

BILL ANALYSIS

Senate Research Center
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S.B. 3
By: Armbrister
Natural Resources
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As Filed

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

S.B. 3 is a comprehensive, omnibus water bill that builds upon the progressive changes in Texas' water law and water policy initiated by S.B. 1, 75th Legislature, Regular Session, 1997, and S.B. 2, 77th Legislature, Regular Session, 2001. S.B. 3 advances water management in the state by moving forward from the past 10 years of extensive regional and state water planning, to the actual implementation of water management strategies, including strategies to ensure adequate environmental flows and water infrastructure financing.

As proposed, S.B. 3 addresses major water-related challenges currently facing Texas, including: the need to ensure the viability of our rivers, streams, bays, and estuaries; promoting land stewardship policy and strategies; water conservation; conjunctive use of surface and groundwater; aquifer storage and recovery; groundwater management area (GMA) based groundwater management to ensure consistent management of groundwater by multiple districts overlying a single GMA; water financing; and the Edwards Aquifer Authority. The five substantive Articles in S.B. 3 address Environmental Flows; Conjunctive Management Water Policy; Water Financing; Special District Creation; and the Edwards Aquifer Authority.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Environmental Flows Commission in SECTION 1.08 (Section 11.0236, Water Code) of this bill.

Rulemaking authority is expressly granted to the Texas Commission on Environmental Quality in SECTION 1.17 (Section 11.1471, Water Code), SECTION 2.09 (Section 11.558, Water Code), and SECTION 2.29 (Section 27.022, Water Code) of this bill.

Rulemaking authority previously granted to the Texas Water Development Board is modified in SECTION 2.35 (Section 36.101, Water Code) of this bill.

Rulemaking authority is expressly granted to the Texas Water Development Board in SECTION 2.14 (Section 15.4062, Water Code) and SECTION 2.32 (Section 36.0012, Water Code) of this bill.

Rulemaking authority previously granted to groundwater conservation districts is modified in SECTION 2.41 (Section 36.116, Water Code) of this bill.

Rulemaking authority previously granted to the Texas Natural Resource Conservation Commission is redirected to the Texas Commission on Environmental Quality in SECTION 2.47 (Section 212.0101, Local Government Code) and SECTION 2.48 (Section 232.0032, Local Government Code) of this bill to reflect the change in that agency's name.

Rulemaking authority is expressly granted to the board of directors of the Houston County Groundwater Conservation District in SECTION 4.01 (Section 8805.152, Special District Local Laws Code) of this bill.

SECTION BY SECTION ANALYSIS

ARTICLE 1. ENVIRONMENTAL FLOWS

SECTION 1.01. Amends the heading to Section 5.506, Water Code, to read as follows:

Sec. 5.506. EMERGENCY SUSPENSION OF PERMIT CONDITION RELATING TO, AND EMERGENCY AUTHORITY TO MAKE AVAILABLE WATER SET ASIDE FOR, BENEFICIAL INFLOWS TO AFFECTED BAYS AND ESTUARIES AND INSTREAM USES.

SECTION 1.02. Amends Section 5.506, Water Code, by adding Subsection (a-1) and amending Subsections (b) and (c), as follows:

(a-1) Authorizes state water that is set aside by the Texas Commission on Environmental Quality (TCEQ) to meet the needs for freshwater inflows to affected bays, estuaries, and instream uses under Section 11.1471(a)(2) to be made available temporarily for other essential beneficial uses if TCEQ finds that an emergency exists that cannot practically be resolved in another way.

(b) Requires TCEQ to give written notice of the proposed action, rather than suspension, to the Texas Parks and Wildlife Department (TPWD) before TCEQ suspends a permit condition under Subsection (a) or makes water available temporarily under Subsection (a-1). Requires TCEQ to give TPWD an opportunity to submit comments on the proposed action, rather than suspension, for a period of 72 hours from receipt of the notice and requires TCEQ to consider those comments before issuing an order implementing the proposed action, rather than imposing suspension.

(c) Authorizes TCEQ to suspend a permit condition under Subsection (a) or make water available temporarily under Subsection (a-1) without notice except as required by Subsection (b).

SECTION 1.03. Amends Section 5.701(j), Water Code, to provide that a fee is not required for a water right that is deposited into the Texas Water Trust.

SECTION 1.04. Amends Section 11.002, Water Code, by adding Subdivisions (15), (16), (17), and (18), to define "environmental flow regime," "environmental flow standards," "flows commission," and "science advisory committee."

SECTION 1.05. Amends Section 11.023(a), Water Code, to authorize state water to be appropriated, stored, or diverted for specific uses, to the extent that state water has not been set aside by TCEQ under Section 11.1471(a)(2) to meet instream flow needs or freshwater inflow needs for specific uses.

SECTION 1.06. Amends Section 11.0235, Water Code, by amending Subsections (c) and (e) and adding Subsections (d-1), (d-2), (d-3), (d-4), (d-5), and (f), as follows:

(c) Provides that the legislature has expressly required TCEQ, while balancing all other public interests to consider and, to the extent practicable, provide for the freshwater inflows and instream flows necessary to maintain the viability of the state's streams, rivers, bay, and estuary systems in TCEQ's regular granting of permits for the use of state waters. Requires all permit conditions relating to freshwater inflows to affected bays, estuaries, and instream flow needs, as an essential part of the state's environmental flows policy, to be subject to temporary suspension if necessary to meet essential human needs during emergencies.

(d-1) Requires the state to have a process with specific timelines for prompt action to address environmental flow issues in the state's major basin and bay systems, especially those systems in which unappropriated water is still available, based on legislative findings that provide certainty in water management and development and provide adequate protection of the state's streams, rivers, bays, and estuaries.

(d-2) Sets forth legislative findings regarding basins in which water is available for appropriation and those in which the unappropriated water will be set aside for instream flow and freshwater inflow protection and recommendations for TCEQ's plan of action.

(d-3) Sets forth legislative findings regarding limitations on freshwater inflow needs for bays and estuaries, proposed state improvements, and more extensive reviews and examinations of program details.

(d-4) Sets forth legislative findings regarding the management of water to meet instream flow and freshwater inflow needs, to be evaluated on a regular basis and adapted to reflect scientific improvements and future changes, and the development of management strategies for specific environmental flow needs.

(d-5) Sets forth legislative findings regarding recommendations for state action to protect instream flows and freshwater inflows through a regional consensus-based approach involving balanced representation throughout the state.

(e) Provides that pressures and demands on water resources require priorities to be effectively addressed by detailing the manner in which environmental flow standards are to be developed using the environmental studies and determine the manner in which those standards will be integrated into the regional water planning and water permitting process.

(f) Sets forth legislative acknowledgement of the need for effective implementation of the approach provided by this chapter in order to protect instream flows and freshwater inflows, thus requiring more effective water rights administration and enforcement systems than currently available.

SECTION 1.07. Amends the heading to Section 11.0236, Water Code, to read as follows:

Sec. 11.0236. ENVIRONMENTAL FLOWS COMMISSION.

SECTION 1.08. Amends Section 11.0236, Water Code, by amending Subsections (a)-(c), (e)-(j), (n), and (o), as follows:

(a) Sets forth the creation of the Environmental Flows Commission (flows commission), in place of the Study Commission on Water for Environmental Flows (study commission).

(b) Sets forth members of the flows commission. Deletes existing text requiring additional members serving on the study commission.

(c) Sets forth requirements for members appointed to positions under Subsection (b)(1). Deletes existing text regarding additional requirements for membership.

(e) Sets forth terms for members of the flows commission. Provides that a vacancy on the flows commission is filled for the unexpired term in the manner provided for the original appointment.

(f) through (i) Makes conforming changes.

(j) Requires the flows commission, in evaluating the options for providing adequate environmental flows, to take notice of the strong public policy imperative that exists in this state recognizing that environmental flows are important to the biological health of our public and private lands, streams and rivers, and bay and estuary systems and are high priorities in the water management process. Requires the flows commission to specifically address ways that the ecological soundness of those systems will be ensured in the water allocation process and appropriate methods by which reasonable amounts of existing water right may be converted temporarily or permanently to use for environmental flow protection. Makes conforming and nonsubstantive changes.

(n) Authorizes the flows commission to adopt rules, procedures, and policies as needed to administer this section, to implement its responsibilities, and to exercise its authority under Sections 11.02361 and 11.02362.

(o) Provides that Chapter 2110 (State Agency Advisory Committees), Government Code, does not apply to the size, composition, or duration of the flows commission. Deletes existing text relating to the abolition of the study commission.

SECTION 1.09. Amends Subchapter B, Chapter 11, Water Code, by adding Sections 11.02361 and 11.02362, as follows:

Sec. 11.02361. TEXAS ENVIRONMENTAL FLOWS SCIENCE ADVISORY COMMITTEE. (a) Provides that the Texas Environmental Flows Science Advisory Committee (science advisory committee) consists of at least five but not more than nine members appointed by the flows commission.

(b) Requires the flows commission to appoint persons who will provide an independent perspective and diverse technical experience in specific fields pertinent to the evaluation of environmental flows to the science advisory committee.

(c) Sets forth member's terms for the science advisory committee. Provides that a vacancy on the science advisory committee is filled by appointment by the co-presiding officers of the flows commission for the unexpired term.

(d) Provides that Chapter 2110, Government Code, does not apply to the size, composition, or duration of the science advisory committee.

(e) Requires the science advisory committee to serve as an independent scientific body to advise and make recommendations to the flows commission on issues relating to the science of environmental flow protection and help provide overall direction, coordination, and consistency relating to specific issues concerning environmental flows.

(f) Requires TCEQ, TPWD, and the Texas Water Development Board (TWDB), to assist the flows commission in assessing the extent to which the recommendations of the science advisory committee are considered and implemented, to provide written reports to the flows commission, at intervals determined by the flows commission, that describe the actions taken by each agency in response to each recommendation, those recommendations not implemented, and reasons for it not being implemented.

Sec. 11.02362. DEVELOPMENT OF ENVIRONMENTAL FLOW REGIME RECOMMENDATIONS. (a) Requires the flows commission, no later than November 1, 2005, and for the purposes of this section, to define the geographical extent of each river basin and bay system in the state for the purpose of developing environmental flow regime recommendations under this section and adoption of environmental flow standards under Section 11.1471.

(b) Requires the flows commission to give priority in descending order to the following river basin and bay systems of the state for the purpose of developing environmental flow regime recommendations and adopting environmental flow standards:

(1) the river basin and bay system consisting of the Trinity and San Jacinto Rivers and Galveston Bay and the river basin and bay system consisting of the Sabine and Neches Rivers and Sabine Lake Bay;

(2) the river basin and bay system consisting of the Colorado and Lavaca Rivers and Matagorda and Lavaca Bays and the river basin and bay system consisting of the Guadalupe, San Antonio, and Aransas Rivers, and Copano, Aransas, and San Antonio Bays; and

(3) the river basin and bay system consisting of the Nueces River and Corpus Christi and Baffin Bays, the river basin and bay system consisting

of the Rio Grande, the Rio Grande estuary, the Lower Laguna Madre, and the Brazos River and its associated bay and estuary system.

(c) Requires that for the river basin and bay systems listed in Subsection (b)(1):

(1) the flows commission appoint the basin and bay area stakeholders committee not later than November 1, 2005;

(2) the basin and bay area stakeholders committee establish a basin and bay expert science team not later than March 1, 2006;

(3) the basin and bay expert science team finalize environmental flow regime recommendations and submit them to the basin and bay area stakeholders committee, the flows commission, and TCEQ not later than March 1, 2007;

(4) the basin and bay area stakeholders committee submit to TCEQ its comments on and recommendations regarding the basin and bay expert science team's recommended environmental flow regime not later than September 1, 2007; and

(5) TCEQ adopt the environmental flow standards as provided by Section 11.1471 not later than September 1, 2008.

(d) Requires the flows commission to appoint the basin and bay area stakeholders committees for the river basin and bay systems listed in Subsection (b)(2), no later than September 1, 2006, and those river basin and bay systems listed in Subsection (b)(3) no later than September 1, 2007. Requires the flows commission to establish a schedule for the performance of the tasks listed in Subsection (c)(2)-(5) with regard to the river basin and bay systems listed in Subsection (b)(2) and (3) that will result in the adoption of environmental flow standards for that river basin and bay system by TCEQ, as soon as is reasonably possible. Requires each basin and bay area stakeholders committee and basin and bay expert science team for a river basin and bay system listed in Subsection (b)(2) or (3) to make recommendations to the flows commission with regard to the schedule applicable to that river basin and bay system. Requires the flows commission to consider the recommendations of the basin and bay area stakeholders committee and basin and bay expert science team, as well as coordinate with, and give appropriate consideration to the recommendations of, TCEQ, TPWD, and the TWDB in establishing the schedule.

