

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 22, 2013

**TO:** Honorable David Dewhurst, Lieutenant Governor, Senate

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

**IN RE:** SB1169 by Hegar (Relating to water conservation.), As Passed 2nd House

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB1169, As Passed 2nd House: a negative impact of (\$57,492) through the biennium ending August 31, 2015.

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
2014	(\$51,743)
2015	(\$5,749)
2016	\$0
2017	\$0
2018	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>Watermaster Administration</i> 158	Probable Revenue Gain/(Loss) from <i>Watermaster Administration</i> 158	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Change in Number of State Employees from FY 2013
2014	(\$595,977)	\$595,977	(\$51,743)	8.0
2015	(\$449,768)	\$449,768	(\$5,749)	6.0
2016	(\$449,768)	\$449,768	\$0	6.0
2017	(\$449,768)	\$449,768	\$0	6.0
2018	(\$449,768)	\$449,768	\$0	6.0

## **Fiscal Analysis**

The bill would subject the Texas Water Conservation Advisory Council to the Texas Sunset Act.

The bill would require the Texas Commission on Environmental Quality (TCEQ) to create a water division for the Brazos River Basin, which includes the segment from Possum Kingdom Reservoir and below, and for the agency's Executive Director to appoint a Watermaster for the division. Until September 1, 2016, watermaster program fees would only be assessed to water right holders whose aggregate water rights equal not less than 230,000 acre feet. After September 1, 2016, the fees would be equitably apportioned to other water right holders in the Watermaster area. The bill also includes a cap on the assessed fee for water right holders who use water for agricultural use at \$120 annually and exempts water right holders who take water solely for domestic and livestock purposes as well as state agencies from paying such fees.

The bill also requires that, on or before May 15 of each year, an owner or operator of an electric generating facility shall submit a report to the TCEQ and Texas Water Development Board (TWDB) that evaluates the water needs of the facility during the preceding year. This requirement would expire September 1, 2018.

## **Methodology**

The Sunset Advisory Commission (SAC) review of the Texas Water Conservation Advisory Council would be conducted in the 2014-15 biennium. According to the SAC, this would require 2.0 additional FTEs to conduct a three-month review, resulting in General Revenue Fund costs to the SAC of \$51,743 in fiscal year 2014 and \$5,749 in fiscal year 2015.

TCEQ expects that passage of the bill would result in 8,000 additional inspections and investigations per year along the specified segment of the Brazos River Basin. Based on staffing levels for existing watermaster programs, an additional 6.0 FTEs are needed with annual costs of \$449,768 from the General Revenue-Dedicated Watermaster Administration Account No. 158. In fiscal year 2014, \$146,209 in start-up costs are also expected. As TCEQ's watermaster programs are self-supporting, with fees deposited to the General Revenue-Dedicated Watermaster Administration Account No. 158, this estimate assumes that the agency would set fee rates to generate sufficient revenue to cover associated program costs.

TWDB does not anticipate any fiscal impact as a result of the bill.

## **Local Government Impact**

There could be costs to local governments that are water right holders within the segment of the Brazos River to pay the compensation and expenses of the Brazos River Watermaster Program until September 1, 2016. In addition, after September 1, 2016, the annual fees would be limited to \$120 for a water rights holder using water for agricultural use, and would exempt a person who takes water solely for domestic or livestock purposes which may result in a cost savings. Costs to fund the new program would be shared by local governments and private entities and persons and any fees paid by affected local governments are not anticipated to be significant; therefore, no significant fiscal impact is anticipated.

**Source Agencies:** 116 Sunset Advisory Commission, 580 Water Development Board, 582 Commission on Environmental Quality

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