requirements for license holders; and
8 (5) setting fees to be charged for:
9 (A) a transferred license; or
10 (B) a replacement license.

11 Sec. 31.0413. EXEMPTION FROM DEALER LICENSING
12 REQUIREMENTS. The dealer licensing provisions of this subchapter
13 do not apply to the sale of a canoe, kayak, punt, rowboat, rubber
14 raft, paddleboat, or other vessel that is less than 12 feet in
15 length and has a horsepower rating of five horsepower or less or to
16 the sale of an outboard motor with a manufacturer's rating of five
17 horsepower or less.

18 (h) Section 31.042(b), Parks and Wildlife Code, is amended
19 to read as follows:

20 (b) Causes for cancellation of certificates and voiding of
21 numbers include:

- 22 (1) surrender of the certificate for cancellation;
23 (2) issuance of a new number for the same vessel;
24 (3) ~~[issuance of a marine document by the Bureau of~~
25 ~~Customs for the same vessel,~~
26 ~~[(4)]~~ false or fraudulent certification in an
27 application for number;

1 (4) [~~(5)~~] failure to pay the prescribed fee; and
2 (5) [~~(6)~~] dismantling, destruction, or other change
3 in the form or character of the vessel or outboard motor so that it
4 is no longer correctly described in the certificate or it no longer
5 meets the definition of a vessel or outboard motor.

6 (i) Subchapter B, Chapter 31, Parks and Wildlife Code, is
7 amended by adding Section 31.044 to read as follows:

8 Sec. 31.044. INSPECTIONS. A dealer, distributor, or
9 manufacturer may not refuse to allow the department or a peace
10 officer to inspect a vessel, outboard motor, or records relating to
11 the possession, origination, ownership, or transfer of a vessel or
12 outboard motor at a dealership or distributor's or manufacturer's
13 place of business during normal business hours.

14 (j) Subchapter B-1, Chapter 31, Parks and Wildlife Code, is
15 amended by adding Section 31.0465 to read as follows:

16 Sec. 31.0465. APPEAL REGARDING CERTIFICATE OF TITLE; BOND;
17 RULES. (a) An applicant for a certificate of title under Section
18 31.046 may appeal the department's refusal to issue the title by
19 filing a bond with the department as provided by this section.

20 (b) A bond filed under this section must be:

21 (1) in the form prescribed by the department;
22 (2) executed by the applicant;
23 (3) issued by a person authorized to act as a surety
24 business in this state;

25 (4) in an amount equal to 1-1/2 times the value of the
26 vessel or outboard motor as determined by the department; and

27 (5) conditioned to indemnify all prior owners and

1 lienholders and all subsequent purchasers of the vessel or outboard
2 motor or persons who acquire a security interest in the vessel or
3 outboard motor, and their successors in interest, against any
4 expense, loss, or damage, including reasonable attorney's fees,
5 resulting from:

6 (A) the issuance of the certificate of title for
7 the vessel or outboard motor; or

8 (B) a defect in or undisclosed security interest
9 in the right, title, or interest of the applicant to or in the
10 vessel or outboard motor.

11 (c) The department may issue the certificate of title to the
12 person filing the bond if the applicant proves to the satisfaction
13 of the department that:

14 (1) the vessel or outboard motor is not stolen; and

15 (2) issuance of a certificate of title would not
16 defraud the owner or a lienholder of the vessel or outboard motor.

17 (d) A person described by Subsection (b)(5) has a right of
18 action to recover on the bond for a breach of a condition of the bond
19 described by Subsection (b)(5). The aggregate liability of the
20 surety to all persons may not exceed the amount of the bond.

21 (e) A bond filed under this section expires on the third
22 anniversary of the date the bond became effective. The department
23 shall return an expired bond to the person who filed the bond unless
24 the department has been notified of a pending action to recover on
25 the bond.

26 (f) On return of a bond under Subsection (e), the department
27 shall issue a certificate of title to the person to whom the bond is

1 returned.

2 (g) In addition to the situation described by Subsection
3 (c), the commission by rule may define acceptable situations in
4 which certificates of title may be issued after the filing of a bond
5 under this section.

6 (k) Section 31.049(c), Parks and Wildlife Code, is amended
7 to read as follows:

8 (c) If there is a lien on the vessel or outboard motor, the
9 original certificate of title shall be sent to the first
10 lienholder [~~, a duplicate original certificate shall be sent to the~~
11 ~~owner,~~] and a copy shall be retained by the department.

12 (l) Section 31.053, Parks and Wildlife Code, is amended by
13 adding Subsection (f) to read as follows:

14 (f) A person who is not licensed as a dealer, distributor,
15 or manufacturer under this chapter must obtain a certificate of
16 number or certificate of title to a vessel or outboard motor in the
17 person's name before transferring the certificate of number or
18 certificate of title.

19 (m) Section 31.127(a), Parks and Wildlife Code, is amended
20 to read as follows:

21 (a) A person who violates or fails to comply with any
22 provision of this chapter, or who violates or fails to comply with a
23 proclamation of the commission entered under this chapter or a city
24 ordinance or order of a commissioners court or a political
25 subdivision of the state made or entered under this chapter,
26 commits an offense that is a Class C Parks and Wildlife Code
27 misdemeanor.

1 (n) Not later than January 1, 2004, the Parks and Wildlife
2 Commission shall adopt any rules necessary to implement Subsections
3 (a)-(1) of this section.

4 (o) A person is not required to be licensed under Section
5 31.041, Parks and Wildlife Code, as amended by this section, until
6 March 1, 2004. Before that date, the person is governed by the law
7 as it existed immediately before the effective date of this
8 section, and that law is continued in effect for that purpose.

9 (p) This section takes effect September 1, 2003.

10 SECTION 9. TEXAS PARKS AND WILDLIFE DEPARTMENT: FRESHWATER
11 FISHING STAMP. (a) Chapter 43, Parks and Wildlife Code, is amended
12 by adding Subchapter U to read as follows:

13 SUBCHAPTER U. FRESHWATER FISHING STAMP

14 Sec. 43.801. DEFINITION. In this subchapter, "fresh water"
15 has the meaning provided by Section 66.001.

16 Sec. 43.802. FRESHWATER FISHING STAMP REQUIRED. (a)
17 Except as provided by Subsection (b) or (c), no person may engage in
18 fishing in fresh water for sporting purposes in this state unless
19 the person has acquired a freshwater fishing stamp issued to the
20 person by the department. The commission by rule may adopt
21 requirements relating to possessing a freshwater fishing stamp
22 required by this section.

23 (b) A person who is exempted from obtaining a fishing
24 license under Chapter 46 is not required to obtain a freshwater
25 fishing stamp.

26 (c) The commission by rule may exempt a person from the
27 freshwater fishing stamp requirement of this section.

1 Sec. 43.803. FISHING LICENSE REQUIRED. The acquisition of
2 a freshwater fishing stamp does not authorize a person to fish in
3 fresh water for sporting purposes without having acquired a fishing
4 license as provided by Chapter 46. The acquisition of a freshwater
5 fishing stamp does not authorize a person to fish at any time or by
6 any means not otherwise authorized by this code.

7 Sec. 43.804. DESIGN AND ISSUANCE OF STAMPS. (a) The
8 department may issue a freshwater fishing stamp to any person on the
9 payment to the department of \$5. Except as provided by Subsection
10 (e), a stamp must be signed on its face by the person using it for
11 the stamp to be valid for fishing purposes.

12 (b) The department may issue a collectible freshwater
13 fishing stamp to any person on the payment to the department of \$5.
14 A collectible freshwater fishing stamp does not authorize a person
15 to fish and is not valid for fishing purposes.

16 (c) The commission by rule shall prescribe the form, design,
17 and manner of issuance of the freshwater fishing stamp and the
18 collectible freshwater fishing stamp. The department retains all
19 reproduction rights to the design of the freshwater fishing stamp
20 and the collectible freshwater fishing stamp.

21 (d) The commission may contract with and pay a person for
22 designing and producing the freshwater fishing stamp or the
23 collectible freshwater fishing stamp.

24 (e) The commission by rule may prescribe alternate
25 requirements for identifying the purchaser of a freshwater fishing
26 stamp issued in an automated manner.

27 Sec. 43.805. DISPOSITION OF STAMP FEES. (a) After

1 deduction of any collection fee, the net receipts from freshwater
2 fishing stamp and collectible freshwater fishing stamp sales shall
3 be sent to the department.

4 (b) The net receipts from freshwater fishing stamp sales may
5 be spent only for:

6 (1) the repair, maintenance, renovation, or
7 replacement of freshwater fish hatcheries in this state; or

8 (2) the purchase of game fish that are stocked into the
9 public water of this state.

10 (c) The net receipts from collectible freshwater fishing
11 stamp sales may be spent only for the restoration, enhancement, or
12 management of freshwater fish habitats.

13 Sec. 43.806. EXPIRATION OF STAMP. (a) Except as provided
14 by Subsection (b) or (c), a freshwater fishing stamp is valid for
15 fishing only during the yearly period for which the stamp is issued,
16 without regard to the date on which the stamp is acquired. Each
17 yearly period begins on September 1 of the year in which the stamp
18 is issued or another date set by the commission and extends through
19 August 31 of the next year or another date set by the commission.
20 The commission by rule may set the amount of a stamp fee for a stamp
21 issued during a transition period at an amount lower than
22 prescribed in this subchapter and provide for a stamp term for a
23 transition period that is shorter or longer than one year.

24 (b) A freshwater fishing stamp issued before September 1 or
25 another date set by the commission that does not expire until August
26 31 of the next year or another date set by the commission is valid
27 from the date of issuance through August 31 of the next year or

1 another date set by the commission.

2 (c) A freshwater fishing stamp issued in conjunction with a
3 license issued under Section 46.005 or 46.0051 expires on the later
4 of the license expiration date or the date printed on the stamp.

5 Sec. 43.807. REFUSAL TO SHOW STAMP. A person fishing in
6 fresh water for sporting purposes who refuses on demand of any game
7 management officer or peace officer to show a freshwater fishing
8 stamp or proof that the person is exempt under Section 43.802(b) or
9 a rule adopted under that section is presumed to be in violation of
10 Section 43.802.

11 Sec. 43.808. PENALTY. A person who violates Section 43.802
12 is guilty of a Class C Parks and Wildlife Code misdemeanor.

13 Sec. 43.809. EXPIRATION OF SUBCHAPTER. This subchapter
14 expires September 1, 2014.

15 (b) Subchapters N and Q, Chapter 43, Parks and Wildlife
16 Code, are repealed.