(e) Requires the flows commission, for a river basin and bay system not listed in Subsection (b), to establish a schedule for the development of environmental flow regime recommendations and the adoption of environmental flow standards. Requires the flows commission to develop the schedule in consultation with TCEQ, TPWD, TWDB, and the pertinent basin and bay area stakeholders committee and basin and bay expert science team. Authorizes the flows commission, on its own initiative or on request, to modify a schedule established under this subsection to be more responsive to particular circumstances, local desires, changing conditions, or time-sensitive conflicts. Provides that this subsection does not prohibit an effort to develop information on environmental flow needs and ways in which those needs can be met by a voluntary consensus-building process, in a river basin and bay system for which the flows commission has not yet established a schedule for the development of environmental flow regime recommendations.

(f) Requires the flows commission to appoint a basin and bay area stakeholders committee for each river basin and bay system in this state for which a schedule for the development of environmental flow regime recommendations and the adoption of environmental flow standards is specified by or established under Subsection (c), (d), or (e). Provides that Chapter 2110, Government Code, does

not apply to the size, composition, or duration of a basin and bay area stakeholders committee. Requires each committee to consist of at least 17 specific members representing appropriate enumerated stakeholders.

(g) Sets forth the duration of terms for the members of a basin and bay area stakeholders committee. Requires the remaining members of the committee, if a vacancy occurs on a committee to appoint a member to serve the remainder of the unexpired term by majority vote.

(h) Requires meetings of the basin and bay area stakeholders committee to be open to the public.

(i) Requires each basin and bay area stakeholders committee to establish a basin and bay expert science team for the river basin and bay system for which the committee is established. Requires establishment of the basin and bay expert science team within six months of committee establishment. Provides that Chapter 2110, Government Code, does not apply to the size, composition, or duration of a basin and bay expert science team. Requires each basin and bay expert science team to be composed of technical experts with special expertise in the river basin and bay system or regarding the development of environmental flow regimes.

(j) Sets forth term duration for members of the basin and bay expert science team. Provides that a vacancy on a basin and bay expert science team is filled by appointment by the pertinent basin and bay area stakeholders committee to serve the remainder of the unexpired term.

(k) Requires the science advisory committee to appoint one of its members to serve as a liaison to each basin and bay expert science team to facilitate coordination and consistency in environmental flow activities throughout the state. Requires TCEQ, TPWD, and TWDB to provide technical assistance to each basin and bay expert science team including information about the studies conducted under Sections 16.058 (Collection of Bays and Estuaries Data: Conduct of Studies) and 16.059 (Collection of Instream Flow Data: Conduct of Studies), and authorizes them to serve as nonvoting members of the basin and bay expert science team to facilitate the development of environmental flow regime recommendations.

(l) Requires meetings of a basin and bay expert science team, where reasonably practicable, to be open to the public.

(m) Requires each basin and bay expert science team to develop a recommended environmental flow regime for the river basin and bay system for which the team is established through a collaborative process designed to achieve a consensus. Requires the science team, in developing recommendations, to consider all available science, without regard to the need for the water for other uses, and requires the recommendations to be based solely on the best science available.

(n) Requires each basin and bay expert science team to submit its environmental flow regime recommendations to the pertinent basin and bay area stakeholders committee, the flows commission, and TCEQ, in accordance with the applicable schedule specified or established under Subsection (c), (d), or (e). Prohibits the basin and bay area stakeholders committee and flows committee from changing the environmental flow regime recommendations of the basin and bay expert science team.

(o) Requires each basin and bay area stakeholders committee to review the environmental flow regime recommendations submitted by the committee's basin and bay expert science team and consider them in conjunction with other factors, including the present and future needs for water for other uses related to water supply planning in the pertinent river basin and bay system. Requires the basin

and bay area stakeholders committee to develop recommendations regarding environmental flows and strategies to meet the flow needs and submit those recommendations to TCEQ and to the flows commission in accordance with the applicable schedule specified or established under Subsection (c), (d), or (e). Requires the basin and bay area stakeholders, in developing its recommendations, to operate on a consensus basis to the maximum extent possible.

(p) Requires each basin and bay area stakeholder committee, with the assistance of the pertinent basin and bay expert science team, in recognition of the importance of adaptive management, after submitting its recommendations regarding environmental flows and strategies to meet the flow needs to TCEQ, to prepare and submit a work plan for approval by the flows commission. Sets forth content requirements for the work plan.

(q) Requires the flows commission, with input from the science advisory committee, in accordance with the applicable schedule specified or established under Subsection (c), (d), or (e), to review the environmental flow regime recommendations submitted by each basin and bay expert science team. Requires the flows commission, if appropriate, to submit comments on the recommendations to TCEQ for use by TCEQ in adopting rules under Section 11.1471. Requires comments to be submitted not later than six months after the date of receipt of the recommendations.

SECTION 1.10. Amends Sections 11.0237(a) and (b), Water Code, to authorize TCEQ to issue an amendment to an existing permit or certificate of adjudication to change the use or to add a use for instream flows dedicated to environmental needs of bay and estuary flows. Provides that in addition to specific sections previously listed, this section does not alter TCEQ's obligations under Section 11.1471.

SECTION 1.11. Amends Section 11.082(b), Water Code, to authorize the state to seek those penalties [described in Subsection (a)] regardless of whether a watermaster has been appointed for the water division, river basin, or segment of a river basin where the unlawful use is alleged to have occurred. Makes a nonsubstantive change.

SECTION 1.12. Amends Section 11.0841, Water Code, by adding Subsection (c), as follows:

(c) Provides that for purposes of this section, TPWD has:

(1) the rights of a holder of a water right that is held in the Texas Water Trust, including the right to file suit in a civil court to prevent the unlawful use of such a right; and

(2) the right to act in the same manner that a holder of a water right may act to protect the holder's rights in seeking to prevent any person from appropriating water in violation of a set-aside established by the commission under Section 11.1471 to meet instream flow needs or freshwater inflow needs, including the right to file suit in a civil court to prevent the unlawful use of a set-aside established under that section.

SECTION 1.13. Amends Section 11.0842(a), Water Code, to authorize TCEQ to assess an administrative penalty for a violation relating to a water division or a river basin or segment of a river basin regardless of whether a watermaster has been appointed for the water division or river basin or segment of the river basin. Makes a nonsubstantive change.

SECTION 1.14. Amends Section 11.0843(a), Water Code, to authorize the executive director of TCEQ, or a person designated by the executive director, including a watermaster or the watermaster's deputy, upon witnessing a violation of this chapter, a rule, order, or a water right issued under this chapter, to issue the alleged violator a filed citation alleging that a violation has occurred and providing the alleged violator with specific options. Makes nonsubstantive changes.

SECTION 1.15. Amends Section 11.134(b), Water Code, to require TCEQ to grant the application only if the proposed appropriation considers any applicable environmental flow standards established under Section 11.1471. Makes a nonsubstantive change.

SECTION 1.16. Amends Section 11.147, Water Code, by amending Subsections (b), (d), and (e) and adding Subsections (e-1) and (e-2), as follows:

(b) Requires TCEQ, for permits issued within an area that is 200 river miles of the coast, to commence from the mouth of the river thence inland, to include in the permit any conditions considered necessary to maintain freshwater inflows to any affected bay and estuary system, to the extent practicable when considering all public interests, the studies mandated by Section 16.058 as evaluated under Section 11.1491, and any input received from the flows commission and the applicable basin and bay area stakeholders committee, any available environmental flow regime recommendations of the applicable basin and bay expert science team. Deletes existing text regarding conditions necessary to maintain beneficial inflows.

(d) Requires TCEQ, in determining what conditions to include in the permit under this subsection, to consider specific factors regarding mandated studies, water quality assessments, input received from the flows commission or applicable basin and bay area stakeholders committee, and environmental flow regime recommendations.

(e) Requires TCEQ, in determining what conditions to include in the permit under this subsection, to consider specific factors regarding specific assessments, input received from the flows commission or applicable basin and bay area stakeholders committee, and any environmental flow regime recommendation.

(e-1) Requires any permit for a new appropriation of water or an amendment to an existing water right that increases the amount of water authorized to be stored, taken, or diverted to include a provision allowing TCEQ to automatically adjust the conditions included in the permit or water right to provide for protection of instream flows or freshwater inflows. Prohibits the adjustment from increasing the amount of the pass-through or release requirement for the protection of instream flows or freshwater inflows by more than 12.5 percent of the annualized total of that requirement contained in the permit as issued or the water right amended, and requires the adjustment to be based on appropriate consideration of the priority dates and diversion locations of any other water rights grants in the same river basin that are subject to adjustment under this subsection.

(e-2) Requires TCEQ, notwithstanding Subsections (b)-(e), for the purpose of determining the environmental flow conditions necessary to maintain freshwater inflows to an affected bay and estuary system, existing instream uses and water quality of a stream or river, or fish and aquatic wildlife habitats, to apply any environmental flow set-aside, adopted under Section 11.1471 instead of considering the factors specified by those subsections.

SECTION 1.17. Amends Subchapter D, Chapter 11, Water Code, by adding Section 11.1471, as follows:

Sec. 11.1471. ENVIRONMENTAL FLOW STANDARDS AND SET-ASIDES. (a) Requires TCEQ, by rule, to:

(1) adopt appropriate environmental flow standards for each river basin and bay system in this state; and

(2) establish an amount of unappropriated water, if available, to be set aside to satisfy the environmental flow standards to the maximum extent reasonable when considering human water needs.

(b) Requires TCEQ, in adopting environmental flow standards for a river basin and bay system under Subsection (a)(1), to consider specific factors regarding the definition of the geographical extent of the river basin and bay system, schedule

for the adoption of environmental flow standards, the environmental flow regime recommendations and strategies, specific characteristics of the river basin and bay system, economic factors, available scientific information, and any other appropriate information.

(c) Requires environmental flow standards adopted under Subsection (a)(1) to consist of a schedule of flow quantities, reflecting seasonal and yearly fluctuations that may vary geographically by specific location in a watershed.

(d) Prohibits TCEQ, as provided by Section 11.23, from issuing a permit for a new appropriation or an amendment to an existing water right that increases the amount of water authorized to be stored, taken, or diverted if the issuance of the permit or amendment would impair an environmental flow set-aside established under Subsection (a)(2). Requires a permit for a new appropriation or an amendment to an existing water right that increases the amount of water authorized to be stored, taken, or diverted that is issued after the adoption of an applicable environmental flow set-aside to contain appropriate conditions to ensure protection of the environmental flow set-aside.

(e) Requires an environmental flow set-aside established under Subsection (a)(2) to be assigned a priority date corresponding to the date TCEQ receives environmental flow regime recommendations from the applicable basin and bay expert science team and be included in the appropriate water availability models in the same manner as an existing water right for the purpose of evaluating the availability of unappropriated water in connection with an application for a permit for a new appropriation or for an amendment to an existing water right that increases the amount of water authorized to be stored, taken, or diverted.

(f) Authorizes an environmental flow standard or environmental flow set-aside adopted under Subsection (a) to be altered by TCEQ in a rulemaking process undertaken in conjunction with a periodic review under Section 11.02362(p) or in accordance with a schedule established by TCEQ.

SECTION 1.18. Amends the heading to Section 11.148, Water Code, to read as follows:

Sec. 11.148. EMERGENCY SUSPENSION OF PERMIT CONDITIONS AND EMERGENCY AUTHORITY TO MAKE AVAILABLE WATER SET ASIDE FOR ENVIRONMENTAL FLOWS.

SECTION. 1.19. Amends Section 11.148, Water Code, by adding Subsection (a-1) and amending Subsections (b) and (c), as follows:

(a-1) Authorizes state water that is set aside by TCEQ to meet the needs for freshwater inflows to affected bays and estuaries and instream uses under Section 11.1471(a)(2) to be made available temporarily for other essential beneficial uses, if TCEQ finds that an emergency exists that cannot practically be resolved in another way.

(b) Requires TCEQ, before suspending a permit condition under Subsection (a) or making water available temporarily under Subsection (a-1), to give written notice to TPWD of the proposed action, rather than suspension. Requires TCEQ to give TPWD an opportunity to submit comments on the proposed action within 72 hours from the time TCEQ is required to consider those comments before issuing its order implementing the proposed action. Makes conforming changes.

(c) Authorizes TCEQ to suspend the permit condition under Subsection (a) or make water available temporarily under Subsection (a-1) without notice to any other interested party other than TPWD as provided by Subsection (b).

SECTION 1.20. Amends Section 11.1491(a), Water Code, to require publication of reports completed under this section to be submitted for comment to TCEQ, TPWD, the flows commission, the science advisory committee, and any applicable basin and bay area stakeholders

committee and basin and bay expert science team. Makes conforming and nonsubstantive changes.

