

Amend CSHB 2423 on third reading by adding the following SECTIONS and renumbering subsequent SECTIONS accordingly:

SECTION _____. Subsection (d), Section 36.205, Water Code, is amended to read as follows:

(d) The [~~Barton Springs-Edwards Aquifer Conservation District, the~~] Lone Star Groundwater Conservation District[~~7~~] and the Guadalupe County Groundwater Conservation District may not charge production fees for an annual period greater than \$1 per acre-foot for water used for agricultural use or 17 cents per thousand gallons for water used for any other purpose. [~~The Barton Springs-Edwards Aquifer Conservation District may assess a water use fee against a specific municipality in an amount not to exceed 60 percent of the total funding of the district received from water use fees assessed against that municipality and other nonexempt users in the district.~~] This subsection shall take precedence over all prior enactments.

SECTION _____. Section 2, Chapter 429, Acts of the 70th Legislature, Regular Session, 1987, is amended by amending Subsection (f)(2) and adding Subsections (g) and (h) to read as follows:

(2) The board may assess the City of Austin, as a water use fee, each year an amount not to exceed 60 [~~40~~] percent of the total funding that [~~of~~] the district expects to receive for the next fiscal year [~~received~~] from water use fees assessed against Austin and other nonexempt users. For purposes of computing water use fees under this subsection, the district shall estimate the amount of permitted pumpage for the next fiscal year by considering various factors including historical growth rates, future growth rates, the amount of permitted pumpage, historical permitted pumpage, and any pending applications for permitted pumpage. The district shall use the estimated amount of permitted pumpage and its water use fee rate to compute the water use fee to be assessed against the City of Austin for the district's next fiscal year. The district shall compute the water use fee assessed against the City of Austin at a rate of 17 cents per thousand gallons for the total amount of water permitted for any nonagricultural purpose, regardless of the rate actually imposed on or remitted by the permittee.

(g) Except as provided by this subsection, the board may not charge an annual production fee of more than \$1 per acre-foot for water permitted for agricultural use or 17 cents per thousand gallons for water permitted for any other purpose. For a permit first issued after September 1, 2005, or a permit first issued after September 9, 2004, and renewed after September 1, 2005, the board may charge an annual production fee of not more than 35 cents per thousand gallons for the amount of water permitted under the permit as issued or renewed if the water is permitted for any purpose other than agricultural use. For a permit that is materially amended after September 1, 2005, the board may charge an annual production fee of not more than 35 cents per thousand gallons for only the additional amount of water authorized by the material amendment if the water is permitted for any purpose other than agricultural use. For a permit first issued on or before September 9, 2004, that is renewed without material amendment after September 1, 2005, the board may not charge an annual production fee of more than 17 cents per thousand gallons for the amount of water permitted under the permit as renewed if the water is permitted for any purpose other than agricultural use. The board may adopt a differential rate structure for the nonagricultural production fees described by this subsection to promote alternatives to the exclusive use of groundwater resources.

(h) A material amendment under Subsection (g) of this section is an amendment to a permit that increases the amount of water permitted by more than 10 percent in one fiscal year or by more than 25 percent in any three-year period. The renewal on or after September 1, 2005, of a permit that was issued on or before September 9, 2004, is considered to be a material amendment for purposes of Subsection (g) of this section if the permit as renewed increases the amount of water permitted by an amount that exceeds the limits specified by this subsection.

SECTION _____. The legislature finds that the Barton Springs-Edwards Aquifer Conservation District benefits the sustainable use of groundwater by promoting, through fee and permitting mechanisms, alternatives to the exclusive use of groundwater resources, including the conjunctive use of

groundwater and surface water resources.