

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 17, 2007

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

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

IN RE: HB3233 by Callegari (Relating to the establishment of a procedure for authorizing the beneficial use or reuse of certain water.), **As Introduced**

<p>No significant fiscal implication to the State is anticipated.</p>
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The bill would amend Chapter 11 of the Water Code to provide the following: 1) water conveyed through the bed and banks is not subject to prior appropriations or priority call by existing water right; 2) anyone seeking an indirect reuse authorization must submit a conservation plan to the Texas Commission on Environmental Quality (TCEQ); 3) the return flows of diverted water are considered surplus water and subject to appropriation unless expressly provided otherwise in the permit; and 4) municipal return flows authorized for indirect reuse are considered surplus water until the indirect reuse has been implemented. The bill would also set a maximum amount of municipal return flow that can be indirectly reused based on water and direct TCEQ to adjust the amounts of indirect reuse to account for regional agreements and impacts on existing water rights.

The bill would require TCEQ to adopt rules on or before March 1, 2008, to implement a process for expedited review on requests for indirect reuse authorizations, and would require TCEQ to study the effects of municipal effluent indirect reuse on existing water rights by September 1, 2008 and address the impacts identified in the study.

The TCEQ anticipates that it will cost \$300,000 in fiscal year 2008 to pay a for a professional service contract to conduct the required study. This estimate assumes that this cost can be absorbed within existing agency resources.

Local Government Impact

Local and other governmental entities, such as river authorities, that intend to meet some of their future water supply needs by indirect reuse of effluent may find that they receive their indirect reuse authorizations at a lower cost. Those entities may also find that direct reuse now does not require a direct reuse authorization from the TCEQ. The exact cost savings will depend on the specifics of the proposed reuse project.

Source Agencies: 580 Water Development Board, 582 Commission on Environmental Quality

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