SECTION 1.21. Amends Section 11.329(g), Water Code, to prohibit TCEQ from assessing costs under this section against a holder of a water right placed in the Texas Water Trust for a term of at least 20 years. Deletes existing text regarding this subsection affecting the fees assessed on a water right holder by TCEQ under specific chapters.

SECTION 1.22. Amends Section 11.404(e), Water Code, to prohibit the court from assessing costs and expenses under this section against a holder of a water right placed in the Texas Water Trust for a term of at least 20 years.

SECTION 1.23. Amends Subchapter I, Chapter 11, Water Code, by adding Section 11.4531, as follows:

Sec. 11.4531. WATERMASTER ADVISORY COMMITTEE. (a) Requires the executive director of TCEQ, for each river basin or segment of a river basin for which the executive director appoints a watermaster under this subchapter, to appoint a watermaster advisory committee consisting of at least nine but not more than 15 members. Requires a member of the advisory committee to be a holder of a water right or a representative of a holder of a water right in the river basin or segment of the river basin for which the watermaster is appointed. Requires the executive director, in appointing members to the advisory committee, to consider geographic representation, amount of water rights held, different types of holders of water rights and users, including water districts, municipal suppliers, irrigators, and industrial users, and experience and knowledge of water management practices.

(b) Provides that an advisory committee member is not entitled to reimbursement of expenses or to compensation.

(c) Provides that an advisory committee member serves a two-year term expiring August 31 of each odd-numbered year and holds office until a successor is appointed.

(d) Requires the advisory committee to meet within 30 days after the date the initial appointments have been made and to select a presiding officer to serve a one-year term. Requires the committee to meet regularly as necessary.

(e) Requires the advisory committee to make specific recommendations, reviews, and comments, and perform other advisory duties to the executive director of TCEQ.

SECTION 1.24. Amends Section 11.454, Water Code, as follows:

Sec. 11.454. DUTIES AND AUTHORITY OF THE WATERMASTER. Provides that Section 11.327 applies to the duties and authority of a watermaster appointed for a river basin or segment of a river basin under this subchapter in the same manner as the section applies to the duties and authority of a watermaster appointed for a water division under Subchapter G. Deletes existing text regarding duties of a watermaster.

SECTION 1.25. Amends Section 11.455, Water Code, as follows:

Sec. 11.455. New heading: COMPENSATION AND EXPENSES OF WATERMASTER. (a) Provides that Section 11.329 applies to the payment of the compensation and expenses of a watermaster appointed for a river basin or segment of a river basin under this subchapter in the same manner as that section applies to the payment of the compensation and expenses of a watermaster appointed for a water division under Subchapter G.

(b) Requires the executive director of TCEQ to deposit the assessments collected under this section to the credit of the watermaster fund.

(c) Authorizes money deposited under this section to the credit of the watermaster fund to be used only for the purposes specified by Section 11.3291 with regard to the watermaster operation under this subchapter with regard to which the assessments were collected. Deletes existing text authorizing TCEQ to assess the costs of the watermaster against all persons who hold water rights in the river basin or segment of the river basin under the watermaster's jurisdiction.

SECTION 1.26. Amends Section 15.7031, Water Code, by amending Subsection (c) and adding Subsection (e), as follows:

(c) Requires the dedication of any water rights placed in trust to be reviewed and approved by TCEQ, in consultation with TWDB, TPWD, and the Environmental Flows Commission. Authorizes the Department of Agriculture and the basin and bay area stakeholders committee and basin and bay expert science team established under Section 11.02362 for the river basin and bay system to which the water right pertains to provide input to TCEQ, as appropriate, during the review and approval process for dedication of water rights.

(e) Provides that while a water right is held in the trust, the water authorized for beneficial use under the terms of the water right is considered to be held for instream flows, water quality, fish and wildlife habitat, bay and estuary inflows, or other environmental uses without the need for a permit amendment. Requires the use of the water right or portion of the water right withdrawn, after the water right is withdrawn in whole or in part from the trust, to be in accordance with the terms of the water right.

SECTION 1.27. Reenacts and amends Section 26.0135(h), Water Code, as amended by Chapters 234 and 965, Acts of the 77th Legislature, Regular Session, 2001, as follows:

(h) Provides that irrigation water rights, non-priority hydroelectric rights of a water right holder that owns or operates privately owned facilities that collectively have a capacity of less than two megawatts, and water rights held in the Texas Water Trust for terms of at least 20 years will not be subject to the assessment [to recover the costs of administering water quality management programs]. Makes nonsubstantive changes.

SECTION 1.28. Repealer: Sections 11.0236(d) (referring to member appointments under Subsection (b)(3)); (k) (referring to duties of study commission); (l) (referring to study commission's report summary); (m) (referring to delivery of copies to members of the legislature); Section 11.0237(c) (referring to expiration date of section); and Section 11.1491(b) (referring to creation and establishment of advisory council for data collection and studies), Water Code.

SECTION 1.29. Abolishes the Study Commission on Water for Environmental Flows on the effective date of this Act.

SECTION 1.30. (a) Requires the governor, lieutenant governor, and speaker of the house of representatives to appoint the initial members of the Environmental Flows Commission as provided by Section 11.0236, Water Code, as amended by this article, as soon as practicable on or after the effective date of this Act. Provides that the initial terms of members of the flows commission expire February 1, 2008.

(b) Requires the initial members of the Environmental Flows Commission, as soon as practicable after taking office, to appoint the initial members of the Texas Environmental Flows Science Advisory Committee as provided by Section 11.02361, Water Code, as added by this article. Requires the flows commission, in making the initial appointments, to designate one-third or as near as possible to one-third of the members to serve terms expiring March 1, 2006, March 1, 2007, and March 1, 2008, respectively.

(c) Requires the Environmental Flows Commission to appoint the members of each basin and bay area stakeholders committee as provided by Section 11.02362, Water Code, as added by this article. Requires the flows commission, in making the initial

appointments, to designate one-fifth or as near as possible to one-fifth of the members to serve terms expiring March 1 of each year for the first five years following the year in which the appointments are made.

(d) Requires each basin and bay area stakeholders committee to appoint the members of the basin and bay expert science team for the river basin and bay system for which the committee is established as provided by Section 11.02362, Water Code, as added by this article. Requires the committee, in making the initial appointments, to designate one-fifth or as near as possible to one-fifth of the members to serve terms expiring April 1 of each year for the first five years following the year in which the appointments are made.

(e) Requires the executive director of TCEQ to appoint the members of the watermaster advisory committee under Section 11.4531, Water Code, as added by this article, for each river basin or segment of a river basin for which the executive director appoints a watermaster under Subchapter I, Chapter 11, Water Code. Provides that the terms of the initial members of the committee expire August 31 of the first odd-numbered year that begins after the year in which the appointments are made.

SECTION 1.31. Provides that the changes in law made by this article relating to a permit for a new appropriation of water or to an amendment to an existing water right that increases the amount of water authorized to be stored, taken, or diverted apply to a permit or amendment for which an application is pending with TCEQ on the effective date of this article or is filed with the commission on or after that date.

ARTICLE 2. CONJUNCTIVE MANAGEMENT WATER POLICY

SECTION 2.01. Amends Section 1.003, Water Code, as follows:

Sec. 1.003. PUBLIC POLICY. Provides that it is the public policy of the state to provide for the conservation and development of the state's natural resources, including the stewardship of public and private lands to benefit waters of the state.

SECTION 2.02. Amends Subchapter A, Chapter 1, Water Code, by adding Section 1.004, as follows:

Sec. 1.004. FINDINGS AND POLICY REGARDING LAND STEWARDSHIP. Sets forth legislative findings and policy regarding land stewardship. Defines "land stewardship."

SECTION 2.03. Amends Section 11.002, Water Code, by adding Subdivisions (19) and (20), to define "best management practices" and "conjunctive use."

SECTION 2.04. Amends Section 11.0235(b), Water Code, to provide that the legislature encourages responsible water and land stewardship to benefit waters of the state.

SECTION 2.05. Amends Section 11.024, Water Code, to require TCEQ, in considering requests for appropriation of state water for the same beneficial use, to give preference to those projects that involve conjunctive use.

SECTION 2.06. Amends Section 11.046, Water Code, by adding Subsection (e), to provide that water appropriated under permit, certified filing, or certificate of adjudication that is treated under a permit issued under Chapter 26 (Water Quality Control) and then injected into an aquifer for storage and subsequent recovery for beneficial use is not considered surplus for purposes of this chapter.

SECTION 2.07. Amends Subchapter D, Chapter 11, Water Code, by adding Section 11.1502, as follows:

Sec. 11.1502. CONSIDERATION OF CONJUNCTIVE USE. Requires TCEQ, in considering an application for a permit to store, take, or divert surface water, to consider

whether the applicant has made reasonable efforts to incorporate plans for conjunctive use.

SECTION 2.08. Amends Section 11.173(b), Water Code, to provide that a permit, certified filing, or certificate of adjudication or a portion of a permit, certified filing, or certificate of adjudication is exempt from cancellation under Subsection (a), to the extent the nonuse resulted from the implementation of water conservation measures under a water conservation plan submitted by the holder of the permit, certified filing, or certificate of adjudication as evidenced by implementation reports submitted by the holder.

SECTION 2.09. Amends Chapter 11, Water Code, by adding Subchapter K, as follows:

SUBCHAPTER K. REMEDIES FOR INTERFERENCE WITH DOMESTIC OR AGRICULTURAL WATER WELL

Sec. 11.551. **APPLICABILITY.** Provides that this subchapter applies only to a high-capacity water well that is used for a purpose other than domestic or agricultural use and is located outside a groundwater conservation district.

Sec. 11.552. **RESTRICTION ON OPERATION OF HIGH-CAPACITY WATER WELL.** Prohibits a person from operating a high-capacity water well in a way that interferes with another person's use of a water well for domestic or agricultural purposes.

Sec. 11.553. **FILING OF COMPLAINT.** (a) Authorizes a person who owns or operates a water well used for domestic or agricultural purposes to file a complaint with TCEQ against a person who owns or operates a high-capacity water well alleging that the person is operating the well in violation of Section 11.552.

(b) Requires TCEQ, on receipt of the complaint, to notify the owner or operator of the high-capacity water well of the filing of the complaint.

Sec. 11.554. **INVESTIGATION OF COMPLAINT.** Requires TCEQ to investigate the complaint. Requires TWDB to provide technical assistance to TCEQ in determining whether the high-capacity water well is operated in a way that interferes with the complainant's use of the well owned or operated by the complainant.

Sec. 11.555. **NOTICE AND OPPORTUNITY FOR HEARING.** Requires TCEQ to provide the parties notice and an opportunity for a hearing on the complaint. Provides that a hearing under this section is governed by the procedures for a contested case hearing under Chapter 2001 (Administrative Procedure), Government Code.

Sec. 11.556. **COMMISSION ORDER.** Requires TCEQ, if after notice and an opportunity for a hearing TCEQ determines that a high-capacity water well was operated in a way that violated Section 11.552, to order the owner or operator of the high-capacity water well to limit the amount of water withdrawn from the well to a specific amount and compensate the complainant for any damages suffered as a result of the interference with the complainant's well.

Sec. 11.557. **ADMINISTRATIVE PENALTY.** Provides that an owner or operator of a high-capacity water well who violates an order issued under Section 11.556 is subject to an administrative penalty as provided by Subchapter C, Chapter 7 (Enforcement). Requires a penalty collected under this section, notwithstanding Section 7.069 (Disposition of Penalty), to be deposited to the credit of the water infrastructure fund.

Sec. 11.558. **RULES.** Requires TCEQ to adopt rules to implement this chapter, including rules defining "high-capacity water well" for purposes of this subchapter.

SECTION 2.10. Amends Subchapter E, Chapter 13, Water Code, by adding Section 13.146, as follows:

Sec. 13.146. WATER CONSERVATION PLAN. Requires TCEQ to require a retail public utility that provides potable water service to a population of 3,300 or more to submit to the executive administrator of TWDB, a water conservation plan based on specific targets and goals for water savings developed by the retail public utility and using appropriate best management practices, as defined by Section 11.002, or other water conservation strategies as determined by the retail public utility. Requires the population served by a retail public utility, for the purposes of this section, to be determined on the basis of the population estimates contained in the most recent regional water plan adopted for the regional water planning area in which the retail public utility's service area is located.

SECTION 2.11. Amends Section 15.001, Water Code, by adding Subdivision (14), to define "conjunctive use."