17 (c) This section takes effect September 1, 2004.

18 SECTION 10. TRANSFER OF RAILROAD COMMISSION OF TEXAS
19 FUNCTIONS RELATED TO QUARRY AND PIT SAFETY. (a) On September 1,
20 2003:

21 (1) all powers, duties, functions, and activities
22 performed by the Railroad Commission of Texas under Chapter 133,
23 Natural Resources Code, immediately before that date are
24 transferred to the Texas Department of Transportation;

25 (2) all employees of the Railroad Commission of Texas
26 whose primary duties relate to the implementation of Chapter 133,
27 Natural Resources Code, become employees of the Texas Department of

1 Transportation;

2 (3) a rule, form, order, or procedure adopted by the
3 Railroad Commission of Texas for the implementation or enforcement
4 of Chapter 133, Natural Resources Code, is a rule, form, order, or
5 procedure of the Texas Department of Transportation and remains in
6 effect until changed by the Texas Department of Transportation;

7 (4) a reference in Chapter 133, Natural Resources
8 Code, to the Railroad Commission of Texas means the Texas
9 Department of Transportation;

10 (5) a permit or certification in effect under Chapter
11 133, Natural Resources Code, that was issued by the Railroad
12 Commission of Texas is continued in effect as a permit or
13 certification issued by the Texas Department of Transportation; and

14 (6) a complaint, investigation, or other proceeding
15 under Chapter 133, Natural Resources Code, pending before the
16 Railroad Commission of Texas is transferred without change in
17 status to the Texas Department of Transportation.

18 (b) This section takes effect September 1, 2003.

19 SECTION 11. RAILROAD COMMISSION OF TEXAS FUNCTIONS RELATED
20 TO RAILROAD SAFETY. (a) Article 6448a, Revised Statutes, is
21 amended to read as follows:

22 Art. 6448a. IMPLEMENTATION OF FEDERAL RAILROAD SAFETY ACT
23 OF 1970

24 Sec. 1. The Railroad Commission of Texas is hereby
25 authorized to perform any act and issue any rules and orders as
26 permitted by the Federal Railroad Safety Act of 1970 (45 U.S.C.A.
27 431 et seq.).

1 Sec. 2. (a) The Railroad Commission of Texas by rule shall
2 adopt reasonable fees to be assessed annually against railroads
3 operating within the state.

4 (b) The commission by rule shall establish the method by
5 which the fees are calculated and assessed.

6 (c) The total amount of fees estimated to be collected by
7 rules adopted by the commission under this section may not exceed
8 the amount estimated by the commission to be necessary to recover
9 the costs of administering the commission's rail safety program.

10 (d) In adopting a fee structure, the commission may consider
11 the gross ton miles for railroad operations within the State of
12 Texas for each railroad operating in the state to provide for the
13 equitable allocation among railroads of the cost of administering
14 the commission's rail safety program.

15 (e) A fee collected under this section shall be deposited to
16 the credit of the general revenue fund to be used for the rail
17 safety program.

18 (b) This section takes effect on September 1, 2003.

19 SECTION 12. RAILROAD COMMISSION OF TEXAS FUNCTIONS RELATED
20 TO PIPELINES. (a) Subchapter E, Chapter 121, Utilities Code, is
21 amended by adding Section 121.211 to read as follows:

22 Sec. 121.211. PIPELINE SAFETY FEES. (a) The railroad
23 commission by rule may adopt an inspection fee to be assessed
24 annually against operators of natural gas distribution pipelines
25 and their pipeline facilities and natural gas master metered
26 pipelines and their pipeline facilities subject to this chapter.

27 (b) The railroad commission by rule shall establish the

1 method by which the fee is calculated and assessed. In adopting a
2 fee structure, the railroad commission may consider any factors
3 necessary to provide for the equitable allocation among operators
4 of the costs of administering the railroad commission's pipeline
5 safety program under this chapter.

6 (c) The total amount of fees estimated to be collected under
7 rules adopted by the railroad commission under this section may not
8 exceed the amount estimated by the railroad commission to be
9 necessary to recover the costs of administering the railroad
10 commission's pipeline safety program under this chapter, excluding
11 costs that are fully funded by federal sources.

12 (d) The railroad commission may assess each investor-owned
13 and each municipally owned natural gas distribution system subject
14 to this chapter an annual inspection fee not to exceed 50 cents for
15 each service line reported by the system on the Distribution Annual
16 Report, Form RSPA F7100.1-1, due on March 15 of each year. The fee
17 is due March 15 of each year.

18 (e) The railroad commission may assess each operator of a
19 natural gas master metered system subject to this chapter an annual
20 inspection fee not to exceed \$100 for each master metered system.
21 The fee is due June 30 of each year.

22 (f) The railroad commission may assess a late payment
23 penalty of 10 percent of the total assessment due under Subsection
24 (d) or (e) that is not paid within 30 days after the annual due date
25 established by the applicable subsection.

26 (g) Each investor-owned and municipally owned natural gas
27 distribution company and each natural gas master meter operator

1 shall recover as a surcharge to its existing rates the amounts paid
2 to the railroad commission under this section. Amounts collected
3 under this subsection by an investor-owned natural gas distribution
4 company shall not be included in the revenue or gross receipts of
5 the company for the purpose of calculating municipal franchise fees
6 or any tax imposed under Subchapter B, Chapter 182, Tax Code, or
7 under Chapter 122. Those amounts are not subject to a sales and use
8 tax imposed by Chapter 151, Tax Code, or Chapters 321 through 327,
9 Tax Code.

10 (h) A fee collected under this section shall be deposited to
11 the credit of the general revenue fund to be used for the pipeline
12 safety program.

13 (b) This section takes effect September 1, 2003.

14 SECTION 13. SOIL AND WATER CONSERVATION BOARD. (a) Section
15 201.011, Agriculture Code, is amended to read as follows:

16 Sec. 201.011. COMPOSITION. The State Soil and Water
17 Conservation Board is a state agency composed of seven [~~five~~]
18 members as follows:

19 (1) [~~with~~] one member elected from each of the state
20 districts in accordance with this subchapter; and

21 (2) two members appointed by the governor, each of
22 whom is:

23 (A) actively engaged in the business of farming,
24 animal husbandry, or other business related to agriculture and who
25 wholly or partly owns or leases land used in connection with that
26 business; and

27 (B) not a member of the board of directors of a

1 conservation district.

2 (b) Section 201.015(b), Agriculture Code, is amended to
3 read as follows:

4 (b) The term of office of an elected [~~a~~] member of the state
5 board begins on the day after the day on which the member was
6 elected. The term of one member appointed by the governor expires
7 February 1 of each odd-numbered year, and the term of the other
8 member appointed by the governor expires February 1 of each
9 even-numbered year.

10 (c) Section 201.016, Agriculture Code, is amended to read as
11 follows:

12 Sec. 201.016. VACANCY. Vacancies on the state board for
13 state district positions are filled by election in the manner
14 provided by this subchapter for an unexpired term or for a full
15 term.

16 (d) Subchapter B, Chapter 201, Agriculture Code, is amended
17 by adding Sections 201.028 and 201.029 to read as follows:

18 Sec. 201.028. SEMIANNUAL REPORT. Not later than January 1
19 and July 1 of each year, the state board shall prepare and deliver a
20 report to the governor, the lieutenant governor, and the speaker of
21 the house of representatives relating to the status of the board's
22 budget areas of responsibility assigned to the board, including
23 outreach programs, grants made and received, federal funding
24 applied for and received, special projects, and oversight of water
25 conservation district activities.

26 Sec. 201.029. MANAGEMENT AUDIT. Not later than March 1,
27 2004, the state auditor, in coordination with the Legislative

1 Budget Board, shall conduct a management audit of the State Soil and
2 Water Conservation Board and deliver the audit report to the
3 governor, the lieutenant governor, and the speaker of the house of
4 representatives. The audit shall include an evaluation of the
5 administrative budget for the board. This section expires April 1,
6 2004.

7 (e) Sections 203.011-203.013, Agriculture Code, are amended
8 to read as follows:

9 Sec. 203.011. AUTHORITY OF BOARD. The board has
10 jurisdiction over and shall administer the brush control program
11 under this chapter with the assistance of local districts.

12 Sec. 203.012. RULES. The board shall adopt, after
13 consulting with local districts, reasonable rules that are
14 necessary to carry out this chapter.

15 Sec. 203.013. AUTHORITY OF DISTRICTS. Each district [~~in~~
16 ~~which all or part of a critical area is located~~] may carry out the
17 responsibilities provided by Subchapter D of this code as delegated
18 by the board [~~in that critical area~~].

19 (f) Section 203.016, Agriculture Code, is amended to read as
20 follows:

21 Sec. 203.016. CONSULTATION. The board shall consult with:

22 (1) the department in regard to the effects of the
23 brush control program on agriculture;

24 (2) the Texas Water Development Board in regard to the
25 effects of the brush control program on water quantity; and

26 (3) the Parks and Wildlife Department in regard to the
27 effects of the brush control program on fish and wildlife.

1 (g) Section 203.051, Agriculture Code, is amended to read as
2 follows:

3 Sec. 203.051. STATE PLAN. The board shall prepare and adopt
4 a state brush control plan that shall:

5 (1) include a comprehensive strategy for managing
6 brush in all areas of the state where brush is contributing to a
7 substantial water conservation problem; and

8 (2) rank [~~designate~~] areas [~~of critical need~~] in the
9 state in need of a [~~which to implement the~~] brush control program.

10 (h) Sections 203.052(b), (c), and (d), Agriculture Code,
11 are amended to read as follows:

12 (b) Not less than 30 days before the date the hearing is to
13 be held, the board shall mail written notice of the hearing to each
14 district in the state. The notice must:

15 (1) include the date and place for holding the
16 hearing;

17 (2) include instructions for each district to submit
18 comments on the proposed plan; and

19 (3) [~~must~~] state the purpose for holding the hearing.

20 (c) At the hearing, representatives of a district and any
21 other person may appear and present testimony including information
22 and suggestions for any changes in the proposed plan. The board
23 shall:

24 (1) enter any written comments received on the
25 proposed plan into the record of the hearing; and

26 (2) consider all written comments and testimony before
27 taking final action on the proposed plan.

