

BILL ANALYSIS

Senate Research Center
89R14601 ANG-F

H.B. 5560
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Water, Agriculture and Rural Affairs
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Under Chapter 36 of the Water Code, groundwater conservation districts enforce their rules by setting reasonable civil penalties that may be assessed by a court of competent jurisdiction against a violator. The civil penalties that the court may assess against a violator for overpumping, unauthorized pumping, drilling illegal wells, or other violations is currently capped at \$10,000 per violation, with each day of a continuing violation constituting a separate violation. As water supplies in Texas have become scarcer and more valuable, this maximum civil penalty cap, which has not been increased in approximately two decades, is inadequate to deter overpumping and other violations for large water projects where the economic benefit of unauthorized pumping may greatly outweigh the maximum cost exposure in civil penalties to the violator. H.B. 5560 increases the civil penalty cap that may be assessed by a court from \$10,000 to \$25,000, and also allows the court to assess a higher penalty as deemed necessary and appropriate by the court to discourage future violations if the court determines that the economic benefit gained by the violator as a result of the violation is higher than the amount of civil penalties that may be assessed under the \$25,000 penalty cap.

H.B. 5560 amends current law relating to penalties in certain suits involving a groundwater conservation district and increases a penalty.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 36.102, Water Code, by amending Subsection (b) and adding Subsection (f), as follows:

(b) Authorizes the board of directors of any district or authority created under certain sections of the Texas Constitution that has the authority to regulate the spacing of water wells, the production from water wells, or both, except as provided by Subsection (f), to by rule set reasonable civil penalties that the district is authorized to recover from any person for breach of any rule of the district in an amount not to exceed \$25,000, rather than \$10,000, per day per violation, and provides that each day of a continuing violation constitutes a separate violation. Makes nonsubstantive changes.

(f) Authorizes the court, in an enforcement action brought by a district against a person, to assess a penalty greater than the maximum penalty authorized under Subsection (b) if the court determines that the person gained an economic benefit as a result of the violation that was greater than the maximum penalty under Subsection (b). Requires that a penalty assessed under this subsection be in an amount determined by the court to be necessary and appropriate to outweigh the economic benefit gained by the person as a result of the violation and discourage future violations.

SECTION 2. Makes application of Section 36.102, Water Code, as amended by this Act, prospective.

SECTION 3. Effective date: September 1, 2025.