SECTION 2.12. Amends Subchapter A, Chapter 15, Water Code, by adding Section 15.009, as follows:

Sec. 15.009. PRIORITY FOR CONJUNCTIVE USE APPLICATIONS. Requires TWDB, in its funding programs under this chapter, to give priority to applications for planning funds and water supply projects that promote conjunctive use. Requires TWDB to consider incentives for promoting conjunctive use, including low or zero interest rate loans.

SECTION 2.13. Amends Section 15.102(b), Water Code, to authorize the water loan assistance fund to be used by TWDB to provide grants, for water conservation and conjunctive use projects.

SECTION 2.14. Amends Subchapter F, Chapter 15, Water Code, by adding Section 15.4062, as follows:

Sec. 15.4062. FUNDING FOR GROUNDWATER MANAGEMENT COORDINATION. (a) Authorizes TWDB to enter into a contract with a political subdivision designated as a representative of a groundwater management area council established under Section 36.108 (Joint Planning in Management Area) to pay from the research and planning fund all or part of the cost of performing the groundwater management area planning functions required of the groundwater management area council under Section 36.108.

(b) Authorizes a political subdivision to submit, either individually or jointly with other political subdivisions, a written application to TWDB to request assistance paying for the planning functions required under Section 36.108.

(c) Requires the application to be in the manner and form prescribed by TWDB rules and include specific information regarding each political subdivision, the amount of money requested, and any other relevant information required by TWDB rules or specifically requested by TWDB.

(d) Authorizes TWDB, after providing notice of and conducting a hearing on the application, to award the applicant the amount of money TWDB considers necessary to perform the functions under Section 36.108.

(e) Requires TWDB, upon granting an application under this section and awarding money, to enter into a contract with each participating political subdivision that includes specific statements, amounts, terms, and conditions.

(f) Requires TWDB to adopt rules establishing criteria for making grants of money under this section that include the relative need of the political subdivision for the money, the legal authority of the political subdivision to perform the duties required under the contract, and the degree to which groundwater management area planning, by each political subdivision for the groundwater management area council, will address the issues of groundwater management in the groundwater management area.

(g) Prohibits TWDB from awarding money under this section if existing information or data is sufficient for the performance of functions under Section 36.108.

(h) Requires TWDB to require that information developed or revised under a contract entered into this section be made available to TCEQ, the Department of Agriculture, and TPWD.

SECTION 2.15. Amends Section 15.974(a), Water Code, to authorize TWDB to use the water infrastructure fund to make grants, low-interest loans, or zero interest loans to political subdivisions for conjunctive use projects.

SECTION 2.16. Amends Section 16.001, Water Code, by adding Subdivision (13), to define "conjunctive use."

SECTION 2.17. Amends Subchapter B, Chapter 16, Water Code, by adding Section 16.0122, as follows:

Sec. 16.0122. TECHNICAL ASSISTANCE FOR GROUNDWATER MANAGEMENT AREAS. Requires the executive administrator of TWDB, for each groundwater management area established under Section 35.007 (Identifying, Designating, and Delineating Priority Groundwater Management Areas), to provide one or more employees of TWDB to assist the groundwater management area council and the districts in the council's groundwater management area. Requires the employees to provide assistance in specific areas.

SECTION 2.18. Amends Section 16.002, Water Code, as follows:

Sec. 16.002. New heading: WATER CONSERVATION MONITORING; REPORT. (a) Requires TWDB to monitor specific trends and technologies, the effectiveness of the statewide water conservation public awareness program, implementation of water conservation strategies, and target and goal guidelines.

(b) Requires TWDB, not later than December 1 of each even-numbered year, to submit to specific legislative officials, a report on the progress made in water conservation in this state. Deletes existing text detailing the requirements for the contents of a report submitted jointly by TWDB and the State Soil and Water Conservation Board.

SECTION 2.19. Amends Section 16.053, Water Code, by adding Subsection (d-1) and amending Subsection (e), as follows:

(d-1) Requires TWDB to provide each regional water planning group TWDB's estimate of the amount of groundwater available in each applicable groundwater management area.

(e) Requires each regional water planning group to submit to TWDB a regional water plan, that includes identifying each source of water supply in the regional water planning area, including information supplied by TWDB in Subsection (d-1) on the amount of groundwater available in the applicable groundwater management areas, includes but is not limited to consideration of approved, rather than certified, groundwater conservation district management plans and other plans submitted under Section 16.054 (Local Water Planning), and all potentially feasible water management strategies, including but not limited to improved conservation, reuse, and management of existing water supplies, conjunctive use, acquisition of available existing water supplies, and development of new water supplies.

SECTION 2.20. Amends Section 16.053(h), Water Code, by adding Subdivisions (10), (11), and (12), as follows:

(10) Authorizes the regional water planning group to amend the regional water plan after the plan has been approved by TWDB. Provides that Subdivisions (1)-(9) apply to an amendment to the plan in the same manner as those subdivisions apply to the plan.

(11) Provides that this subdivision applies only to an amendment to a regional water plan approved by TWDB. Provides that this subdivision does not apply to the adoption of a subsequent regional water plan for submission to TWDB as required by Subsection (i). Authorizes the regional water planning group, notwithstanding Subdivision (10), to amend the plan in the manner provided by this subdivision if the executive administrator of TWDB determines that the amendment qualifies for adoption in the manner provided by this subdivision before the regional water planning group votes on adoption of the amendment. Provides that an amendment qualifies for adoption in the manner provided by this subdivision only if the amendment will not result in the overallocation of any existing or planned source of water, does not relate to a new reservoir, and will not have a significant effect on instream flows or freshwater inflows to bays and estuaries. Authorizes the regional water planning group, if the executive administrator of TWDB determines that an amendment qualifies for adoption in the manner provided by this subdivision, to adopt the amendment at a public meeting held in accordance with Chapter 551 (Open Meetings), Government Code. Requires the amendment to be placed on the agenda for the meeting, and requires notice of the meeting to be given in the manner provided by Chapter 551, Government Code, at least two weeks before the date the meeting is held. Requires the public to be provided an opportunity to comment on the amendment at the meeting.

(12) Authorizes a regional water planning group, notwithstanding Subdivisions (10) and (11), to revise a regional water plan approved by TWDB without complying with Subdivisions (1)-(9) or obtaining a determination from the executive administrator of TWDB that the revision qualifies for adoption in the manner provided by Subdivision (11), if the revision consists only of substituting an alternative water management strategy for a water management strategy recommended in the regional water plan. Authorizes the regional water planning group to adopt the revision to the regional water plan at a public meeting held in accordance with Chapter 551, Government Code.

SECTION 2.21. Amends Section 16.131, Water Code, to require TWDB, in its funding programs under this chapter, to give priority to applications for water supply projects that promote conjunctive use. Requires TWDB to consider incentives for promoting conjunctive use, including low or zero interest rate loans.

SECTION 2.22. Amends Chapter 16, Water Code, by adding Subchapters K and L, as follows:

SUBCHAPTER K. WATER CONSERVATION

Sec. 16.401. STATEWIDE WATER CONSERVATION PUBLIC AWARENESS PROGRAM. Requires the executive administrator of TWDB to develop and implement a statewide water conservation public awareness program (program) to educate residents of this state about water conservation. Requires the program to take into account the differences in water conservation needs of various geographic regions of the state and requires the program to be designed to complement and support existing local and regional water conservation programs.

Sec. 16.402. WATER CONSERVATION PLAN REVIEW. (a) Requires each entity that is required to submit a water conservation plan to TCEQ under this code to submit a copy of the plan to the executive administrator of TWDB.

(b) Requires each entity required to submit a water conservation plan to the executive administrator of TWDB, TWDB, or TCEQ under this code to report annually to the executive administrator of TWDB on the entity's progress in implementing the plan.

(c) Requires the executive administrator of TWDB to review each water conservation plan and annual report to determine compliance with the minimum requirements of all applicable laws and rules.

SUBCHAPTER L. REGULATION OF WATER MARKETING

Sec. 16.451. LICENSE REQUIRED. Prohibits a person, unless the person holds a license issued by the executive administrator of TWDB under this subchapter, from selling or leasing a right of any kind, or agreeing to provide more than 100 acre-feet a year of surface water or groundwater to another person.

Sec. 16.452. ELIGIBILITY FOR LICENSE. Requires a person, to be eligible for a license under this subchapter, to submit an application and fee as specified by TWDB rule to the executive administrator of TWDB.

Sec. 16.453. LICENSE RENEWAL. Requires a license issued under this subchapter to be renewed annually.

Sec. 16.454. REGISTRATION OF WATER TRANSFERS. Requires a person who sells or leases a right of any kind, or agrees to provide more than 100 acre-feet a year of surface water or groundwater to another person, to register the sale, lease, or agreement with the executive administrator of TWDB by submitting a specific report and fee.

Sec. 16.455. ADMINISTRATIVE PENALTY. (a) Provides that a person who sells or leases a right of any kind, or agrees to provide surface water or groundwater or in violation of Section 16.451 or 16.454 is subject to an administrative penalty. Prohibits the amount of the penalty from exceeding \$5,000 for each sale, lease, or agreement in violation of Section 16.451 or 16.454. Authorizes a separate penalty to be imposed for a violation of each section if a sale, lease, or agreement violates both sections.

(b) Authorizes the executive administrator of TWDB to refer a violation of Section 16.451 or 16.454 to TCEQ. Authorizes TCEQ to impose an administrative penalty for the violation in the manner provided by Subchapter C, Chapter 7.

Sec. 16.456. DEPOSIT OF FEES AND PENALTIES IN WATER INFRASTRUCTURE FUND. Requires a fee or administrative penalty collected under this subchapter to be deposited to the credit of the water infrastructure fund.

SECTION 2.23. Amends Section 17.001, Water Code, by adding Subdivision (26), to define "conjunctive use."

SECTION 2.24. Amends Subchapter A, Chapter 17, Water Code, by adding Section 17.004, as follows:

Sec. 17.004. PRIORITY FOR CONJUNCTIVE USE APPLICATIONS. Requires TWDB, in its funding programs under this chapter, to give priority to applications for water supply projects that promote conjunctive use. Requires TWDB to consider incentives for promoting conjunctive use, including low or zero interest rate loans.

SECTION 2.25. Amends Section 17.125, Water Code, by adding Subsection (b-2), to require TWDB to give priority to applications for funds for implementation of water supply projects in the state water plan by entities that have already demonstrated significant water conservation savings and will achieve significant water conservation savings by implementing the proposed project for which the financial assistance is sought.

SECTION 2.26. Amends Section 26.003, Water Code, to include encouraging the stewardship of public and private lands to benefit waters of the state in the policy of this state and the purpose of this subchapter.

SECTION 2.27. Amends Section 26.027, Water Code (effective upon delegation of National Pollution Discharge Elimination System permit authority), by adding Subsections (a-1) and (c-1), as follows:

(a-1) Authorizes TCEQ to issue permits and amendments to permits for the injection and subsequent recovery for beneficial use of waste or pollutants into an aquifer in this state. Prohibits a permit from being issued authorizing the injection of any radiological, chemical, or biological warfare agent or high-level radioactive waste. Authorizes TCEQ to refuse to issue a permit upon finding that issuance of the permit would violate a state or federal law or a rule or regulation adopted under such a law, alter the physical, chemical, or biological quality of native groundwater to a specific degree, or interfere with the purpose of this chapter.

(c-1) Prohibits a person from commencing injection until TCEQ has issued a permit to authorize the injection of waste from the treatment facility, except with the approval of TCEQ.

SECTION 2.28. Amends Section 27.012, Water Code, by adding Subsection (c), to require applications for injection of wastewater treated under a permit issued under Chapter 26 (Water Quality Control) for purposes of injection into an aquifer for storage and subsequent recovery for beneficial use to be processed in accordance with this chapter for the benefit of the state and the preservation of its natural resources.

SECTION 2.29. Amends Subchapter B, Chapter 27, Water Code, by adding Section 27.022, as follows:

Sec. 27.022. PERMIT FOR INJECTION FOR STORAGE AND RECOVERY OF TREATED WASTEWATER IN CLASS V WELLS. (a) Authorizes TCEQ to issue a permit to inject for storage and subsequent recovery for beneficial use wastewater treated under a permit issued under Chapter 26 in a Class V injection well, if the applicant for the permit, meets all the statutory and regulatory requirements for the issuance of a permit for a Class V injection well.

(b) Requires TCEQ, by rule, to provide for public notice and comment on an application for a permit authorized by this section. Provides that notwithstanding Section 27.018, an application for a permit authorized by this section is not subject to the hearing requirements of Chapter 2001, Government Code.

SECTION 2.30. Amends Section 35.007(a), Water Code, to require the executive director of TCEQ and the executive administrator of TWDB, based on information gathered by both entities, to meet periodically to identify those areas of the state that are experiencing or that are expected to experience, within the immediately following 50-year period, rather than 25-year period, specific issues concerning groundwater.