1 (d) After the conclusion of the hearing, the board shall
2 consider the testimony including the information and suggestions
3 made at the hearing and in written comments. After ~~[and, after]~~
4 making any changes in the proposed plan that it finds necessary, the
5 board shall adopt the plan.

6 (i) Section 203.053, Agriculture Code, is amended to read as
7 follows:

8 Sec. 203.053. CRITERIA FOR EVALUATING BRUSH CONTROL
9 ~~[DESIGNATING CRITICAL]~~ AREAS. (a) In ranking ~~[designating~~
10 ~~critical]~~ areas under the plan, the board shall consider:

11 (1) the location of various brush infestations;

12 (2) the type and severity of ~~[various]~~ brush
13 infestations;

14 (3) the various management methods that may be used to
15 control brush; ~~[and]~~

16 (4) any other criteria that the board considers
17 relevant to assure that the brush control program can be most
18 effectively, efficiently, and economically implemented; and

19 (5) the amount of water produced by a project and the
20 severity of water shortage in the areas.

21 (b) In ranking ~~[designating critical]~~ areas, the board
22 shall give priority to areas with the most critical water
23 conservation needs and in which brush control and revegetation
24 projects will be most likely to produce substantial water
25 conservation.

26 (j) Section 203.055, Agriculture Code, is amended to read as
27 follows:

1 Sec. 203.055. APPROVED METHODS FOR BRUSH CONTROL. (a) The
2 board shall study and must approve all methods used to control brush
3 under this Act considering the overall impact the project will have
4 [~~within critical areas~~].

5 (b) The board may approve a method for use under the
6 cost-sharing program provided by Subchapter E of this chapter if
7 the board finds that the proposed method:

8 (1) has proven to be an effective and efficient method
9 for controlling brush;

10 (2) is cost efficient;

11 (3) will have a beneficial impact on the development
12 of water sources and wildlife habitat;

13 (4) will maintain topsoil to prevent erosion or
14 silting of any river or stream; and

15 (5) will allow the revegetation of the area after the
16 brush is removed with plants that are beneficial to stream flows,
17 groundwater levels, livestock, and wildlife.

18 (k) Section 203.101, Agriculture Code, is amended to read as
19 follows:

20 Sec. 203.101. GENERAL AUTHORITY. Each district may
21 administer the aspects of the brush control program [~~within any~~
22 ~~critical area~~] located within the jurisdiction of that district.

23 (1) Section 203.154, Agriculture Code, is amended by
24 amending Subsections (a) and (c) and by adding Subsections (d) and
25 (e) to read as follows:

26 (a) Not more than 70 [~~80~~] percent of the total cost of a
27 single brush control project may be made available as the state's

1 share in cost sharing.

2 (c) The board may grant an exception to Subsection (b) of
3 this section if the board finds that joint participation of the
4 state brush control program and any federal brush control program
5 will:

6 (1) enhance the efficiency and effectiveness of a
7 project; ~~and~~

8 (2) lessen the state's financial commitment to the
9 project; and

10 (3) not exceed 80 percent of the total cost of the
11 project.

12 (d) A political subdivision of this state is eligible for
13 cost sharing under the brush control program as long as the state's
14 share does not exceed 50 percent of any one project.

15 (e) Notwithstanding any other provision of this section,
16 100 percent of the total costs of a single project on public lands
17 may be made available as the state's share in cost sharing.

18 (m) Sections 203.156-203.158, Agriculture Code, are amended
19 to read as follows:

20 Sec. 203.156. APPLICATION FOR COST SHARING. A person,
21 including a political subdivision of this state, who desires to
22 participate with the state in a brush control project and to obtain
23 cost-sharing participation by the state shall file an application
24 with the district board in the district in which the land on which
25 the project is to be accomplished is located. The application must
26 be in the form provided by board rules.

27 Sec. 203.157. CONSIDERATIONS IN PASSING ON APPLICATION. In

1 passing on an application for cost sharing, the board shall
2 consider:

3 (1) the location of [~~whether~~] the project [~~is to be~~
4 ~~carried out in a critical area~~];

5 (2) the method of control that is to be used by the
6 project applicant;

7 (3) the plans for revegetation;

8 (4) the total cost of the project;

9 (5) the amount of land to be included in the project;

10 (6) whether the applicant for the project is
11 financially able to provide his share of the money for the project;

12 (7) the cost-share percentage, if an applicant agrees
13 to a higher degree of financial commitment;

14 (8) any comments and recommendations submitted by a
15 local district, the department, the Texas Water Development Board,
16 or [of] the Parks and Wildlife Department; and

17 (9) any other pertinent information considered
18 necessary by the board.

19 Sec. 203.158. APPROVAL OF APPLICATION. The board may
20 approve an application if, after considering the factors listed in
21 Section 203.157 of this code and any other relevant factors, the
22 board finds:

23 (1) the owner of the land fully agrees to cooperate in
24 the project;

25 (2) the method of eradication is a method approved by
26 the board under Section 203.055 of this code; and

27 (3) the project ranks higher than other projects

1 submitted in accordance with [~~is to be carried out in a critical~~
2 ~~area designated under~~] the board's plan.

3 (n) Sections 203.159(a) and (c), Agriculture Code, are
4 amended to read as follows:

5 (a) If the demand for funds under the cost-sharing program
6 is greater than funds available, the board shall [~~may~~] establish
7 priorities favoring the areas with the most critical water
8 conservation needs and projects that will be most likely to produce
9 substantial water conservation.

10 (c) The board shall consider quantity of stream flows, the
11 quantity of groundwater, and the amount of [~~land dedicated to the~~
12 ~~project that will produce significant~~] water conservation from the
13 eradication of brush each to be [~~is~~] a priority.

14 (o) Sections 203.001(5) and 203.155, Agriculture Code, are
15 repealed.

16 (p) In making initial appointments to the State Soil and
17 Water Conservation Board under Section 201.011, Agriculture Code,
18 as amended by this section, the governor shall designate one member
19 to serve a term expiring February 1, 2004, and the other member to
20 serve a term expiring February 1, 2005.

21 (q) The State Soil and Water Conservation Board shall
22 prepare and deliver the first report required by Section 201.028,
23 Agriculture Code, as added by this section, not later than January
24 1, 2004.

25 (r) This section takes effect September 1, 2003.

26 SECTION 14. IMPOSITION OF CERTAIN FEES. (a) Subchapter B,
27 Chapter 1052, Occupations Code, is amended by adding Section

1 1052.0541 to read as follows:

2 Sec. 1052.0541. FEE INCREASE. (a) The fee for the issuance
3 of a certificate of registration under this chapter and the fee for
4 the renewal of a certificate of registration under this chapter is
5 increased by \$200.

6 (b) Of each fee increase collected, \$50 shall be deposited
7 in the foundation school fund and \$150 shall be deposited in the
8 general revenue fund.

9 (b) Subchapter B, Chapter 1053, Occupations Code, is
10 amended by adding Section 1053.0521 to read as follows:

11 Sec. 1053.0521. FEE INCREASE. (a) The fee for the issuance
12 of a certificate of registration under this chapter and the fee for
13 the renewal of a certificate of registration under this chapter is
14 increased by \$200.

15 (b) Of each fee increase collected, \$50 shall be deposited
16 in the foundation school fund and \$150 shall be deposited in the
17 general revenue fund.

18 (c) Subchapter D, Chapter 1071, Occupations Code, is
19 amended by adding Section 1071.1521 to read as follows:

20 Sec. 1071.1521. FEE INCREASE. (a) The fee for the issuance
21 of a certificate of registration to a registered professional land
22 surveyor under this chapter and the fee for the renewal of a
23 certificate of registration for a registered professional land
24 surveyor under this chapter is increased by \$200.

25 (b) Of each fee increase collected, \$50 shall be deposited
26 in the foundation school fund and \$150 shall be deposited in the
27 general revenue fund.

1 (c) This section does not apply to state agency employees
2 who are employed by the state as land surveyors.

3 (d) Subchapter B, Chapter 1152, Occupations Code, is
4 amended by adding Section 1152.053 to read as follows:

5 Sec. 1152.053. FEE INCREASE. (a) The fee for the
6 registration of a person under this chapter and the fee for the
7 renewal of a registration under this chapter is increased by \$200.

8 (b) Of each fee increase collected, \$50 shall be deposited
9 in the foundation school fund and \$150 shall be deposited in the
10 general revenue fund.

11 (e) The change in law made by this section applies only to
12 the issuance or renewal of a certificate of registration under
13 Chapter 1052, 1053, or 1071, Occupations Code, or the issuance or
14 renewal of a registration under Chapter 1152, Occupations Code, on
15 or after the effective date of this article. A certificate of
16 registration or registration issued or renewed before the effective
17 date of this section is governed by the law in effect on the date of
18 the issuance or renewal, and the former law is continued in effect
19 for that purpose.

20 SECTION 15. STATE AGENCY HUMAN RESOURCES STAFFING AND
21 FUNCTIONS. (a) Subtitle B, Title 6, Government Code, is amended by
22 adding Chapter 670 to read as follows:

23 CHAPTER 670. HUMAN RESOURCES STAFFING AND FUNCTIONS

24 Sec. 670.001. DEFINITIONS. In this chapter:

25 (1) "Human resources employee" does not include an
26 employee whose primary job function is enforcement of Title VI or
27 Title VII of the Civil Rights Act of 1964.

1 (2) "State agency" means a department, commission,
2 board, office, authority, council, or other governmental entity in
3 the executive branch of government that is created by the
4 constitution or a statute of this state and has authority not
5 limited to a geographical portion of the state. The term does not
6 include a university system or institution of higher education as
7 defined by Section 61.003, Education Code.

8 Sec. 670.002. HUMAN RESOURCES STAFFING FOR LARGE STATE
9 AGENCIES. A state agency with 500 or more full-time equivalent
10 employees shall adjust the agency's human resources staff to
11 achieve a human resources employee-to-staff ratio of not more than
12 one human resources employee for every 85 staff members.

13 Sec. 670.003. HUMAN RESOURCES STAFFING FOR MEDIUM-SIZED AND
14 SMALL STATE AGENCIES; OUTSOURCING. (a) The State Council on
15 Competitive Government shall determine the cost-effectiveness of
16 consolidating the human resources functions of or contracting with
17 private entities to perform the human resources functions of state
18 agencies that employ fewer than 500 full-time equivalent employees.

19 (b) If the council determines that contracting with private
20 entities is cost-effective, the council shall issue a request for
21 proposals for vendors to perform the human resources functions of
22 the agencies.

