

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 14, 2013

TO: Honorable Troy Fraser, Chair, Senate Committee on Natural Resources

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB1324** by Davis, John (Relating to exclusion of land from certain water districts that fail to provide service to the land; clarifying and limiting the authority of those districts with outstanding bonds payable from ad valorem taxes to impose taxes on excluded land; providing for a financial review.), **Committee Report 2nd House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would amend Chapter 49 of the Water Code to specify procedures for excluding land from certain water districts that fail to provide service to the land, including requirements for tax liability and outstanding bonds. The bill would increase the total acreage from 5,000 to 10,000 that the board of a district would be required to call a hearing on an exclusion of land; and would reduce the number of years from 28 to 20 in which land has been included in and taxable by a district. Section 49.3076 would not apply to a district that supplies raw water wholesale; and has fewer than 500 retail customers.

The bill would specify that if land is excluded from the district, the district may only tax the excluded land for the purposes of funding the excluded land's share of the outstanding debt that could be paid in whole or in part at any time after the land is excluded. If a petition to exclude land is presented to a district, the landowner that signs the petition must also submit a copy to the Texas Commission on Environmental Quality (TCEQ) for review. Upon receipt of a petition for the exclusion of land, TCEQ would be required to review the most recent financial information for the applicable district and after review, must confirm that the exclusion of land does not adversely affect the interests of district bondholders. TCEQ would be required to notify the landowner and district that the review is complete.

TCEQ would need to adopt rules to address the review of an audit after the receipt of a petition to exclude land and review the financial information of a district if a petition is submitted and notify the parties when the review is complete.

The bill would repeal Section 49.3076 (a-1) of the Water Code.

The Texas State Soil and Water Conservation Board indicated no fiscal impact is anticipated. TCEQ indicated no significant fiscal implications are anticipated for the agency.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 592 Soil and Water Conservation Board, 582 Commission on Environmental Quality

LBB Staff: UP, SZ, TP