I certify this to be a true and correct copy of the indicated document as referred or transmitted to committee.

Chief Clerk of the House

By: Joe C. Pickett

FILED MAR 14 2003

H.B. No. 3442

A BILL TO BE ENTITLED

AN ACT

relating to statutory authority to reduce appropriations made by the legislature to certain governmental entities.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. GENERAL AUTHORITY. Notwithstanding any statute to the contrary, the legislature, in its discretion, may determine the amount of each appropriation of state funds. The amounts required by statute for entities that receive state funds under Article VI of the General Appropriations Act may be reduced or eliminated in order to achieve a balanced budget.

SECTION 2. TEXAS ANIMAL HEALTH COMMISSION. (a) The Texas Animal Health Commission shall reduce its expenditures of state money related to regulating equine riding stables.

(b) Chapter 2053, Occupations Code, is repealed.

SECTION 3. GENERAL LAND OFFICE. (a) The General Land Office shall reduce its expenditures of state money related to its trustee program and coastal erosion control.

(b) Section 40.151(e), Natural Resources Code, is amended to read as follows:

(e) When the balance of the fund reaches $40 [~~$25~~] million, income on the investment, in an amount not to exceed $5 million, shall be transferred to the Railroad Commission of Texas for the oil-field cleanup fund. Income on the investment of that $40 [~~$25~~] million in excess of $5 million shall be credited to the fund.

(c) Section 40.152, Natural Resources Code, is amended to read as follows:

Sec. 40.152. USE OF FUND. [~~(a)~~] Money in the fund may be disbursed for the following purposes [~~and no others~~]:

(1) administrative expenses, personnel and training expenses, and equipment maintenance and operating costs related to implementation and enforcement of this chapter;

(2) response costs related to abatement and containment of actual or threatened unauthorized discharges of oil incidental to unauthorized discharges of hazardous substances;

(3) response costs and damages related to actual or threatened unauthorized discharges of oil;

(4) assessment, restoration, rehabilitation, or replacement of or mitigation of damage to natural resources damaged by an unauthorized discharge of oil;

(5) in an amount not to exceed $50,000 annually, the small spill education program;

(6) in an amount not to exceed $1,250,000 annually, interagency contracts under Section 40.302;

(7) the purchase of response equipment under Section 40.105 within two years of the effective date of this chapter, in an amount not to exceed $4 million; thereafter, for the purchase of equipment to replace equipment that is worn or obsolete;

(8) an inventory under Section 40.107, to be completed by September 1, 1995, in an amount not to exceed $6 million;

(9) other costs and damages authorized by this chapter; and

(10) in an amount not to exceed the interest accruing to the fund annually, erosion response projects under Subchapter H, Chapter 33.

[~~(b) There is hereby appropriated from the fund to the General Land Office, subject to this section, the amounts specified for the purposes of Subdivisions (5) and (6) of Subsection (a) of this section, $2.5 million for administrative costs under this chapter for the two-year period beginning with the effective date of this chapter, and the actual amounts necessary to pay response costs and damages as provided in this chapter.~~]

SECTION 4. PARKS AND WILDLIFE DEPARTMENT. (a) The Parks and Wildlife Department shall reduce its expenditures by reducing the amounts of state money used for local park grants.

(b) Section 11.035(b), Parks and Wildlife Code, is amended to read as follows:

(b) The department shall deposit to the credit of the state parks account all revenue, less allowable costs, received from the following sources:

(1) grants or operation of concessions in state parks or fishing piers;

(2) publications on state parks, state historic sites, or state scientific areas;

(3) fines or penalties received from violations of regulations governing parks issued pursuant to Subchapter B, Chapter 13, of this code;

(4) fees and revenue collected under Section 11.027(b) or (c) of this code that are associated with state park lands; <u>and</u>

(5) [~~$1,125,000 per month and 40 percent of the amount above $27 million per year of credits made to the department under Section 151.801, Tax Code; and~~

[~~(6)~~] any other source provided by law.

(c) Section 24.003, Parks and Wildlife Code, is amended to read as follows:

Sec. 24.003. ACCOUNT REVENUE SOURCE. The department shall deposit to the credit of the Texas recreation and parks account amounts as[~~:~~

[~~(1) $1,125,000 per month and 40 percent of the amount above $27 million per year of credits made to the department under Section 151.801, Tax Code; or~~

[~~(2) any other source~~] authorized by law.

(d) Section 151.801(c), Tax Code, is amended to read as follows:

(c) The proceeds from the collection of the taxes imposed by this chapter on the sale, storage, or use of sporting goods shall be [~~deposited as follows:~~

[~~(1) For the period beginning September 1, 1993, and ending August 31, 1995, an amount equal to 50 cents per 1,000 cigarettes shall be deposited to the credit of the general revenue fund, state parks account, and an amount equal to 50 cents per 1,000 cigarettes shall be deposited to the credit of the general revenue fund, Texas recreation and parks account, and the balance shall be retained in the general revenue fund.~~

[~~(2) Beginning September 1, 1995, the taxes collected shall be~~] credited to the Parks and Wildlife Department [~~and~~

~~deposited as specified in the Parks and Wildlife Code. The comptroller shall not credit in excess of $32 million in sporting goods tax revenue annually to the Parks and Wildlife Department~~].

SECTION 5. RAILROAD COMMISSION OF TEXAS. The Railroad Commission of Texas shall reduce its expenditures of state money by:

(1) combining its oil spill response functions with those of the General Land Office;

(2) imposing user fees and operations fees on railroads in this state for use in rail safety programs adopted by the Railroad Commission of Texas; and

(3) imposing pipeline safety fees on pipeline consumers and operators to be used for pipeline safety programs adopted by the Railroad Commission of Texas.

SECTION 6. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2003.

HOUSE COMMITTEE REPORT

03 MAY -7 PM 7:36
HOUSE OF REPRESENTATIVES

1st Printing

By: Pickett H.B. No. 3442

Substitute the following for H.B. No. 3442:

By: Pickett C.S.H.B. No. 3442

A BILL TO BE ENTITLED

AN ACT

relating to granting statutory authority to certain governmental entities to reduce certain expenditures and to impose charges in amounts sufficient to recover costs.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. REDUCTION OF EXPENDITURES AND IMPOSITION OF CHARGES GENERALLY. (a) This section applies to any state agency that receives an appropriation under Article VI of the General Appropriations Act.

(b) Notwithstanding any other statute of this state, each state agency to which this section applies is authorized to reduce or recover expenditures by:

(1) consolidating any reports or publications the agency is required to make and filing or delivering any of those reports or publications exclusively by electronic means;

(2) extending the effective period of any license, permit, or registration the agency grants or administers;

(3) entering into a contract with another governmental entity or with a private vendor to carry out any of the agency's duties;

(4) adopting additional eligibility requirements for persons who receive benefits under any law the agency administers to ensure that those benefits are received by the most deserving persons consistent with the purposes for which the benefits are

provided;

(5) providing that any communication between the agency and another person and any document required to be delivered to or by the agency, including any application, notice, billing statement, receipt, or certificate, may be made or delivered by electronic mail or through the Internet; and

(6) adopting and collecting fees or charges to cover any costs the agency incurs in performing its lawful functions.

SECTION 2. TEXAS ANIMAL HEALTH COMMISSION; DUTIES REGARDING RIDING STABLES. (a) The Texas Animal Health Commission shall reduce its expenditures of state money related to regulating equine riding stables.

(b) Chapter 2053, Occupations Code, is repealed.

SECTION 3. ADMINISTRATIVE HEARINGS OF RAILROAD COMMISSION OF TEXAS. Section 102.006, Utilities Code, is amended to read as follows:

Sec. 102.006. [~~POWERS AND DUTIES OF STATE OFFICE OF~~] ADMINISTRATIVE HEARINGS IN CONTESTED CASES. (a) The railroad commission by rule shall provide for administrative hearings in contested cases to be conducted by one or more members of the railroad commission, by railroad commission hearings examiners, or by the [~~The~~] utility division of the State Office of Administrative Hearings. The rules must provide for a railroad commission hearings examiner or the utility division of the State Office of Administrative Hearings to [~~shall~~] conduct each hearing in a contested case that is not conducted by one or more members of the railroad commission. A hearing must be conducted in accordance

with the rules and procedures adopted by the railroad commission.

(b) The railroad commission may delegate to a railroad commission hearings examiner or to the utility division of the State Office of Administrative Hearings the authority to make a final decision and to issue findings of fact, conclusions of law, and other necessary orders in a proceeding in which there is not a contested issue of fact or law.

(c) The railroad commission by rule shall define the procedures by which it delegates final decision-making authority under Subsection (b) to a railroad commission hearings examiner or to the utility division of the State Office of Administrative Hearings.

(d) For purposes of judicial review, the [~~an administrative law judge's~~] final decision of a railroad commission hearings examiner or an administrative law judge of the State Office of Administrative Hearings in a matter delegated under Subsection (b) has the same effect as a final decision of the railroad commission unless a member of the commission requests formal review of the decision.

(e) The State Office of Administrative Hearings shall charge the railroad commission a fixed annual rate for hearings conducted by the office under this section only if the legislature appropriates money for that purpose. If the legislature does not appropriate money for the payment of a fixed annual rate under this section, the State Office of Administrative Hearings shall charge the railroad commission an hourly rate for hearings conducted by the office under this section.

SECTION 4. EFFECTIVE DATE. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2003.

COMMITTEE REPORT

5/6/03
(date)

The Honorable Tom Craddick
Speaker of the House of Representatives
Sir:

We, your COMMITTEE ON APPROPRIATIONS
to whom was referred HB 3442 have had the same under consideration and beg to report back with the recommendation that it

( ) do pass, without amendment.
( ) do pass, with amendment(s).
(X) do pass and be not printed; a Complete Committee Substitute is recommended in lieu of the original measure.

(X) yes ( ) no A fiscal note was requested.

( ) yes (X) no A criminal justice policy impact statement was requested.

( ) yes (X) no An equalized educational funding impact statement was requested.

( ) yes (X) no An actuarial analysis was requested.

( ) yes (X) no A water development policy impact statement was requested.

(X) yes ( ) no A tax equity note was requested.

( ) The Committee recommends that this measure be sent to the Committee on Local and Consent Calendars.

For Senate Measures: House Sponsor _____

Joint Sponsors: _____ / _____ / _____ / _____

Co-Sponsors: _____

The measure was reported from Committee by the following vote:

	AYE	NAY	PNV	ABSENT
Heflin, Chair	X			
Luna, Vice-chair	X			
Berman	X			
Branch	X			
Brown, B.	X			
Brown, F.	X			
Crownover	X			
Davis, J.	X			
Deshotel	X			
Dukes				X
Eiland				X
Ellis	X			
Gutierrez				X
Hamric	X			
Hope	X			
Hupp	X			
Isett	X			
Jones, E.				X
Kolkhorst				X
McClendon				X
Menendez				X
Pickett	X			
Pitts	X			
Raymond				X
Solis				X
Stick	X			
Truitt				X
Turner				X
Wohlgemuth	X			

Total
18 aye
0 nay
0 present, not voting
11 absent

CHAIR

BILL ANALYSIS

C.S.H.B. 3442
By: Pickett
Appropriations
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Due to the current budget shortfall, state agencies and institutions of higher education were asked to prioritize spending based on core functions and essential services. The committee looked to these priorities in preparation of the budget; however, certain statutory changes are also needed to conform with appropriations levels in the 2004-05 General Appropriations Act. Committee Substitute House Bill 3442 authorizes these statutory changes for the natural resources agencies listed under Article VI of the 2004-05 General Appropriations Act.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Railroad Commission in SECTION 3 (Section 102.006, Utilities Code) of this substitute. It is the committee's opinion that rulemaking authority expressly granted to the Railroad Commission is modified in SECTION 3 (Section 102.006, Utilities Code) of this substitute.