SECTION 2.31. Amends Section 36.001, Water Code, by adding Subdivision (4-a), to define "federal conservation program."

SECTION 2.32. Amends Subchapter A, Chapter 36, Water Code, by adding Section 36.0012, as follows:

Sec. 36.0012. DEFINITIONS PROVIDED UNDER RULES. Requires TWDB, by rule, to define common terms for use by groundwater conservation districts (district) and groundwater management area councils related to groundwater measurement or data collection. Requires each district and groundwater management area council to use these defined terms consistently in drafting the district's groundwater management plan or other documents. Requires the defined terms to include specific information regarding a district's groundwater.

SECTION 2.33. Amends Subchapter A, Chapter 36, Water Code, by adding Section 36.0016, as follows:

Sec. 36.0016. POLICY GOAL. Provides that it is the policy goal of this chapter to ensure the consistent management of groundwater in a shared management area by the groundwater conservation districts located in that area.

SECTION 2.34. Amends Section 36.002, Water Code, to prohibit a rule promulgated by a district from discriminating between owners of land that is irrigated for production and owners of land or their lessees and assigns whose land is enrolled or participating in a federal conservation program.

SECTION 2.35. Amends Section 36.101(a), Water Code, to require TWDB, during the rulemaking process, to consider all groundwater uses and needs, and requires TWDB to develop rules which are fair and impartial and that do not discriminate between land that is irrigated for production and land enrolled or participating in a federal conservation program. Provides that any rule of a district that discriminates between land that is irrigated for production and land enrolled or participating in a federal conservation program is void.

SECTION 2.36. Amends Section 36.1071(a), (b), (d), (e), and (g), Water Code, as follows:

(a) Requires the district, following notice and hearing, in coordination with surface water management entities on a regional basis, to develop a comprehensive management plan which addresses specific management goals, as applicable.

(b) Deletes previous date for the creation of a district management plan.

(d) Requires TWDB to train districts on basic data collection methodology and provide technical assistance to districts as provided by Section 16.0122.

(e) Requires the district, in the management plan described under Subsection (a), to include estimates of groundwater availability in the district based on the desired future condition of the aquifer established by the groundwater management council under Section 36.108, rather than the existing total usable amount, the amount of groundwater used within the district on an annual basis for each of the preceding 10 years, the projected demand for water within the district, and address water supply needs in a manner that is not in conflict with the adopted state water plan, rather than the approved regional water plan.

(g) Requires the district, rather than TWDB, to adopt amendments to the management plan as necessary.

SECTION 2.37. Amends Section 36.1072, Water Code, as follows:

Sec. 36.1072. New heading: COUNCIL REVIEW AND APPROVAL OF MANAGEMENT PLAN. (a) Requires a district, not later than two years after the creation of the district, if the district required confirmation, after the election confirming the district's creation, to submit the management plan required under Section 36.1071 to the groundwater management area council, rather than the executive administrator of TWDB, for review and approval, rather than certification.

(b) Requires the council, rather than the executive administrator of TWDB, within 60 days of receipt of a management plan adopted under Section 36.1071, readopted under Subsection (e) of this section, or amended under Section 36.1073, to approve, rather than certify, a management plan that meets the requirements specified by Subsections (b-1), (b-2), (b-3), and (b-4).

(b-1) Requires the management plan to contain the information required to be submitted under Section 36.1071. Authorizes the groundwater management area council, rather than the executive administrator of TWDB, to determine whether conditions justify waiver of the requirements under Section 36.1071(e)(4).

(b-2) Requires the management plan to be consistent with the desired future condition of the groundwater resources in the groundwater management area adopted under Section 36.108.

(b-3) Requires the management plan to be consistent with the groundwater availability adopted for the district under Section 36.108.

(b-4) Requires the performance standards and management objectives included in the plan under Section 36.1071(e) to be consistent with achieving the desired future condition of the groundwater resources in the groundwater management area adopted under Section 36.108.

(c) Provides that once the groundwater management area council has approved a management plan:

(1) the council is prohibited from revoking the approval as provided by Subsection (g), but is authorized to suspend the approval; and

(2) the council is authorized to request additional information from the district if the information is necessary to clarify, modify, or supplement previously submitted material, but a request for additional information does not render the management plan unapproved.

(d) Provides that a management plan takes effect on approval, rather than certification, by the groundwater management area council, rather than the executive administrator of TWDB, or if appealed, on approval, rather than certification by TWDB.

(e) Requires the district to provide the readopted plan to the groundwater management area council not later than the 60th day after the date on which the plan was readopted. Provides that approval of the preceding management plan remains in effect until the district fails to timely readopt a management plan, the district fails to timely submit the district's readopted management plan to the council, or the council determines that the readopted management plan does not meet the requirements for approval, and the district has exhausted all appeals to TWDB.

(f) Makes conforming changes.

(g) Redefines "development board" and defines "council" for the purposes of this subsection. Requires the groundwater management council, if a conflict between the districts approved management plan and the state water plan remains after certain actions are taken, to petition TWDB to resolve the conflict. Makes conforming changes.

SECTION 2.38. Amends Section 36.1073, Water Code, to make conforming changes.

SECTION 2.39. Amends Subchapter D, Chapter 36, Water Code, by amending Section 36.108 and adding Sections 36.1081 and 36.1082, as follows:

Sec. 36.108. New heading: GROUNDWATER MANAGEMENT AREA COUNCIL; PLANNING IN MANAGEMENT AREA. (a) Defines "development board."

(b) Requires TWDB to establish a groundwater management area council for each management area designated under Section 35.007. Requires the groundwater management area council to ensure the coordination of groundwater management in each management area.

(c) Sets forth composition of each groundwater management area council.

(d) Requires the representatives on the groundwater management area council, if the number of representatives resulting from the application of Subsection (c) is an even number, to appoint an additional representative by a two-thirds vote of those representatives. Requires the additional member to be a resident of a district in the groundwater management area with a reasonable knowledge of groundwater issues and hydrology in the area.

(e) Requires the groundwater management area council to elect one of the representatives as presiding officer of the council.

(f) Prohibits a person appointed under Subsection (c)(2) or (d) from being an employee or officer of a district or a state or federal agency.

(g) Provides that a member of the council appointed under Subsection (c)(2) or (d) serves a two-year term expiring August 31 of each odd-numbered year. Requires the appropriate entity, if a vacancy occurs, to appoint a successor not later than the 60th day after the date the entity received notice of the vacancy.

(h) Requires each groundwater management area council, not later than the second anniversary of the appointment of a groundwater management area council, and at least every fifth year after that anniversary, to adopt a specific statement and estimate the availability of groundwater for each district based on specific guidelines.

(i) Authorizes a groundwater management area council to perform areawide hydrogeologic studies and modeling, coordinate with specific entities regarding groundwater management, establish groundwater monitoring networks in the groundwater management area, and designate a political subdivision to perform a duty required by this section, including by executing a necessary contract.

(j) Requires each groundwater management area council, in adopting the groundwater availability and future groundwater conditions under Subsection (h), to use specific models and recommendations.

(k) Requires TCEQ and TWDB to provide technical assistance to a groundwater management area council in the development of the groundwater conditions statement and availability estimate under Subsection (h).

(l) Requires each groundwater management area council to submit the council's adopted groundwater conditions statement and availability estimate to TWDB for review and comment. Requires TWDB, upon finding that the submitted statement and estimate are in conflict with the state water plan or the groundwater availability adopted by TWDB for the council's groundwater management area, to provide comment and recommendations to the council to resolve the conflict. Requires the council to amend the adopted statement and estimate accordingly.

(m) Requires each groundwater management area council to review and approve the groundwater management plan, amendment, or readoption prepared by each district in the groundwater management area in accordance with Sections 36.1071, 36.1072, and 36.1073. Requires the groundwater management area council to determine if the plan or the amended or readopted plan is consistent with the statement of groundwater conditions and the estimate of groundwater availability adopted under Subsection (h).

(n) Requires each groundwater management area council to conduct all meetings in accordance with Chapter 551, Government Code, provide notice for each meeting in the manner prescribed by Chapter 551, Government Code, district board of directors, and comply with the provisions of Chapter 552 (Public Information), Government Code.

(o) Provides that a cause of action does not accrue against a groundwater management area council, a representative serving on a groundwater management area council, or an employee of a political subdivision designated under Subsection (i)(4) for an act or omission if the council, representative, or employee committed the act or omission while acting in good faith and in the course and scope of the council's, representative's, or employee's work related to the groundwater management area council.

(p) Provides that a groundwater management area council, a representative serving on a groundwater management area council, or an employee of a political subdivision designated under Subsection (i)(4) is not liable for damages arising from an act or omission if the council, representative, or employee committed the act or omission while acting in good faith and in the course and scope of the council's, representative's, or employee's work related to the groundwater management area council.

(q) Requires the attorney general, on request, to represent a groundwater management area council, a representative serving on a groundwater management area council, or an employee of a political subdivision designated under Subsection (i)(4) in a suit arising from an act or omission relating to the groundwater management area council.

(r) Authorizes a person with a legally defined interest in the groundwater in the groundwater management area, a district in or adjacent to the groundwater management area, or a regional water planning group for a region in the groundwater management area to file a petition with TWDB appealing the approval of the groundwater management area plan. Requires the petition to provide specific evidence.

(s) Requires TWDB to review the petition and any evidence relevant to the petition. Requires TWDB to hold at least one hearing at a central location in the management area to take testimony on the petition. Requires TWDB, upon finding that the groundwater management area plan requires revision, to submit a report to the groundwater management area council that includes a list of findings and recommended revisions to the groundwater management area plan.

(t) Requires the groundwater management area council to prepare a revised plan in accordance with TWDB recommendations and hold, after notice, at least one public hearing at a central location in the groundwater management area. Requires the council, after consideration of all public and TWDB comments, to revise the plan and submit the plan to TWDB for review. Deletes text referring to two or more districts located within the boundaries of the same management area. Deletes previous Subsections (a), (b), and (c).

Sec. 36.1081. COUNCIL PETITION AGAINST DISTRICT. (a) Created from text of existing Section 36.108. Redesignated from existing Subsection (d). Authorizes a groundwater management area council, rather than a district, good cause to file a petition with TCEQ requesting an inquiry if a district in the groundwater management area has failed to submit its management plan to the groundwater management area council, a district in the groundwater management area has failed to adopt or make reasonable progress toward adopting rules, or the rules adopted by a district are not designed to achieve the desired future condition of the groundwater resources in the groundwater management area established by the groundwater management area plan. Makes a conforming change.

(b) Redesignated from existing Subsection (e). Requires TCEQ, not later than the 90th day after the date the petition is filed, to review the petition and dismiss the petition if it finds that the evidence is not adequate to show that any of the conditions alleged in the petition exist. Makes conforming changes.

(c) Redesignated from existing Subsection (f). Makes conforming changes.

(d) Redesignated from existing Subsection (g). Makes a conforming change.

(e) Redesignated from existing Subsection (h).

(f) Redesignated from existing Subsection (i). Authorizes TCEQ to take action under Section 36.3011.

Sec. 36.1082. DISTRICT COOPERATION. Creates this section from text of existing 36.108. Makes a conforming change.

SECTION 2.40. Amends Section 36.113, Water Code, by amending Subsections (a), (c), and (e), and adding Subsections (h)-(l), as follows:

(a) Requires a district to require permits, including for the operation of wells.

(c) Authorizes a district to require, if the applicant is other than the owner of the property, documentation establishing the applicable authority to construct and operate a well for the proposed purpose of use, to be included in the permit application.

(e) Authorizes the district to impose more restrictive permit conditions on new permit applications and increased use by historic or existing users. Makes a conforming change.

(h) Requires a district to provide that a change in the purpose of use under a permit may not be made without prior approval of a permit amendment if the permit was granted for historic or existing use. Requires the district, in granting a permit amendment changing the purpose for which the water is used, to subject the amended permit to the same rules that apply to any other permit issued by the district not based on historic or existing use.

(i) Requires a district that authorizes a permit for historic or existing use to issue the permit based on evidence of historic or existing use for any one year before the district was created only for the purpose, place, and amount used in that year.

(j) Prohibits a district, in issuing a permit for an existing or historic use, from discriminating between land that is irrigated for production and land or wells on land enrolled or participating in a federal conservation program.

(k) Provides that a permitting decision by a district is void if the district makes its decision in violation of Subsection (j) and the district would have reached a different decision if the district had treated land or wells on land enrolled or participating in a federal conservation program the same as land irrigated for production.

(l) Requires the district, on the application of an affected owner of land or the owner's lessee or assigns, to reconsider a decision that is void under Subsection (k) and base its decision on the equal treatment of land or wells on land enrolled or participating in a federal conservation program and land that is irrigated for production. Requires the district, not later than the 90th day after the date the district receives an application under this subsection, to render its decision and notify the applicant of its decision.

