

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**April 23, 2007**

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

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

**IN RE: HB1723** by Gallego (Relating to the imposition and use of a fee on groundwater exported from public school land.), **As Introduced**

**No significant fiscal implication to the State is anticipated.**

The bill would authorize the Commissioner of the General Land Office (GLO) to impose a groundwater export mitigation fee on each gallon of groundwater exported from public school land. The Commissioner of the GLO would be required to deposit such funds money into the Groundwater Export Mitigation (GEM) Account created by the bill within the General Revenue Fund. Fees deposited to this account could be appropriated only to the Texas Commission on Environmental Quality (TCEQ) for the purposes of mitigating damage to nearby landowners, municipalities, and other users of groundwater caused by the export of groundwater from public school land, and to conduct independent scientific studies of water resources on state lands.

The bill could result in fees being imposed on groundwater water withdrawn from public school land. The amount of fees collected would depend on the cost of mitigating the effects of such withdrawal and the cost of conducting studies on water resources on state lands. Examples of mitigation costs might include actions such as lowering the placement of pumps in a well, deepening water supply wells, replacing water supply wells, delivering replacement water; addressing water-quality impacts to existing water supply wells, or providing an alternative supply of water. According to the TCEQ, estimates to replace a well could range from \$25 to \$30 per foot.

This estimate assumes that the Land Commissioner would not authorize the export of water from public school lands that would have a negative impact resulting in significant mitigation mitigation costs. This estimate therefore assumes that a per gallon fee would be minimal and not a significant source of revenue or appropriations. In any case, it is assumed that any revenue collected and deposited to the GEM Account would be used to pay mitigation costs; thus, the net fiscal impact of the bill is expected to be zero.

**Local Government Impact**

The bill could result in some costs to local governments that would utilize water exported from public school lands because they would be required to pay a fee for this type of water. This estimate does not assume that the cost would be significant. Some local governments could experience positive fiscal impacts from passage of the bill if they were to receive additional funds to mitigate losses that would otherwise go unreimbursed. The amount of funds a local government would receive in such circumstances would depend upon the extent of damage resulting from the export of water from public school lands.

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

**LBB Staff:** JOB, WK, ZS, TL