LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 27, 2015

TO: Honorable Dan Patrick, Lieutenant Governor, Senate
Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB200** by Keffer (Relating to the regulation of groundwater.), **Conference Committee Report**

No significant fiscal implication to the State is anticipated.

The bill would amend various sections of Chapter 36 of the Texas Water Code related to the regulation of groundwater. The bill would allow an affected person to petition a groundwater conservation district (GCD) to contract with the State Office of Administrative Hearings (SOAH) to conduct a contested case hearing to review the reasonableness of a Desired Future Condition (DFC) adopted by a GCD. Texas Water Development Board (TWDB) would conduct an administrative review of a petition submitted by a GCD and perform a scientific and technical study of the desired future conditions according to various listed criteria. The results of the study would be delivered to SOAH within 120 days of TWDB receipt of the petition. The district receiving a petition would have 60 days to contract with SOAH to conduct a contested case hearing and submit copies of the petition to SOAH. TWDB would make available relevant staff as expert witnesses if requested by SOAH or a party to the hearing. Prior to the delivery of the study, a GCD may seek assistance of the Center for Public Policy Dispute Resolution, the TWDB, or another organization to mediate the issues raised in the petition. The bill repeals provisions that currently permit TWDB to resolve the petition. TWDB does not anticipate that duties associated with the bill would result in a significant fiscal impact to the agency.

The annual amount needed by SOAH to conduct contested case hearings is unknown. Although additional cases may be contracted to SOAH from GCDs, it is assumed that SOAH could absorb these additional responsibilities within existing resources. The petitioner shall pay the costs associated with the contract for the hearing, depositing with the GCD an amount sufficient to pay the contract before the hearing begins. After the hearing, SOAH may assess costs to one or more of the parties participating in the hearing and the GCD shall refund any excess money to the petitioner.

Local Government Impact

There would be costs for petitions contesting desired future conditions, however, the fiscal impact would depend on the number of cases. Panhandle Groundwater Conservation District reported a total cost of $250,000 for a contested hearing. Central Texas Groundwater Conservation District reported a total cost of $400,000 including three additional staff and consultants. Southeast Texas Groundwater Conservation District reported a total cost of $30,000 to comply with the petition

requirements. Rusk County Groundwater Conservation District reported a total cost of $200,000 to comply with the petition requirements.

Source Agencies: 360 State Office of Administrative Hearings, 580 Water Development Board, 582 Commission on Environmental Quality

LBB Staff: UP, KVe, SZ, JJ, PM