SECTION 2.41. Amends Section 36.116(b), Water Code, as follows:

(b) Authorizes groundwater conservation districts, in promulgating any rules limiting groundwater production, to preserve historic or existing use before the effective date of the rules to the maximum extent practicable consistent with the district's comprehensive management plan under Section 36.1071. Provides that a rule promulgated under this section to preserve a historic or existing use does not apply if the purpose for which the groundwater is used is changed from the purpose of use authorized by the existing use permit to a new purpose.

SECTION 2.42. Amends Subchapter D, Chapter 36, Water Code, by adding Section 36.125, as follows:

Sec. 36.125. APPEAL OF DISTRICT ACTION TO DISPUTE RESOLUTION PANEL.

(a) Authorizes either the district or the affected person, if a dispute arises between a district and a person affected by an action taken by the district under this subchapter, to file a petition with TCEQ requesting the appointment of a dispute resolution panel to mediate the dispute and assist the parties in reaching resolution of the dispute.

(b) Requires a petition filed under this section to include specific information.

(c) Requires TCEQ, not later than the 60th day after the date the petition is filed, to review the petition and dismiss it upon finding that the petition is baseless, frivolous, or fails to present an issue that is appropriate for panel review or select a panel as provided by Subsection (e).

(d) Requires TCEQ, if the petition is dismissed, to provide the reasons for the dismissal in writing to the district and the affected person.

(e) Requires TCEQ, if the petition is not dismissed, to appoint three members of a dispute resolution panel, including the chair of the panel, who must be officers or employees of a district located outside the groundwater management area in which the parties to the dispute are located. Requires the three appointed members to select two other panel members who are not otherwise involved in or affected by the matter in dispute and whose knowledge or expertise may be useful in resolving the dispute. Provides that not more than two panel members may be from the same district.

(f) Requires TCEQ to appoint a neutral person to serve as a nonvoting recording secretary for the panel. Authorizes the recording secretary appointed to be a TCEQ employee. Requires the recording secretary to record and document the panel's proceedings.

(g) Requires the panel, not later than the 60th day after the date the panel is appointed, to review the petition and any information relevant to the petition and begin holding meetings with the parties to mediate the dispute. Authorizes the panel to attempt to negotiate a settlement or resolve the dispute by any other lawful means. Authorizes the panel to consolidate multiple parties, appoint a person to represent multiple parties, invite additional parties, or dismiss parties as the panel considers appropriate. Requires TWDB and TCEQ to provide technical and legal assistance as requested by the panel.

(h) Requires a court of this state to take judicial notice of an act or decision of a dispute resolution panel appointed under this section and authorizes it to stay an affected judicial proceeding pending a final resolution from the panel.

SECTION 2.43. Amends Section 36.301, Water Code, to require TCEQ to take appropriate action under Section 36.303, if a board of a groundwater conservation district to submit a management plan or readopted management plan to receive approval, rather than certification, of its management plan under Section 36.1072 or fails to submit or receive approval of an amendment to the management plan under Section 36.1073.

SECTION 2.44. Amends Section 36.3011, Water Code, as follows:

Sec. 36.3011. New heading: FAILURE OF DISTRICT TO COMPLY WITH GROUNDWATER MANAGEMENT AREA PLAN. Authorizes TCEQ to take any action against the district it considers necessary in accordance with Section 36.303, if TCEQ comes to specific findings. Deletes existing Subsection (a). Makes a conforming change.

SECTION 2.45. Amends 36.303(a), Water Code, to make conforming changes.

SECTION 2.46. Amends Title 5, Water Code, by adding Chapter 153, as follows:

CHAPTER 153. STATEWIDE GROUNDWATER CONSERVATION DISTRICT

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 153.001. DEFINITION. Defines "statewide district."

Sec. 153.002. NATURE OF DISTRICT. Provides that the statewide groundwater conservation district (statewide district) is a groundwater conservation district in this state created under and essential to accomplish the purposes of Section 59, Article XVI, Texas Constitution.

[Reserves Sections 153.003-153.050 for expansion.]

SUBCHAPTER B. DISTRICT TERRITORY

Sec. 153.051. INITIAL DISTRICT TERRITORY. Provides that the initial territory of the statewide district is the combined territory of all state-owned land not within the boundaries of a confirmed groundwater conservation district on August 31, 2007.

[Reserves Sections 153.052-153.100 for expansion.]

SUBCHAPTER C. ADMINISTRATION

Sec. 153.101. ADMINISTRATION OF STATEWIDE DISTRICT. Requires the members of TCEQ to serve as the board of directors of the statewide district.

SECTION 2.47. Amends Section 212.0101(b), Local Government Code, to require TCEQ, rather than the Texas Natural Resource Conservation Commission, by rule, to establish the appropriate form and content of a certification to be attached to a plat application under this section.

SECTION 2.48. Amends Section 232.0032(b), Local Government Code, to make a conforming change.

SECTION 2.49. (a) Requires the executive administrator of TWDB to conduct a study to determine the effects, if any, of take-or-pay contracts on efforts to conserve water.

(b) Requires the executive administrator of TWDB, not later than January 1, 2007, to submit a report to the legislature that includes a summary of the findings made during the course of the study and recommendations for legislative action based on those findings.

(c) Provides that this section expires September 1, 2007.

SECTION 2.50. Repealer: Section 9.017 (relating to the dissolution of the Texas Water Advisory Council and Account), Water Code.

SECTION 2.51. Makes application of Section 11.173(b), Water Code, as amended by this article, prospective.

SECTION 2.52. Requires TCEQ, not later than December 1, 2005, to adopt rules as required by Section 11.558, Water Code, as added by this article.

SECTION 2.53. Makes application of Section 15.102(b), Water Code, as amended by this article, and Section 17.125(b-2), Water Code, as added by this article, prospective.

SECTION 2.54. Requires a groundwater conservation district, not later than the 90th day after the effective date of this Act, to amend to bring into compliance with Sections 36.002 and 36.101(a), Water Code, as amended by this article, any rule enacted before the effective date of this Act that is void under Section 36.101(a), Water Code, as amended by this article.

SECTION 2.55. (a) Requires TWDB, not later than December 1, 2005, to adopt rules under Subchapter L, Chapter 16, Water Code, as added by this article and the executive administrator of TWDB to be prepared to accept applications submitted under Section 16.452, Water Code, as added by this article.

(b) Provides that a person is not required to obtain a license under Section 16.451, Water Code, as added by this article, until March 1, 2006.

(c) Provides that Section 16.454, Water Code, as added by this article, applies only to a sale, lease, or agreement entered into on or after March 1, 2006.

SECTION 2.56. (a) Requires the executive administrator of TWDB to appoint the initial appointed representatives for each groundwater management area council as provided by Section 36.108, Water Code, as amended by this article, as soon as practicable on or after the effective date of this Act. Provides that the terms of the initial representatives for each groundwater management area council expire August 31, 2007.

(b) Requires TWDB to convene the groundwater management area councils required under Section 36.108, Water Code, as amended by this article, not later than September 1, 2006.

(c) Requires TCEQ and TWDB to adopt any rules, models, and forms necessary for the implementation of the groundwater management area planning functions required by this article not later than September 1, 2006.

SECTION 2.57. Provides that Chapter 153, Water Code, as added by this Act, takes effect September 1, 2007.

ARTICLE 3. FINANCING OF WATER PROJECTS.

SECTION 3.01. Amends Chapter 13, Water Code, by adding Subchapter O, as follows:

SUBCHAPTER O. WATER CONSERVATION AND DEVELOPMENT FEE

Sec. 13.551. WATER CONSERVATION AND DEVELOPMENT FEE. Requires each retail public utility to collect from each ultimate consumer to whom the utility provides retail water utility service a water conservation and development fee as provided by this subchapter.

Sec. 13.552. RATE OF FEE. Provides that the rate of the fee imposed under this subchapter is 13 cents for each 1,000 gallons of water sold to the ultimate consumer for consumption each month.

Sec. 13.553. EXEMPTIONS. (a) Provides that the first 5,000 gallons of water sold to the ultimate consumer for consumption each month is exempt from the application of the fee if the consumer is a resident of a single-family dwelling or a dwelling unit of a multifamily dwelling.

(b) Provides that the exemption provided by Subsection (a) applies without regard to whether the retail water utility service is bundled with another service or the billing period used by the retail public utility.

(c) Provides that an entity described by Section 151.309 (Governmental Entities) or 151.310 (Religious, Educational, or Public Service Organizations), Tax Code, is exempt from the fee imposed by this subchapter.

Sec. 13.554. PAYMENT OF FEE. (a) Requires each retail water utility that sold water to an ultimate consumer for consumption, on or before the 20th day of the month following the end of each calendar month, to send to the comptroller the amount of the fee the utility collected under this subchapter for the preceding calendar month.

(b) Provides that a retail public utility that makes timely payment of the fee imposed under this subchapter is entitled to retain an amount equal to one-half of one percent of the amount of the fee collected as reimbursement for the costs of collecting the fee for that month.

Sec. 13.555. REPORTS. Requires each retail public utility that sold water to an ultimate consumer for consumption, on or before the 20th day of the month following the end of each calendar month, to file with the comptroller a report stating specific information regarding the number of gallons sold.

Sec. 13.556. RECORDS. Requires a retail public utility that sells water to the ultimate consumer for consumption to keep a complete record of specific information regarding the number of gallons sold.

Sec. 13.557. ALLOCATION OF REVENUE. Requires the revenue from the fee imposed by this subchapter to be deposited to the credit of the water infrastructure fund and may be used only as provided by Subchapter Q, Chapter 15.

SECTION 3.02. Amends Section 15.407(a), Water Code, to provide that, in this section, "economically distressed area" and "political subdivision" have the meanings assigned by Section 17.941, rather than Section 16.341.

SECTION 3.03. Amends Section 15.973, Water Code, as follows:

Sec. 15.973. WATER INFRASTRUCTURE FUND. (a) Provides that the water infrastructure fund is a special fund outside, rather than in, the state treasury to be administered by TWDB under this subchapter and rules adopted by TWDB under this subchapter.

(b) Provides that the fund consists of specific items, including the proceeds from the collection of the fee imposed under Subchapter O, Chapter 13, and fees and penalties collected under Subchapter L, Chapter 16.

SECTION 3.04. Amends Section 15.974(a), Water Code, to authorize TWDB to use the fund to make grants, low-interest loans, or zero interest loans for conjunctive use projects and to make specific transfers.

SECTION 3.05. Amends Section 17.172, Water Code, as follows:

Sec. 17.172. APPLICABILITY. Sets forth the accounts for which financial assistance is made available, including the economically distressed areas program account under specific Subchapters, including Subchapter K-1.

SECTION 3.06. Amends Chapter 17, Water Code, by adding Subchapter K-1, as follows:

SUBCHAPTER K-1. STATEWIDE ASSISTANCE TO ECONOMICALLY DISTRESSED AREAS FOR WATER SUPPLY AND SEWER SERVICE PROJECTS

Sec. 17.941. DEFINITIONS. Defines "economically distressed area," "financial assistance," "political subdivision," "sewer services," and "sewer facilities."

Sec. 17.942. FINANCIAL ASSISTANCE. Authorizes the economically distressed areas program account to be used by TWDB to provide financial assistance to political subdivisions for the construction, acquisition, or improvement of water supply and sewer services, including providing money from the account for the state's participation in federal programs that provide assistance to political subdivisions.

Prohibits money from the proceeds of bonds issued under the authority of Sections 49-d-7(b) or 49-d-8, Article III, Texas Constitution, from being used to provide financial assistance under this subchapter.

Sec. 17.943. APPLICATION FOR FINANCIAL ASSISTANCE. (a) Authorizes a political subdivision to apply to TWDB for financial assistance under this subchapter by submitting an application together with a plan for providing water supply or sewer services to an economically distressed area.

(b) Requires the application and plan to include specific information regarding the political subdivision.

(c) Provides that a program of water conservation for the more effective use of water is required for approval of an application for financial assistance under this section in the same manner as such a program is required for approval of an application for financial assistance under Section 17.125.

(d) Authorizes TWDB, before considering the application, to require the applicant to participate in the review, provide a written determination by TCEQ stating specific information, request a financial management review from the comptroller, and any other information required by TWDB or the executive administrator of TWDB.

Sec. 17.944. CONSIDERATIONS IN PASSING ON APPLICATION. (a) Requires TWDB, in passing on an application for financial assistance, to consider specific needs, availability of revenue or alternative financial assistance, financing details, and the feasibility of achieving cost savings.

