

- SUBJECT:** Adopting certain Sunset recommendations for the PDRA
- COMMITTEE:** Natural Resources — committee substitute recommended
- VOTE:** 11 ayes — Larson, Phelan, Ashby, Burns, Frank, Kacal, T. King, Lucio, Nevárez, Price, Workman
- 0 nays
- WITNESSES:** For — (*Registered, but did not testify:* Claudia Russell, Palo Duro River Authority)
- Against — None
- On — (*Registered, but did not testify:* Dee Vaughan, Commissioner, Moore County; Sarah Kirkle, Sunset Advisory Commission)
- BACKGROUND:** The Palo Duro River Authority (PDRA) was created by the Legislature in 1973 to construct a dam and reservoir to supplement municipal water supplies.
- Functions.** PDRA may build and operate reservoirs, sell raw and treated water, acquire property by eminent domain, and build and manage park land. It currently operates the Lake Palo Duro dam and reservoir and manages the surrounding park.
- Governing structure.** The authority is governed by a nine-member board appointed by the commissioners courts of Hansford County and Moore County and by the city council of Stinnett. Members serve two-year staggered terms. The board meets monthly and elects a president annually.
- Funding.** PDRA receives no state appropriation. In fiscal 2015, PDRA collected about \$462,000 and spent about \$413,000. Its primary source of revenue is from property taxes.
- Staffing.** In fiscal 2015, PDRA employed a general manager, an

administrative assistant, and two full-time maintenance staff.

SB 523 by Birdwell, enacted by the 84th Legislature in 2015, subjected the Palo Duro River Authority to limited Sunset review every 12 years as if it were a state agency, except that the authority may not be abolished.

DIGEST:

CSHB 1920 would reclassify the Palo Duro River Authority (PDRA) as the Palo Duro Water District. The bill also would adopt certain recommendations from the Sunset Advisory Commission, including across-the-board recommendations.

Reclassification of the PDRA. The Palo Duro River Authority would be reclassified as a local water district called the Palo Duro Water District. All current references to the PDRA would be changed to reflect the reclassification.

The bill also would remove a provision of statute subjecting the PDRA to limited review by the Sunset Advisory Committee.

District activities. The bill would permit the Palo Duro Water District to develop and generate electric energy inside its boundaries. The district could sell the electric energy to an entity in the Electric Reliability Council of Texas power region, an entity in the Southwest Power Pool power region, or an electric cooperative.

The district also could lease the hunting rights on its property and develop, manage, or lease property for any recreational purpose.

The bill would remove a provision stating that the district could not develop or acquire groundwater.

Withdrawal or dissolution of district. A county or municipality in the district could withdraw from the district or the district could be dissolved. The governing body of a member entity would have to issue an order or pass a resolution declaring the intent to withdraw from or dissolve the district. The order or resolution also would state the reasons supporting

the withdrawal or dissolution.

For a withdrawal, member entities would have to reach a financial agreement that provided for sufficient revenue to maintain the Palo Duro Reservoir and dam. For dissolution of the district, member entities would have to provide for the transfer of the ownership rights of the dam, assets and liabilities of the district and the responsibility for the continued provision of services.

The district would be required to hold a public hearing on withdrawal or dissolution no later than 30 days after receiving an order or resolution from a member entity. The board also would have to provide an opportunity for the public to comment on the financial agreement for a period of at least 10 days.

Effective date. The bill would take effect September 1, 2017.

**SUPPORTERS
SAY:**

CSHB 1920 would adopt certain Sunset recommendations to more accurately classify the Palo Duro River Authority (PDRA) as a local water district and allow the authority to engage in certain revenue-generating activities. Because the PDRA does not manage a river, it would be more appropriately classified as a water district. Authorizing the district to generate electricity and lease land for hunting would generate funds and reduce reliance on property tax revenue.

The bill could be amended to restore language in current law stating that the PDRA was not authorized to develop or acquire underground sources of water.

**OPPONENTS
SAY:**

CSHB 1920 would remove language in current law stating that the Palo Duro River Authority was not authorized to develop or acquire groundwater, unnecessarily giving the district the ability to take water from certain member counties, potentially neglecting those citizens' property rights.

NOTES:

The committee substitute differs from the filed bill in certain ways,

including that CSHB 1920 would repeal language in current law stating that the PDRA is not authorized to develop or acquire underground sources of water.

A companion bill, SB 309 by Nichols, was referred to the Senate Committee on Agriculture, Water, and Rural Affairs on March 6.