

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 8, 2015

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB655** by Larson (relating to the storage and recovery of water in aquifers; authorizing fees and surcharges; adding provisions subject to a criminal penalty.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would remove the water rights requirement for term permits or existing permit amendments for sourcing surface water for aquifer storage and recovery projects for water rights holders and persons who have contracted for the use of water that does not prohibit an aquifer storage and recovery project. It also removes the requirement for completed pilot projects prior to permitting.

The Texas Commission on Environmental Quality (TCEQ) would be given exclusive jurisdiction over the regulation and permitting of aquifer storage and recovery wells. The bill would clarify considerations that TCEQ would use in issuing a Class V underground injection control permit for an aquifer storage and recovery well (complying with the federal Safe Drinking Water Act, percentage of stored water which can be recovered, effect on existing wells, and whether the introduction of water will alter the physical, chemical, or biological quality of the native groundwater to a specified degree). If TCEQ would determine that some injected water may result in a loss of native groundwater, the commission would place additional restrictions on the amount of water that could be recovered to account for the loss. This authorization could be made by rule, under an individual permit, or under a general permit. The TCEQ would be required to adopt rules to implement the above provisions no later than May 1, 2016.

The bill would mandate that groundwater conservation districts (GCDs) not require permits for the drilling and operation of aquifer storage or recovery wells except where the amount recovered is greater than the amount authorized as part of the TCEQ Class V permit. In such cases, the amount recovered in excess of authorization would be subject to district rules. Districts could consider the aquifer storage and recovery operation's effect during planning and monitoring of the achievement of desired future conditions. The bill would further provide that GCDs may assess well registration and administrative fees but may not assess production or export fees or surcharges except for recovered water amounts in excess of those authorized by TCEQ.

TCEQ and TWDB expect no significant costs in implementing the provisions of the bill.

Local Government Impact

Upon passage of the bill, GCDs would be able to collect fees to register withdrawal wells or cover other administrative fees. A district would be authorized to assess a production fee or a transportation fee or surcharge on an aquifer storage or recovery project to the extent the production volume exceeds the volume injected. The potential revenue increase to GCDs would depend on the extent to which such entities experience circumstances that would provide for the assessment of fees.

Source Agencies: 304 Comptroller of Public Accounts, 455 Railroad Commission, 580 Water Development Board, 582 Commission on Environmental Quality

LBB Staff: UP, SZ, TL