

BILL ANALYSIS

H.B. 1224
By: Puente
Natural Resources
Committee Report (Unamended)

BACKGROUND AND PURPOSE

In 2003, in an effort to realize water conservation's full potential, the 78th Texas Legislature created the Water Conservation Implementation Task Force via enactment of Senate Bill 1094. The Task Force was directed in SB 1094 to review, evaluate, and recommend optimum levels of water-use efficiency and conservation for Texas and to concentrate on issues related to (1) best management practices, (2) implementation of conservation strategies contained in regional water plans, (3) a statewide public-awareness program, (4) state funding of incentive programs, (5) goals and targets for per-capita water use considering climatic and demographic differences, and (6) evaluation of state oversight and support of conservation.

The Task Force completed its charges and submitted a report to the 79th Texas Legislature on November 1, 2004. One of the Task Force's recommendations was to require the Executive Administrator of the Texas Water Development Board (TWDB) to study a system known as "take or pay" contracts and determine if they discourage conservation.

"Take or pay" water contracts are typically long-term contracts between a wholesale water supplier and a retail water supplier or user for provision of water regardless of whether the purchaser will use the entire volume of water. The purchaser gets no discount if they use less than the volume specified. Critics of such contracts believe it discourages water conservation.

RULEMAKING AUTHORITY

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

ANALYSIS

H.B. 1224 requires the Executive Administrator of the TWDB to study the effect of "take-or-pay" contracts on water conservation efforts. It requires the Executive Administrator to produce a report by January 1, 2007, that summarizes findings made during the study and lists legislative recommendations based on those findings. The act is set to expire on September 1, 2007.

EFFECTIVE DATE

H.B. 1224 takes effect immediately if it receives 2/3rds vote in each chamber, otherwise it is effective September 1, 2005.