

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 30, 2017

TO: Honorable Lyle Larson, Chair, House Committee on Natural Resources

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB3742** by Phelan (relating to the procedure for action by the Texas Commission on Environmental Quality on an application for a new or amended water right.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would amend Texas Water Code, Section 5.115 to exempt hearings on applications or amendments for a water rights permit from the stated definition of an "affected person," and would add a definition of an "affected person" as relating to a water rights permit in the new Section 11.1321. The bill would require the Texas Commission on Environmental Quality (TCEQ) to provide an opportunity for a contested case hearing on water rights applications at the request of a commissioner or executive director of TCEQ, the applicant, or any affected person as defined by the bill. The bill would update notice requirements to include information related to a request for a contested case hearing, and outline certain cases in which TCEQ would be allowed to act on the application without a contested case hearing. The bill would allow the contested case hearing to be referred to the State Office of Administrative Hearings (SOAH) at the request of the applicant, and would outline requirements for such hearings. The contested case hearings would be prohibited from having a maximum duration of more than 270 days. The bill would require TCEQ to adopt rules to implement the provisions of the bill as soon as practicable.

SOAH and TCEQ anticipate any additional work resulting from the enactment of the bill could be reasonably absorbed within current resources.

Local Government Impact

According to TCEQ, there would most likely be cost savings to affected units of local government resulting from a streamlined process; however, the fiscal impact cannot be determined at this time. Additionally, there will be increased costs if all water rights holders in the basin and other applicants in the basin are deemed affected parties and this results in additional contested case hearings.

Source Agencies: 360 State Office of Administrative Hearings, 582 Commission on Environmental Quality

LBB Staff: UP, SZ, MSO, JGA, EK