(b) Requires TWDB, at the time an application for financial assistance is considered, to also find that the area to be served by a proposed project has a median household income of not more than 75 percent of the median state household income for the most recent year for which statistics are available.

Sec. 17.945. APPROVAL OR DISAPPROVAL OF APPLICATION. Requires TWDB, after considering the matters described by Section 17.944, by resolution, to approve the plan and application as submitted, approve the plan and application subject to the requirements identified by TWDB or TCEQ for the applicant to obtain the managerial, financial, and technical capabilities to operate the system and any other requirements, including training under Subchapter M, TWDB considers appropriate, deny the application and identify the requirements or remedial steps the applicant must complete before the applicant may be reconsidered for financial assistance, if TWDB finds that the applicant will be unable to obtain the managerial, financial, or technical capabilities to build and operate a system, deny the application and issue a determination that a service provider other than the applicant is necessary or appropriate to undertake the proposed project, or deny the application.

Sec. 17.946. FINDINGS REGARDING PERMITS. (a) Prohibits TWDB from releasing money for the construction of that portion of a project that proposes surface water or groundwater development until the executive administrator of TWDB makes a specific written finding regarding the applicant's water rights.

(b) Authorizes TWDB to release money for the costs of planning, engineering, architectural, legal, title, fiscal, or economic investigation, studies, surveys, or designs before making the finding required under Subsection (a), if the executive administrator of TWDB determines that a reasonable expectation exists that the finding will be made before the release of funds for construction.

(c) Prohibits TWDB, if an applicant includes a proposal for treatment works, from delivering money for the treatment works until the applicant has received a permit for construction and operation of the treatment works and approval of the plans and specifications from TCEQ or unless such a permit is not required by the TCEQ.

Sec. 17.947. METHOD OF FINANCIAL ASSISTANCE. (a) Authorizes TWDB to provide financial assistance to political subdivisions under this subchapter by using

money in the economically distressed areas program account to purchase political subdivision bonds.

(b) Authorizes TWDB to make financial assistance available to political subdivisions in any other manner that it considers feasible, including specific contracts or agreements.

Sec. 17.948. TERMS OF FINANCIAL ASSISTANCE. (a) Authorizes TWDB to use money in the economically distressed areas program account to provide financial assistance under this subchapter to a political subdivision to be repaid in the form, manner, and time provided by TWDB rules and in the agreement between TWDB and the political subdivision, taking into consideration the information provided by Section 17.943.

(b) Prohibits TWDB, in providing financial assistance to an applicant under this subchapter, from providing to the applicant financial assistance for which repayment is not required in an amount that exceeds 50 percent of the total amount of the financial assistance plus interest on any amount that must be repaid, unless the Department of State Health Services (DSHS) issues a finding that a nuisance dangerous to the public health and safety exists resulting from water supply and sanitation problems in the area to be served by the proposed project. Requires TWDB and the applicant to provide to DSHS information necessary to make a determination, and authorizes TWDB and DSHS to enter into memoranda of understanding necessary to carry out this subsection.

(c) Prohibits the total amount of financial assistance provided by TWDB to political subdivisions under this subchapter from state-issued bonds for which repayment is not required from exceeding at any time 90 percent of the total principal amount of issued and unissued bonds authorized for purposes of this subchapter.

(d) Requires TWDB, in determining the amount and form of financial assistance and the amount and form of repayment, if any, to consider specific rates, fees, charges, sources of funding available, any local money of the political subdivision, and reasonable charges for water and wastewater service.

(e) Authorizes TWDB, in making its determination under Subsection (d)(1), to consider any study, survey, data, criteria, or standard developed or prepared by any federal, state, or local agency, private foundation, banking or financial institution, or other reliable source of statistical or financial data or information.

(f) Authorizes TWDB to provide financial assistance money under this subchapter for treatment works only if the board determines that it is not feasible in the area covered by the application to use septic tanks as the method for providing sewer services under the applicant's plan.

SECTION 3.07. Amends Section 17.958(c), Water Code, to make a conforming change.

SECTION 3.08. Repealer: Section 15.407(i) (relating to a change in the status of a county's per capita income or a decrease in unemployment rate average) and Section 15.974(b) (relating to prohibition of funding under Subsection (a)(2)), Water Code.

ARTICLE 4. SPECIAL DISTRICT CREATION.

SECTION 4.01. Amends Subtitle H, Title 6, Special District Local Laws Code, by adding Chapter 8805, as follows:

CHAPTER 8805. HOUSTON COUNTY GROUNDWATER CONSERVATION DISTRICT

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 8805.001. DEFINITIONS. Defines "board," "director," and "district."

Sec. 8805.002. NATURE OF DISTRICT. Provides that the Houston County Groundwater Conservation District (district) is a groundwater conservation district in Houston County created under and essential to accomplish the purposes of Section 59, Article XVI, Texas Constitution.

Sec. 8805.003. CONFIRMATION ELECTION REQUIRED. Provides that if the creation of the district is not confirmed at a confirmation election held before September 1, 2007, the district is dissolved on September 1, 2007; except that:

(1) any debts incurred are required to be paid, any assets that remain after the payment of debts are required to be transferred to Houston County; and the organization of the district is required to be maintained until all debts are paid and remaining assets are transferred; and

(2) this chapter expires on September 1, 2010.

Sec. 8805.004. INITIAL DISTRICT TERRITORY. Provides that the initial boundaries of the district are coextensive with the boundaries of Houston County, Texas.

Sec. 8805.005. APPLICABILITY OF OTHER GROUNDWATER CONSERVATION DISTRICT LAW. Provides that except as otherwise provided by this chapter, Chapter 36, Water Code, applies to the district.

[Reserves Sections 8805.006-8805.020 for expansion.]

SUBCHAPTER A-1. TEMPORARY PROVISIONS

Sec. 8805.021. APPOINTMENT OF TEMPORARY DIRECTORS. (a) Requires nine specific temporary directors to be appointed, not later than the 45th day after the effective date of this chapter.

(b) Requires at least one director, of the temporary directors, to represent rural water suppliers in the district and one to represent agricultural interests in the district.

(c) Requires the authority who appointed the temporary director whose position is vacant, if there is a vacancy on the temporary board of directors of the district, to appoint a person to fill the vacancy in a manner that meets the representational requirements of this section.

(d) Sets forth terms to be served by the temporary directors.

Sec. 8805.022. ORGANIZATIONAL MEETING OF TEMPORARY DIRECTORS. Requires a majority of the temporary directors, as soon as practicable after all the temporary directors have qualified under Section 36.055, Water Code, to convene the organizational meeting of the district at a location within the district agreeable to a majority of the directors. Requires the organizational meeting, if an agreement on location cannot be reached, to be at the Houston County Courthouse.

Sec. 8805.023. CONFIRMATION ELECTION. (a) Requires the temporary directors to hold an election to confirm the creation of the district.

(b) Provides that Section 41.001(a) (Uniform Election Dates), Election Code, does not apply to a confirmation election held as provided by this section.

(c) Requires a confirmation election, except as provided by this section, to be conducted as provided by Sections 36.017(b)-(i), Water Code, and the Election Code. Provides that the provision of Section 36.017(d), Water Code, relating to

the election of permanent directors does not apply to a confirmation election under this section.

Sec. 8805.024. INITIAL DIRECTORS. (a) Provides that if creation of the district is confirmed at an election held under Section 8805.023, the temporary directors of the district become the initial directors of the district and serve on the board of directors of the district (board) until permanent directors are elected under Section 8805.025.

(b) Requires the two initial directors representing each of the four commissioners precincts to draw lots to determine which of the two directors to serve a term expiring June 1 following the first regularly scheduled election of directors under Section 8805.025, and which of the two directors are required to serve a term expiring June 1 following the second regularly scheduled election of directors. Requires the at-large director to serve a term expiring June 1 following the second regularly scheduled election of directors.

Sec. 8805.025. INITIAL ELECTION OF PERMANENT DIRECTORS. Requires an election, on the uniform election date prescribed by Section 41.001, Election Code, in May of the first even-numbered year after the year in which the district is authorized to be created at a confirmation election, to be held in the district for the election of four directors to replace the initial directors who, under Section 8805.024(b), serve a term expiring June 1 following that election.

Sec. 8805.026. EXPIRATION OF SUBCHAPTER. Provides that this subchapter expires September 1, 2010.

[Reserves Sections 8805.027-8805.050 for expansion.]

SUBCHAPTER B. BOARD OF DIRECTORS

Sec. 8805.051. DIRECTORS; TERMS. Provides that the district is governed by a board of nine directors serving staggered four-year terms, with four or five directors' terms expiring June 1 of each even-numbered year. Authorizes a director to serve consecutive terms.

Sec. 8805.052. METHOD OF ELECTING DIRECTORS: COMMISSIONERS PRECINCTS. (a) Requires the directors of the district to be elected according to the commissioners precinct method as provided by this section.

(b) Requires one director to be elected by the voters of the entire district, and requires two directors to be elected from each county commissioners precinct by the voters of that precinct.

(c) Requires a person, except as provided by Subsection (e), to be a registered voter in the district to be eligible to be a candidate for or to serve as director at large. Requires a person, to be a candidate for or to serve as director from a county commissioners precinct, to be a registered voter of that precinct.

(d) Requires a person to indicate specific information on the application for a place on the ballot.

(e) Requires a director in office on the effective date of the change, or a director elected or appointed before the effective date of the change whose term of office begins on or after the effective date of the change, when the boundaries of the county commissioners precincts are redrawn after each federal decennial census to reflect population changes, to serve in the precinct to which elected or appointed even though the change in boundaries places the person's residence outside the precinct for which the person was elected or appointed.

Sec. 8805.053. ELECTION DATE. Requires the district to hold an election to elect the appropriate number of directors on the uniform election date prescribed by Section 41.001, Election Code, in May of each even-numbered year.

Sec. 8805.054. COMPENSATION. (a) Provides that Sections 36.060(a), (b), and (d), Water Code, do not apply to the district.

(b) Provides that a director is entitled to receive compensation of not more than \$50 a day for each day the director actually spends performing the duties of a director. Prohibits the compensation from exceeding \$3,000 a year.

(c) Authorizes the board to authorize a director to receive reimbursement for the director's reasonable expenses incurred while engaging in activities on behalf of the board.

Sec. 8805.055. BOARD ACTION. Provides that a majority vote of a quorum is required for board action. Provides that if there is a tie vote, the proposed action fails.

[Reserves Sections 8805.056–8805.100 for expansion.]

SUBCHAPTER C. POWERS AND DUTIES

Sec. 8805.101. GROUNDWATER WELLS UNDER RAILROAD COMMISSION JURISDICTION. (a) Provides that except as provided by this section, a groundwater well drilled or operated within the district under a permit issued by the Railroad Commission of Texas (railroad commission) is under the exclusive jurisdiction of the railroad commission and is exempt from regulation by the district.

(b) Authorizes groundwater produced in an amount authorized by a railroad commission permit to be used within or exported from the district without a permit from the district.

(c) Requires the holder of the railroad commission permit, to the extent groundwater is produced in excess of railroad commission authorization, to apply to the district for the appropriate permit for the excess production and provides that the holder is subject to the applicable regulatory fees.

(d) Authorizes the district to impose a production fee or an export fee on groundwater produced from a well that was drilled to support mining activities and that is otherwise exempt from regulation by the district under Subsection (a) if that groundwater is used for municipal purposes or by a public utility. Prohibits any fee imposed under this subsection from exceeding the fee imposed on other groundwater producers in the district.

Sec. 8805.102. PROHIBITION ON DISTRICT PURCHASE, SALE, TRANSPORT, OR DISTRIBUTION OF WATER. Prohibits the district from purchasing, selling, transporting, or distributing surface water or groundwater for any purpose.

Sec. 8805.103. PROHIBITION ON DISTRICT USE OF EMINENT DOMAIN POWERS. Prohibits the district from exercising the power of eminent domain.

Sec. 8805.104. REGIONAL COOPERATION. (a) Provides that in this section, "designated groundwater management area" means an area designated as a groundwater management area under Section 35.004, Water Code.

(b) Requires the district, to take certain actions for regional continuity.

[Reserves Sections 8805.105-8805.150 for expansion.]

SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

Sec. 8805.151. LIMITATION ON TAXES. Prohibits the district from levying ad valorem taxes at a rate that exceeds three cents on each \$100 of assessed valuation of taxable property in the district.

Sec. 8805.152. FEES. (a) Authorizes the board, by rule, to impose reasonable fees on each well for which a permit is issued by the district and is not exempt from district regulation.

(b) Authorizes a production fee to be based on:

(1) the size of column pipe used by the well; or,

(2) the amount of water actually withdrawn from the well, or the amount authorized or anticipated to be withdrawn.