ANALYSIS

Committee Substitute House Bill 3442 authorizes any state agency that receives an appropriation under Article VI of the General Appropriations Act to reduce or recover expenditures by (1) consolidating reports or publications the agency is required to make, and filing or delivering any of those reports or publications exclusively by electronic means; (2) extending the effective period of any license, permit, or registration the agency grants or administers; (3) contracting services with other governmental entities or to private vendors; (4) adopting additional eligibility requirements for benefits; (5) requiring all communications with state agencies be made electronically; and (6) adopting fees to cover any costs the agency incurs in performing its duties.

Committee Substitute House Bill 3442 directs the Texas Animal Health Commission to reduce its expenditures of state money related to regulating equine riding stables and repeals the Riding Stables Chapter of the Occupations Code.

Committee Substitute House Bill 3442 requires the Railroad Commission by rule to provide for administrative hearings in contested cases to be conducted by one or more members of the Railroad Commission, Railroad Commission Hearings Examiners, or by the utility division of the State Office of Administrative Hearings. This substitute also requires the above-referenced rules to provide for a Railroad Commission Hearings Examiner or the utility division of the State Office of Administrative Hearings to conduct contested case hearings that are not conducted by a member or members of the Railroad Commission.

Committee Substitute House Bill 3442 allows the Railroad Commission to delegate to a Railroad Commission Hearings Examiner or to the utility division of the State Office of Administrative Hearings the authority to make a final decision and to issue findings and orders in a proceeding in which there is no contested issue of fact or law. This substitute also requires the Railroad Commission by rule to define the procedures by which it delegates final decision-making authority to a Railroad Commission Hearings Examiner or the utility division of the State Office of Administrative Hearings.

Committee Substitute House Bill 3442 establishes that, for the purposes of judicial review, final decisions of a Railroad Commission Hearings Examiner or an Administrative Law Judge of the State Office of Administrative Hearings in a proceeding in which there is no contested issue of fact or law are the same as a final decision of the Railroad Commission unless a formal review of the decision is requested by a Commission member.

Committee Substitute House Bill 3442 requires the State Office of Administrative Hearings to charge the Railroad Commission a fixed annual rate for hearings conducted by the office if a legislative appropriation is made for that purpose. If a legislative appropriation is not made for that purpose, the State Office of Administrative Hearings is required to charge the Railroad Commission an hourly rate for hearings conducted by the office under this section.

EFFECTIVE DATE

Upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2003.

COMPARISON OF ORIGINAL TO SUBSTITUTE

Committee Substitute House Bill 3442 modifies the original by adding language that authorizes any state agency that receives an appropriation under Article VI of the General Appropriations Act to reduce or recover expenditures by (1) consolidating reports or publications the agency is required to make, and filing or delivering any of those reports or publications exclusively by electronic means; (2) extending the effective period of any license, permit, or registration the agency grants or administers; (3) contracting services with other governmental entities or to private vendors; (4) adopting additional eligibility requirements for benefits; (5) requiring all communications with state agencies be made electronically; and (6) adopting fees to cover any costs the agency incurs in performing its duties.

Committee Substitute House Bill 3442 modifies the original by adding language that requires (1) the Railroad Commission by rule to provide for administrative hearings in contested cases to be conducted by one or more members of the Railroad Commission, Railroad Commission Hearings Examiners, or by the utility division of the State Office of Administrative Hearings and (2) the above-referenced rules to provide for a Railroad Commission Hearings Examiner or the utility division of the State Office of Administrative Hearings to conduct contested case hearings that are not conducted by a member or members of the Railroad Commission.

Committee Substitute House Bill 3442 modifies the original by adding language that (1) allows the Railroad Commission to delegate to a Railroad Commission Hearings Examiner or to the utility division of the State Office of Administrative Hearings the authority to make a final decision and to issue findings and orders in a proceeding in which there is no contested issue of fact or law, and (2) requires the Railroad Commission by rule to define the procedures by which it delegates final decision-making authority to a Railroad Commission Hearings Examiner or the utility division of the State Office of Administrative Hearings.

Committee Substitute House Bill 3442 modifies the original by adding language that establishes that, for the purposes of judicial review, final decisions of a Railroad Commission Hearings Examiner or an Administrative Law Judge of the State Office of Administrative Hearings in a proceeding in which there is no contested issue of fact or law are the same as a final decision of the Railroad Commission unless a formal review of the decision is requested by a Commission member.

Committee Substitute House Bill 3442 modifies the original by adding language that requires the State Office of Administrative Hearings to charge the Railroad Commission a fixed annual rate for hearings conducted by the office if a legislative appropriation is made for that purpose, and that, if a legislative appropriation is not made for that purpose, the State Office of Administrative Hearings is required to charge the Railroad Commission an hourly rate for hearings conducted by

the office under this section.

Committee Substitute House Bill 3442 modifies the original by removing language that authorizes the legislature to reduce statutory amounts going to Article VI state agencies if necessary to balance the budget.

Committee Substitute House Bill 3442 modifies the original by removing language that directs the General Land Office to reduce its expenditures related to its trustee program and coastal erosion control and amends the Natural Resources Code to require that when the balance of the Coastal Protection Fund reaches $40 million, income on the investment, in an amount not to exceed $5 million, will be transferred to the Railroad Commission for the Oil-Field Cleanup Fund and income in excess of $5 million will be credited to Coastal Protection Fund. This substitute also modifies the original by removing language that amends the Natural Resources Code by deleting language that limits the use of the Coastal Protection Fund to those listed in the statute and that requires the fund to be used specifically for protecting beaches and natural resources.

Committee Substitute House Bill 3442 modifies the original by removing language that (1) directs the Parks and Wildlife Department to reduce expenditures by reducing the amounts used for local park grants; (2) amends the Parks and Wildlife Code to eliminate sales tax revenue as a source of funds for the states parks account and the Texas recreation and parks account; and (3) amends the Tax Code to require that all revenue from the sales, storage, and use taxes on sporting goods be credited to the Parks and Wildlife Department.

Committee Substitute House Bill 3442 modifies the original by removing language that directs the Railroad Commission to reduce expenditures by combining its oil spill response functions with the General Land Office, imposing user and operation fees on railroads for use in rail safety programs adopted by the commission, and imposing pipeline safety fees on pipeline consumers and operators for pipeline safety programs adopted by the commission.

SUMMARY OF COMMITTEE ACTION

HB 3442

April 30, 2003 7:00AM

Considered in public hearing
Testimony taken in committee (See attached witness list.)
Left pending in committee

May 6, 2003 7:00AM

Considered in formal meeting
Committee substitute considered in committee
Reported favorably as substituted

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WITNESS LIST

HB 3442
HOUSE COMMITTEE REPORT
Appropriations Committee

April 30, 2003 - 7:00AM
Against: Lord, Michal Anne (Texas Recreation and Park Society)

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LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 7, 2003

TO: Honorable Talmadge Heflin, Chair, House Committee on Appropriations

FROM: John Keel, Director, Legislative Budget Board

IN RE: **HB3442** by Pickett (Relating to granting statutory authority to certain governmental entities to reduce certain expenditures and to impose charges in amounts sufficient to recover costs.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3442, Committee Report 1st House, Substituted: a positive impact of $505,426 through the biennium ending August 31, 2005.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

Estimated savings should be compared to funding levels sufficient to conform to current policies and law. Estimated savings should not be compared to agency Initial General Revenue/Building Block requests.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	$252,713
2005	$252,713
2006	$252,713
2007	$252,713
2008	$252,713

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from *GENERAL REVENUE FUND* 1	Probable Savings from *GENERAL REVENUE FUND* 1
2004	($21,200)	$273,913
2005	($21,200)	$273,913
2006	($21,200)	$273,913
2007	($21,200)	$273,913
2008	($21,200)	$273,913

Fiscal Analysis

The bill would repeal statute relating to equine riding stables and would amend statute to allow contested hearings for the Railroad Commission to be conducted by one or more members of the Railroad Commission, Railroad Commission hearings examiners, or the utility division of the State Office of Administrative Hearings (SOAH).

In addition, the bill would authorize state agencies to reduce or recover expenditures by consolidating

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reports or publications for filing purposes, extending the effective period for any license, permit or registration; entering into contracts with another governmental entities or private vendors to carry out an agency's duties; adopting additional eligibility requirements for distribution of benefits to eligible persons; providing for electronic communication of items such as applications, notices, billing statements, receipts and certificates; and adopting and collecting fees or charges to recover costs incurred an agency.

Methodology

Animal Health Commission -- Riding Stables

Implementation of the bill would result in a loss to the General Revenue Fund of $21,200 and a savings of $26,413 out of the General Revenue Fund each year beginning in fiscal year 2004.

Railroad Commission -- Administrative Hearings

Provisions of the bill relating to administrative hearings would result in a savings of $247,500 out of the General Revenue Fund each year, assuming the contested hearings would be conducted by Railroad commissioners or hearings examiners and costs would be absorbed within remaining appropriations. This amount is based on an anticipated 2,750 hours of work the Railroad Commission would refer to SOAH each year at a rate of $90 per hour.

The Railroad Commission would have authority to enter into an annual contract with SOAH at a fixed rate if the legislature makes an appropriation for that purpose. In this case, the savings to the state would depend on the amount appropriated. If the legislature does not make such an appropriation, the Railroad Commission could enter into a contract with SOAH at an hourly rate. In this case, savings would occur to the extent that the Railroad Commission would refer fewer than 2,750 hours worth of work per year to the SOAH.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 360 State Office of Administrative Hearings
LBB Staff: JK, SD, TL, MS

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LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION
Revision 1

April 29, 2003

TO: Honorable Talmadge Heflin, Chair, House Committee on Appropriations

FROM: John Keel, Director, Legislative Budget Board

IN RE: **HB3442** by Pickett (Relating to statutory authority to reduce appropriations made by the legislature to certain governmental entities.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3442, As Introduced: a negative impact of ($108,532,584) through the biennium ending August 31, 2005.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	($52,330,442)
2005	($56,202,142)
2006	($60,330,792)
2007	($64,384,142)
2008	($68,672,142)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/ (Cost) from *GENERAL REVENUE FUND* 1	Probable Revenue Gain/(Loss) from *GENERAL REVENUE FUND* 1	Probable Revenue Gain/(Loss) from *COASTAL PROTECTION ACCT* 27	Probable Savings/ (Cost) from *COASTAL PROTECTION ACCT* 27
2004	$7,969,203	($60,299,645)	$6,362,000	($7,942,790)
2005	$7,969,203	($64,171,345)	$6,082,000	($7,942,790)
2006	$7,969,203	($68,299,995)	$23,560,000	($7,942,790)
2007	$7,969,203	($72,353,345)	($5,501,000)	($7,942,790)
2008	$7,969,203	($76,641,345)	$17,653,000	($7,942,790)

Fiscal Year	Probable Revenue Gain/(Loss) from *STATE PARKS ACCT* 64	Probable Revenue Gain/(Loss) from *LOCAL PARKS ACCOUNT* 467	Probable Revenue Gain/(Loss) from *PARKS/WILDLIFE CAP ACCT* 5004
2004	($15,500,000)	($15,500,000)	$94,150,000
2005	($15,500,000)	($15,500,000)	$98,020,000
2006	($15,000,000)	($15,500,000)	$102,079,000
2007	($15,500,000)	($15,500,000)	$106,202,000
2008	($15,500,000)	($15,500,000)	$110,490,000

Fiscal Analysis

The bill would require several Article VI agencies to reduce or eliminate expenditures as follows:

The bill would require that: (1) the Animal Health Commission reduce expenditures related to riding stables; (2) the General Land Office and Trusteed Programs within the General Land Office reduce expenditures paid for coastal erosion control and its trusteed program; (3) the Natural Resources Code be amended to increase the ceiling of the Coastal Protection Account from $25 million to $40 million; (4) the Parks and Wildlife Department reduce expenditures for local park grants; (5) the Parks and Wildlife Code be amended relating to money received from cigarette taxes and deposits to the State Parks Account, and the Texas Recreation and Parks Account; and (6) the Railroad Commission reduce expenditures relating oil spill response, consolidate oil spill response activities with the General Land Office, and implement fees for rail and pipeline safety programs.

Methodology

Animal Health Commission -- Revenue loss of $21,200 and a reduction in expenditures of $26,413 out of General Revenue Funds each fiscal year.

