

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION**

**April 13, 2013**

**TO:** Honorable Allan Ritter, Chair, House Committee on Natural Resources

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB3511** by Ritter (Relating to adjudication of claims under water contracts with local government entities.), **As Introduced**

**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 specific performance or injunctive relief or both for 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 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 specific performance or injunctive relief or both; 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:** 592 Soil and Water Conservation Board, 701 Central Education Agency, 781 Higher Education Coordinating Board

**LBB Staff:** UP, SZ, TP