

1 AN ACT

2 relating to the creation of the North Texas Groundwater
3 Conservation District; providing authority to issue bonds.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Subtitle H, Title 6, Special District Local Laws
6 Code, is amended by adding Chapter 8856 to read as follows:

7 CHAPTER 8856. NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT

8 SUBCHAPTER A. GENERAL PROVISIONS

9 Sec. 8856.001. DEFINITIONS. In this chapter:

10 (1) "Board" means the board of directors of the
11 district.

12 (2) "Director" means a member of the board.

13 (3) "District" means the North Texas Groundwater
14 Conservation District.

15 Sec. 8856.002. NATURE OF DISTRICT; FINDINGS. (a) The
16 district is a groundwater conservation district in Collin, Cooke,
17 and Denton Counties created under and essential to accomplish the
18 purposes of Section 59, Article XVI, Texas Constitution.

19 (b) The district is created to serve a public use and
20 benefit.

21 (c) All of the land and other property included within the
22 boundaries of the district will be benefited by the works and
23 projects that are to be accomplished by the district under powers
24 conferred by this chapter and by Chapter 36, Water Code.

1 (d) Any fees imposed by the district under this chapter are
2 necessary to pay for the costs of accomplishing the purposes of the
3 district, including the conservation and management of groundwater
4 resources, as provided by this chapter and Section 59, Article XVI,
5 Texas Constitution.

6 Sec. 8856.003. PUBLIC HEARING IN EACH COUNTY. (a) Not
7 later than December 1, 2009, the commissioners court of each county
8 in the district shall hold a public hearing on the topic of
9 including the territory of the county in the district.

10 (b) After the public hearings and not later than December
11 31, 2009, the commissioners court of each county shall vote to
12 confirm or reject the county's inclusion in the district. The
13 commissioners court shall adopt a resolution reflecting the result
14 of that vote and provide a copy of the resolution to the temporary
15 directors.

16 Sec. 8856.004. CONFIRMATION REQUIRED. (a) The creation of
17 the district is confirmed only if the commissioners courts of two or
18 more of the counties in the district submit a resolution confirming
19 the county's inclusion in the district to the temporary board. If
20 the commissioners court of a county does not submit a resolution
21 confirming the county's inclusion in the district to the temporary
22 board, that county is not included in the district. The temporary
23 board shall provide a copy of the resolutions and the final district
24 boundaries to the Texas Commission on Environmental Quality.

25 (b) If the creation of the district is not confirmed as
26 provided by Subsection (a) before January 1, 2010:

27 (1) the district is dissolved on January 1, 2010,

1 except that:

2 (A) any debts incurred shall be paid;

3 (B) any assets that remain after the payment of
4 debts shall be transferred in equal amounts to Collin, Cooke, and
5 Denton Counties; and

6 (C) the organization of the district shall be
7 maintained until all debts are paid and remaining assets are
8 transferred; and

9 (2) this chapter expires September 1, 2011.

10 Sec. 8856.005. INITIAL DISTRICT TERRITORY. The initial
11 boundaries of the district are coextensive with the boundaries of
12 Collin, Cooke, and Denton Counties.

13 Sec. 8856.006. APPLICABILITY OF OTHER GROUNDWATER
14 CONSERVATION DISTRICT LAW. Except as otherwise provided by this
15 chapter, Chapter 36, Water Code, applies to the district.

16 Sec. 8856.007. CONSTRUCTION OF CHAPTER. This chapter shall
17 be liberally construed to achieve the legislative intent and
18 purposes of Chapter 36, Water Code. A power granted by Chapter 36,
19 Water Code, or this chapter shall be broadly interpreted to achieve
20 that intent and those purposes.

21 [Sections 8856.008-8856.020 reserved for expansion]

22 SUBCHAPTER A-1. TEMPORARY PROVISIONS

23 Sec. 8856.021. APPOINTMENT OF TEMPORARY DIRECTORS.

24 (a) The district is initially governed by a board of nine
25 temporary directors appointed as provided by Sections 8856.051(b)
26 and (d).

