

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**April 8, 2009**

**TO:** Honorable Kip Averitt, Chair, Senate Committee on Natural Resources

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

**IN RE: SB2120** by Seliger (Relating to the management, operation, and review of groundwater conservation districts.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB2120, As Introduced: a negative impact of (\$1,533,196) through the biennium ending August 31, 2011.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**General Revenue-Related Funds, Five-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2010	(\$767,903)
2011	(\$765,293)
2012	(\$788,753)
2013	(\$788,753)
2014	(\$788,753)

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Change in Number of State Employees from FY 2009
2010	(\$767,903)	6.1
2011	(\$765,293)	6.1
2012	(\$788,753)	6.3
2013	(\$788,753)	6.3
2014	(\$788,753)	6.3

**Fiscal Analysis**

The bill would amend the Water Code to require the Water Development Board (TWDB) to establish a training program for members of boards of directors and general managers of groundwater conservation districts. The bill would provide the Commission on Environmental Quality (TCEQ) the authority to take action if a groundwater conservation district amends, repeals, or adopts a rule without an approved district management plan. The bill would require TWDB to conduct a review of a district management plan within 60 days of approval of the plan. The bill would require the State Auditor's Office (SAO) to perform a review of a groundwater conservation district following the first anniversary of the initial approval of the district management plan and at least as often as once every five years after that date.

The bill would take effect immediately if it receives a vote of two-thirds of all members elected to

each house; otherwise it would take effect September 1, 2009.

## **Methodology**

For TWDB to conduct a review of a districts management plan within 60 days of approval of the plan, it is estimated that TWDB would require an additional 3.0 FTEs. The annual salary for these positions would be \$208,830, with estimated annual benefits costs of \$59,663. Related operating, travel and equipment costs are estimated to be \$30,210 in fiscal year 2010 and \$27,600 in subsequent years.

There are currently 93 groundwater conservation districts, which would be subject to an audit by the SAO. The SAO anticipates that, based on the requirements of the bill, 20 districts would be reviewed each in fiscal year 2010 and fiscal year 2011, and 21 districts would be reviewed in each subsequent fiscal year. The SAO indicates each review of a groundwater conservation district would require 250 hours of work, and based on an average cost of \$90 per hour, each review would have a cost of \$22,500 plus travel costs. Based on 20 reviews in fiscal years 2010 and 2011, it is estimated that the SAO would incur \$450,000 in costs for the reviews, plus \$19,200 in travel costs in each fiscal year and require an additional 3.1 FTEs. Based on 21 reviews in subsequent fiscal years, it is estimated that the SAO would incur \$472,500 in each fiscal year, plus \$20,160 in travel costs and require an additional 3.3 FTEs. The SAO indicates that in accordance with current Government Code 321.013, all additional duties and responsibilities prescribed by the bill would be proposed in the SAO's annual audit plan for Legislative Audit Committee approval.

## **Technology**

The cost for computer equipment and software would be \$7,800 in fiscal year 2010 and \$7,800 in fiscal year 2014.

## **Local Government Impact**

The bill would require board members and general managers of groundwater conservation districts to attend at least one hour of training during each one-year period in which the person serves established by the board.

The bill would require each district to adopt rules to implement the district management plan, but would not be permitted to adopt rules other than those pertaining to the registration and interim permitting of new and existing wells, and rules governing spacing and procedure until the district's first management plan has been approved. After the first district management plan is adopted, a district may not amend rules, repeal rules, or adopt new rules unless its management plan has been approved and is in effect.

According to information provided by several groundwater conservation districts, the costs to implement the provisions of the bill would result in significant costs.

The Refugio Groundwater Conservation District reported the costs would be an estimated total of \$61,000 in 2010 which would include costs for one additional employee with salary and benefits (\$30,000), a vehicle (\$25,000), operational costs (\$5,000), and increased reimbursements to the director (\$1,000).

The Fort Davis Underground Water District reported costs to the district, which includes Jeff Davis and Presidio County Underground Water Conservation District, would be an estimated total of \$25,000 in 2010 which would include the audit and TWDB hearing. The total budget for Jeff Davis is \$42,772 and for Presidio \$15,000.

The Live Oak Underground Water Conservation District reported costs for the following districts for 2010:

The Bee Groundwater Conservation District costs would be an estimated total of \$25,000 (25 percent of the districts total budget).

The Live Oak Underground Water Conservation District costs would be an estimated total of \$25,000 (50 percent of the districts total budget).

The McMullen Groundwater Conservation District costs would be an estimated total of \$25,000 (100 percent of the districts total budget).

The Real Edwards Conservation and Reclamation District reported costs to the district would be an estimated total of \$7,700 in 2010 which would include operational costs (\$200), travel and training costs (\$2,500), and drafting and implementing new rules (\$5,000).

**Source Agencies:** 308 State Auditor's Office, 580 Water Development Board

**LBB Staff:** JOB, ZS, AH, SD, TP