General Land Office -- Revenue increases each fiscal year out of the Coastal Protection Account No 027, with the exception of fiscal year 2007 when revenue collections would reach $40 million and cease. Increased costs out of the Coastal Protection Account of $7,942,790 each fiscal year, which would offset existing costs out of the General Revenue Fund.

Parks and Wildlife -- Removal of the $32 million annual cap on sales tax on sporting goods transferred to the Texas Parks and Wildlife Department and removal of the allocation of sporting good sales tax to the GR-dedicated State Parks and the Texas Recreation and Parks accounts would result in these revenues being deposited to the credit of the Texas Parks and Wildlife Conservation and Capital Account No. 5004.

Railroad Commission -- Revenue increases in the General Revenue Fund of approximately $2.8 million each fiscal year to offset existing costs related to the rail and pipeline safety programs. There would be no significant fiscal implications to consolidating the oil spill response functions.

The Comptroller of Public Accounts projects costs of $137,010 to notify taxpayers of these changes. However, for the purposes of this fiscal note, it is anticipated the these costs could be absorbed within current resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies:	304 Comptroller of Public Accounts, 305 General Land Office and Veterans' Land Board, 455 Railroad Commission, 554 Animal Health Commission, 802 Parks and Wildlife Department
LBB Staff:	JK, JO, SD, MS

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LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 29, 2003

TO: Honorable Talmadge Heflin, Chair, House Committee on Appropriations

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB3442 by Pickett (Relating to statutory authority to reduce appropriations made by the legislature to certain governmental entities.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3442, As Introduced: a negative impact of ($124,470,990) through the biennium ending August 31, 2005.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	($60,299,645)
2005	($64,171,345)
2006	($68,299,995)
2007	($72,353,345)
2008	($76,641,345)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from *GENERAL REVENUE FUND* 1	Probable Revenue Gain/(Loss) from *COASTAL PROTECTION ACCT* 27	Probable Savings/ (Cost) from *COASTAL PROTECTION ACCT* 27	Probable Revenue Gain/(Loss) from *STATE PARKS ACCT* 64
2004	($60,299,645)	$6,362,000	($7,942,790)	($15,500,000)
2005	($64,171,345)	$6,082,000	($7,942,790)	($15,500,000)
2006	($68,299,995)	$23,560,000	($7,942,790)	($15,000,000)
2007	($72,353,345)	($5,501,000)	($7,942,790)	($15,500,000)
2008	($76,641,345)	$17,653,000	($7,942,790)	($15,500,000)

Fiscal Year	Probable Revenue Gain/(Loss) from *LOCAL PARKS ACCOUNT* 467	Probable Revenue Gain/(Loss) from *PARKS/WILDLIFE CAP ACCT* 5004
2004	($15,500,000)	$94,150,000
2005	($15,500,000)	$98,020,000
2006	($15,500,000)	$102,079,000
2007	($15,500,000)	$106,202,000
2008	($15,500,000)	$110,490,000

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Fiscal Analysis

The bill would require several Article VI agencies to reduce or eliminate expenditures as follows:

The bill would require that: (1) the Animal Health Commission reduce expenditures related to riding stables; (2) the General Land Office and Trusteed Programs within the General Land Office reduce expenditures paid for coastal erosion control and its trusteed program; (3) the Natural Resources Code be amended to increase the ceiling of the Coastal Protection Account from $25 million to $40 million; (4) the Parks and Wildlife Department reduce expenditures for local park grants; (5) the Parks and Wildlife Code be amended relating to money received from cigarette taxes and deposits to the State Parks Account, and the Texas Recreation and Parks Account; and (6) the Railroad Commission reduce expenditures relating oil spill response, consolidate oil spill response activities with the General Land Office, and implement fees for rail and pipeline safety programs.

Methodology

Animal Health Commission -- Revenue loss of $21,200 and a reduction in expenditures of $26,413 out of General Revenue Funds each fiscal year.

General Land Office -- Revenue increases each fiscal year out of the Coastal Protection Account No 027, with the exception of fiscal year 2007 when revenue collections would reach $40 million and cease. Increased costs out of the Coastal Protection Account of $7,942,790 each fiscal year, which would offset existing costs out of the General Revenue Fund.

Parks and Wildlife -- Removal of the $32 million annual cap on sales tax on sporting goods transferred to the Texas Parks and Wildlife Department and removal of the allocation of sporting good sales tax to the GR-dedicated State Parks and the Texas Recreation and Parks accounts would result in these revenues being deposited to the credit of the Texas Parks and Wildlife Conservation and Capital Account No. 5004.

Railroad Commission -- Revenue increases in the General Revenue Fund of approximately $2.8 million each fiscal year to offset existing costs related to the rail and pipeline safety programs. There would be no significant fiscal implications to consolidating the oil spill response functions.

The Comptroller of Public Accounts projects costs of $137,010 to notify taxpayers of these changes. However, for the purposes of this fiscal note, it is anticipated the these costs could be absorbed within current resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 305 General Land Office and Veterans' Land Board, 455 Railroad Commission, 554 Animal Health Commission, 802 Parks and Wildlife Department

LBB Staff: JK, JO, SD, MS

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LEGISLATIVE BUDGET BOARD
Austin, Texas

TAX/FEE EQUITY NOTE

78TH LEGISLATIVE REGULAR SESSION

May 7, 2003

TO: Honorable Talmadge Heflin, Chair, House Committee on Appropriations

FROM: John Keel, Director, Legislative Budget Board

IN RE: **HB3442** by Pickett (Relating to granting statutory authority to certain governmental entitiesto reduce certain expenditures and to impose charges in amounts sufficient to recover costs.), **Committee Report 1st House, Substituted**

No statistically significant impact on the overall distribution of a state tax or fee burden among individuals and businesses is anticipated from the provisions of this bill.

Source Agencies:
LBB Staff: JK, SJS

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ENGROSSED RIDER NO. 1

ADOPTED

MAY 10 2003

Robert Haney
Chief Clerk
House of Representatives

By: Pickett H.B. No. 3442

Substitute the following for H.B. No. 3442:

By: Pickett C.S.H.B. No. 3442

A BILL TO BE ENTITLED

AN ACT

relating to granting statutory authority to certain governmental entities to reduce certain expenditures and to impose charges in amounts sufficient to recover costs.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. REDUCTION OF EXPENDITURES AND IMPOSITION OF CHARGES GENERALLY. (a) This section applies to any state agency that receives an appropriation under Article VI of the General Appropriations Act.

(b) Notwithstanding any other statute of this state, each state agency to which this section applies is authorized to reduce or recover expenditures by:

(1) consolidating any reports or publications the agency is required to make and filing or delivering any of those reports or publications exclusively by electronic means;

(2) extending the effective period of any license, permit, or registration the agency grants or administers;

(3) entering into a contract with another governmental entity or with a private vendor to carry out any of the agency's duties;

(4) adopting additional eligibility requirements for persons who receive benefits under any law the agency administers to ensure that those benefits are received by the most deserving persons consistent with the purposes for which the benefits are

provided;

(5) providing that any communication between the agency and another person and any document required to be delivered to or by the agency, including any application, notice, billing statement, receipt, or certificate, may be made or delivered by electronic mail or through the Internet; and

(6) adopting and collecting fees or charges to cover any costs the agency incurs in performing its lawful functions.

SECTION 2. TEXAS ANIMAL HEALTH COMMISSION; DUTIES REGARDING RIDING STABLES. (a) The Texas Animal Health Commission shall reduce its expenditures of state money related to regulating equine riding stables.

(b) Chapter 2053, Occupations Code, is repealed.

SECTION 3. ADMINISTRATIVE HEARINGS OF RAILROAD COMMISSION OF TEXAS. Section 102.006, Utilities Code, is amended to read as follows:

Sec. 102.006. [~~POWERS AND DUTIES OF STATE OFFICE OF~~] ADMINISTRATIVE HEARINGS IN CONTESTED CASES. (a) The railroad commission by rule shall provide for administrative hearings in contested cases to be conducted by one or more members of the railroad commission, by railroad commission hearings examiners, or by the [~~The~~] utility division of the State Office of Administrative Hearings. The rules must provide for a railroad commission hearings examiner or the utility division of the State Office of Administrative Hearings to [~~shall~~] conduct each hearing in a contested case that is not conducted by one or more members of the railroad commission. A hearing must be conducted in accordance

with the rules and procedures adopted by the railroad commission.

(b) The railroad commission may delegate to a railroad commission hearings examiner or to the utility division of the State Office of Administrative Hearings the authority to make a final decision and to issue findings of fact, conclusions of law, and other necessary orders in a proceeding in which there is not a contested issue of fact or law.

(c) The railroad commission by rule shall define the procedures by which it delegates final decision-making authority under Subsection (b) to a railroad commission hearings examiner or to the utility division of the State Office of Administrative Hearings.

(d) For purposes of judicial review, the [~~an administrative law judge's~~] final decision of a railroad commission hearings examiner or an administrative law judge of the State Office of Administrative Hearings in a matter delegated under Subsection (b) has the same effect as a final decision of the railroad commission unless a member of the commission requests formal review of the decision.

(e) The State Office of Administrative Hearings shall charge the railroad commission a fixed annual rate for hearings conducted by the office under this section only if the legislature appropriates money for that purpose. If the legislature does not appropriate money for the payment of a fixed annual rate under this section, the State Office of Administrative Hearings shall charge the railroad commission an hourly rate for hearings conducted by the office under this section.

SECTION 4. EFFECTIVE DATE. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2003.

F

HOUSE ENGROSSMENT

By: Pickett H.B. No. 3442

A BILL TO BE ENTITLED

AN ACT

relating to granting statutory authority to certain governmental entities to reduce certain expenditures and to impose charges in amounts sufficient to recover costs.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. REDUCTION OF EXPENDITURES AND IMPOSITION OF CHARGES GENERALLY. (a) This section applies to any state agency that receives an appropriation under Article VI of the General Appropriations Act.

(b) Notwithstanding any other statute of this state, each state agency to which this section applies is authorized to reduce or recover expenditures by:

(1) consolidating any reports or publications the agency is required to make and filing or delivering any of those reports or publications exclusively by electronic means;

(2) extending the effective period of any license, permit, or registration the agency grants or administers;

(3) entering into a contract with another governmental entity or with a private vendor to carry out any of the agency's duties;

(4) adopting additional eligibility requirements for persons who receive benefits under any law the agency administers to ensure that those benefits are received by the most deserving persons consistent with the purposes for which the benefits are

provided;

(5) providing that any communication between the agency and another person and any document required to be delivered to or by the agency, including any application, notice, billing statement, receipt, or certificate, may be made or delivered by electronic mail or through the Internet; and

(6) adopting and collecting fees or charges to cover any costs the agency incurs in performing its lawful functions.

SECTION 2. TEXAS ANIMAL HEALTH COMMISSION; DUTIES REGARDING RIDING STABLES. (a) The Texas Animal Health Commission shall reduce its expenditures of state money related to regulating equine riding stables.

(b) Chapter 2053, Occupations Code, is repealed.

SECTION 3. ADMINISTRATIVE HEARINGS OF RAILROAD COMMISSION OF TEXAS. Section 102.006, Utilities Code, is amended to read as follows:

Sec. 102.006. [~~POWERS AND DUTIES OF STATE OFFICE OF~~] ADMINISTRATIVE HEARINGS IN CONTESTED CASES. (a) The railroad commission by rule shall provide for administrative hearings in contested cases to be conducted by one or more members of the railroad commission, by railroad commission hearings examiners, or by the [~~The~~] utility division of the State Office of Administrative Hearings. The rules must provide for a railroad commission hearings examiner or the utility division of the State Office of Administrative Hearings to [~~shall~~] conduct each hearing in a contested case that is not conducted by one or more members of the railroad commission. A hearing must be conducted in accordance

with the rules and procedures adopted by the railroad commission.

(b) The railroad commission may delegate to a railroad commission hearings examiner or to the utility division of the State Office of Administrative Hearings the authority to make a final decision and to issue findings of fact, conclusions of law, and other necessary orders in a proceeding in which there is not a contested issue of fact or law.