27 (b) Temporary directors shall be appointed not later than

1 the 90th day after the effective date of the Act enacting this
2 chapter. If after the 90th day fewer than nine temporary directors
3 have been appointed, each unfilled position shall be considered a
4 vacancy and filled in accordance with Subsection (c).

5 (c) If a vacancy occurs on the temporary board, the
6 remaining temporary directors shall appoint a person to fill the
7 vacancy in a manner that meets the representational requirements of
8 this section.

9 (d) To be eligible to serve as a temporary director, a
10 person must be a registered voter in the appointing county.

11 (e) Each temporary director must qualify to serve as a
12 director in the manner provided by Section 36.055, Water Code.

13 (f) Temporary directors serve until the earlier of:

14 (1) the time the temporary directors become the
15 initial permanent directors under Section 8856.023; or

16 (2) the date this chapter expires under Section
17 8856.004.

18 Sec. 8856.022. ORGANIZATIONAL MEETING OF TEMPORARY
19 DIRECTORS. As soon as practicable after all the temporary
20 directors have qualified under Section 36.055, Water Code, a
21 majority of the temporary directors shall convene the
22 organizational meeting of the district at a location in the
23 district agreeable to a majority of the directors. If an agreement
24 on location cannot be reached, the organizational meeting shall be
25 at the Pilot Point High School in Denton County.

26 Sec. 8856.023. INITIAL PERMANENT DIRECTORS; INITIAL TERMS.

27 (a) If the creation of the district is confirmed under Section

1 8856.004, the temporary directors from the counties that are
2 included in the district become the initial permanent directors.

3 (b) If the Commissioners Courts of Collin, Cooke, and Denton
4 Counties confirm the inclusion of those counties in the district,
5 the three directors appointed from each county shall draw lots as
6 follows to determine:

7 (1) for Denton and Cooke Counties, which director's
8 term expires June 1, 2011, and which two directors' terms expire
9 June 1, 2013; and

10 (2) for Collin County, which two directors' terms
11 expire June 1, 2011, and which director's term expires June 1, 2013.

12 (c) If the commissioners courts of only two of the counties
13 confirm the inclusion of those counties in the district, the three
14 directors appointed from each county shall draw lots as follows to
15 determine:

16 (1) for the first county to confirm, which director's
17 term expires June 1, 2011, and which two directors' terms expire
18 June 1, 2013; and

19 (2) for the second county to confirm, which two
20 directors' terms expire June 1, 2011, and which director's term
21 expires June 1, 2013.

22 Sec. 8856.024. EXPIRATION OF SUBCHAPTER. This subchapter
23 expires September 1, 2011.

24 [Sections 8856.025-8856.050 reserved for expansion]

25 SUBCHAPTER B. BOARD OF DIRECTORS

26 Sec. 8856.051. GOVERNING BODY; TERMS. (a) The district is
27 governed by a board of six or nine directors appointed as provided

1 by this section.

2 (b) If the Commissioners Courts of Collin, Cooke, and Denton
3 Counties confirm the inclusion of those counties in the district,
4 nine directors shall be appointed as follows:

5 (1) the Collin County Commissioners Court shall
6 appoint three directors;

7 (2) the Cooke County Commissioners Court shall appoint
8 three directors; and

9 (3) the Denton County Commissioners Court shall
10 appoint three directors.

11 (c) If the commissioners courts of only two of the counties
12 confirm the inclusion of those counties in the district, the
13 commissioners court of each of those counties shall appoint three
14 directors.

15 (d) The commissioners court of each appointing county shall
16 appoint two of the three directors from that county as follows:

17 (1) one director from a slate of not more than three
18 nominees submitted by the largest municipal groundwater producer in
19 the county; and

20 (2) one director from a slate of not more than three
21 nominees submitted by the other groundwater producers in that
22 county.

23 (e) Directors serve staggered four-year terms, with the
24 term of one or two directors from each appointing county expiring on
25 June 1 of each odd-numbered year.

26 (f) A director may serve multiple consecutive terms.

27 (g) A position on the board may not be construed to be a

1 civil office of emolument for any purpose, including a purpose
2 described by Section 40, Article XVI, Texas Constitution.