(c) Requires the board to base the initial production fee on the criteria listed in Subsection (b)(2). Prohibits the initial production fee from exceeding a specific amount, and authorizes an increase at a cumulative rate not to exceed three percent per year.

(d) Authorizes the district, in addition to the production fee authorized under this section, to assess an export fee on groundwater from a well that is produced for transport outside the district.

(e) Authorizes fees authorized by this section to be assessed annually and used to pay the cost of district operations.

Sec. 8805.153. EXEMPTION FROM FEES. (a) Prohibits the district, except as provided by Subsection (b), from assessing a fee on a well drilled by a nonprofit rural water supply corporation, water district, or other political subdivision if the well's production is for use within the district.

(b) Authorizes the district, by emergency order of the board, to impose a reasonable and temporary production fee on a well described by Subsection (a) if severe drought or other district emergency makes the fee necessary and the term of the order does not exceed 180 days.

Sec. 8805.154. LIMITATION ON INDEBTEDNESS. Authorizes the district to issue bonds and notes under Subchapter F, Chapter 36, Water Code, except that the total indebtedness created by that issuance may not exceed \$500,000 at any time.

SECTION 4.02. (a) Provides that the legal notice of the intention to introduce this article, setting forth the general substance of this article, has been published as provided by law, and the notice and a copy of the substance of this article have been furnished to all persons, agencies, officials, or entities to which they are required to be furnished under Section 59, Article XVI, Texas Constitution, and Chapter 313 (Notice for Local and Special Laws), Government Code.

(b) Provides that the governor has submitted the notice and substance of this article to TCEQ.

(c) Provides that TCEQ has filed its recommendations relating to the substance of this article with the governor, lieutenant governor, and speaker of the house of representatives within the required time.

(d) Provides that all requirements of the constitution and laws of this state and the rules and procedures of the legislature with respect to the notice, introduction, and passage of this article are fulfilled and accomplished.

SECTION 4.03. Effective date, this article: upon passage or September 1, 2005.

ARTICLE 5. EDWARDS AQUIFER AUTHORITY

SECTION 5.01. Amends Section 1.11(f), Chapter 626, Acts of the 73rd Legislature, Regular Session 1993, as follows:

(f) Authorizes the Edwards Aquifer Authority (authority) to own, finance, design, construct, operate, or maintain recharge facilities. Defines "recharge facility" for the purpose of this subsection.

SECTION 5.02. Amends Section 1.14, Chapter 626, Acts of the 73rd Legislature, Regular Session 1993, by amending Subsections (a), (c), (f), and (h), as follows:

(a) Requires authorizations to withdraw water from the aquifer and all authorizations and rights to make a withdrawal under this Act to be limited in accordance with this section, including the protection of surface water rights issued by the state.

(c) Prohibits the amount of permitted withdrawals from the aquifer, except as provided by Subsections (f) and (h) of this section, from exceeding 480,000, rather than 400,000, acre-feet of water for each calendar year.

(f) Authorizes the authority, if the springflows from the aquifer are equal to or greater than 300 cubic feet per second, rather than 650 feet above mean sea level, as measured from the Comal Springs, and greater than 150 cubic feet per second, as measured from the San Marcos Springs, to authorize withdrawal from the San Antonio pool, on an uninterrupted basis, of permitted amounts. Authorizes the authority, if the springflows from the aquifer are equal to or greater than 250 cubic feet per second, as measured from the Comal Springs, and 140 cubic feet per second, as measured from the San Marcos Springs, to authorize withdrawal from the Uvalde pool, on an uninterrupted basis, of permitted amounts.

Requires the authority, in accordance with Section 1.26 of this article, to limit the additional withdrawals to ensure that springflows are not affected during critical drought conditions.

(h) Authorizes the authority, to accomplish the purposes of this article, through a program, to implement and enforce water management practices, procedures, and methods to ensure that, not later than December 31, 2012, the continuous minimum springflows of the Comal Springs and the San Marcos Springs are maintained to protect endangered and threatened species to the extent required by federal law and other obligations of the authority provided by Subsection (a) of this section and Section 1.26 of this article. Authorizes the authority from time to time as appropriate to revise the practices, procedures, and methods. Requires the authority, to meet this requirement, to require phased reductions in the amount of water that may be used or withdrawn by existing users or categories of other users or implementation of alternative management practices, procedures, and methods, including the authority's critical period management plan established under Section 1.26 of this article.

SECTION 5.03. Amends Section 1.15(c), Chapter 626, Acts of the 73rd Legislature, Regular Session, 1993, to prohibit regular permits from being issued on an interruptible basis, and prohibits the total authorized withdrawals authorized by all regular permits issued by the authority from exceeding the limitation provided by Section 1.14 of this article.

SECTION 5.04. Amends Section 1.19(b), Chapter 626, Acts of the 73rd Legislature, Regular Session, 1993, to require the withdrawal of water under a term permit to be consistent with the authority's critical period management plan established under Section 1.26 of this article. Deletes existing text prohibiting a holder of a term permit from withdrawing water from the San Antonio pool of the aquifer.

SECTION 5.05. Amends Section 1.21, Chapter 626, Acts of the 73rd Legislature, Regular Session, 1993, as follows:

Sec. 1.21. New heading: PERMIT REDUCTION. Requires the maximum authorized withdrawal of each regular permit, if, on or after January 1, 2008, the overall volume of water authorized to be withdrawn from the aquifer under regular permits is greater than 480,000, rather than 400,000, acre-feet a year, to be immediately reduced by an equal percentage as is necessary to reduce overall maximum demand to 480,000, rather than 400,000, acre-feet a year.

SECTION 5.06. Amends Article 1, Chapter 626, Acts of the 73rd Legislature, Regular Session, 1993, by amending Section 1.26 and adding Sections 1.26A and 1.26B, as follows:

Sec. 1.26. CRITICAL PERIOD MANAGEMENT PLAN. (a) Requires the authority to prepare and coordinate implementation of a critical period management plan in a way that protects listed species and other obligations of the authority, including support of the state economy, surface water rights issued by this state, instream flow requirements, and the continued operation of industries. Authorizes the authority to alter the plan to provide additional protection for species and downstream flows, but prohibits the authority from reducing the protections below the minimum requirement specified by this section, except as provided by Section 1.26A of this article.

(b) Requires the critical period management plan to specify that conservation measures prescribed by the authority's groundwater conservation plan are required practices when the spring discharge rate is less than 350 cubic feet per second from Comal Springs or less than 200 cubic feet per second from San Marcos Springs.

(c) Requires the critical period management plan to require compliance with reduced levels of maximum allowable pumping prescribed by Section 1.26A of this article.

(d) Requires the critical period management plan to specify that a water withdrawal rate for a specific pumping reduction stage of the plan may be increased if the controlling spring discharge rate increases to the minimum spring discharge rate for the next less severe reduction stage and is equal to or greater than that minimum spring discharge rate for five consecutive days.

(e) Requires the critical period management plan to specify that the authority is required to initiate more severe pumping reductions to protect listed species, if required to comply with the issuance of a Section 10(a) permit by the United States Fish and Wildlife Service under the Endangered Species Act (16 U.S.C. Section 1539(a)), not later than the 90th day after the date on which the permit was issued.

(f) Requires the authority to base pumping reductions for an Edwards Aquifer permit holder on the 90-day withdrawal budget most recently filed by the permit holder with the authority. Provides that the rate of withdrawal under a 90-day withdrawal budget is that rate that, if constant, would result in the withdrawal of the total budgeted amount at the end of the budget period.

Sec. 1.26A. PUMPING REDUCTION LEVELS AND STAGES FOR CRITICAL PERIOD MANAGEMENT. (a) Requires the authority's critical period management plan to provide for pumping reductions as provided by this section. Requires the authority, for purposes of this section to continuously track the average daily discharge rate measured over each period of five consecutive days at Comal Springs and San Marcos Springs to determine whether a reduction in pumping to the level I, II, or III maximum amount is required, and track the average daily discharge rate measured for any five days in a period of 10 consecutive days to determine whether a reduction in pumping to the level IV or V maximum amount is required.

(b) Requires the authority, if the spring discharge rate from the San Marcos Springs indicates a need to initiate a more severe pumping reduction level, to use

the more severe pumping reduction level based on the spring discharge rates from the San Marcos Springs.

(c) Requires the authority to implement the Caution Stage with level I pumping reductions when the daily average spring discharge rate from the Comal Springs is less than 300 cubic feet per second and at least 250 cubic feet per second or when the spring discharge rate from the San Marcos Springs is less than 150 cubic feet per second and at least 140 cubic feet per second. Sets forth maximum allowable pumping level for the level I pumping reductions.

(d) Requires the authority to implement the Alert Stage with level II pumping reductions when the spring discharge rate from the Comal Springs is less than 250 cubic feet per second and at least 200 cubic feet per second or when the spring discharge rate from the San Marcos Springs is less than 140 cubic feet per second and at least 120 cubic feet per second. Sets forth the maximum allowable pumping level for level II pumping reductions for the San Antonio and Uvalde pools.

(e) Requires the authority to implement the Critical Period Stage with level III pumping reductions when the spring discharge rate from the Comal Springs is less than 200 cubic feet per second and at least 150 cubic feet per second or when the spring discharge rate from the San Marcos Springs is less than 120 cubic feet per second and at least 100 cubic feet per second. Sets forth the maximum allowable pumping level for level III pumping reductions for the San Antonio and Uvalde pools.

(f) Requires the authority to implement the Jeopardy Stage with level IV pumping reductions when the spring discharge rate from the Comal Springs is less than 150 cubic feet per second and at least 100 cubic feet per second or when the spring discharge rate from the San Marcos Springs is less than 100 cubic feet per second and at least 50 cubic feet per second. Sets forth the maximum allowable pumping level for level IV pumping reductions for the San Antonio and Uvalde pools.

(g) Requires the authority to implement the Emergency Stage with level V pumping reductions when the spring discharge rate from the Comal Springs is less than 100 cubic feet per second or when the spring discharge rate from the San Marcos Springs is less than 50 cubic feet per second. Sets forth the maximum allowable pumping level for level V pumping reductions for the San Antonio and Uvalde pools.

Sec. 1.26B. EMERGENCY TASK FORCE. (a) Requires the authority's presiding officer or chief executive officer to convene an emergency task force when the authority implements the Jeopardy Stage or Emergency Stage of the critical period management plan.

(b) Sets forth the composition of the emergency task force.

(c) Provides that each member of the task force has one vote. Provides that a majority vote is required for the task force to take action.

Provides that if a person designated to represent an organization does not participate in the task force, no other person may serve as a substitute. Authorizes the authority's representative, in case of a tie vote, to break the tie.

(d) Authorizes the emergency task force to decrease the maximum allowable pumping levels under Section 1.26A of this article and to increase those levels by not more than five percent for not more than 30 days. Requires the emergency task force to specifically justify the decrease or increase in a public notice published according to rules of the authority.

(e) Requires the authority to publish special requirements for a drought event not later than the 10th day after the date the emergency task force is convened.

(f) Requires the emergency task force to conclude task force operations if, for five or more days in any consecutive 10 days, the discharge from Comal Springs is greater than 200 cubic feet per second and the discharge from San Marcos Springs is greater than 120 cubic feet per second. Deletes existing text regarding requirements for the mechanisms of a plan for critical period management.

SECTION 5.07. Amends Sections 1.29(b) and (i), Section 626, Acts of the 73rd Legislature, Regular Session, 1993, to authorize each water district governed by Chapter 36, rather than 52, Water Code, that is within the authority's boundaries to contract with the authority to pay expenses of the authority through taxes in lieu of user fees to be paid by water users in the district. Makes a conforming change.

SECTION 5.08. Amends Section 1.45(a), Chapter 626, Acts of the 73rd Legislature, Regular Session, 1993, to make conforming changes.

SECTION 5.09. Repealer: (1) Sections 1.14 (b) (relating to the amount of permitted withdrawals from the aquifer), and (d) (relating to authorizing the authority to increase the maximum amount of withdrawals), Chapter 626, Acts of the 73rd Legislature, Regular Session, 1993;

(2) Section 1.19(c) (relating to prohibiting a holder of a term permit from withdrawing from the Uvalde pool), Chapter 626, Acts of the 73rd Legislature, Regular Session, 1993; and

(3) Sections 1.29 (a) (relating to requiring the cost of reducing withdrawals or permit retirements), (c) (relating to authorizing the authority to assess an equitable special fee), (d) (relating to requiring the commission to assess equitable special fees), and (h) (relating to prohibiting the use of special fees) Chapter 626, Acts of the 73rd Legislature, Regular Session, 1993.

ARTICLE 6. EFFECTIVE DATE.

SECTION 6.01. Effective date: September 1, 2005, except as otherwise provided by this Act.