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| BILL ANALYSIS |

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| H.B. 1400 |
| By: Harris |
| Natural Resources |
| Committee Report (Unamended) |

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| **BACKGROUND AND PURPOSE** As the state's population continues to grow and our water demands increase, accurate groundwater science will be critical to ensuring robust water planning and management in Texas. The Texas Water Development Board (TWDB) and groundwater conservation districts (GCDs) have important, statutorily mandated roles relating to the determination of groundwater availability for water planning in Texas. In addition, GCDs must utilize the best available science in both groundwater planning and management decisions. Consistent, reliable funding for groundwater data and modeling both at the TWDB and at the local GCD level is essential. The author has informed the committee that, while GCDs may be the best suited to collect groundwater data, undertake research and science at the local scale, and develop localized models, there is insufficient state funding available to GCDs for this type of science. H.B. 1400 seeks to address this issue by establishing the groundwater science, research, and innovation fund to be administered by the TWDB to provide financial assistance to fund applicable GCD programs and projects that will further groundwater science, research, and innovation in Texas. |
| **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 rulemaking authority is expressly granted to the Texas Water Development Board in SECTION 1 of this bill. |
| **ANALYSIS** H.B. 1400 amends the Water Code to establish the groundwater science, research, and innovation fund as a special fund in the state treasury to be administered by the Texas Water Development Board (TWDB) under the bill's provisions and rules adopted by the TWDB under those provisions. The bill restricts the use of the fund by the TWDB to providing financial assistance in the form of grants to finance applicable groundwater conservation district (GCD) programs and projects that will further groundwater science, research, and innovation in Texas, including local research, data, modeling, and innovative programs and projects designed to do the following:* improve understanding of local groundwater conditions;
* develop or improve groundwater models relied on for planning and decision-making;
* improve groundwater use efficiency and increase water conservation efforts;
* increase groundwater recharge; or
* protect groundwater quality.

The bill authorizes the fund to be used for any of these purposes under criteria developed by the TWDB and specifies an applicable GCD as such a GCD created under specified Texas Constitution provisions that has the authority to regulate the spacing of wells producing from groundwater reservoirs in the GCD and regulate the production from those wells.H.B. 1400 establishes that the fund consists of the following:* money appropriated for transfer or deposit to the fund's credit;
* money the TWDB transfers to the fund from any available source;
* depository interest allocable to the fund and other investment returns on money in the fund;
* money from gifts, grants, or donations to the fund; and
* any other fees or sources of revenue that the legislature may dedicate for deposit to the fund.

H.B. 1400 requires the TWDB to adopt rules necessary to administer the bill's provisions, including rules establishing procedures for the application for and award of financial assistance, the distribution of financial assistance, and the administration of financial assistance and the fund. The bill authorizes the TWDB by rule to require a GCD that is the recipient of a grant using money from the fund to provide matching funds, which may include direct expenditures or in-kind services related to the program or project, in an amount equal to 25 percent of the amount of the grant.H.B. 1400 requires the TWDB to consider the following factors when evaluating an application for financial assistance from a GCD:* the expected benefit of the program or project in informing the GCD's management, planning, or decision-making;
* whether the program or project meets any science, data, and modeling objectives of the TWDB;
* the extent to which the program's or project's outcome may benefit the state and regional water planning processes; and
* the GCD's need for financial assistance based on the GCD's available revenue or other sources of financial assistance available to the GCD.

The bill authorizes the TWDB by resolution to approve an application if, after considering these factors and other relevant factors, the TWDB finds that the public interest is served by state assistance for the program or project and, as applicable, the GCD has met the matching funds requirement as provided by the bill. The bill requires the TWDB to ensure the following: * that a GCD that receives financial assistance for a program or project provides the TWDB with all data, science, and other research findings gathered through the implementation of the program or project for which the GCD received financial assistance; and
* that at least 35 percent of the money transferred from the fund is used to fund programs or projects by GCDs with populations of not more than 100,000 and, as determined at the close of the previous fiscal year, annual revenues of not more than $250,000.
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| **EFFECTIVE DATE** September 1, 2025. |