

CONFERENCE COMMITTEE REPORT FORM

Austin, Texas

May 26, 2023
Date

Honorable Dan Patrick
President of the Senate

Honorable Dade Phelan
Speaker of the House of Representatives

Sirs:

We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on HB 3059 have had the same under consideration, and beg to report it back with the recommendation that it do pass in the form and text hereto attached.

Flores

Charles Perry
Charles Perry

Nathan Johnson
Johnson

Peter P. Flores
Flores

D. W. Kolbert
Kolbert

[Signature]
On the part of the Senate

Ray O. King
King
[Signature]
Kacat

James R. Price
Price

Glenn Rogers
Rogers

[Signature]
On the part of the House
Zweiner

Note to Conference Committee Clerk:

Please type the names of the members of the Conference Committee under the lines provided for signature. Those members desiring to sign the report should sign each of the six copies. Attach a copy of the Conference Committee Report and a Section by Section side by side comparison to each of the six reporting forms. The original and two copies are filed in house of origin of the bill, and three copies in the other house.

CONFERENCE COMMITTEE REPORT

3rd Printing

H.B. No. 3059

A BILL TO BE ENTITLED

AN ACT

relating to the export fee charged for the transfer of groundwater from a groundwater conservation district.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 36.122, Water Code, is amended by amending Subsections (e) and (p) and adding Subsections (e-1), (e-2), and (e-3) to read as follows:

(e) Except as provided by Subsection (e-1), the [The] district may impose an export fee or surcharge using one of the following methods:

(1) a fee negotiated between the district and the exporter;

(2) for a tax-based district, a rate not to exceed 20 cents [~~the equivalent of the district's tax rate per hundred dollars of valuation~~] for each thousand gallons of water exported from the district [~~or 2.5 cents per thousand gallons of water, if the district assesses a tax rate of less than 2.5 cents per hundred dollars of valuation~~]; or

(3) for a fee-based district, a rate not to exceed the greater of 20 cents for each thousand gallons or a 50 percent surcharge, in addition to the district's production fee, for water exported from the district.

(e-1) Effective January 1, 2024, the maximum allowable rate a district may impose for an export fee or surcharge under

1 Subsection (e)(2) or (e)(3) increases by three percent each
2 calendar year.

3 (e-2) A district governed by a special law in regard to an
4 export fee or surcharge on water exported from the district may
5 charge an export fee or surcharge in accordance with that special
6 law or in accordance with Subsections (e) and (e-1).

7 (e-3) An export fee or surcharge imposed under Subsection
8 (e) or an increase in an imposed export fee or surcharge is not
9 valid unless it is approved by the board after a public hearing.

10 (p) Subsections [Subsection] (e), (e-1), and (e-2) do
11 [does] not apply to a district that is collecting an export fee or
12 surcharge on March 1, 2001.

13 SECTION 2. Section 36.207, Water Code, is amended to read as
14 follows:

15 Sec. 36.207. USE OF FEES. (a) A district may use funds
16 obtained from administrative, production, or export fees collected
17 under a special law governing the district or this chapter for any
18 purpose consistent with the district's approved management plan,
19 including, without limitation, making grants, loans, or
20 contractual payments to achieve, facilitate, or expedite
21 reductions in groundwater pumping or the development or
22 distribution of alternative water supplies or to maintain the
23 operability of wells significantly affected by groundwater
24 development to allow for the highest practicable level of
25 groundwater production while achieving the desired future
26 conditions established under Section 36.108.

27 (b) A district may use funds obtained from the amount that

1 an export fee is increased under Section 36.122(e-1) on or after
2 January 1, 2024, only for costs related to assessing and addressing
3 impacts associated with groundwater development, including:

4 (1) maintaining operability of wells significantly
5 affected by groundwater development;

6 (2) developing or distributing alternative water
7 supplies; and

8 (3) conducting aquifer monitoring, data collection,
9 and aquifer science.

10 SECTION 3. This Act takes effect September 1, 2023.

House Bill 3059
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION

SECTION 1. Section 36.122, Water Code, is amended by amending Subsections (e) and (p) and adding Subsections (e-1) and (e-2) to read as follows:

(e) Except as provided by Subsection (e-1), the [The] district may impose an export fee or surcharge using one of the following methods:

- (1) a fee negotiated between the district and the exporter;
- (2) for a tax-based district, a rate not to exceed 20 cents [the equivalent of the district's tax rate per hundred dollars of valuation] for each thousand gallons of water exported from the district [or 2.5 cents per thousand gallons of water, if the district assesses a tax rate of less than 2.5 cents per hundred dollars of valuation]; or
- (3) for a fee-based district, a rate not to exceed the greater of 20 cents for each thousand gallons or a 50 percent surcharge, in addition to the district's production fee, for water exported from the district.

(e-1) Effective January 1, 2024, the maximum allowable export fee a district may impose under Subsections (e)(2) and (e)(3) for each thousand gallons exported from the district is automatically increased at an annual rate of three percent.

(e-2) A district governed by a special law in regard to an export fee or surcharge on water exported from the district may charge an export fee or surcharge in accordance with that special law or in accordance with Subsections (e) and (e-1).

