

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 25, 2005

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

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: HB3471 by Gallego (Relating to restrictions on the leasing of and export of groundwater from public school land; imposing a fee.), As Introduced

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB3471, As Introduced: an impact of \$0 through the biennium ending August 31, 2007.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2006	\$0
2007	\$0
2008	\$0
2009	\$0
2010	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from New GR-Dedicated Groundwater Export Mitigation Account	Probable Savings/(Cost) from New GR-Dedicated Groundwater Export Mitigation Account
2006	\$1,629,255	(\$1,629,255)
2007	\$1,629,255	(\$1,629,255)
2008	\$1,629,255	(\$1,629,255)
2009	\$1,629,255	(\$1,629,255)
2010	\$1,629,255	(\$1,629,255)

Fiscal Analysis

The bill requires the Land Commissioner to impose a fee on exported groundwater. Any revenue collected would be deposited into a new account in the General Revenue Fund (the Groundwater Export Mitigation Account) created by the bill and used by the Texas Commission on Environmental Quality (TCEQ) to mitigate damage to groundwater users caused by groundwater exportation and to conduct water resource studies.

Methodology

The General Land Office is not currently exporting groundwater from Permanent School Fund lands. However, this estimate assumes the agency would export 50,000 acre feet each fiscal year at a rate of 325,851 gallons per acre per year, resulting in approximately 16.3 billion gallons being subject to

the new fee. Assuming a fee of 1/100th of a cent per gallon, \$1.63 million would be generated per fiscal year. This estimate assumes that \$100,000 of this amount each fiscal year would be used by the TCEQ to conduct water resources studies and that remaining funds would be used to mitigate damage to users of groundwater as a result of water being exported.

**Local Government Impact**

Units of local government who experience a loss of water supply from the export of water and would require mitigation could experience a positive fiscal impact. For units of local government who receive water exported from public school land, the export fee may cause a negative fiscal impact. The costs would depend on the amount of the fee imposed by the General Land Office.

**Source Agencies:** 305 General Land Office and Veterans' Land Board, 582 Commission on Environmental Quality

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