

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 11, 2007

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

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

IN RE: SB1341 by Hegar (Relating to the management of groundwater in the area regulated by the Edwards Aquifer Authority and to the operations and oversight of the Edwards Aquifer Authority.), **As Engrossed**

No significant fiscal implication to the State is anticipated.

The bill would make changes in requirements for the administration and operation of the Edwards Aquifer Authority (authority), including changing the calculation used for determining withdrawal limits from the Edwards Aquifer. In addition, the bill would change requirements related to the number of acre-feet of groundwater rights to be retired.

The bill would require the authority, with the assistance of the Texas A&M University (TAMU), to develop a recovery implementation program through a facilitated, consensus-based process with input from the U.S. Fish and Wildlife Service, other appropriate federal agencies, and interested stakeholders including the Texas Commission on Environmental Quality (TCEQ), the Texas Parks and Wildlife Department (TPWD), the Texas Department of Agriculture (TDA), the Texas Water Development Board (TWDB), Bexar County, and various river authorities.

The authority, with the listed input, would be required to be developed a program document by not later than December 31, 2009. The program document must be approved and executed by each agency by not later than September 1, 2012, and the associated cooperative agreement shall take effect December 31, 2012. Included in the program document would be provisions to pursue cooperative and grant funding to the extent available from all state, federal, and other sources for eligible programs included in the agreement. The bill would require TAMU to assist in the creation of a steering committee by September 30, 2007, comprised of the authority, TCEQ, TPWD, TDA, TWDB, Bexar County, various river authorities, and certain other stakeholders to oversee and assist in the development of the cooperative agreement.

These members of the steering committee would be required to contribute \$500,000 each to fund the initial stages of the recovery implementation program process until federal, state, or other funds become available: Edwards Aquifer Authority, San Antonio Water System, Guadalupe-Blanco River Authority, San Antonio River Authority, and Bexar County.

The steering committee would be required to work with TAMU to establish a regular meeting schedule and to hire, by not later than October 31, 2007, a program director to be housed at TAMU. TAMU would be authorized to accept outside funding to pay the salary and expenses of the program director and any expenses associated with the university's participation in the creation of the steering committee or subcommittee.

The steering committee would be required to appoint an Edwards Aquifer area expert science subcommittee not later than December 31, 2007, to be composed of an odd number of not fewer than seven or more than fifteen members. The Bureau of Economic Geology of The University of Texas at Austin and the River Systems Institute at Texas State University shall assist the subcommittee. The bill outlines the requirements of the subcommittee, including making certain recommendations by not later than December 31, 2008.

The steering committee, with the assistance of the subcommittee shall prepare and submit recommendations to the authority, and the authority shall provide an annual report to the governor, lieutenant governor, and speaker of the house of representatives not later than January 1 of each year.

The authority would not be allowed to use assessed fees to fund the cost of reducing withdrawals or retiring permits or of judgments or claims related to withdrawals or permit retirements. The authority and other stakeholders and state agencies listed would be required to provide money as necessary to finance the activities of the steering committee and subcommittees.

The bill would provide that before January 1, 2012, a suit related to the bill may not be instituted. In addition, the bill would prohibit a suit against the authority in relation to actions taken by the authority to implement or enforce Article 1, Chapter 626, Acts of the 73rd Legislature, Regular Session, 1993, as amended.

The bill would take effect immediately if it were to receive the required two-thirds vote in each house; otherwise, it would take effect September 1, 2007.

Based on information provided by affected state agencies, it is assumed the associated costs for implementing the provisions of the bill could be absorbed within existing resources of each.

Local Government Impact

The Edwards Aquifer Authority reports that provisions of the bill related to determining withdrawal limits requirements related to the number of acre-feet of groundwater rights to be retired would provide a significant total savings to the authority of \$48.5 million per fiscal year for the first five years following implementation. The authority reports that changing the calculation for the limit on total withdrawals will prevent the authority from having to buy down 99,000 acre-feet of groundwater rights; as a result, the associated expense would be borne entirely by Edwards Aquifer groundwater permit holders. In addition, the proposed elimination of retiring groundwater rights would result in a savings to the authority and to the downstream water users in equal amounts. Those counties and municipalities that rely on the Edwards Aquifer would experience costs and savings proportionately as identified by the authority.

The fiscal impact to stakeholders in the Edwards Aquifer as a result of changing pumping deadlines and withdrawal calculations is not expected to be significant. The fiscal impact to local governments within the boundaries of the Edwards Aquifer Authority may experience additional costs related to implementing a water management program; however, not knowing what that program will entail, an estimate is not possible at this time; however, the fiscal implication to units of local government is not anticipated to be significant.

Participation in the steering committee would cost at a minimum, the required \$500,000 contribution from each of the local government entities required to serve as members. Costs associated with the requirement to provide money as necessary for funding activities of the steering committee and the science committee will depend on actual costs of activities, which at this time is unknown.

Source Agencies: 551 Department of Agriculture, 582 Commission on Environmental Quality, 710 Texas A&M University System Administrative and General Offices, 802 Parks and Wildlife Department, 580 Water Development Board, 720 The University of Texas System Administration

LBB Staff: JOB, JB, WK, ZS, DB