3 (h) A person who qualifies to serve on the board may serve as
4 a director and participate in all votes relating to the business of
5 the district regardless of any common law doctrine of
6 incompatibility. Section 36.051, Water Code, does not apply to the
7 district.

8 Sec. 8856.052. DIRECTOR ELIGIBILITY; QUALIFICATION.

9 (a) To be eligible to serve as a director, a person must be a
10 registered voter in the appointing county.

11 (b) Each director must qualify to serve in the manner
12 provided by Section 36.055, Water Code.

13 Sec. 8856.053. VACANCIES. If a vacancy occurs on the board,
14 the commissioners court that appointed the director who vacated the
15 office shall appoint a person to fill the vacancy in a manner that
16 meets the representational requirements of Section 8856.051.

17 Sec. 8856.054. COMPENSATION; REIMBURSEMENT.

18 (a) Notwithstanding Sections 36.060(a) and (d), Water Code, a
19 director may not receive compensation for performing the duties of
20 director.

21 (b) A director is entitled to reimbursement of actual
22 expenses reasonably and necessarily incurred while engaging in
23 activities on behalf of the district.

24 Sec. 8856.055. BOARD CHAIR. The board shall select one of
25 its members to serve as the chair for a two-year term. The position
26 of chair must rotate among the counties in the district every two
27 years in alphabetical order by county.

1 [Sections 8856.056-8856.100 reserved for expansion]

2 SUBCHAPTER C. POWERS AND DUTIES

3 Sec. 8856.101. GROUNDWATER CONSERVATION DISTRICT POWERS
4 AND DUTIES. Except as provided by this chapter, the district has
5 the powers and duties provided by the general law of this state,
6 including Chapter 36, Water Code, applicable to groundwater
7 conservation districts created under Section 59, Article XVI, Texas
8 Constitution.

9 Sec. 8856.102. CONTRACTS. The district may enter into a
10 contract with any person, public or private, for any purpose
11 authorized by law.

12 Sec. 8856.103. APPLICABILITY OF DISTRICT REGULATIONS.
13 Groundwater regulation under this chapter applies to all persons
14 except as exempted from the requirement to obtain a permit for a
15 well under Section 36.117, Water Code, or this chapter.

16 Sec. 8856.104. WELL SPACING RULES; EXEMPTIONS. (a) Except
17 as provided by Subsection (b), the district shall exempt from the
18 well spacing requirements adopted by the district any well that is
19 completed on or before the effective date of those requirements.

20 (b) The district may provide by rule that a well may lose its
21 exemption under this section if the well is modified in a manner
22 that substantially increases the capacity of the well after the
23 effective date of the well spacing requirements adopted by the
24 district.

25 (c) Except as provided by this section and notwithstanding
26 Section 8856.103, the district may require any well or class of
27 wells exempt from permitting under Chapter 36, Water Code, to

1 comply with the well spacing requirements adopted by the district.
2 The district shall apply well spacing requirements uniformly to any
3 well or class of wells based on the size or capacity of the well and
4 without regard to the type of use of the groundwater produced by the
5 well.

6 Sec. 8856.105. REGISTRATION AND REPORTING REQUIREMENTS FOR
7 CERTAIN EXEMPT WELLS. The district may adopt rules that require the
8 owner or operator of a well or class of wells exempt from permitting
9 under Section 36.117, Water Code, to register the well with the
10 district and, except for a well exempt from permitting under
11 Subsection (b)(1) of that section, to report groundwater
12 withdrawals from the well using reasonable and appropriate
13 reporting methods and frequency.

14 Sec. 8856.106. ENFORCEMENT. (a) The district may enforce
15 this chapter in the manner provided by Chapter 36, Water Code. In
16 lieu of a remedy available to the district under Section 36.102,
17 Water Code, or in addition to those remedies, the district may
18 impose a fee in addition to a fee assessed under Section 8856.152 on
19 a person producing groundwater in violation of a rule of the
20 district, including the failure or refusal to comply with any order
21 or rule of the district to reduce or cease groundwater usage. The
22 purpose of a fee authorized under this subsection is to serve as a
23 disincentive to producing groundwater except as authorized by the
24 district.

