

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 13, 2013

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3511 by Ritter (Relating to the adjudication of claims arising under certain written contracts with local governmental entities.), **As Engrossed**

No fiscal implication to the State is anticipated.

The bill would amend Chapter 271 of the Local Government Code to provide that remedies may include actual damages, specific performance or injunctive relief for a breach of a written contract, including a right of first refusal, regarding the sale or delivery of not less than 1,000 acre-feet of reclaimed water by a local governmental entity intended for industrial use.

The Texas Education Agency (TEA) indicated the bill would have no direct fiscal implications for the Foundation School Program or the operations of the TEA. The Texas Higher Education Coordinating Board indicated no fiscal impact is anticipated.

Local Government Impact

A local governmental entity could incur legal expenses if a written contract regarding the sale or delivery of reclaimed water for industrial use is adjudicated which could result in remedies for actual damages, specific performance or injunctive relief; however, the amounts would vary depending on the terms and costs of the contract.

TEA indicated that school districts are unlikely to enter into contracts for reclaimed water for industrial use; therefore, no direct fiscal impact is anticipated.

The San Antonio River Authority (SARA) indicated that the provisions of the bill would not impact SARA. SARA operates several wastewater treatment plants that provide reclaimed water, but there is not enough to meet an industrial contract of 1000 acre-feet or more; SARA's reclaim contracts are currently not with industrial users and for less water than 1000 acre-feet and does not anticipate this changing in the foreseeable future based upon plant locations and the size of the communities that are served.

Source Agencies: 701 Central Education Agency, 781 Higher Education Coordinating Board, 592 Soil and Water Conservation Board

LBB Staff: UP, SZ, TP