(c) The railroad commission by rule shall define the procedures by which it delegates final decision-making authority under Subsection (b) to a railroad commission hearings examiner or to the utility division of the State Office of Administrative Hearings.

(d) For purposes of judicial review, the [~~an administrative law judge's~~] final decision of a railroad commission hearings examiner or an administrative law judge of the State Office of Administrative Hearings in a matter delegated under Subsection (b) has the same effect as a final decision of the railroad commission unless a member of the commission requests formal review of the decision.

(e) The State Office of Administrative Hearings shall charge the railroad commission a fixed annual rate for hearings conducted by the office under this section only if the legislature appropriates money for that purpose. If the legislature does not appropriate money for the payment of a fixed annual rate under this section, the State Office of Administrative Hearings shall charge the railroad commission an hourly rate for hearings conducted by the office under this section.

SECTION 4. EFFECTIVE DATE. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2003.

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 7, 2003

TO: Honorable Talmadge Heflin, Chair, House Committee on Appropriations

FROM: John Keel, Director, Legislative Budget Board

IN RE: **HB3442** by Pickett (Relating to granting statutory authority to certain governmental entities to reduce certain expenditures and to impose charges in amounts sufficient to recover costs.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3442, Committee Report 1st House, Substituted: a positive impact of $505,426 through the biennium ending August 31, 2005.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

Estimated savings should be compared to funding levels sufficient to conform to current policies and law. Estimated savings should not be compared to agency Initial General Revenue/Building Block requests.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	$252,713
2005	$252,713
2006	$252,713
2007	$252,713
2008	$252,713

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from *GENERAL REVENUE FUND* 1	Probable Savings from *GENERAL REVENUE FUND* 1
2004	($21,200)	$273,913
2005	($21,200)	$273,913
2006	($21,200)	$273,913
2007	($21,200)	$273,913
2008	($21,200)	$273,913

Fiscal Analysis

The bill would repeal statute relating to equine riding stables and would amend statute to allow contested hearings for the Railroad Commission to be conducted by one or more members of the Railroad Commission, Railroad Commission hearings examiners, or the utility division of the State Office of Administrative Hearings (SOAH).

In addition, the bill would authorize state agencies to reduce or recover expenditures by consolidating

reports or publications for filing purposes, extending the effective period for any license, permit or registration; entering into contracts with another governmental entities or private vendors to carry out an agency's duties; adopting additional eligibility requirements for distribution of benefits to eligible persons; providing for electronic communication of items such as applications, notices, billing statements, receipts and certificates; and adopting and collecting fees or charges to recover costs incurred an agency.

Methodology

Animal Health Commission – Riding Stables

Implementation of the bill would result in a loss to the General Revenue Fund of $21,200 and a savings of $26,413 out of the General Revenue Fund each year beginning in fiscal year 2004.

Railroad Commission – Administrative Hearings

Provisions of the bill relating to administrative hearings would result in a savings of $247,500 out of the General Revenue Fund each year, assuming the contested hearings would be conducted by Railroad commissioners or hearings examiners and costs would be absorbed within remaining appropriations. This amount is based on an anticipated 2,750 hours of work the Railroad Commission would refer to SOAH each year at a rate of $90 per hour.

The Railroad Commission would have authority to enter into an annual contract with SOAH at a fixed rate if the legislature makes an appropriation for that purpose. In this case, the savings to the state would depend on the amount appropriated. If the legislature does not make such an appropriation, the Railroad Commission could enter into a contract with SOAH at an hourly rate. In this case, savings would occur to the extent that the Railroad Commission would refer fewer than 2,750 hours worth of work per year to the SOAH.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 360 State Office of Administrative Hearings

LBB Staff: JK, SD, TL, MS

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LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION
Revision 1

April 29, 2003

TO: Honorable Talmadge Heflin, Chair, House Committee on Appropriations

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB3442 by Pickett (Relating to statutory authority to reduce appropriations made by the legislature to certain governmental entities.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3442, As Introduced: a negative impact of ($108,532,584) through the biennium ending August 31, 2005.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	($52,330,442)
2005	($56,202,142)
2006	($60,330,792)
2007	($64,384,142)
2008	($68,672,142)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/ (Cost) from *GENERAL REVENUE FUND* 1	Probable Revenue Gain/(Loss) from *GENERAL REVENUE FUND* 1	Probable Revenue Gain/(Loss) from *COASTAL PROTECTION ACCT* 27	Probable Savings/ (Cost) from *COASTAL PROTECTION ACCT* 27
2004	$7,969,203	($60,299,645)	$6,362,000	($7,942,790)
2005	$7,969,203	($64,171,345)	$6,082,000	($7,942,790)
2006	$7,969,203	($68,299,995)	$23,560,000	($7,942,790)
2007	$7,969,203	($72,353,345)	($5,501,000)	($7,942,790)
2008	$7,969,203	($76,641,345)	$17,653,000	($7,942,790)

Fiscal Year	Probable Revenue Gain/(Loss) from *STATE PARKS ACCT* 64	Probable Revenue Gain/(Loss) from *LOCAL PARKS ACCOUNT* 467	Probable Revenue Gain/(Loss) from *PARKS/WILDLIFE CAP ACCT* 5004
2004	($15,500,000)	($15,500,000)	$94,150,000
2005	($15,500,000)	($15,500,000)	$98,020,000
2006	($15,000,000)	($15,500,000)	$102,079,000
2007	($15,500,000)	($15,500,000)	$106,202,000
2008	($15,500,000)	($15,500,000)	$110,490,000

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Fiscal Analysis

The bill would require several Article VI agencies to reduce or eliminate expenditures as follows:

The bill would require that: (1) the Animal Health Commission reduce expenditures related to riding stables; (2) the General Land Office and Trusteed Programs within the General Land Office reduce expenditures paid for coastal erosion control and its trusteed program; (3) the Natural Resources Code be amended to increase the ceiling of the Coastal Protection Account from $25 million to $40 million; (4) the Parks and Wildlife Department reduce expenditures for local park grants; (5) the Parks and Wildlife Code be amended relating to money received from cigarette taxes and deposits to the State Parks Account, and the Texas Recreation and Parks Account; and (6) the Railroad Commission reduce expenditures relating oil spill response, consolidate oil spill response activities with the General Land Office, and implement fees for rail and pipeline safety programs.

Methodology

Animal Health Commission -- Revenue loss of $21,200 and a reduction in expenditures of $26,413 out of General Revenue Funds each fiscal year.

General Land Office -- Revenue increases each fiscal year out of the Coastal Protection Account No 027, with the exception of fiscal year 2007 when revenue collections would reach $40 million and cease. Increased costs out of the Coastal Protection Account of $7,942,790 each fiscal year, which would offset existing costs out of the General Revenue Fund.

Parks and Wildlife -- Removal of the $32 million annual cap on sales tax on sporting goods transferred to the Texas Parks and Wildlife Department and removal of the allocation of sporting good sales tax to the GR-dedicated State Parks and the Texas Recreation and Parks accounts would result in these revenues being deposited to the credit of the Texas Parks and Wildlife Conservation and Capital Account No. 5004.

Railroad Commission -- Revenue increases in the General Revenue Fund of approximately $2.8 million each fiscal year to offset existing costs related to the rail and pipeline safety programs. There would be no significant fiscal implications to consolidating the oil spill response functions.

The Comptroller of Public Accounts projects costs of $137,010 to notify taxpayers of these changes. However, for the purposes of this fiscal note, it is anticipated the these costs could be absorbed within current resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies:	304 Comptroller of Public Accounts, 305 General Land Office and Veterans' Land Board, 455 Railroad Commission, 554 Animal Health Commission, 802 Parks and Wildlife Department
LBB Staff:	JK, JO, SD, MS

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LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 29, 2003

TO: Honorable Talmadge Heflin, Chair, House Committee on Appropriations

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB3442 by Pickett (Relating to statutory authority to reduce appropriations made by the legislature to certain governmental entities.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3442, As Introduced: a negative impact of ($124,470,990) through the biennium ending August 31, 2005.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	($60,299,645)
2005	($64,171,345)
2006	($68,299,995)
2007	($72,353,345)
2008	($76,641,345)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from *GENERAL REVENUE FUND* 1	Probable Revenue Gain/(Loss) from *COASTAL PROTECTION ACCT* 27	Probable Savings/ (Cost) from *COASTAL PROTECTION ACCT* 27	Probable Revenue Gain/(Loss) from *STATE PARKS ACCT* 64
2004	($60,299,645)	$6,362,000	($7,942,790)	($15,500,000)
2005	($64,171,345)	$6,082,000	($7,942,790)	($15,500,000)
2006	($68,299,995)	$23,560,000	($7,942,790)	($15,000,000)
2007	($72,353,345)	($5,501,000)	($7,942,790)	($15,500,000)
2008	($76,641,345)	$17,653,000	($7,942,790)	($15,500,000)

Fiscal Year	Probable Revenue Gain/(Loss) from *LOCAL PARKS ACCOUNT* 467	Probable Revenue Gain/(Loss) from *PARKS/WILDLIFE CAP ACCT* 5004
2004	($15,500,000)	$94,150,000
2005	($15,500,000)	$98,020,000
2006	($15,500,000)	$102,079,000
2007	($15,500,000)	$106,202,000
2008	($15,500,000)	$110,490,000

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Fiscal Analysis

The bill would require several Article VI agencies to reduce or eliminate expenditures as follows:

The bill would require that: (1) the Animal Health Commission reduce expenditures related to riding stables; (2) the General Land Office and Trusteed Programs within the General Land Office reduce expenditures paid for coastal erosion control and its trusteed program; (3) the Natural Resources Code be amended to increase the ceiling of the Coastal Protection Account from $25 million to $40 million; (4) the Parks and Wildlife Department reduce expenditures for local park grants; (5) the Parks and Wildlife Code be amended relating to money received from cigarette taxes and deposits to the State Parks Account, and the Texas Recreation and Parks Account; and (6) the Railroad Commission reduce expenditures relating oil spill response, consolidate oil spill response activities with the General Land Office, and implement fees for rail and pipeline safety programs.

Methodology

Animal Health Commission -- Revenue loss of $21,200 and a reduction in expenditures of $26,413 out of General Revenue Funds each fiscal year.

General Land Office -- Revenue increases each fiscal year out of the Coastal Protection Account No 027, with the exception of fiscal year 2007 when revenue collections would reach $40 million and cease. Increased costs out of the Coastal Protection Account of $7,942,790 each fiscal year, which would offset existing costs out of the General Revenue Fund.

Parks and Wildlife -- Removal of the $32 million annual cap on sales tax on sporting goods transferred to the Texas Parks and Wildlife Department and removal of the allocation of sporting good sales tax to the GR-dedicated State Parks and the Texas Recreation and Parks accounts would result in these revenues being deposited to the credit of the Texas Parks and Wildlife Conservation and Capital Account No. 5004.

Railroad Commission -- Revenue increases in the General Revenue Fund of approximately $2.8 million each fiscal year to offset existing costs related to the rail and pipeline safety programs. There would be no significant fiscal implications to consolidating the oil spill response functions.

The Comptroller of Public Accounts projects costs of $137,010 to notify taxpayers of these changes. However, for the purposes of this fiscal note, it is anticipated the these costs could be absorbed within current resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 305 General Land Office and Veterans' Land Board, 455 Railroad Commission, 554 Animal Health Commission, 802 Parks and Wildlife Department

LBB Staff: JK, JO, SD, MS

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LEGISLATIVE BUDGET BOARD
Austin, Texas

TAX/FEE EQUITY NOTE

78TH LEGISLATIVE REGULAR SESSION

May 7, 2003

TO: Honorable Talmadge Heflin, Chair, House Committee on Appropriations

FROM: John Keel, Director, Legislative Budget Board

IN RE: **HB3442** by Pickett (Relating to granting statutory authority to certain governmental entitiesto reduce certain expenditures and to impose charges in amounts sufficient to recover costs.), **Committee Report 1st House, Substituted**

No statistically significant impact on the overall distribution of a state tax or fee burden among individuals and businesses is anticipated from the provisions of this bill.