23 (c) The council shall determine which human resources
24 functions are subject to the contract and which functions the
25 agency may select to perform itself.

26 (d) Each agency shall pay for the contracts for human
27 resources functions out of the agency's human resources budget.

1 (b) Not later than January 1, 2004, each state agency with
2 500 or more full-time equivalent employees shall comply with the
3 human resources employee-to-staff ratio requirements in Section
4 670.002, Government Code, as added by this section.

5 (c) Not later than January 1, 2004, the State Council on
6 Competitive Government shall conduct an initial feasibility study
7 to determine the cost-effectiveness of consolidating the human
8 resources functions of or contracting with private entities to
9 perform human resources functions of state agencies under Section
10 670.003, Government Code, as added by this section.

11 SECTION 16. AGENCY STAFFING AND PRODUCTIVITY. (a)
12 Effective September 1, 2003, Section 651.004, Government Code, is
13 amended by adding Subsections (c-1) and (d) to read as follows:

14 (c-1) A state agency in the executive branch of state
15 government that employs more than 100 full-time equivalent
16 employees may not, after March 31, 2004, employ more than one
17 full-time equivalent employee in a management position for every
18 eight full-time equivalent employees that the agency employs in
19 nonmanagerial staff positions. This subsection expires September
20 1, 2005.

21 (d) A state agency that believes that the minimum
22 management-to-staff ratios required by this section are
23 inappropriate for that agency may appeal to the Legislative Budget
24 Board. The Legislative Budget Board by rule shall adopt appeal
25 procedures.

26 (b) Effective September 1, 2004, Section 651.004,
27 Government Code, is amended by adding Subsection (c-2) to read as

1 follows:

2 (c-2) A state agency in the executive branch of state
3 government that employs more than 100 full-time equivalent
4 employees may not, after August 31, 2005, employ more than one
5 full-time equivalent employee in a management position for every
6 nine full-time equivalent employees that the agency employs in
7 nonmanagerial staff positions. This subsection expires September
8 1, 2006.

9 (c) Effective September 1, 2005, Section 651.004,
10 Government Code, is amended by adding Subsection (c-3) to read as
11 follows:

12 (c-3) A state agency in the executive branch of state
13 government that employs more than 100 full-time equivalent
14 employees may not, after August 31, 2006, employ more than one
15 full-time equivalent employee in a management position for every 10
16 full-time equivalent employees that the agency employs in
17 nonmanagerial staff positions. This subsection expires September
18 1, 2007.

19 (d) Effective September 1, 2006, Section 651.004,
20 Government Code, is amended by adding Subsection (c) to read as
21 follows:

22 (c) A state agency in the executive branch of state
23 government that employs more than 100 full-time equivalent
24 employees may not employ more than one full-time equivalent
25 employee in a management position for every 11 full-time equivalent
26 employees that the agency employs in nonmanagerial staff positions.

27 (e) A state agency in the executive branch of government

1 shall achieve the management-to-staff ratio required by Subsection
2 (c), Section 651.004, Government Code, as added by this section,
3 not later than August 31, 2007.

4 (f) Subchapter K, Chapter 659, Government Code, is amended
5 by adding Section 659.262 to read as follows:

6 Sec. 659.262. ADDITIONAL COMPENSATION FOR CERTAIN
7 CLASSIFIED STATE EMPLOYEES. (a) In this section, "state agency"
8 means an agency of any branch of state government that employs
9 individuals who are classified under Chapter 654.

10 (b) To enhance the recruitment of competent personnel for
11 certain classified employee positions, a state agency may provide
12 to a state employee, at the time of the employee's hiring for a
13 classified position, additional compensation in the form of a
14 one-time recruitment payment not to exceed \$5,000. If the employee
15 discontinues employment with the state agency for any reason less
16 than three months after the date of receiving the recruitment
17 payment, the employee shall refund to the state agency the full
18 amount of the recruitment payment. If the employee discontinues
19 employment with the state agency for any reason three months or
20 longer but less than 12 months after the date of receiving the
21 recruitment payment, the employee shall refund to the state agency
22 an amount computed by:

23 (1) subtracting from 12 months the number of complete
24 calendar months the employee worked after the date of receiving the
25 recruitment payment;

26 (2) dividing the number of months computed under
27 Subdivision (1) by 12 months; and

1 (3) multiplying the fraction computed under
2 Subdivision (2) by the amount of the recruitment payment.

3 (c) To enhance the retention of employees who are employed
4 in certain classified positions that are identified by the chief
5 administrator of a state agency as essential for the state agency's
6 operations, a state agency may enter into a deferred compensation
7 contract with a classified employee to provide to the employee a
8 one-time additional compensation payment not to exceed \$5,000 to be
9 added to the employee's salary payment the month after the
10 conclusion of the 12-month period of service under the deferred
11 compensation contract.

12 (d) To be eligible to enter into a contract for deferred
13 compensation under Subsection (c), a state employee must have
14 already completed at least 12 months of service in a classified
15 position.

16 (e) The chief administrator of a state agency shall
17 determine whether additional compensation is necessary under this
18 section on a case-by-case basis, considering:

19 (1) the criticality of the employee position in the
20 operations of the state agency;

21 (2) evidence of high turnover rates among employees
22 filling the position or an extended period during which the
23 position is or has in the past been vacant;

24 (3) evidence of a shortage of employees qualified to
25 fill the position or a shortage of qualified applicants; and

26 (4) other relevant factors.

27 (f) Before an agency provides or enters into a contract to

1 provide additional compensation to an employee under this section,
2 the chief administrator of the state agency must certify to the
3 comptroller in writing the reasons why the additional compensation
4 is necessary.

5 (g) Additional compensation paid to an employee under this
6 section is specifically exempted from any limitation on salary or
7 salary increases prescribed by this chapter.

8 (g) Subsection (b), Section 656.048, Government Code, is
9 repealed.

10 SECTION 17. Sections 81.116(b) and (d), Natural Resources
11 Code, are amended to read as follows:

12 (b) The fee is in addition to, and independent of any
13 liability for, the taxes imposed under Section 81.111 of this code
14 and Chapter 202, Tax Code.

15 (d) The comptroller shall suspend collection of the fee in
16 the manner provided by Section 91.111 of this code. The exemptions
17 and reductions set out in Sections 202.052, 202.054, 202.056,
18 202.057, and 202.059, Tax Code, do not affect the fee imposed by
19 this section.

20 SECTION 18. Sections 81.117(b) and (d), Natural Resources
21 Code, are amended to read as follows:

22 (b) The fee is in addition to, and independent of any
23 liability for, the tax imposed under Section 201.052, Tax Code.

24 (d) The comptroller shall suspend collection of the fee in
25 the manner provided by Section 91.111 of this code. The exemptions
26 and reductions set out in Sections 201.053, 201.057, and 201.058,
27 Tax Code, do not affect the fee imposed by this section.

1 SECTION 19. WATER POLLUTION AND CONSERVATION PROGRAMS
2 ADMINISTERED BY THE TEXAS WATER DEVELOPMENT BOARD. (a) Section
3 15.602, Water Code, is amended by adding Subdivision (5-a) to read
4 as follows:

5 (5-a) "Eligible lending institution" means a
6 financial institution that makes commercial loans, is either a
7 depository of state funds or an institution of the Farm Credit
8 System headquartered in this state, agrees to participate in a
9 linked deposit program established under Section 15.611 and to
10 provide collateral equal to the amount of linked deposits placed
11 with it, and meets any other requirements established by board
12 rule.

13 (b) Section 15.603, Water Code, is amended by adding
14 Subsection (i) to read as follows:

15 (i) In addition to authorized purposes under Subsection
16 (a), the revolving fund is held by the board to provide linked
17 deposits to eligible financial institutions for loans to persons
18 for nonpoint source pollution control projects.

19 (c) Subsection (a), Section 15.604, Water Code, is amended
20 to read as follows:

21 (a) The board may use the revolving fund for financial
22 assistance only as provided by the federal act:

23 (1) to make loans, on the conditions that:

24 (A) those loans are made at or below market
25 interest rates, including interest-free loans, at terms not to
26 exceed 20 years;

27 (B) principal and interest payments will begin

1 not later than one year after completion of any treatment works and
2 all loans will be fully amortized not later than 20 years after
3 completion of the treatment works;

4 (C) the recipient of a loan will establish a
5 dedicated source of revenue for repayment of loans; and

6 (D) the revolving fund will be credited with all
7 payments of principal of and interest on all loans;

8 (2) to buy or refinance the debt obligation of
9 political subdivisions at or below market rates if the debt
10 obligations were incurred after March 7, 1985;

11 (3) to guarantee or purchase insurance for political
12 subdivisions if the guarantee or insurance would improve access to
13 market credit or reduce interest rates;

14 (4) as a source of revenue or security for the payment
15 of principal and interest on bonds issued by the state if the
16 proceeds of the sale of those bonds will be deposited in the
17 revolving fund;

18 (5) to provide loan guarantees to similar revolving
19 funds established by municipalities or intermunicipal agencies;

20 (6) to earn interest on revolving fund accounts;

21 (7) for the reasonable costs of administering the
22 revolving fund and conducting activities provided for by Title VI
23 of the federal act, except that those amounts may not exceed the
24 amount authorized under Title VI of the federal act;

25 (8) to provide financial assistance to persons for a
26 nonpoint source pollution control project under Section 319 of the
27 federal act or for an estuary management project under Section 320

1 of the federal act; ~~and~~

2 (9) for other purposes as provided by the federal act;
3 and

4 (10) to provide linked deposits to eligible lending
5 institutions for loans to persons for nonpoint source pollution
6 control projects.

7 (d) Subchapter J, Chapter 15, Water Code, is amended by
8 adding Sections 15.610 through 15.618 to read as follows:

9 Sec. 15.610. LINKED DEPOSIT. A linked deposit is a deposit
10 governed by a written deposit agreement between the board and an
11 eligible lending institution that provides that:

12 (1) the eligible lending institution pay interest on
13 the deposit at a rate determined by the board;

14 (2) the state not withdraw any part of the deposit
15 before the expiration of a period set by a written advance notice of
16 the intention to withdraw; and

17 (3) the eligible lending institution agree to lend the
18 value of the deposit to a person at a maximum rate that is the rate
19 paid by the eligible lending institution to the board plus a maximum
20 of four percent.

21 Sec. 15.611. LINKED DEPOSIT PROGRAM. (a) The board by
22 rule may establish a nonpoint source pollution control linked
23 deposit program in accordance with this subchapter.

