

BILL ANALYSIS

Senate Research Center
77R7426 QS-F

H.B. 1629
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Natural Resources
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Engrossed

DIGEST AND PURPOSE

Under current law, the Lower Colorado River Authority (LCRA) is prohibited from selling water outside of its water service area, unless it is specifically authorized to do so by the legislature. The 75th Texas Legislature enacted legislation that established a framework for state water planning based on local input and regional planning efforts. Currently, there are water needs in San Antonio and irrigation needs in the Colorado Basin which would be alleviated through water contracts with the LCRA. H.B. 1629 authorizes the LCRA to sell water to a municipality located outside of its water service area, pursuant to certain limitations and restrictions and provided that such a sale is consistent with regional water plans.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 7, Acts of the 43rd Legislature, 4th Called Session, 1934 (Article 8280-107, V.T.C.S.), by adding Section 28, as follows:

Sec. 28. (a) Defines “municipality” and “water service area.”

(b) Authorizes the LCRA (district), subject to the limitations and restrictions in this section, to enter into a written contract with a municipality located outside the water service area to distribute and sell water to the municipality.

(c) Requires the district, in addition to the district’s applicable water rate, to charge a municipality a surcharge determined by the board of directors according to the terms of the contract to enable the district to develop and manage water resources sufficient to address the projected needs of the district’s water service area and the needs of the municipality to the extent agreed in the contract. Provides that the board of directors’ determination of the surcharge is not subject to review or modification by any regulatory agency or administrative authority.

(d) Authorizes the use or reservation of water under a contract authorized by this section to extend for a base period of not more than 50 years. Authorizes a contract to provide an option to renew for not more than an additional 30 years. Requires an option to renew to require that the municipality progressively reduce the amount of water reserved or used by the municipality during the last 10 years of the renewal term and require that the rate paid by the municipality immediately increase by a factor of five if the municipality does not make the required reduction. Provides that the municipality is not entitled to further reservation, use, or delivery of water from the district at the conclusion of the contract.

(e) Requires a contract authorized by this section to require that the then current rate paid by the municipality immediately increase by a factor of five in certain instances.

(f) Requires the district, within the water service area, to own any personal property, fixtures, or appurtenances that are used for making available, diverting, or delivering water to a municipality under a contract authorized by this section.

(g) Prohibits water to be provided under a contract authorized by this section from being diverted from the Colorado River at diversion points located on the reservoirs that, on the effective date of this section, are owned and operated by the district upstream of Mansfield Dam.

(h) Authorizes the district to sell no more than a total of 150,000 acre-feet of water in any year under contracts authorized by this section.

(i) Provides that this section does not authorize certain actions.

(j) Prohibits the district from selling groundwater to a municipality under this section.

(k) Prohibits the district from contracting to distribute or sell water under this section unless the district's board of directors finds certain criteria in the contract.

SECTION 2. Sets forth provisions regarding the authority for a municipality or municipally owned utility to enter into a contract with the district.

SECTION 3. Effective date: upon passage or September 1, 2001.