

SUBJECT: Eliminating the Texas Deepwater Port Authority

COMMITTEE: Government Reform — favorable, without amendment

VOTE: 5 ayes — Callegari, Pitts, Leibowitz, Miles, W. Smith
0 nays
2 absent — Berman, Rodriguez

WITNESSES: None

BACKGROUND: The Texas Deepwater Port Authority was established by the 65th Legislature in 1977. Water Code, ch. 19 states that Texas needs an offshore deepwater port to accommodate crude oil importation by tankers and defines the duties and powers assigned to the authority. It grants the authority oversight of engineering, design, construction, operations, and maintenance of deepwater ports. The authority may finance deepwater ports through revenue bonds backed by user fees. To carry out its responsibilities, the authority may:

- acquire necessary property by purchase, lease, or condemnation;
- sell property and construct on property;
- act as a corporation;
- borrow money, accept grants, issue and sell bonds and notes, invest money, encumber revenues, and set user fees; and
- use the power of eminent domain as appropriate.

The authority may not begin operations until the governor issues an executive order declaring that no active and viable private plan exists to develop a deepwater, offshore port. In the absence of an executive order, the provisions outlined in ch. 19 expired on January 1, 1979.

DIGEST: HB 386 would repeal Water Code, ch. 19, the authorization for the Texas Deepwater Port Authority.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2007.

**SUPPORTERS
SAY:**

HB 386 would abolish a non-functional state agency. The obsolete provisions in Water Code, ch. 19 serve no purpose. By eliminating the defunct authority and its associated powers, the bill would update state law.

The power of eminent domain bestowed upon the authority raises concern. Although the agency currently does not exist, the provisions outlined in ch. 19 could be revived. This chapter should be eliminated to prevent any inappropriate use of its eminent domain power in the future.

Without an executive order, the provisions outlined in ch. 19 expired on January 1, 1979, and the authority's board has not met since 1980. Given the authority's lack of power and existence, the provisions outlined in ch. 19 should be eliminated.

Texas' need for a deepwater port ended nearly three decades ago. In the late 1970s, it was thought that a deepwater port would better facilitate foreign oil importation. After a private project failed to materialize, the Legislature created the port authority in 1977 to implement deepwater port development. However, rising interest rates and an international oil crisis at that time limited the financial backing and commercial interest required to complete such a project. Due to recent technological advances, it is unlikely the state will need a deepwater port in the future. If the need arises, new legislation should be created to reflect the current approach taken by the state toward economic development.

**OPPONENTS
SAY:**

No apparent opposition.