

SUBJECT: Revising the export fee charged for the transfer of groundwater

COMMITTEE: Natural Resources — committee substitute recommended

VOTE: 8 ayes — T. King, E. Thompson, Gámez, Kacal, Lalani, Metcalf, Price, Rogers

0 nays

3 absent — Kitzman, Ramos, Zwiener

WITNESSES: For — Brian Sledge, Prairielands Groundwater Conservation District; Andrew Wier, Simsboro Aquifer Water Defense Fund; Leah Martinsson, Texas Alliance of Groundwater Districts; Nancy McKee
(Registered, but did not testify: Joe Morris, Aqua Water Supply Corporation; Andrew Sansom, Carlos Rubinstein, Belding Farms; Gregory Ellis, Clients of the Firm; Carlos Rubinstein, Cockrell Investment Partners; Vanessa Puig-Williams, EDF; Ty Embrey, Middle Trinity GCD, Clearwater UWCD, Middle Pecos GCD, Panola County GCD; Alex Ortiz, Sierra Club; Adam Burklund, West Texas Regional Groundwater Management Alliance; Linda Kaye Rogers; Mary Wier)

Against — *(Registered, but did not testify: Calvin Tillman)*

BACKGROUND: The Water Code sets the current maximum fee that a tax-based district may charge for the export of groundwater as the equivalent of the district's tax rate per hundred dollars of valuation. For a district that assesses a tax rate of less than 2.5 cents per thousand gallons (PTG), the maximum tax rate is 2.5 cents.

DIGEST: CSHB 3059 would revise the maximum fee rate that could be charged for the export of groundwater from a groundwater conservation district. For tax-based districts, the bill would raise the maximum rate to 20 cents PTG. For fee-based districts, CSHB 3059 would authorize the fee rate to be the greater of 20 cents PTG or a 50 percent surcharge, either of which would be in addition to the district's production fees. The bill also would

require the cap for water export fees in either district to be automatically increased by 3 percent each year.

CSHB 3059 would add that these fees could be used to maintain the operability of wells that were significantly affected by groundwater development. The bill would take effect September 1, 2023.

**SUPPORTERS
SAY:**

CSHB 3059 would help mitigate the negative effects that large-scale groundwater development can have on landowners' ability to pump water. By updating and clarifying the more than 20 year-old export fee structure, the bill would enable districts to use the fees for maintaining the operability of wells significantly affected by groundwater development. The bill also would provide a more long-term solution by automatically increasing the fee rate each year, removing the need for individual districts to seek legislation every time a fee increase was needed. The fee increases that could be passed onto consumers' water bills would be minimal.

**CRITICS
SAY:**

By increasing the maximum cap on fees charged for groundwater exports, CSHB 3059 could raise the cost of water bills for consumers.