Source Agencies:
LBB Staff: JK, SJS

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By: Pickett (Senate Sponsor - Averitt) H.B. No. 3442

(In the Senate - Received from the House May 12, 2003; May 12, 2003, read first time and referred to Committee on Finance; May 24, 2003, reported adversely, with favorable Committee Substitute by the following vote: Yeas 12, Nays 0; May 24, 2003, sent to printer.)

COMMITTEE SUBSTITUTE FOR H.B. No. 3442 By: Averitt

A BILL TO BE ENTITLED
AN ACT

relating to certain expenditures and charges of certain governmental entities.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. REDUCTION OF EXPENDITURES AND IMPOSITION OF CHARGES GENERALLY. (a) This section applies to any state agency that receives an appropriation under Article VI of the General Appropriations Act.

(b) Notwithstanding any other statute of this state, each state agency to which this section applies is authorized to reduce or recover expenditures by:

(1) consolidating any reports or publications the agency is required to make and filing or delivering any of those reports or publications exclusively by electronic means;

(2) extending the effective period of any license, permit, or registration the agency grants or administers;

(3) entering into a contract with another governmental entity or with a private vendor to carry out any of the agency's duties;

(4) adopting additional eligibility requirements for persons who receive benefits under any law the agency administers to ensure that those benefits are received by the most deserving persons consistent with the purposes for which the benefits are provided; and

(5) providing that any communication between the agency and another person and any document required to be delivered to or by the agency, including any application, notice, billing statement, receipt, or certificate, may be made or delivered by electronic mail or through the Internet.

SECTION 2. TEXAS ANIMAL HEALTH COMMISSION; DUTIES REGARDING RIDING STABLES. (a) The Texas Animal Health Commission shall reduce its expenditures of state money related to regulating equine riding stables.

(b) Chapter 2053, Occupations Code, is repealed.

SECTION 3. ADMINISTRATIVE HEARINGS OF RAILROAD COMMISSION OF TEXAS. Section 102.006, Utilities Code, is amended to read as follows:

Sec. 102.006. [~~POWERS AND DUTIES OF STATE OFFICE OF~~] ADMINISTRATIVE HEARINGS IN CONTESTED CASES. (a) The railroad commission by rule shall provide for administrative hearings in contested cases to be conducted by one or more members of the railroad commission, by railroad commission hearings examiners, or by the [~~The~~] utility division of the State Office of Administrative Hearings. The rules must provide for a railroad commission hearings examiner or the utility division of the State Office of Administrative Hearings to [~~shall~~] conduct each hearing in a contested case that is not conducted by one or more members of the railroad commission. A hearing must be conducted in accordance with the rules and procedures adopted by the railroad commission.

(b) The railroad commission may delegate to a railroad commission hearings examiner or to the utility division of the State Office of Administrative Hearings the authority to make a final decision and to issue findings of fact, conclusions of law, and other necessary orders in a proceeding in which there is not a contested issue of fact or law.

(c) The railroad commission by rule shall define the procedures by which it delegates final decision-making authority under Subsection (b) to a railroad commission hearings examiner or to the utility division of the State Office of Administrative Hearings.

(d) For purposes of judicial review, the [~~an administrative law judge's~~] final decision of a railroad commission hearings examiner or an administrative law judge of the State Office of Administrative Hearings in a matter delegated under Subsection (b) has the same effect as a final decision of the railroad commission unless a member of the commission requests formal review of the decision.

(e) The State Office of Administrative Hearings shall charge the railroad commission a fixed annual rate for hearings conducted by the office under this section only if the legislature appropriates money for that purpose. If the legislature does not appropriate money for the payment of a fixed annual rate under this section, the State Office of Administrative Hearings shall charge the railroad commission an hourly rate of not more than $90 per hour for hearings conducted by the office under this section.

SECTION 4. TEXAS DEPARTMENT OF AGRICULTURE. (a) Section 146.021, Agriculture Code, is amended to read as follows:

Sec. 146.021. DEPARTMENT FACILITIES. The department may receive and hold for processing animals transported in international trade and may establish and collect reasonable fees for yardage, maintenance, feed, medical care, and other necessary expenses incurred in the course of processing those animals. Notwithstanding any other law, the department may use any portion of fees collected under this section that remains after spending the proceeds of the fees to meet other necessary expenses incurred under this section for expenses related to maintenance of or repairs to department facilities.

(b) Section 13.101(a), Agriculture Code, is amended to read as follows:

(a) At least once every four [~~three~~] years, or more often as required by the department, a weight or measure shall be inspected and tested for correctness by a sealer if it:

(1) is kept for sale, sold, or used by a proprietor, agent, lessee, or employee in proving the weight or measure, including the size, quantity, extent, or area, of any item; or

(2) is purchased, offered, or submitted by a proprietor, agent, lessee, or employee for sale, hire, or award.

(c) Section 9(d), Chapter 1033, Acts of the 71st Legislature, Regular Session, 1989 (Article 8614, Vernon's Texas Civil Statutes), is repealed.

(d) This section takes effect September 1, 2003.

SECTION 5. ANIMAL HEALTH COMMISSION. (a) Subchapter C, Chapter 161, Agriculture Code, is amended by adding Section 161.060 to read as follows:

Sec. 161.060. INSPECTION FEES. The commission may charge a fee, as provided by commission rule, for an inspection made by the commission.

(b) This section takes effect September 1, 2003.

SECTION 6. GENERAL LAND OFFICE OIL SPILL RECOVERY. (a) Sections 40.155(a), (c), and (d), Natural Resources Code, are amended to read as follows:

(a) Except as otherwise provided in this section, the rate of the fee shall be two cents per barrel of crude oil until the commissioner certifies that the unencumbered balance in the fund has reached $40 [~~$25~~] million. The commissioner shall certify to the comptroller the date on which the unencumbered balance in the fund exceeds $40 [~~$25~~] million. The fee shall not be collected or required to be paid on or after the first day of the second month following the commissioner's certification to the comptroller that the unencumbered balance in the fund exceeds $40 [~~$25~~] million.

(c) Notwithstanding the provisions of Subsection (a) or (b) of this section, the fee shall be levied at the rate of four cents per barrel if the commissioner certifies to the comptroller a written finding of the following facts:

(1) the unencumbered balance in the fund is less than $40 [~~$25~~] million;

(2) an unauthorized discharge of oil in excess of 100,000 gallons has occurred within the previous 30 days; and

(3) expenditures from the fund for response costs and damages are expected to deplete the fund substantially.

(d) In the event of a certification to the comptroller under Subsection (c) of this section, the comptroller shall collect the fee at the rate of four cents per barrel until the unencumbered balance in the fund reaches $40 [~~$25~~] million or any lesser amount that the commissioner determines is necessary to pay response costs and damages without substantially depleting the fund. The commissioner shall certify to the comptroller the date on which the unencumbered balance in the fund exceeds $40 [~~$25~~] million or such other lesser amount. The fee shall not be collected or required to be paid on or after the first day of the second month following the commissioner's certification to the comptroller.

(b) This section takes effect September 1, 2003.

SECTION 7. TEXAS COMMISSION ON ENVIRONMENTAL QUALITY. (a) Section 5.701, Water Code, is amended by adding Subsection (r) to read as follows:

(r) The fee for processing a request for an expedited letter from the executive director stating the total depth of surface casing needed during the drilling of wells to protect usable ground waters in the state and required for the processing of certain permits from the Railroad Commission of Texas may not exceed $75.

(b) Section 26.351(f), Water Code, is amended to read as follows:

(f) The person performing corrective action under this section, if the release was reported to the commission on or before December 22, 1998, shall meet the following deadlines:

(1) a complete site assessment and risk assessment (including, but not limited to, risk-based criteria for establishing target concentrations), as determined by the executive director, must be received by the agency no later than September 1, 2002;

(2) a complete corrective action plan, as determined by the executive director and including, but not limited to, completion of pilot studies and recommendation of a cost-effective and technically appropriate remediation methodology, must be received by the agency no later than September 1, 2003. The person may, in lieu of this requirement, submit by this same deadline a demonstration that a corrective action plan is not required for the site in question under commission rules. Such demonstration must be to the executive director's satisfaction;

(3) for those sites found under Subdivision (2) to require a corrective action plan, that plan must be initiated and proceeding according to the requirements and deadlines in the approved plan no later than March 1, 2005 [~~2004~~];

(4) for sites which require either a corrective action plan or groundwater monitoring, a comprehensive and accurate annual status report concerning those activities must be submitted to the agency;

(5) for sites which require either a corrective action plan or groundwater monitoring, all deadlines set by the executive director concerning the corrective action plan or approved groundwater monitoring plan shall be met; and

(6) site closure requests for all sites where the executive director agreed in writing that no corrective action plan was required must be received by the agency no later than September 1, 2005. The request must be complete, as judged by the executive director.

(c) Section 26.3573(r), Water Code, as added by Chapters 965 and 1135, Acts of the 77th Legislature, Regular Session, 2001, is amended to read as follows:

(r) The petroleum storage tank remediation account may not be used to reimburse any person for corrective action performed after September 1, 2006 [~~2005~~].

(d) Section 26.3573(s), Water Code, as added by Chapters 965

and 1135, Acts of the 77th Legislature, Regular Session, 2001, is amended to read as follows:

(s) The petroleum storage tank remediation account may not be used to reimburse any person for corrective action contained in a reimbursement claim filed with the commission after March 1, 2007 [~~2006~~].

(e) Section 26.35731(c), Water Code, is amended to read as follows:

(c) Not later than the 90th day after the date on which the commission receives a completed application for reimbursement from the petroleum storage tank remediation account, the commission shall send a fund payment report to the owner or operator of a petroleum storage tank system that is seeking reimbursement, if sufficient funds are available to make the payment.

(f) This section takes effect September 1, 2003.

SECTION 8. TEXAS PARKS AND WILDLIFE DEPARTMENT FEES. (a) Section 11.032, Parks and Wildlife Code, is amended by amending Subsection (b) and adding Subsection (c) to read as follows:

(b) The department shall deposit to the credit of the game, fish, and water safety account all revenue, less allowable costs, from the following sources:

(1) all types of fishing licenses and stamps and shrimping licenses, except as provided by Section 77.120;

(2) all types of hunting licenses and stamps;

(3) trapping licenses and other licenses relating to the taking, propagation, and sale of fur-bearing animals or their pelts;

(4) sale of marl, sand, gravel, shell, and mudshell;

(5) oyster bed rentals and permits;

(6) federal funds received for fish and wildlife research, management, development and conservation, resource protection, and law enforcement, unless the funds are received for the specific purposes of Subchapter F, Chapter 77;

(7) sale of property, less advertising costs, purchased from this account or a special fund or account that is now part of this account;

(8) fines and penalties collected for violations of a law pertaining to the protection and conservation of wild birds, wild fowl, wild animals, fish, shrimp, oysters, game birds and animals, fur-bearing animals, alligators, and any other wildlife resources of this state;

(9) sale of rough fish by the department;

(10) fees for importation permits;

(11) fees from supplying fish for or placing fish in water located on private property;

(12) sale of seized pelts;

(13) sale or lease of grazing rights to and the products from game preserves, sanctuaries, and management areas;

(14) contracts for the removal of fur-bearing animals and reptiles from wildlife management areas;

(15) vessel [~~motorboat~~] registration fees;

(16) vessel [~~motorboat~~] manufacturer or dealer licensing fees [~~registration fee~~];

(17) fines or penalties imposed by a court for violation of water safety laws contained in Chapter 31 of this code;

(18) alligator hunter's or alligator buyer's licenses;

(19) sale of alligators or any part of an alligator by the department;

(20) fees and revenue collected under Section 11.027(b) or (c) of this code that are associated with the conservation of fish and wildlife; [~~and~~]

(21) any other source provided by law; and

(22) vessel and outboard motor titling fees.

(c) Not later than the 10th day of each month the department shall transfer 15 percent of all amounts collected during the previous month from sources described by Subsection (b)(15), (16), or (22) to the state parks account.

