

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 8, 2003

TO: Honorable Robert Duncan, Chair, Senate Committee on Jurisprudence

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB803 by Geren (Relating to the assessment of damages in a condemnation proceeding based on the market value of groundwater rights as property apart from the land.), **As Engrossed**

No fiscal implication to the State is anticipated.

The bill would amend the Property Code by adding a new section providing for the assessment of damages in a land condemnation proceeding for the market value of groundwater rights associated with the property. The bill provides specific criteria that must be addressed in assessing damages based on the market value of the groundwater rights.

Local Government Impact

Political subdivisions that choose to condemn property to develop or use the groundwater would see some fiscal implications. The market value for groundwater will vary across the state depending on many factors. The City of Sweetwater reported that water rights associated with a particular tract could change the value of the land from \$50 per acre to as much as \$8,000 per acre or more.

According to the Texas Commission on Environmental Quality, if a political subdivision condemns land with any potential for groundwater rights development, there would likely be additional legal costs to demonstrate the intent of the condemnation. Additionally, if a political subdivision condemns land specifically for the groundwater rights, there would be both additional legal costs and damages or costs assessed for the market value of the groundwater. The Panhandle Groundwater Conservation District reported that political subdivisions may be better able to absorb these costs than smaller ones, but that the actual costs are hard to estimate and could be from a few hundred to several thousand dollars per year, depending on the number of cases.

Source Agencies: 582 Commission on Environmental Quality

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