

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 8, 2005

TO: Honorable Kenneth Armbrister, Chair, Senate Committee on Natural Resources

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

IN RE: SB352 by Madla (Relating to the management of state-owned land, including the lease of the right to produce groundwater from certain state-owned land.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill adds provisions that the Land Commissioner may not lease unsold public school land for terms of more than ten years without board approval and may not lease the right to produce groundwater on unsold public school land. Further, the bill would require the School Land Board to adopt rules governing the lease of the right to produce groundwater from unsold public school lands and to provide advance notice of the proposed rules to certain state agencies and the legislature before publication in the Texas Register. The bill also stipulates that the lease of the right to produce groundwater from unsold Permanent School Fund (PSF) and Permanent University Fund (PUF) land must be awarded through competitive bidding unless a political subdivision is the lessee or an end user of the water or the lease entitles the lessee to produce less than 125,000 gallons of water per day.

According to the General Land Office (GLO), these new restrictions and rules would not impact the revenue anticipated to be generated through the sale of state groundwater rights, which the agency anticipates to be approximately \$5 million each fiscal year.

The bill prohibits the exportation of groundwater produced from state-owned land to a foreign country. This provision would not impact revenues, however, as the state does not currently export groundwater to other countries.

The bill adds two additional members to the Texas School Land Board. The Governor would select one member and the Lieutenant Governor would select the other. According to the GLO the only costs associated with the addition of these two board members are minimal travel and reimbursement costs.

The bill adds the Executive Director of the University Lands-West Texas Operations as a nonvoting member of the regional water planning group for that area. This provision is not anticipated to have a significant fiscal impact.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 302 Office of the Attorney General, 305 General Land Office and Veterans' Land Board, 580 Water Development Board, 582 Commission on Environmental Quality, 592 Soil and Water Conservation Board

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