(b) This section takes effect September 1, 2003.

SECTION 9. TEXAS PARKS AND WILDLIFE DEPARTMENT REGULATION

OF MARINE BUSINESSES. (a) Section 31.003, Parks and Wildlife Code, is amended by amending Subdivision (7) and adding Subdivision (16) to read as follows:

(7) "Dealer" means a person [~~customarily~~] engaged in the business of buying, selling, selling on consignment, displaying for sale, or exchanging at least five vessels, motorboats, or outboard motors during a calendar year at an established or permanent place of business in this state [~~and that at each place of business there is a sign conspicuously displayed showing the name of the dealership so that it may be located by the public and sufficient space to maintain an office, service area, and display of products~~].

(16) "Distributor" means a person who offers for sale, sells, or processes for distribution new boats or outboard motors to dealers in this state.

(b) Subchapter A, Chapter 31, Parks and Wildlife Code, is amended by adding Section 31.007 to read as follows:

Sec. 31.007. DEALER REQUIREMENTS. A dealer shall:

(1) display in each of the dealer's places of business a sign that:

(A) is conspicuous to the public; and

(B) shows the name of the dealership; and

(2) operate in a space sufficient to maintain an office, service area, and display of products.

(c) Section 31.021, Parks and Wildlife Code, is amended to read as follows:

Sec. 31.021. REQUIRED NUMBERING. (a) Each [~~undocumented~~] vessel on the water of this state shall be numbered in accordance with the provisions of this chapter unless specifically exempted. The numbering system shall be in accord with the Federal Boating Act of 1958 and subsequent federal legislation.

(b) No person may operate or give permission for the operation of any vessel or may dock, moor, or store a vessel owned by the person on the water of this state unless:

(1) the vessel is numbered as required by this chapter;

(2) the certificate of number awarded to the vessel is in full force and effect; and

(3) the identifying number set forth in the certificate is properly displayed on each side of the bow of the vessel as required by this chapter.

(d) Section 31.032, Parks and Wildlife Code, is amended to read as follows:

Sec. 31.032. NUMBERING ON BOW. (a) The owner of a vessel shall paint on or attach to each side of the vessel near the bow the identification number and a validation decal in the manner prescribed by the department. The number shall read from left to right and shall be of block characters of good proportion of not less than three inches in height. The numbers shall be of a color which will contrast with the hull material of the vessel and so maintained as to be clearly visible and legible.

(b) The owner of a vessel required to be numbered under this subchapter and documented by the United States Coast Guard is not required to attach an identification number as required by Subsection (a).

(c) The commission shall adopt rules for the placement of the validation decal in an alternate location for antique boats. In this subsection, "antique boat" means a boat that:

(1) is used primarily for recreational purposes; and

(2) was manufactured before 1968.

(e) Section 31.039, Parks and Wildlife Code, is amended to read as follows:

Sec. 31.039. PUBLIC RECORDS; FEES. (a) All ownership records of the department made or kept under this chapter are public records.

(b) The commission may by rule charge a fee for access to ownership records and other records made or kept under this chapter.

(f) Section 31.041, Parks and Wildlife Code, is amended to

read as follows:

Sec. 31.041. DEALER'S, DISTRIBUTOR'S, AND MANUFACTURER'S LICENSE [~~NUMBER~~]. (a) A person may not engage in business in this state as a dealer, distributor, or manufacturer unless the person holds a license issued under this section. A dealer must have a license for each place of business owned and operated by the person.

(b) The commission shall establish the form and manner for display of a license issued under this section.

(c) The department shall issue a dealer, distributor, or manufacturer number to each dealer, distributor, or manufacturer licensed under this section in the manner provided by Section 31.031(b).

(d) A dealer, distributor, or manufacturer of vessels in this state may use the [~~obtain a~~] dealer's, distributor's, or [~~and~~] manufacturer's number for vessels the dealer, distributor, or manufacturer wishes to show, demonstrate, or test on the water of this state instead of securing a certificate of number for each vessel. The number shall be attached to any vessel that the dealer, distributor, or manufacturer sends temporarily on the water. For purposes of this subsection, "show, demonstrate, or test" does not include the use of a vessel for recreational purposes or for participation in a contest or event.

(e) [~~(b)~~] The application for a license under this section [~~number~~] must state that the applicant is a dealer, distributor, or manufacturer within the meaning of this chapter, and the facts stated on the application must be sworn before an officer authorized to administer oaths. An [~~The~~] application submitted by a dealer must be accompanied by photographs of the business sufficient to show any sign the business is required to display and the extent of the space the business is required to maintain. The application must also be accompanied by a copy of the tax permit of the dealer, distributor, or manufacturer issued by the comptroller under Chapter 151, Tax Code, if the dealer, distributor, or manufacturer has a tax permit. The two-year fee for a dealer's, distributor's, or [~~and~~] manufacturer's number is $500 [~~$45 or an amount set by the commission, whichever amount is more~~]. A license [~~No number~~] may not be issued until the provisions of this section have been satisfied.

(f) [~~(c)~~] A dealer, distributor, or manufacturer holding a dealer's, distributor's, or [~~and~~] manufacturer's license [~~number~~] may issue a reasonable temporary facsimile of the number issued under Subsection (c), which may be used by any authorized person. A person purchasing a vessel may use the dealer's number for a period not to exceed 15 days prior to filing an application for a certificate of number. The form of the facsimile and the manner of display of the number shall be prescribed by the department.

(g) [~~(d)~~] A dealer, distributor, or manufacturer holding a dealer's, distributor's, or [~~and~~] manufacturer's license [~~number~~] may transfer a certificate of number or a certificate of title to a vessel or outboard motor without securing a certificate of number or certificate of title in the dealer's, distributor's, or manufacturer's name if the vessel or outboard motor is sold in the normal course of the dealer's, distributor's, or manufacturer's business. [~~Any other person transferring a vessel or outboard motor must secure a certificate of number or certificate of title in the person's name before transferring the certificate of number or the certificate of title.~~]

(g) Subchapter B, Chapter 31, Parks and Wildlife Code, is amended by adding Sections 31.0411, 31.0412, and 31.0413 to read as follows:

Sec. 31.0411. TERM OF LICENSE; TRANSFER. (a) Except as provided by Subsection (b), a license issued under Section 31.041:

(1) is valid for two years from the date of issuance; and

(2) may not be transferred to another person.

(b) A license issued under Section 31.041 in the name of a business remains valid for the business location specified on the license if a change of ownership or business name occurs.

(c) A license issued under Section 31.041 may be transferred

to a new address if:

(1) a business moves to another location; and

(2) a change of ownership has not occurred.

Sec. 31.0412. LICENSING RULES. The commission may adopt rules regarding licenses issued under Section 31.041, including rules:

(1) regarding license transfer procedures;

(2) prescribing application forms;

(3) regarding application and renewal procedures;

(4) prescribing reporting and recordkeeping requirements for license holders; and

(5) setting fees to be charged for:

(A) a transferred license; or

(B) a replacement license.

Sec. 31.0413. EXEMPTION FROM DEALER LICENSING REQUIREMENTS. The dealer licensing provisions of this subchapter do not apply to the sale of a canoe, kayak, punt, rowboat, rubber raft, paddleboat, or other vessel that is less than 12 feet in length and has a horsepower rating of five horsepower or less or to the sale of an outboard motor with a manufacturer's rating of five horsepower or less.

(h) Section 31.042(b), Parks and Wildlife Code, is amended to read as follows:

(b) Causes for cancellation of certificates and voiding of numbers include:

(1) surrender of the certificate for cancellation;

(2) issuance of a new number for the same vessel;

(3) [~~issuance of a marine document by the Bureau of Customs for the same vessel;~~

[~~(4)~~] false or fraudulent certification in an application for number;

(4) [~~(5)~~] failure to pay the prescribed fee; and

(5) [~~(6)~~] dismantling, destruction, or other change in the form or character of the vessel or outboard motor so that it is no longer correctly described in the certificate or it no longer meets the definition of a vessel or outboard motor.

(i) Subchapter B, Chapter 31, Parks and Wildlife Code, is amended by adding Section 31.044 to read as follows:

Sec. 31.044. INSPECTIONS. A dealer, distributor, or manufacturer may not refuse to allow the department or a peace officer to inspect a vessel, outboard motor, or records relating to the possession, origination, ownership, or transfer of a vessel or outboard motor at a dealership or distributor's or manufacturer's place of business during normal business hours.

(j) Subchapter B-1, Chapter 31, Parks and Wildlife Code, is amended by adding Section 31.0465 to read as follows:

Sec. 31.0465. APPEAL REGARDING CERTIFICATE OF TITLE; BOND; RULES. (a) An applicant for a certificate of title under Section 31.046 may appeal the department's refusal to issue the title by filing a bond with the department as provided by this section.

(b) A bond filed under this section must be:

(1) in the form prescribed by the department;

(2) executed by the applicant;

(3) issued by a person authorized to act as a surety business in this state;

(4) in an amount equal to 1-1/2 times the value of the vessel or outboard motor as determined by the department; and

(5) conditioned to indemnify all prior owners and lienholders and all subsequent purchasers of the vessel or outboard motor or persons who acquire a security interest in the vessel or outboard motor, and their successors in interest, against any expense, loss, or damage, including reasonable attorney's fees, resulting from:

(A) the issuance of the certificate of title for the vessel or outboard motor; or

(B) a defect in or undisclosed security interest in the right, title, or interest of the applicant to or in the vessel or outboard motor.

(c) The department may issue the certificate of title to the

person filing the bond if the applicant proves to the satisfaction of the department that:

(1) the vessel or outboard motor is not stolen; and

(2) issuance of a certificate of title would not defraud the owner or a lienholder of the vessel or outboard motor.

(d) A person described by Subsection (b)(5) has a right of action to recover on the bond for a breach of a condition of the bond described by Subsection (b)(5). The aggregate liability of the surety to all persons may not exceed the amount of the bond.

(e) A bond filed under this section expires on the third anniversary of the date the bond became effective. The department shall return an expired bond to the person who filed the bond unless the department has been notified of a pending action to recover on the bond.

(f) On return of a bond under Subsection (e), the department shall issue a certificate of title to the person to whom the bond is returned.

(g) In addition to the situation described by Subsection (c), the commission by rule may define acceptable situations in which certificates of title may be issued after the filing of a bond under this section.

(k) Section 31.049(c), Parks and Wildlife Code, is amended to read as follows:

(c) If there is a lien on the vessel or outboard motor, the original certificate of title shall be sent to the first lienholder[~~, a duplicate original certificate shall be sent to the owner,~~] and a copy shall be retained by the department.

(l) Section 31.053, Parks and Wildlife Code, is amended by adding Subsection (f) to read as follows:

(f) A person who is not licensed as a dealer, distributor, or manufacturer under this chapter must obtain a certificate of number or certificate of title to a vessel or outboard motor in the person's name before transferring the certificate of number or certificate of title.

(m) Section 31.127(a), Parks and Wildlife Code, is amended to read as follows:

(a) A person who violates or fails to comply with any provision of this chapter, or who violates or fails to comply with a proclamation of the commission entered under this chapter or a city ordinance or order of a commissioners court or a political subdivision of the state made or entered under this chapter, commits an offense that is a Class C Parks and Wildlife Code misdemeanor.

(n) Not later than January 1, 2004, the Parks and Wildlife Commission shall adopt any rules necessary to implement Subsections (a)-(l) of this section.

(o) A person is not required to be licensed under Section 31.041, Parks and Wildlife Code, as amended by this section, until March 1, 2004. Before that date, the person is governed by the law as it existed immediately before the effective date of this section, and that law is continued in effect for that purpose.

(p) This section takes effect September 1, 2003.

SECTION 10. TEXAS PARKS AND WILDLIFE DEPARTMENT: FRESHWATER FISHING STAMP. (a) Chapter 43, Parks and Wildlife Code, is amended by adding Subchapter U to read as follows:

SUBCHAPTER U. FRESHWATER FISHING STAMP

Sec. 43.801. DEFINITION. In this subchapter, "fresh water" has the meaning provided by Section 66.001.

