

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION**

**March 24, 2015**

**TO:** Honorable Jim Keffer, Chair, House Committee on Natural Resources

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

**IN RE: HB200** by Keffer (Relating to the regulation of groundwater.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB200, As Introduced: a negative impact of (\$316,878) through the biennium ending August 31, 2017.

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:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2016	(\$161,109)
2017	(\$155,769)
2018	(\$155,769)
2019	(\$155,769)
2020	(\$155,769)

**All Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Savings/(Cost) from General Revenue Fund</b> 1	<b>Change in Number of State Employees from FY 2015</b>
2016	(\$161,109)	2.0
2017	(\$155,769)	2.0
2018	(\$155,769)	2.0
2019	(\$155,769)	2.0
2020	(\$155,769)	2.0

## **Fiscal Analysis**

The bill would amend various sections of Chapter 36 of the Texas Water Code related to the regulation of groundwater.

The bill would allow affected persons to petition Texas Water Development Board (TWDB) 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 groundwater conservation district (GCD). An administrative law judge with SOAH would conduct the DFC hearing and prepare a proposal for decision for TWDB, which would decide the dispute. The bill would authorize TWDB's final order to be appealed to the Travis County district court. The bill repeals provisions that currently permit TWDB to resolve the petition.

The bill includes TWDB in the appeal process for permit application decisions made by GCDs. The bill would allow a permit applicant to appeal a decision by a GCD on a permit application by filing a petition with the TWDB. The GCD would review TWDB's findings and recommendations, reconsider action, and then issue a final order. The applicant could appeal the final decision by filing suit against the district.

The bill would take effect September 1, 2015.

## **Methodology**

The annual amount needed for the contract with SOAH for contested case hearings is unknown. Although additional cases may be referred to SOAH from TWDB, it is assumed that SOAH could absorb these additional responsibilities within existing resources. SOAH's costs would be reimbursed through an interagency contract with TWDB. TWDB would need to develop rules to address the receipt of payments from the petitioners that would be used to pay for the SOAH contract.

TWDB would have additional costs to hold hearings for permits that were denied by GCDs and to provide technical analyses necessary for the evaluation of the issues that led to the denial or modification of the permit application. Based on survey input from GCDs, TWDB anticipates that ten permit hearings and technical analyses would be required each year. TWDB estimates a fiscal impact of \$316,878 in the 2016-17 biennium, which is attributed to two additional FTEs (1.0 Geoscientist II at \$54,761 per year, and 1.0 Attorney I at \$58,573 per year.) Annual operating costs are estimated at \$5,000 for travel, \$6,540 in operating expenses for fiscal year 2016 and \$5,600 in fiscal years 2017 to 2020, and \$260 for a professional license each year. A one-time equipment cost of \$4,400 is anticipated in fiscal year 2016.

## **Local Government Impact**

There may be cost for a contested case hearing, however, no significant fiscal implication to units of local government is anticipated.

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

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