24 (b) An eligible lending institution may participate in the
25 program established under this section as provided by this
26 subchapter.

27 Sec. 15.612. APPLICATION BY ELIGIBLE LENDING INSTITUTIONS

1 TO PARTICIPATE IN LINKED DEPOSIT PROGRAM. To participate in the
2 nonpoint source pollution control linked deposit program, an
3 eligible lending institution must:

4 (1) solicit loan applications, which must contain a
5 description of a proposed nonpoint source pollution control
6 project;

7 (2) review applications to determine if applicants are
8 eligible and creditworthy; and

9 (3) submit the applications of eligible and
10 creditworthy applicants to the executive administrator with a
11 certification:

12 (A) of the interest rate applicable to each
13 applicant by the eligible lending institution; and

14 (B) of the proposed project by the appropriate
15 person as required by Section 15.613.

16 Sec. 15.613. CERTIFICATION OF PROJECT. (a) An eligible
17 lending institution must obtain from a director of a soil and water
18 conservation district certification of an agricultural or
19 silvicultural nonpoint source pollution control project proposed
20 for the district. The certification must state that:

21 (1) the applicant of the proposed project has a water
22 quality management plan certified by the State Soil and Water
23 Conservation Board; and

24 (2) the project furthers or implements the plan.

25 (b) An eligible lending institution must obtain from the
26 executive director certification of a proposed nonpoint source
27 pollution control project that is not an agricultural or

1 silvicultural nonpoint source pollution control project. The
2 certification must state that the applicant's proposed project
3 implements the state's nonpoint source pollution management plan.

4 Sec. 15.614. APPROVAL OR REJECTION OF APPLICATION. The
5 board may approve or reject an application of an eligible lending
6 institution to participate in the program. The board may delegate
7 its authority to approve or reject an application to the executive
8 administrator.

9 Sec. 15.615. DEPOSIT AGREEMENT. If the board approves an
10 application of an eligible lending institution, the board and the
11 eligible lending institution shall enter into a written deposit
12 agreement. The agreement shall contain the conditions on which the
13 linked deposit is made. On execution of the agreement, the board
14 shall place a linked deposit from the revolving fund with the
15 eligible lending institution in accordance with the agreement. A
16 delay in payment or a default on a loan by an applicant does not
17 affect the validity of the deposit agreement.

18 Sec. 15.616. COMPLIANCE. (a) On accepting a linked
19 deposit, an eligible lending institution must lend money to an
20 approved applicant in accordance with the deposit agreement and
21 this subchapter. The eligible lending institution shall forward a
22 compliance report to the board in accordance with board rules. The
23 board shall adopt rules regarding the compliance report.

24 (b) The board shall monitor compliance with this subchapter
25 and inform the comptroller of noncompliance on the part of an
26 eligible lending institution.

27 Sec. 15.617. STATE LIABILITY PROHIBITED. The state is not

1 liable to an eligible lending institution for payment of the
2 principal, interest, or any late charges on a loan made to an
3 approved applicant. A linked deposit is not an extension of the
4 state's credit within the meaning of any state constitutional
5 prohibition.

6 Sec. 15.618. LIMITATIONS ON PROGRAM. (a) The maximum
7 amount of a loan under the linked deposit program is \$250,000.

8 (b) The board may withdraw linked deposits from an eligible
9 lending institution if the institution ceases to be either a state
10 depository or a Farm Credit System institution headquartered in
11 this state.

12 (e) Subdivisions (3) through (6), Section 17.871, Water
13 Code, are amended to read as follows:

14 (3) "Eligible lending institution" means a financial
15 institution that makes commercial loans, is either a depository of
16 state funds or an institution of the Farm Credit System
17 headquartered in this state, agrees to participate in a linked
18 deposit program established under Section 17.905 and to provide
19 collateral equal to the amount of linked deposits placed with it,
20 and meets any other requirements established by board rule
21 ["Conservation loan" means a loan from the board to a borrower
22 district or from a lender district to an individual borrower].

23 (4) "Fund" means the agricultural water conservation
24 fund authorized by Section 50-d, Article III, of the Texas
25 Constitution.

26 (5) "Person" means an individual, corporation,
27 partnership, association, or other legal entity that is not a

1 political subdivision [~~"Individual borrower" means a person who~~
2 ~~receives or is eligible to receive a conservation loan from a lender~~
3 ~~district~~].

4 (6) "Political subdivision" includes a district or
5 authority created under Section 52, Article III, or Section 59,
6 Article XVI, of the Texas Constitution, a municipality, a county,
7 an institution of higher education as defined by Section 61.003,
8 Education Code, any interstate compact commission to which the
9 state is a party, and any nonprofit water supply corporation
10 created and operating under Chapter 67 [~~"Lender district" means a~~
11 ~~political subdivision, including a soil and water conservation~~
12 ~~district under Chapter 201, Agriculture Code, a groundwater~~
13 ~~conservation district created under Article XVI, Section 59, of the~~
14 ~~Texas Constitution, or a district or authority created under~~
15 ~~Article III, Section 52(b)(1), or Article XVI, Section 59, of the~~
16 ~~Texas Constitution authorized to supply water for irrigation~~
17 ~~purposes, that is eligible to receive or that receives a loan from~~
18 ~~the board for the purpose of making conservation loans to~~
19 ~~individual borrowers~~].

20 (f) Subsections (c) and (d), Section 17.879, Water Code, are
21 amended to read as follows:

22 (c) By rule or in the resolution or order authorizing
23 issuance of bonds or other resolution or order of the board, the
24 board may establish an interest and sinking fund and may establish
25 accounts in the funds, including an interest and sinking account,
26 and may transfer money among the funds and accounts [~~fund~~].

27 (d) The board may invest and reinvest money in the fund, the

1 interest and sinking fund, and any account therein in any
2 obligations or securities as provided by bond resolutions, ~~[and]~~
3 orders of the board, and Section 404.024, Government Code.

4 (g) Subsection (a), Section 17.880, Water Code, is amended
5 to read as follows:

6 (a) Loans, bonds of political subdivisions ~~[borrower~~
7 ~~districts or lender districts]~~, and other obligations owned by the
8 state and deposited in the fund or in the interest and sinking fund
9 are considered to be securities under this subchapter.

10 (h) Subsection (b), Section 17.881, Water Code, is amended
11 to read as follows:

12 (b) The board shall sell the loans or bonds of political
13 subdivisions ~~[borrower districts or lender districts]~~ at the price
14 and under the terms that it determines to be reasonable.

15 (i) Section 17.883, Water Code, is amended to read as
16 follows:

17 Sec. 17.883. BOND REVIEW BOARD. Bonds may not be issued
18 under this subchapter unless the issuance of the bonds has been
19 reviewed and approved by the bond review board. Prior to issuance
20 of bonds, the board shall estimate demand for ~~[agricultural water]~~
21 conservation programs or projects ~~[loans]~~ based on a survey of
22 ~~[districts]~~ eligible participants ~~[to participate]~~ in the program.
23 A summary of this information shall be furnished to the bond review
24 board.

25 (j) Section 17.894, Water Code, is amended to read as
26 follows:

27 Sec. 17.894. BOND ENHANCEMENT AGREEMENTS; PAYMENT OF

1 EXPENSES. (a) The board at any time and from time to time may
2 enter into one or more bond enhancement agreements that the board
3 determines to be necessary or appropriate to place the obligation
4 of the board, as represented by the bonds, in whole or in part, on
5 the interest rate, currency, cash flow, or other basis desired by
6 the board. A bond enhancement agreement is an agreement for
7 professional services and shall contain the terms and conditions
8 and be for the period that the board approves.

9 (b) The fees and expenses of the board in connection with
10 the issuance of the bonds and the providing of financial assistance
11 to political subdivisions may be paid from money in the fund,
12 provided that any payments due from the board under a bond
13 enhancement agreement, other than fees and expenses, that relate to
14 the payment of debt service on the bonds constitute payments of
15 principal of and interest on the bonds.

16 (c) Bond enhancement agreements may include, on terms and
17 conditions approved by the board, interest rate swap agreements;
18 currency swap agreements; forward payment conversion agreements;
19 agreements providing for payments based on levels of or changes in
20 interest rates or currency exchange rates; agreements to exchange
21 cash flows or a series of payments; agreements, including options,
22 puts, or calls, to hedge payment, currency, rate, spread, or other
23 exposure; or other agreements that further enhance the
24 marketability, security, or creditworthiness of water financial
25 assistance bonds [~~USE OF FUND. (a) The board may use money in the~~

26 ~~fund to make conservation loans directly to borrower districts, to~~
27 ~~make loans to lender districts, and to pay the cost of bond~~

1 issuance.

2 [~~(b) The board may use money in the fund:~~

3 [~~(1) to make loans to political subdivisions other~~
4 ~~than lender districts for agricultural water conservation~~
5 ~~projects;~~

6 [~~(2) to make grants to political subdivisions for~~
7 ~~agricultural water conservation projects as provided by~~
8 ~~legislative appropriation; or~~

9 [~~(3) to make grants to a state agency for the funding~~
10 ~~of any agricultural water conservation program of that agency,~~
11 ~~including a program in which the state agency provides funding to a~~
12 ~~political subdivision or a person for agricultural water~~
13 ~~conservation, as provided by legislative appropriation].~~

14 (k) Section 17.895, Water Code, is amended to read as
15 follows:

16 Sec. 17.895. SOURCES OF ASSETS. The fund is composed of:

17 (1) money and assets, including bond proceeds,
18 attributable to the bonds;

19 (2) investment income earned on money on deposit in
20 the fund and depository interest earned on money on deposit in the
21 state treasury;

22 (3) money appropriated by the legislature;

23 (4) repayments of principal and interest on loans made
24 under this subchapter;

25 (5) administrative fees charged by the board under the
26 bond program; and

27 (6) any other funds, regardless of their source, that

1 ~~the board directs be deposited to the credit of the fund~~
2 ~~[CONSERVATION LOANS. (a) This section applies only to a~~
3 ~~conservation loan from a lender district that is:~~

4 ~~[(1) a soil and water conservation district under~~
5 ~~Chapter 201, Agriculture Code;~~

6 ~~[(2) a groundwater conservation district created~~
7 ~~under Section 59, Article XVI, Texas Constitution; or~~

8 ~~[(3) a district or authority created under Section~~
9 ~~52(b)(1), Article III, or Section 59, Article XVI, Texas~~
10 ~~Constitution.~~