25 (b) A fee imposed under Subsection (a) may not exceed an
26 amount equal to 10 times the amount of a fee assessed under Section
27 8856.152.

1 Sec. 8856.107. NO EMINENT DOMAIN POWER. The district may
2 not exercise the power of eminent domain.

3 [Sections 8856.108-8856.150 reserved for expansion]

4 SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

5 Sec. 8856.151. TAXES PROHIBITED. The district may not
6 impose a tax. Sections 36.020(a) and 36.201-36.204, Water Code, do
7 not apply to the district.

8 Sec. 8856.152. DISTRICT REVENUES. (a) The district by
9 rule, resolution, or order may establish, amend, pledge, encumber,
10 expend the proceeds from, and assess to any person production fees
11 based on the amount of groundwater authorized by permit to be
12 withdrawn from a well or on the amount of water actually withdrawn,
13 to enable the district to fulfill its purposes and regulatory
14 functions as provided by this chapter. The district may use
15 revenues generated by fees it assesses for any lawful purpose.

16 (b) Notwithstanding any provision of general law to the
17 contrary, a fee authorized by Subsection (a) may not exceed:

18 (1) \$1 per acre-foot annually for groundwater used for
19 agricultural purposes; or

20 (2) 30 cents per thousand gallons annually for
21 groundwater used for nonagricultural purposes.

22 (c) Notwithstanding any provision of general law or this
23 chapter to the contrary, if any, the district may assess a
24 production fee under this section for groundwater produced from a
25 well or class of wells exempt from permitting under Section 36.117,
26 Water Code, except for a well exempted under Subsection (b)(1) of
27 that section. A production fee assessed by the district under this

1 subsection must be based on the amount of groundwater actually
2 withdrawn from the well and may not exceed the amount established by
3 the district for permitted uses under Subsection (b)(2) of this
4 section.

5 (d) Notwithstanding Section 36.1071(f), Water Code, the
6 district by rule, resolution, or order before the adoption of its
7 management plan may:

8 (1) establish, assess, and enforce the collection of
9 production fees under this section; and

10 (2) establish and enforce metering and reporting
11 requirements, except for a well exempt from permitting under
12 Section 36.117(b)(1), Water Code.

13 (e) The district by rule may establish a temporary or
14 permanent discounted fee rate for persons who prepay production
15 fees to the district under this section on or before the dates
16 established by district rule.

17 (f) The district may not charge an export fee to a producer
18 of groundwater withdrawn from a well in the district who
19 distributes the water to any part of the territory under the
20 provider's certificate of public convenience and necessity even if
21 the territory is outside the district's boundaries.

22 SECTION 2. (a) The legal notice of the intention to
23 introduce this Act, setting forth the general substance of this
24 Act, has been published as provided by law, and the notice and a
25 copy of this Act have been furnished to all persons, agencies,
26 officials, or entities to which they are required to be furnished
27 under Section 59, Article XVI, Texas Constitution, and Chapter 313,

1 Government Code.

2 (b) The governor has submitted the notice and Act to the
3 Texas Commission on Environmental Quality.

4 (c) The Texas Commission on Environmental Quality has filed
5 its recommendations relating to this Act with the governor,
6 lieutenant governor, and speaker of the house of representatives
7 within the required time.

8 (d) All requirements of the constitution and laws of this
9 state and the rules and procedures of the legislature with respect
10 to the notice, introduction, and passage of this Act are fulfilled
11 and accomplished.

12 SECTION 3. This Act takes effect immediately if it receives
13 a vote of two-thirds of all the members elected to each house, as
14 provided by Section 39, Article III, Texas Constitution. If this
15 Act does not receive the vote necessary for immediate effect, this
16 Act takes effect September 1, 2009.

S.B. No. 2497

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 2497 passed the Senate on April 30, 2009, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

I hereby certify that S.B. No. 2497 passed the House on May 19, 2009, by the following vote: Yeas 145, Nays 0, one present not voting.

Chief Clerk of the House

Approved:

Date

Governor