SENATE VERSION (IE)

SECTION 1. Section 36.122, Water Code, is amended by amending Subsections (e) and (p) and adding Subsections (e-1), (e-2), (e-3), and (e-4) to read as follows: [FA1(1)]

(e) Except as provided by Subsection (e-1), the [The] district may impose an export fee or surcharge using one of the following methods:

- (1) a fee negotiated between the district and the exporter;
- (2) for a tax-based district, a rate not to exceed 20 cents [the equivalent of the district's tax rate per hundred dollars of valuation] for each thousand gallons of water exported from the district [or 2.5 cents per thousand gallons of water, if the district assesses a tax rate of less than 2.5 cents per hundred dollars of valuation]; or
- (3) for a fee-based district, a rate not to exceed the greater of 20 cents for each thousand gallons or a 50 percent surcharge, in addition to the district's production fee, for water exported from the district.

(e-1) Effective January 1, 2024, the maximum allowable rate a district may impose for an export fee or surcharge under Subsection (e)(2) or (e)(3) increases by three percent each calendar year.

(e-2) A district governed by a special law in regard to an export fee or surcharge on water exported from the district may charge an export fee or surcharge in accordance with that special law or in accordance with Subsections (e) and (e-1).

(e-3) An export fee or surcharge imposed under Subsection (e) or an increase in an imposed export fee or surcharge is not valid unless it is approved by the board after a public hearing.

CONFERENCE

SECTION 1. Same as Senate version except does not include Subsection (e-4).

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HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

(p) ~~Subsections [Subsection] (e), (e-1), and (e-2) do~~ [does] not apply to a district that is collecting an export fee or surcharge on March 1, 2001.

SECTION 2. Section 36.207, Water Code, is amended to read as follows:

Sec. 36.207. USE OF FEES. A district may use funds obtained from administrative, production, or export fees collected under a special law governing the district or this chapter for any purpose consistent with the district's approved management plan, including, without limitation, making grants, loans, or contractual payments to achieve, facilitate, or expedite reductions in groundwater pumping or the development or distribution of alternative water supplies or to maintain the operability of wells significantly affected by groundwater development to allow for the highest practicable level of groundwater production while achieving the desired future conditions established under Section 36.108.

No equivalent provision.

(e-4) A well exempt from the district's permit requirements under Section 36.117, Water Code, is exempt from a fee the district may impose under Subsection (e) or (e-2). [FA1(2)]

(p) ~~Subsections [Subsection] (e), (e-1), and (e-2) do~~ [does] not apply to a district that is collecting an export fee or surcharge on March 1, 2001.

SECTION 2. Section 36.207, Water Code, is amended to read as follows:

Sec. 36.207. USE OF FEES. (a) Substantially the same as House version. [FA2(1)]

(b) A district may use funds obtained from **an increase in an export fee imposed under Section 36.122 on or after September 1, 2023, only to maintain the operability of wells significantly affected by groundwater development to allow for the highest practicable level of groundwater production while achieving the desired future conditions established under Section 36.108.** [FA2(2)]

SECTION 2. Same as Senate version except as follows:

Sec. 36.207. USE OF FEES. (a) Same as Senate version.

(b) A district may use funds obtained from **the amount that an export fee is increased under Section 36.122(e-1) on or after January 1, 2024, only for costs related to assessing and addressing impacts associated with groundwater development, including:**
(1) maintaining operability of wells significantly affected by groundwater development;

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(2) developing or distributing alternative water supplies;
and
(3) conducting aquifer monitoring, data collection, and
aquifer science.

SECTION 3. Effective date.

SECTION 3. Same as House version.

SECTION 3. Same as House version.

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

May 26, 2023

TO: Honorable Dan Patrick, Lieutenant Governor, Senate
Honorable Dade Phelan, Speaker of the House, House of Representatives

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB3059 by King, Tracy O. (Relating to the export fee charged for the transfer of groundwater from a groundwater conservation district.), **Conference Committee Report**

No fiscal implication to the State is anticipated.

Local Government Impact

The bill's provisions could result in increased revenue for groundwater conservation districts that export water and increased costs for other units of local government that import water.


Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JMc, CMA, SZ, DPE, SD, KDw, BC

**Certification of Compliance with
Rule 13, Section 6(b), House Rules of Procedure**

Rule 13, Section 6(b), House Rules of Procedure, requires that a copy of a conference committee report signed by a majority of each committee of the conference be furnished to each member of the committee in person or, if unable to deliver in person, by placing a copy in the member's newspaper mailbox at least one hour before the report is furnished to each member of the house under Rule 13, Section 10(a). The paper copies of the report submitted to the chief clerk under Rule 13, Section 10(b), must contain a certificate that the requirement of Rule 13, Section 6(b), has been satisfied, and that certificate must be attached to the copy of the report furnished to each member under Rule 13, Section 10(d). Failure to comply with this requirement is not a sustainable point of order.

I certify that a copy of the conference committee report on HB 3059 was furnished to each member of the conference committee in compliance with Rule 13, Section 6(b), House Rules of Procedure, before paper copies of the report were submitted to the chief clerk under Rule 13, Section 10(b), House Rules of Procedure.



(Signature)

5/26/23

(Date)