11 ~~[(b) The board or a lender district may make conservation~~
12 ~~loans for capital equipment or materials, labor, preparation costs,~~
13 ~~and installation costs:~~

14 ~~[(1) to improve water use efficiency of water delivery~~
15 ~~and application on existing irrigation systems;~~

16 ~~[(2) for preparing irrigated land to be converted to~~
17 ~~dryland conditions; and~~

18 ~~[(3) for preparing dryland for more efficient use of~~
19 ~~natural precipitation.~~

20 ~~[(c) Conservation loans for the purposes listed in~~
21 ~~Subsection (b) may be made by lender districts to individual~~
22 ~~borrowers for use on private property or by the board to borrower~~
23 ~~districts.~~

24 ~~[(d) The board may make conservation loans to borrower~~
25 ~~districts for the cost of purchasing and installing devices, on~~
26 ~~public or private property, designed to indicate the amount of~~
27 ~~water withdrawn for irrigation purposes.~~

1 ~~[(c) For purposes of this section, the board or lender~~
2 ~~districts may seek the advice of the Department of Agriculture~~
3 ~~regarding the feasibility of a project for which a conservation~~
4 ~~loan is sought].~~

5 (1) Section 17.896, Water Code, is amended to read as
6 follows:

7 Sec. 17.896. REPAYMENT PROCEEDS. The board shall designate
8 a transfer of repayment of principal and interest on a loan made
9 under this subchapter to the fund, the interest and sinking fund, or
10 any account in the funds [~~INTEREST RATES AND FEES. (a) The board~~
11 ~~shall establish the rate of interest it charges for loans to lender~~
12 ~~districts or for conservation loans to borrower districts.~~

13 ~~[(b) A lender district may charge individual borrowers an~~
14 ~~interest rate not to exceed the interest rate the lender district is~~
15 ~~charged by the board, plus one percent for administrative expenses.~~

16 ~~[(c) A lender district may charge individual borrowers a~~
17 ~~one-time application fee in an amount determined by the board to~~
18 ~~cover costs of processing loan applications].~~

19 (m) Section 17.897, Water Code, is amended to read as
20 follows:

21 Sec. 17.897. CONSERVATION PROGRAM. (a) A conservation
22 program is:

23 (1) an agricultural water conservation technical
24 assistance program, including a program for an on-farm soil and
25 water conservation plan developed jointly by a landowner, an
26 operator, and a local soil and water conservation district as
27 provided by Subchapter H, Chapter 201, Agriculture Code;

1 (2) a research, demonstration, technology transfer,
2 or educational program relating to agricultural water use and
3 conservation;

4 (3) a precipitation enhancement program in an area of
5 the state where the program, in the board's judgment, would be most
6 effective; and

7 (4) any other agricultural water conservation program
8 defined by board rule.

9 (b) The costs of a conservation program eligible for
10 financial assistance under Section 17.899 are the costs of the
11 capital equipment, materials, labor, preparation, installation, or
12 administration directly associated with implementing and
13 completing the program [~~APPLICATION. A lender district that~~
14 ~~desires to obtain loans or a borrower district that desires to~~
15 ~~obtain conservation loans under this subchapter shall file with the~~
16 ~~executive administrator an application in the manner and in the~~
17 ~~form provided by board rules~~].

18 (n) Section 17.898, Water Code, is amended to read as
19 follows:

20 Sec. 17.898. CONSERVATION PROJECT. (a) A conservation
21 project is a project that:

22 (1) improves water use efficiency of water delivery
23 and application on existing irrigation systems;

24 (2) prepares irrigated land for conversion to dryland
25 conditions;

26 (3) prepares dryland for more efficient use of natural
27 precipitation;

1 (4) purchases and installs on public or private
2 property devices designed to indicate the amount of water withdrawn
3 for irrigation purposes;

4 (5) prepares and maintains land to be used for brush
5 control activities in areas of the state where those activities in
6 the board's judgment would be most effective, including activities
7 conducted under Chapter 203, Agriculture Code; or

8 (6) implements any other agricultural water
9 conservation project defined by board rule.

10 (b) The costs of a conservation project eligible for
11 financial assistance under Section 17.899 are the costs of the
12 capital equipment, materials, labor, preparation, installation, or
13 administration directly associated with implementing and
14 completing the project [~~CONSIDERATIONS IN PASSING ON AN~~
15 ~~APPLICATION. (a) In passing on an application from a lender~~
16 ~~district, the board shall consider the lender district's ability to~~
17 ~~manage a loan program, ability to repay any loan defaults, and~~
18 ~~overall conservation program.~~

19 ~~[(b) In passing on an application from a borrower district,~~
20 ~~the board shall consider the ability of the borrower district to~~
21 ~~repay the conservation loan and whether the conservation loan will~~
22 ~~further water conservation].~~

23 (o) Section 17.899, Water Code, is amended to read as
24 follows:

25 Sec. 17.899. ELIGIBLE FUND USES. (a) Money in the fund,
26 excluding money in the interest and sinking fund, may be used by the
27 board to:

1 (1) provide a grant to a state agency to fund a
2 conservation program or conservation project, including a
3 conservation program that provides funding to a political
4 subdivision or person for a conservation project;

5 (2) provide a grant or loan to a political subdivision
6 for a conservation program or conservation project;

7 (3) provide a linked deposit to an eligible financial
8 institution for a loan to a person for a conservation project;

9 (4) pay for a board conservation program;

10 (5) make a transfer to the interest and sinking fund;

11 (6) pay the costs of a bond issuance; and

12 (7) pay for a board expense in administering the
13 agricultural water conservation program under this subchapter.

14 (b) Money in the interest and sinking fund may be used for
15 the payment of bonds or, to the extent there are funds in excess of
16 bond payment requirements, for transfers to the fund, or any other
17 account in the funds [~~APPROVAL OF APPLICATIONS. (a) The board may~~

18 ~~approve an application if, after considering the factors in Section~~
19 ~~17.898 and other relevant factors, the board finds that:~~

20 ~~[(1) the public interest would be served in granting~~
21 ~~the application;~~

22 ~~[(2) a lender district has the ability to make~~
23 ~~conservation loans, manage a conservation loan program, and repay~~
24 ~~the loan to the board;~~

25 ~~[(3) a borrower district has the ability to repay the~~
26 ~~conservation loan; and~~

27 ~~[(4) granting the application will further water~~

1 ~~conservation in the state.~~

2 ~~[(b) The board by rule may delegate to the executive~~
3 ~~administrator the authority to approve an application based on the~~
4 ~~considerations in Section 17.898 and on the findings in Subsection~~
5 ~~(a)].~~

6 (p) Section 17.900, Water Code, is amended to read as
7 follows:

8 Sec. 17.900. GRANT TO STATE AGENCY. (a) A state agency
9 seeking a grant for a conservation program or conservation project
10 must file an application with the board.

11 (b) In reviewing an application for a grant, the board shall
12 consider:

13 (1) the commitment of the state agency to water
14 conservation; and

15 (2) the benefits that will be gained by making the
16 grant.

17 (c) To approve the grant, the board must find that:

18 (1) the grant funds will supplement rather than
19 replace money of the state agency;

20 (2) the public interest is served by providing the
21 grant; and

22 (3) the grant will further water conservation in the
23 state.

24 (d) If a state agency is applying for funds that have been
25 provided by legislative appropriation for that state agency, the
26 board shall review the application according to the terms of the
27 legislative appropriation. To approve the grant, the board must

1 make the determination required by the legislative language.

2 (e) The board may make money available to a state agency in
3 any manner that it considers feasible, including a grant agreement
4 with the state agency [~~METHODS OF MAKING LOANS AND ENFORCING~~

5 ~~OBLIGATIONS.~~ (a) ~~The board may make financial assistance~~
6 ~~available to lender or borrower districts in any manner that it~~
7 ~~considers economically feasible, including purchase of bonds or~~
8 ~~securities of the lender or borrower district, or by entering into a~~
9 ~~contract with the lender or borrower district. The board shall not~~
10 ~~purchase bonds or securities that have not been approved by the~~
11 ~~attorney general and registered by the comptroller.~~

12 [~~(b) In the event of default in payment of the principal of~~
13 ~~or interest on bonds or securities purchased by the board or any~~
14 ~~other default as defined in the proceedings or indentures~~
15 ~~authorizing the issuance of the bonds or the default of any of the~~
16 ~~terms of a contract, the attorney general shall institute legal~~
17 ~~proceedings by mandamus or other legal remedies to compel the~~
18 ~~lender or borrower district or its officers, agents, and employees~~
19 ~~to cure the default by performing those duties which they are~~
20 ~~legally obligated to perform. These proceedings shall be brought~~
21 ~~and venue shall be in a district court in Travis County.~~

22 [~~(c) This section is cumulative of any other rights or~~
23 ~~remedies to which the board may be entitled].~~

24 (q) Section 17.901, Water Code, is amended to read as
25 follows:

26 Sec. 17.901. GRANT OR LOAN TO POLITICAL SUBDIVISION. The
27 board may make a grant or loan to a political subdivision for a

1 conservation program or conservation project. A political
2 subdivision seeking a grant or loan must file an application with
3 the board [~~DEFAULT AND FORECLOSURE BY LENDER DISTRICTS. (a) In~~
4 ~~the event of a default in payment of a conservation loan made by a~~
5 ~~lender district or the failure of an individual borrower to perform~~
6 ~~any of the terms or conditions of the conservation loan agreement,~~
7 ~~the lender district shall pursue all remedies available under law,~~
8 ~~including without limitation foreclosure under the conservation~~
9 ~~loan agreement and liquidation of any collateral provided under the~~
10 ~~conservation loan agreement. The lender district shall sell the~~
11 ~~collateral on terms and subject to procedures that it follows in~~
12 ~~liquidating other collateral.~~

13 [~~(b) Foreclosure under a conservation loan agreement shall~~
14 ~~be accomplished in the manner provided by law for foreclosure of~~
15 ~~similar loan agreements made by private lending institutions and by~~
16 ~~the conservation loan agreement.~~

17 [~~(c) The state guarantees to each lender district that in~~
18 ~~the event an individual borrower defaults on a conservation loan~~
19 ~~made by the lender district with money from this program, the state~~
20 ~~will assume 50 percent of the amount that remains due and payable~~
21 ~~under the default after all collateral for the conservation loan is~~
22 ~~liquidated.~~

23 [~~(d) The state is entitled to recover its pro rata share of~~
24 ~~any money recovered on a defaulted conservation loan on which the~~
25 ~~state has assumed liability under Subsection (c)].~~

26 (r) Section 17.902, Water Code, is amended to read as
27 follows:

1 Sec. 17.902. REVIEW OF APPLICATION FOR AND APPROVAL OF
2 GRANT. (a) In reviewing an application by a political subdivision
3 for a grant, the board shall consider:

4 (1) the degree to which the political subdivision has
5 used other available resources to finance the use for which the
6 application is being made;

7 (2) the willingness and ability of the political
8 subdivision to raise revenue;

9 (3) the commitment of the political subdivision to
10 water conservation; and

11 (4) the benefits that will be gained by making the
12 grant.

