

BILL ANALYSIS

H.B. 4623
By: Goldman
Natural Resources
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The regional water planning process serves as the cornerstone for the development of the state's water plan. Each regional water planning group is required to develop a regional water plan that forecasts water demands and availability and recommends water supply projects and strategies to meet the anticipated demands. The scope of the regional water planning process could be expanded to include the identification of opportunities for local or regional water markets. Data from case studies reveals that water markets can contribute to more efficient and effective water use. For example, since 1971, the Rio Grande Valley water market has allowed water to move from lower valued crops to higher valued crops that require less water, which is beneficial, particularly during droughts. Beginning in 2000, the Edwards Aquifer water market contributed to a decline in overall water use and a substantial reduction in per capita use, enabling the transfer of water rights from lower value uses to higher value uses and allowing for the creation of new tools to manage water during droughts. In addition to the water use efficiencies gained through water markets, water markets offer greater flexibility towards managing local water resources.

H.B. 4623 expands the scope of the regional water planning process to allow regional water planning groups to identify opportunities for the creation and establishment of local or regional water markets. This change would enable regional water planning groups to begin to consider how water markets, and the voluntary transfer of water associated with market transactions, could contribute to more effective water use, including less water use and the reallocation of water resources to other demands.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

H.B. 4623 amends the Water Code to require the regional water plan that is submitted by each regional water planning group to the Texas Water Development Board to describe opportunities for the creation and establishment of local or regional water markets and consider the potential for voluntary transfer of water in the region using those markets.

H.B. 4623 defines "water market" as an exchange where water rights and all or a portion of the volumes associated with those rights are sold, purchased, optioned, or leased for the purpose of

conveyance, transfer, supply, or forbearance or changing the legal purpose of use, excluding a market for wholesale or retail water transactions.

EFFECTIVE DATE

September 1, 2023.