Sec. 43.802. FRESHWATER FISHING STAMP REQUIRED. (a) Except as provided by Subsection (b) or (c), no person may engage in fishing in fresh water for sporting purposes in this state unless the person has acquired a freshwater fishing stamp issued to the person by the department. The commission by rule may adopt requirements relating to possessing a freshwater fishing stamp required by this section.

(b) A person who is exempted from obtaining a fishing license under Chapter 46 is not required to obtain a freshwater fishing stamp.

(c) The commission by rule may exempt a person from the

freshwater fishing stamp requirement of this section.

Sec. 43.803. FISHING LICENSE REQUIRED. The acquisition of a freshwater fishing stamp does not authorize a person to fish in fresh water for sporting purposes without having acquired a fishing license as provided by Chapter 46. The acquisition of a freshwater fishing stamp does not authorize a person to fish at any time or by any means not otherwise authorized by this code.

Sec. 43.804. DESIGN AND ISSUANCE OF STAMPS. (a) The department may issue a freshwater fishing stamp to any person on the payment to the department of $5. Except as provided by Subsection (e), a stamp must be signed on its face by the person using it for the stamp to be valid for fishing purposes.

(b) The department may issue a collectible freshwater fishing stamp to any person on the payment to the department of $5. A collectible freshwater fishing stamp does not authorize a person to fish and is not valid for fishing purposes.

(c) The commission by rule shall prescribe the form, design, and manner of issuance of the freshwater fishing stamp and the collectible freshwater fishing stamp. The department retains all reproduction rights to the design of the freshwater fishing stamp and the collectible freshwater fishing stamp.

(d) The commission may contract with and pay a person for designing and producing the freshwater fishing stamp or the collectible freshwater fishing stamp.

(e) The commission by rule may prescribe alternate requirements for identifying the purchaser of a freshwater fishing stamp issued in an automated manner.

Sec. 43.805. DISPOSITION OF STAMP FEES. (a) After deduction of any collection fee, the net receipts from freshwater fishing stamp and collectable freshwater fishing stamp sales shall be sent to the department.

(b) The net receipts from freshwater fishing stamp sales may be spent only for:

(1) the repair, maintenance, renovation, or replacement of freshwater fish hatcheries in this state; or

(2) the purchase of game fish that are stocked into the public water of this state.

(c) The net receipts from collectible freshwater fishing stamp sales may be spent only for the restoration, enhancement, or management of freshwater fish habitats.

Sec. 43.806. EXPIRATION OF STAMP. (a) Except as provided by Subsection (b) or (c), a freshwater fishing stamp is valid for fishing only during the yearly period for which the stamp is issued, without regard to the date on which the stamp is acquired. Each yearly period begins on September 1 of the year in which the stamp is issued or another date set by the commission and extends through August 31 of the next year or another date set by the commission. The commission by rule may set the amount of a stamp fee for a stamp issued during a transition period at an amount lower than prescribed in this subchapter and provide for a stamp term for a transition period that is shorter or longer than one year.

(b) A freshwater fishing stamp issued before September 1 or another date set by the commission that does not expire until August 31 of the next year or another date set by the commission is valid from the date of issuance through August 31 of the next year or another date set by the commission.

(c) A freshwater fishing stamp issued in conjunction with a license issued under Section 46.005 or 46.0051 expires on the later of the license expiration date or the date printed on the stamp.

Sec. 43.807. REFUSAL TO SHOW STAMP. A person fishing in fresh water for sporting purposes who refuses on demand of any game management officer or peace officer to show a freshwater fishing stamp or proof that the person is exempt under Section 43.802(b) or a rule adopted under that section is presumed to be in violation of Section 43.802.

Sec. 43.808. PENALTY. A person who violates Section 43.802 is guilty of a Class C Parks and Wildlife Code misdemeanor.

Sec. 43.809. EXPIRATION OF SUBCHAPTER. This subchapter expires September 1, 2014.

(b) Subchapters N and Q, Chapter 43, Parks and Wildlife Code, are repealed.

(c) This section takes effect September 1, 2004.

SECTION 11. TRANSFER OF RAILROAD COMMISSION OF TEXAS FUNCTIONS RELATED TO QUARRY AND PIT SAFETY. (a) On September 1, 2003:

(1) all powers, duties, functions, and activities performed by the Railroad Commission of Texas under Chapter 133, Natural Resources Code, immediately before that date are transferred to the Texas Department of Transportation;

(2) all employees of the Railroad Commission of Texas whose primary duties relate to the implementation of Chapter 133, Natural Resources Code, become employees of the Texas Department of Transportation;

(3) a rule, form, order, or procedure adopted by the Railroad Commission of Texas for the implementation or enforcement of Chapter 133, Natural Resources Code, is a rule, form, order, or procedure of the Texas Department of Transportation and remains in effect until changed by the Texas Department of Transportation;

(4) a reference in Chapter 133, Natural Resources Code, to the Railroad Commission of Texas means the Texas Department of Transportation;

(5) a permit or certification in effect under Chapter 133, Natural Resources Code, that was issued by the Railroad Commission of Texas is continued in effect as a permit or certification issued by the Texas Department of Transportation; and

(6) a complaint, investigation, or other proceeding under Chapter 133, Natural Resources Code, pending before the Railroad Commission of Texas is transferred without change in status to the Texas Department of Transportation.

(b) This section takes effect September 1, 2003.

SECTION 12. RAILROAD COMMISSION OF TEXAS FUNCTIONS RELATED TO RAILROAD SAFETY. (a) Article 6448a, Revised Statutes, is amended to read as follows:

Art. 6448a. IMPLEMENTATION OF FEDERAL RAILROAD SAFETY ACT OF 1970

Sec. 1. The Railroad Commission of Texas is hereby authorized to perform any act and issue any rules and orders as permitted by the Federal Railroad Safety Act of 1970 (45 U.S.C.A. 431 et seq.).

Sec. 2. (a) The Railroad Commission of Texas by rule shall adopt reasonable fees to be assessed annually against railroads operating within the state.

(b) The commission by rule shall establish the method by which the fees are calculated and assessed.

(c) The total amount of fees estimated to be collected by rules adopted by the commission under this section may not exceed the amount estimated by the commission to be necessary to recover the costs of administering the commission's rail safety program.

(d) In adopting a fee structure, the commission may consider the gross ton miles for railroad operations within the State of Texas for each railroad operating in the state to provide for the equitable allocation among railroads of the cost of administering the commission's rail safety program.

(e) A fee collected under this section shall be deposited to the credit of the general revenue fund to be used for the rail safety program.

(b) This section takes effect on September 1, 2003.

SECTION 13. RAILROAD COMMISSION OF TEXAS FUNCTIONS RELATED TO PIPELINES. (a) Subchapter E, Chapter 121, Utilities Code, is amended by adding Section 121.211 to read as follows:

Sec. 121.211. PIPELINE SAFETY FEES. (a) The railroad commission by rule may adopt an inspection fee to be assessed annually against operators of natural gas distribution pipelines and their pipeline facilities and natural gas master metered pipelines and their pipeline facilities subject to this chapter.

(b) The railroad commission by rule shall establish the method by which the fee is calculated and assessed. In adopting a fee structure, the railroad commission may consider any factors

necessary to provide for the equitable allocation among operators of the costs of administering the railroad commission's pipeline safety program under this chapter.

(c) The total amount of fees estimated to be collected under rules adopted by the railroad commission under this section may not exceed the amount estimated by the railroad commission to be necessary to recover the costs of administering the railroad commission's pipeline safety program under this chapter, excluding costs that are fully funded by federal sources.

(d) The railroad commission may assess each investor-owned and each municipally owned natural gas distribution system subject to this chapter an annual inspection fee not to exceed 50 cents for each service line reported by the system on the Distribution Annual Report, Form RSPA F7100.1-1, due on March 15 of each year. The fee is due March 15 of each year.

(e) The railroad commission may assess each operator of a natural gas master metered system subject to this chapter an annual inspection fee not to exceed $100 for each master metered system. The fee is due June 30 of each year.

(f) The railroad commission may assess a late payment penalty of 10 percent of the total assessment due under Subsection (d) or (e) that is not paid within 30 days after the annual due date established by the applicable subsection.

(g) Each investor-owned and municipally owned natural gas distribution company and each natural gas master meter operator shall recover as a surcharge to its existing rates the amounts paid to the railroad commission under this section. Amounts collected under this subsection by an investor-owned natural gas distribution company shall not be included in the revenue or gross receipts of the company for the purpose of calculating municipal franchise fees or any tax imposed under Subchapter B, Chapter 182, Tax Code, or under Chapter 122. Those amounts are not subject to a sales and use tax imposed by Chapter 151, Tax Code, or Chapters 321 through 327, Tax Code.

(h) A fee collected under this section shall be deposited to the credit of the general revenue fund to be used for the pipeline safety program.

(b) This section takes effect September 1, 2003.

SECTION 14. SOIL AND WATER CONSERVATION BOARD. (a) Section 201.011, Agriculture Code, is amended to read as follows:

Sec. 201.011. COMPOSITION. The State Soil and Water Conservation Board is a state agency composed of seven [~~five~~] members as follows:

(1) [~~, with~~] one member elected from each of the state districts in accordance with this subchapter; and

(2) two members appointed by the governor, each of whom is:

(A) actively engaged in the business of farming, animal husbandry, or other business related to agriculture and who wholly or partly owns or leases land used in connection with that business; and

(B) not a member of the board of directors of a conservation district.

(b) Section 201.015(b), Agriculture Code, is amended to read as follows:

(b) The term of office of an elected [~~a~~] member of the state board begins on the day after the day on which the member was elected. The term of one member appointed by the governor expires February 1 of each odd-numbered year, and the term of the other member appointed by the governor expires February 1 of each even-numbered year.

(c) Section 201.016, Agriculture Code, is amended to read as follows:

Sec. 201.016. VACANCY. Vacancies on the state board for state district positions are filled by election in the manner provided by this subchapter for an unexpired term or for a full term.

(d) Subchapter B, Chapter 201, Agriculture Code, is amended by adding Sections 201.028 and 201.029 to read as follows:

Sec. 201.028. SEMIANNUAL REPORT. Not later than January 1 and July 1 of each year, the state board shall prepare and deliver a report to the governor, the lieutenant governor, and the speaker of the house of representatives relating to the status of the board's budget areas of responsibility assigned to the board, including outreach programs, grants made and received, federal funding applied for and received, special projects, and oversight of water conservation district activities.

Sec. 201.029. MANAGEMENT AUDIT. Not later than March 1, 2004, the state auditor, in coordination with the Legislative Budget Board, shall conduct a management audit of the State Soil and Water Conservation Board and deliver the audit report to the governor, the lieutenant governor, and the speaker of the house of representatives. The audit shall include an evaluation of the administrative budget for the board. This section expires April 1, 2004.

(e) Sections 203.011-203.013, Agriculture Code, are amended to read as follows:

Sec. 203.011. AUTHORITY OF BOARD. The board has jurisdiction over and shall administer the brush control program under this chapter with the assistance of local districts.

Sec. 203.012. RULES. The board shall adopt, after consulting with local districts, reasonable rules that are necessary to carry out this chapter.

Sec. 203.013. AUTHORITY OF DISTRICTS. Each district [~~in which all or part of a critical area is located~~] may carry out the responsibilities provided by Subchapter D of this code as delegated by the board [~~in that critical area~~].

(f) Section 203.016, Agriculture Code, is amended to read as follows:

Sec. 203.016. CONSULTATION. The board shall consult the Texas Water Development Board and the Texas Department of Agriculture in regard to the effects of the brush control program on water quantity and with the Parks and Wildlife Department in regard to the effects of the brush control program on fish and wildlife.

(g) Section 203.051, Agriculture Code, is amended to read as follows:

Sec. 203.051. STATE PLAN. The board shall prepare and adopt a state brush control plan that shall:

(1) include a comprehensive strategy for managing brush in all areas of the state where brush is contributing to a substantial water conservation problem; and

(2) rank [~~designate~~] areas [~~of critical need~~] in the state in need of a [~~which to implement the~~] brush control program.