13 (b) To approve a grant to a political subdivision, the board
14 must find that:

15 (1) the grant funds will supplement rather than
16 replace money of the political subdivision;

17 (2) the public interest is served by providing the
18 grant; and

19 (3) the grant will further water conservation in the
20 state [~~AUTHORITY OF DISTRICTS. A lender or borrower district may~~
21 ~~borrow and lend money for the purposes of this subchapter and may~~
22 ~~adopt necessary rules to carry out this subchapter].~~

23 (s) Subchapter J, Chapter 17, Water Code, is amended by
24 adding Sections 17.9021 and 17.9022 to read as follows:

25 Sec. 17.9021. APPLICATION FOR AND APPROVAL OF LOAN.

26 (a) In reviewing an application by a political subdivision for a
27 loan, the board shall consider the ability of the political

1 subdivision to repay the loan and whether the loan will further
2 water conservation in this state.

3 (b) To approve a loan to a political subdivision, the board
4 must determine that:

5 (1) the public interest is served by providing the
6 loan;

7 (2) the political subdivision has the ability to repay
8 the loan; and

9 (3) the loan will further water conservation in the
10 state.

11 (c) The board by rule shall establish the rate of interest
12 it charges for a loan to a political subdivision.

13 Sec. 17.9022. FINANCING OF GRANT OR LOAN FOR POLITICAL
14 SUBDIVISION; DEFAULT; VENUE. (a) The board may make a loan or
15 grant available to a political subdivision in any manner the board
16 considers economically feasible, including purchase of bonds or
17 securities of the political subdivision or execution of a loan or
18 grant agreement with the political subdivision. The board may not
19 purchase bonds or securities that have not been approved by the
20 attorney general and registered by the comptroller.

21 (b) In the event of a default in payment of the principal of
22 or interest on bonds or securities purchased by the board, or any
23 other default as defined in the proceedings or indentures
24 authorizing the issuance of bonds, or a default of any of the terms
25 of a loan agreement, the attorney general shall seek a writ of
26 mandamus or other legal remedy to compel the political subdivision
27 or its officers, agents, and employees to cure the default by

1 performing the duties they are legally obligated to perform. The
2 proceedings shall be brought and venue is in a district court in
3 Travis County. This subsection is cumulative of any other rights or
4 remedies to which the board may be entitled.

5 (t) Section 17.903, Water Code, is amended to read as
6 follows:

7 Sec. 17.903. CONTRACT AUTHORITY. (a) A political
8 subdivision may borrow money for the purposes of this subchapter
9 and may adopt necessary rules to carry out this subchapter [~~RULES~~
10 ~~AND CONTRACTS.~~ (a) ~~The board shall adopt rules necessary to carry~~
11 ~~out this subchapter. The board by rule shall identify methods to be~~
12 ~~used by lender districts to ensure the financial integrity of a loan~~
13 ~~to an individual borrower, including an irrevocable letter of~~
14 ~~credit or a lien on property in excess of value of improvements].~~

15 (b) [~~The board by rule may establish:~~

16 [~~(1) procedures for applying for a loan or grant under~~
17 ~~Section 17.894(b),~~

18 [~~(2) procedures for considering and approving~~
19 ~~applications and for making loans or grants under Section~~
20 ~~17.894(b), and~~

21 [~~(3) the rate of interest the board charges, if any,~~
22 ~~for loans under Section 17.894(b).~~

23 [~~(c)] The board shall have the power to enter into any~~

24 contracts to carry out the provisions of this subchapter.

25 (u) Subchapter J, Chapter 17, Water Code, is amended by
26 adding Sections 17.904 through 17.912 to read as follows:

27 Sec. 17.904. LINKED DEPOSIT. A linked deposit is a deposit

1 governed by a written deposit agreement between the board and an
2 eligible lending institution that provides that:

3 (1) the eligible lending institution pay interest on
4 the deposit at a rate determined by the board;

5 (2) the state not withdraw any part of the deposit
6 before the expiration of a period set by a written advance notice of
7 the intention to withdraw; and

8 (3) the eligible lending institution agree to lend the
9 value of the deposit to a person at a maximum rate that is the rate
10 paid by the eligible lending institution to the board plus a maximum
11 of four percent.

12 Sec. 17.905. LINKED DEPOSIT PROGRAM. (a) The board by
13 rule may establish an agricultural water conservation linked
14 deposit program in accordance with this subchapter.

15 (b) An eligible lending institution may participate in the
16 program established under this section as provided by this
17 subchapter.

18 Sec. 17.906. APPLICATION BY ELIGIBLE LENDING INSTITUTIONS
19 TO PARTICIPATE IN LINKED DEPOSIT PROGRAM. To participate in the
20 agricultural water conservation linked deposit program, an
21 eligible lending institution must:

22 (1) solicit loan applications, which must contain a
23 description of an agricultural water conservation project;

24 (2) review applications to determine if applicants are
25 eligible and creditworthy; and

26 (3) submit the applications of eligible and
27 creditworthy applicants to the executive administrator with a

1 certification:

2 (A) of the interest rate applicable to each
3 applicant by the eligible lending institution; and

4 (B) of the soil and water conservation district
5 in which an applicant is located by a director of the district that
6 states that:

7 (i) the applicant of the proposed project
8 has a soil and water conservation plan approved by the district; and

9 (ii) the project furthers or implements the
10 plan.

11 Sec. 17.907. APPROVAL OR REJECTION OF APPLICATION. The
12 board may approve or reject an application of an eligible lending
13 institution to participate in the program. The board may delegate
14 its authority to approve or reject applications to the executive
15 administrator.

16 Sec. 17.908. DEPOSIT AGREEMENT. If the board approves an
17 application of an eligible lending institution, the board and the
18 eligible lending institution shall enter into a written deposit
19 agreement. The agreement shall contain the conditions on which the
20 linked deposit is made. On execution of the agreement, the board
21 shall place a linked deposit from the fund with the eligible lending
22 institution in accordance with the agreement. A delay in payment or
23 a default on a loan by an applicant does not affect the validity of
24 the deposit agreement.

25 Sec. 17.909. COMPLIANCE. (a) On accepting a linked
26 deposit, an eligible lending institution must lend money to an
27 approved applicant in accordance with the deposit agreement and

1 this subchapter. The eligible lending institution shall forward a
2 compliance report to the board in accordance with board rules. The
3 board shall adopt rules regarding the compliance report.

4 (b) The board shall monitor compliance with this subchapter
5 and inform the comptroller of noncompliance on the part of an
6 eligible lending institution.

7 Sec. 17.910. STATE LIABILITY PROHIBITED. The state is not
8 liable to an eligible lending institution for payment of the
9 principal, interest, or any late charges on a loan made to an
10 approved applicant. A linked deposit is not an extension of the
11 state's credit within the meaning of any state constitutional
12 prohibition.

13 Sec. 17.911. LIMITATIONS ON PROGRAM. (a) The maximum
14 amount of a loan under the linked deposit program is \$250,000.

15 (b) The board may withdraw linked deposits from an eligible
16 lending institution if the institution ceases to be either a state
17 depository or a Farm Credit System institution headquartered in
18 this state.

19 Sec. 17.912. RULES. The board shall adopt rules necessary
20 to carry out this subchapter. Applications shall be in the form and
21 manner as provided by board rules.

22 (v) The agricultural trust fund and the agricultural soil
23 and water conservation fund are abolished and all assets of those
24 funds are transferred to the agricultural water conservation fund.

25 (w) The following provisions of the Water Code are repealed:

26 (1) Subchapters G, H, and I, Chapter 15; and

27 (2) Subdivision (2), Section 17.871, Subdivision (7),

1 Section 17.871, and Section 17.8955.

2 (x) The Texas Water Development Board shall continue to
3 administer a loan made before September 1, 2003, under the pilot
4 program for low-interest loans for agricultural water conservation
5 equipment until the loan is fully repaid. Subchapter I, Chapter 15,
6 Water Code, is continued in effect for the limited purpose of
7 allowing the board to administer those loans and to pursue remedies
8 if a loan recipient defaults on a loan or otherwise violates the
9 terms of the loan or of any loan guarantee instrument.

10 (y) The Texas Water Development Board shall continue to
11 administer a conservation loan made before September 1, 2003, under
12 Subchapter J, Chapter 17, Water Code. Subchapter J, Chapter 17,
13 Water Code, as it existed immediately before September 1, 2003, is
14 continued in effect for the limited purpose of allowing the board to
15 administer those loans and to pursue remedies if a loan recipient
16 defaults on a loan or otherwise violates the terms of the loan or of
17 any loan guarantee.

18 (z) This section takes effect September 1, 2003.

19 SECTION 20. (a) In this section, "district" shall mean the
20 Hudspeth County Underground Water Conservation District No. 1.

