

SUBJECT: Requiring a Texas Produced Water Consortium pilot program

COMMITTEE: Natural Resources — favorable, without amendment

VOTE: 8 ayes — E. Thompson, Gámez, Kacal, Kitzman, Lalani, Price, Rogers, Zwiener

1 nays — Ramos

2 absent — T. King, Metcalf

WITNESSES: For — (*Registered, but did not testify*: Lauren Spreen, Apache Corporation; Tsion Amare, Environmental Defense Fund; Christian Bionat, Greater Houston Partnership; Doug Shaw, TAGD; Jeremy Mazur, Texas 2036; Caleb Troxclair, Texas Alliance of Energy Producers; Kyle Frazier, Texas Desalination Association; Ryan Paylor, Texas Independent Producers & Royalty Owners Association; Jennifer Bremer, Texas Land & Mineral Owners Association; CJ Tredway, Texas Oil & Gas Association)

Against — None

On — Alex Ortiz, Sierra Club; Rusty Smith, Texas Produced Water Consortium (*Registered, but did not testify*: John Dupnik, Temple McKinnon, Texas Water Development Board)

BACKGROUND: Education Code sec. 109.205(c) prohibits the Texas Produced Water Consortium (TPWC) from receiving state money, except for money appropriated to its host university for the consortium’s research purposes, or resources otherwise provided by the host university and other state university entities or state agencies.

Some have suggested that the work of TPWC towards finding beneficial uses for fluid oil and gas waste should be continued through a pilot program funded by the Legislature.

DIGEST: HB 2757 would repeal the prohibition on the Texas Produced Water Consortium receiving state money and would require the consortium to select a pilot project or program for consideration and implementation by October 1, 2023. No later than October 1, 2024, TPWC would be required to submit to the Legislature a report regarding the status of the project or program and any suggested policy, regulatory, or legislative changes based on an analysis of the project or program's implementation.

TPWC would be required to implement the bill's provisions only if the Legislature appropriated money for that purpose. If the Legislature did not appropriate money, TPWC would be authorized, but not required, to implement the bill's provisions using other available money.

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, 2023.

NOTES: According to the Legislative Budget Board, CSHB 2757 would have an estimated negative impact to general revenue related funds of \$5 million.