

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

March 11, 2003

TO: Honorable Robert Puente, Chair, House Committee on Natural Resources

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 Introduced**

No significant 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.

Local Government Impact

There would be some fiscal implications for municipalities that choose to condemn property to develop or use the groundwater. 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 Commission of Environmental Quality, if a municipality 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 municipality 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 larger municipalities may be better able to absorb these costs than smaller municipalities, 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: 304 Comptroller Of Public Accounts, 582 Commission On Environmental Quality

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