21 (b) In order to reduce property taxes for the residents of
22 Hudspeth County, Texas, and to reduce the expenditures of the
23 district by excluding territory from the district that overlies
24 aquifers not regulated by the district, the boundaries of the
25 district are modified to include only the territory contained in
26 the following described area:

27 BEGINNING at the northwest corner of Section 3, Block A,

1 University, Hudspeth County, Texas, and being a point in the state
2 line between Texas and New Mexico, for the northwest corner of the
3 survey;
4 THENCE south with the west boundary line of Section 3, Block A,
5 University, to its southwest corner;
6 THENCE east with the south boundary line of Section 3, Block A,
7 University, to its southeast corner, which point is also the
8 northeast corner of Section 10, Block A, University;
9 THENCE south with the west boundary line of Section 11, Block A,
10 University, to its southwest corner;
11 THENCE east with the south boundary line of Section 11, Block A,
12 University, and continuing east with the south boundary line of
13 Section 12, Block A, University, to the southeast corner of Section
14 12, Block A, University;
15 THENCE south with the east boundary of Section 13, Block A,
16 University, to the southeast corner of Section 13, Block A,
17 University, which point is also the northeast corner of Section 24,
18 Block A, University;
19 THENCE east with the north boundary line of Section 19, Block B,
20 University, and continuing east with the north boundary line of
21 Section 20, Block B, University, to the northeast corner of Section
22 20, Block B, University;
23 THENCE south with the east boundary line of Section 20, Block B,
24 University, to the southeast corner of Section 20, Block B,
25 University, which point is also the northeast corner of Section 29,
26 Block B; University;
27 THENCE east with the north boundary line of Section 28, Block B,

1 University, to the northeast corner of Section 28, Block B,
2 University, which point is also the southeast corner of Section 21,
3 Block B, University;
4 THENCE south with east boundary line of Section 28, Block B,
5 University, to the southeast corner of Section 28, Block B,
6 University, which point is also the northeast corner of Section 33,
7 Block B, University;
8 THENCE east with the north boundary line of Section 34, Block B,
9 University, and continuing east with the north boundary line of
10 Section 35, Block B, University, to the northeast corner of Section
11 35, Block B, University;
12 THENCE south with east boundary line of Section 35, Block B,
13 University, to its southeast corner, which point is also the
14 northeast corner of Section 38, Block B, University;
15 THENCE east with the north boundary line of Section 37, Block B,
16 University, and continuing east with the north boundary line of
17 Section 48, Block C, University, to its northeast corner, which
18 point is also the northwest corner of Section 47, Block C,
19 University;
20 THENCE south with the east boundary line of Section 48, Block C,
21 University, to its southeast corner;
22 THENCE east with the north boundary line of Section 50, Block C,
23 University, to its northeast corner;
24 THENCE south with the east boundary line of Section 50, Block C,
25 University, to its southeast corner;
26 THENCE east with the north boundary line of Section 4, Block D,
27 University, and continuing east along the north boundary line of

1 Section 3, Block D, University, to the northeast corner of Section
2 3;
3 THENCE south with the east boundary line of Section 3, Block D,
4 University, to its southeast corner;
5 THENCE east with the north boundary line of Section 11, Block D,
6 University, and continuing east along the north boundary line of
7 Section 12, Block D, University, to its northeast corner;
8 THENCE south with the east boundary line of Section 12, Block D,
9 University, to its southeast corner;
10 THENCE east with the north boundary line of Section 18, Block 72,
11 Township 2, T & P, to its northeast corner;
12 THENCE south with the east boundary line of Section 18, Block 72,
13 Township 2, T & P, to its southeast corner;
14 THENCE east with the north boundary line of Section 20, Block 72,
15 Township 2, T & P, and continuing east along the north boundary line
16 of Section 21, Block 72, Township 2, T & P, to the northeast corner
17 of Section 21;
18 THENCE south with the east boundary line of Section 21, Block 72,
19 Township 2, T & P, to its southeast corner;
20 THENCE east with the north boundary line of Section 27, Block 72,
21 Township 2, T & P, and continuing east with the north boundary lines
22 of Sections 26 and 25, Block 72, Township 2, T & P, and Section 30,
23 Block 71, Township 2, T & P, to the northeast corner of Section 30;
24 THENCE south with the east boundary line of Section 30, Block 71,
25 Township 2, T & P, to its southeast corner;
26 THENCE east with the north boundary line of Section 32, Block 71,
27 Township 2, T & P, and continuing east with the north boundary line

1 of Section 33, Block 71, Township 2, T & P, to the northeast corner
2 of Section 33;
3 THENCE south with the east boundary line of Section 33, Block 71,
4 Township 2, T & P, to its southeast corner;
5 THENCE east with the north boundary line of Section 39, Block 71,
6 Township 2, T & P, to the northeast corner of Section 39;
7 THENCE south with the east boundary line of Section 39, Block 71,
8 Township 2, T & P, to its southeast corner;
9 THENCE east with the north boundary line of Section 47, Block 71,
10 Township 2, T & P, to the northeast corner of Section 47;
11 THENCE south with the east boundary line of Section 47, Block 71,
12 Township 2, T & P, to the southeast corner of Section 47;
13 THENCE east with the south boundary line of Section 48, Block 71,
14 Township 2, T & P, and continuing east with the south boundary line
15 of Section 43, Block 70, Township 2, T & P, to the southeast corner
16 of Section 43;
17 THENCE south with the east boundary lines of Section 7, Block JKL,
18 P.S.L., and Section 6, Block K, University, to the southeast corner
19 of Section 6;
20 THENCE east with the north boundary line of Section 8, Block K,
21 University, and continuing east with the north boundary line of
22 Section 9, Block K, University, to the northeast corner of Section
23 9;
24 THENCE south with the east boundary line of Section 9, Block K,
25 University, to its southeast corner;
26 THENCE east with the north boundary line of Section 15, Block K,
27 University, to its northeast corner;

1 THENCE south with the east boundary line of Section 15, Block K,
2 University, and continuing south with the east boundary line of
3 Section 22, Block K, University, to the southeast corner of Section
4 22;

5 THENCE east with the north boundary line of Section 26, Block K,
6 University, to its northeast corner;

7 THENCE south with the east boundary line of Section 26, Block K,
8 University, to its southeast corner;

9 THENCE east with the north boundary line of Section 36, Block K,
10 University, to its northeast corner;

11 THENCE south with the east boundary line of Section 36, Block K,
12 University, to its southeast corner;

13 THENCE east with the north boundary line of Section 42, Block L,
14 University, to its northeast corner;

15 THENCE south with the east boundary line of Section 42, Block L,
16 University, and continuing south with the east boundary line of
17 Section 43, Block L, University, to the southeast corner of Section
18 43;

19 THENCE east with the north boundary line of Section 5, Block N,
20 University, and continuing east with the north boundary line of
21 Section 4, Block N, University, to the northeast corner of Section
22 4;

23 THENCE south with the east boundary line of Section 4, Block N,
24 University, to its southeast corner;

25 THENCE east with the north boundary line of Section 22, Block N,
26 University, to its northeast corner;

27 THENCE south with the east boundary line of Section 22, Block N,

1 University, to its southeast corner;
2 THENCE east with the north boundary line of Section 26, Block N,
3 University, and continuing east with the north boundary line of
4 Section 25, Block N, University, to the northeast corner of Section
5 25;
6 THENCE south with the east boundary line of Section 25, Block N,
7 University, to its southeast corner;
8 THENCE east with the north boundary line of Section 19, Block 68,
9 Township 4, T & P, to its northeast corner;
10 THENCE south with the east boundary line of Section 19, Block 68,
11 Township 4, T & P, to its southeast corner;
12 THENCE east with the north boundary line of Section 29, Block 68,
13 Township 4, T & P, and continuing east with the north boundary line
14 of Section 28, Block 68, Township 4, T & P, to the northeast corner
15 of Section 28;
16 THENCE south with the east boundary line of Section 28, Block 68,
17 Township 4, T & P, to its southeast corner;
18 THENCE east with the south boundary line of Section 27, Block 68,
19 Township 4, T & P, and continuing east with the south boundary lines
20 of Sections 26 and 25, Block 68, Township 4, T & P, to the
21 intersection of the south boundary line of Section 25, Block 68,
22 Township 4, T & P, with the east boundary line of Section 3, Block
23 30, P.S.L.;
24 THENCE south with the east boundary line of Section 3, Block 30,
25 P.S.L., to its southeast corner;
26 THENCE east with the south boundary line of Section 2, Block 30,
27 P.S.L., and continuing east with the south boundary lines of

1 Section 1, Block 30, P.S.L., and Sections 5, 4, 3, and 2, Block 31,
2 P.S.L., to the southeast corner of Section 2;
3 THENCE north with the east boundary line of Section 2, Block 31,
4 P.S.L., and continuing north with the east boundary lines of
5 Sections 26, 23, 14, 11, 2, Block 67, Township 4, T & P, and Sections
6 46, 37, 34, 25, 22, 13, 10, 5, Block 67, Township 3, T & P;
7 THENCE continuing north with the east boundary lines of Sections
8 43, 34, 33, 24, 23, 14, 11, 2, Block 67, Township 2, T & P, and
9 Sections 47, 38, 35, 26, 23, 14, 11, 2, Block 67, Township 1, T & P,
10 to the northeast corner of Section 2, being a point in the Texas-New
11 Mexico State line forming the north boundary line of Hudspeth
12 County, Texas;
13 THENCE west with the Texas-New Mexico State Line to the Point of
14 Beginning.

15 (c) The legislature finds that the boundaries and field
16 notes of the district under Subsection (b) form a closure. If a
17 mistake is made in the field notes or in copying the field notes in
18 the legislative process, the mistake does not affect in any way:

19 (1) the organization, existence, or validity of the
20 district;

21 (2) the right of the district to impose taxes; or

22 (3) the legality or operation of the district or the
23 board.

24 (d) As a result of the change to the boundaries of the
25 district made by Subsection (b) or if otherwise required by law, the
26 board may:

27 (1) adjust the precinct boundaries for the election of

1 directors as necessary to provide for proper representation of the
2 residents of the district; and

3 (2) call and hold election under Chapter 36, Water
4 Code, or other law to ensure the lawful representation and taxation
5 of the residents of the district.

6 SECTION 21. EFFECTIVE DATE. This Act takes effect
7 immediately if it receives a vote of two-thirds of all the members
8 elected to each house, as provided by Section 39, Article III, Texas
9 Constitution. If this Act does not receive the vote necessary for
10 immediate effect, this Act takes effect September 1, 2003.

President of the Senate

Speaker of the House

I certify that H.B. No. 3442 was passed by the House on May 10, 2003, by the following vote: Yeas 131, Nays 0, 1 present, not voting; that the House refused to concur in Senate amendments to H.B. No. 3442 on May 30, 2003, and requested the appointment of a conference committee to consider the differences between the two houses; and that the House adopted the conference committee report on H.B. No. 3442 on June 1, 2003, by the following vote: Yeas 144, Nays 1, 1 present, not voting.

Chief Clerk of the House

H.B. No. 3442

I certify that H.B. No. 3442 was passed by the Senate, with amendments, on May 28, 2003, by the following vote: Yeas 31, Nays 0; at the request of the House, the Senate appointed a conference committee to consider the differences between the two houses; and that the Senate adopted the conference committee report on H.B. No. 3442 on June 1, 2003, by a viva-voce vote.

Secretary of the Senate

APPROVED: _____

Date

Governor