(h) Sections 203.052(b), (c), and (d), Agriculture Code, are amended to read as follows:

(b) Not less than 30 days before the date the hearing is to be held, the board shall mail written notice of the hearing to each district in the state. The notice must:

(1) include the date and place for holding the hearing;

(2) include instructions for each district to submit comments on the proposed plan; and

(3) [~~must~~] state the purpose for holding the hearing.

(c) At the hearing, representatives of a district and any other person may appear and present testimony including information and suggestions for any changes in the proposed plan. The board shall:

(1) enter any written comments received on the proposed plan into the record of the hearing; and

(2) consider all written comments and testimony before taking final action on the proposed plan.

(d) After the conclusion of the hearing, the board shall consider the testimony including the information and suggestions made at the hearing and in written comments. After [~~and, after~~] making any changes in the proposed plan that it finds necessary, the board shall adopt the plan.

(i) Section 203.053, Agriculture Code, is amended to read as follows:

Sec. 203.053. CRITERIA FOR EVALUATING BRUSH CONTROL [~~DESIGNATING CRITICAL~~] AREAS. (a) In ranking [~~designating critical~~] areas under the plan, the board shall consider:

(1) the location of various brush infestations;

(2) the type and severity of [~~various~~] brush infestations;

(3) the various management methods that may be used to control brush; [~~and~~]

(4) any other criteria that the board considers relevant to assure that the brush control program can be most effectively, efficiently, and economically implemented; and

(5) the amount of water produced by a project and the severity of water shortage in the areas.

(b) In ranking [~~designating critical~~] areas, the board shall give priority to areas with the most critical water conservation needs and in which brush control and revegetation projects will be most likely to produce substantial water conservation.

(j) Section 203.055, Agriculture Code, is amended to read as follows:

Sec. 203.055. APPROVED METHODS FOR BRUSH CONTROL. (a) The board shall study and must approve all methods used to control brush under this Act considering the overall impact the project will have [~~within critical areas~~].

(b) The board may approve a method for use under the cost-sharing program provided by Subchapter E of this chapter if the board finds that the proposed method:

(1) has proven to be an effective and efficient method for controlling brush;

(2) is cost efficient;

(3) will have a beneficial impact on the development of water sources and wildlife habitat;

(4) will maintain topsoil to prevent erosion or silting of any river or stream; and

(5) will allow the revegetation of the area after the brush is removed with plants that are beneficial to stream flows, groundwater levels, livestock, and wildlife.

(k) Section 203.101, Agriculture Code, is amended to read as follows:

Sec. 203.101. GENERAL AUTHORITY. Each district may administer the aspects of the brush control program [~~within any critical area~~] located within the jurisdiction of that district.

(l) Section 203.154, Agriculture Code, is amended by amending Subsections (a) and (c) and by adding Subsection (d) to read as follows:

(a) Not more than 70 [~~80~~] percent of the total cost of a single brush control project may be made available as the state's share in cost sharing.

(c) The board may grant an exception to Subsection (b) of this section if the board finds that joint participation of the state brush control program and any federal brush control program will:

(1) enhance the efficiency and effectiveness of a project; [~~and~~]

(2) lessen the state's financial commitment to the project; and

(3) not exceed 80 percent of the total cost of the project.

(d) A political subdivision of this state is eligible for cost sharing under the brush control program as long as the state's share does not exceed 50 percent of any one project.

(m) Sections 203.156-203.158, Agriculture Code, are amended to read as follows:

Sec. 203.156. APPLICATION FOR COST SHARING. A person, including a political subdivision of this state, who desires to participate with the state in a brush control project and to obtain cost-sharing participation by the state shall file an application with the district board in the district in which the land on which the project is to be accomplished is located. The application must

be in the form provided by board rules.

Sec. 203.157. CONSIDERATIONS IN PASSING ON APPLICATION. In passing on an application for cost sharing, the board shall consider:

(1) the location of [~~whether~~] the project [~~is to be carried out in a critical area~~];

(2) the method of control that is to be used by the project applicant;

(3) the plans for revegetation;

(4) the total cost of the project;

(5) the amount of land to be included in the project;

(6) whether the applicant for the project is financially able to provide his share of the money for the project;

(7) the cost-share percentage, if an applicant agrees to a higher degree of financial commitment;

(8) any comments and recommendations submitted by a local district, the Texas Water Development Board, or [~~of~~] the Parks and Wildlife Department; and

(9) any other pertinent information considered necessary by the board.

Sec. 203.158. APPROVAL OF APPLICATION. The board may approve an application if, after considering the factors listed in Section 203.157 of this code and any other relevant factors, the board finds:

(1) the owner of the land fully agrees to cooperate in the project;

(2) the method of eradication is a method approved by the board under Section 203.055 of this code; and

(3) the project ranks higher than other projects submitted in accordance with [~~is to be carried out in a critical area designated under~~] the board's plan.

(n) Sections 203.159(a) and (c), Agriculture Code, are amended to read as follows:

(a) If the demand for funds under the cost-sharing program is greater than funds available, the board shall [~~may~~] establish priorities favoring the areas with the most critical water conservation needs and projects that will be most likely to produce substantial water conservation.

(c) The board shall consider quantity of stream flows, the quantity of groundwater, and the amount of [~~land dedicated to the project that will produce significant~~] water conservation from the eradication of brush each to be [~~is~~] a priority.

(o) Sections 203.001(5) and 203.155, Agriculture Code, are repealed.

(p) In making initial appointments to the State Soil and Water Conservation Board under Section 201.011, Agriculture Code, as amended by this section, the governor shall designate one member to serve a term expiring February 1, 2004, and the other member to serve a term expiring February 1, 2005.

(q) The State Soil and Water Conservation Board shall prepare and deliver the first report required by Section 201.028, Agriculture Code, as added by this section, not later than January 1, 2004.

(r) This section takes effect September 1, 2003.

SECTION 15. EFFECTIVE DATE. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2003.

* * * * *

FAVORABLY AS SUBSTITUTED
SENATE COMMITTEE REPORT ON

SB SCR SJR SR (HB) HCR HJR 3442

By Averitt
(Author/Senate Sponsor)

5-24-03
(date)

Sir:

We, your Committee on FINANCE, to which was referred the attached measure, have on 5-23-03 (date of hearing), had the same under consideration and I am instructed to report it back with the recommendation (s) that it:

(✓) do pass as substituted, and be printed
( ) the caption remained the same as original measure
(✓) the caption changed with adoption of the substitute

( ) do pass as substituted, and be ordered not printed

( ) and is recommended for placement on the Local and Uncontested Bills Calendar.

A fiscal note was requested. (✓) yes ( ) no

A revised fiscal note was requested. (✓) yes ( ) no

An actuarial analysis was requested. ( ) yes (✓) no

Considered by subcommittee. ( ) yes (✓) no

The measure was reported from Committee by the following vote:

	YEA	NAY	ABSENT	PNV
Senator Bivins, Chair			✓	
Senator Zaffirini, Vice Chair	✓			
Senator Averitt	✓			
Senator Barrientos	✓			
Senator Brimer	✓			
Senator Duncan	✓			
Senator Janek	✓			
Senator Nelson			✓	
Senator Ogden			✓	
Senator Shapiro	✓			
Senator Shapleigh	✓			
Senator Staples	✓			
Senator West	✓			
Senator Whitmire	✓			
Senator Williams	✓			
TOTAL VOTES	12		3	

COMMITTEE ACTION

(S260) Considered in public hearing
(S270) Testimony taken

Stephanie Hoover
COMMITTEE CLERK

Bivins
CHAIR

Paper clip the original and one copy of this signed form to the original bill along with TWO copies of the Committee Substitute
Retain one copy of this form for Committee files

WITNESS LIST

HB 3442

SENATE COMMITTEE REPORT

Finance

May 23, 2003 - 9:00AM

Registering, but not testifying:

FOR: Lord, Michal Anne Executive Director (Texas Recreation & Park Society), Austin, TX
Matthews, Charles Railroad Commission of Texas (Self)

AGAINST: Nugent, Patrick Executive Director (Assoc. of Texas Intrastate Natural Gas Pipelines), Austin, TX
Olson, Kym Government Affairs (El Paso Corporation), Houston, TX
Perry, Steve Government Relations (Chevron Texaco), Austin, TX
Sander, Lindsay Government Affairs (Enbridge Energy Co.)
Sebree, Ben Association Manager (Texas Oil & Gas Assoc.), Austin, TX

ON: Taylor, Shelia Bailey Chief Administrative Law Judge (State Office of Administrative Hearings), Austin, TX

BILL ANALYSIS

Senate Research Center

C.S.H.B. 3442
By: Pickett (Averitt)
Finance
5-24-2003
Committee Report (Substituted)

DIGEST AND PURPOSE

Due to the current budget shortfall, state agencies and institutions of higher education were asked to prioritize spending based on core functions and essential services. Legislators looked to these priorities in preparation of the budget; however, certain statutory changes are also needed to conform with appropriations levels in the 2004-05 General Appropriations Act. C.S.H.B. 3442 authorizes these statutory changes for the natural resources agencies listed under Article VI of the 2004-05 General Appropriations Act. C.S.H.B. 3442 also addresses the implementation of a new freshwater fishing stamp, changes in the Soil and Water Conservation Board and its brush control program, and the transfer of certain powers from the Railroad Commission of Texas to the Texas Department of Transportation.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas Railroad Commission in SECTION 3 (Section 102.006, Utilities Code), SECTION 12 (Section 2, Article 6448a, V.T.C.S.), and SECTION 13 (Section 121.211, Utilities Code) of this bill.

Rulemaking authority is expressly granted to the Texas Animal Health Commission in SECTION 5 (Section161.060, Agriculture Code) of this bill.

Rulemaking authority is expressly granted to the Parks and Wildlife Commission in SECTION 9 (Sections 31.032, 31.039, 31.0412, and 31.0465, Parks and Wildlife Code) and SECTION 10 (Sections 43.802, 43.804, and 43.806, Parks and Wildlife Code) of this bill.

In SECTION 11, rulemaking authority granted to the Railroad Commission of Texas for the implementation or enforcement of Chapter 133, Natural Resources Code, is a rule of the Texas Department of Transportation (TxDOT) and remains in effect until changed by TxDOT.

SECTION BY SECTION ANALYSIS

SECTION 1. REDUCTION OF EXPENDITURES AND IMPOSITION OF CHARGES GENERALLY. (a) Provides that this section applies to any state agency that receives an appropriation under Article VI of the General Appropriations Act.

(b) Provides that notwithstanding any other statute of this state, each state agency to which this section applies is authorized to reduce or recover expenditures by taking certain measures.

SECTION 2. TEXAS ANIMAL HEALTH COMMISSION; DUTIES REGARDING RIDING STABLES. (a) Requires the Texas Animal Health Commission to reduce its expenditures of state money related to regulating equine riding stables.

(b) Repealer: Chapter 2053 (Riding Stables), Occupations Code.

SECTION 3. ADMINISTRATIVE HEARINGS OF RAILROAD COMMISSION OF TEXAS. Amends Section 102.006, Utilities Code, as follows:

Sec. 102.006. New heading: ADMINISTRATIVE HEARINGS IN CONTESTED CASES. (a) Requires the railroad commission (RRC) by rule to provide for

administrative hearings in contested cases to be conducted by one or more members of the railroad commission, by RRC hearings examiners, or by the utility division of the State Office of Administrative Hearings (SOAH). Requires the rules to provide for a railroad commission hearings examiner or the utility division of SOAH to conduct each hearing in a contested case that is not conducted by one or more RRC members.

(b) Authorizes RRC to delegate to a RRC hearings examiner or to the utility division of SOAH the authority to make a final decision and to issue findings of fact, conclusions of law, and other necessary orders in a proceeding in which there is not a contested issue of fact or law.

(c) Requires RRC by rule to define the procedures by which it delegates final decision-making authority under Subsection (b) to a railroad commission hearings examiner or to the utility division of SOAH.

(d) Provides that for purposes of judicial review, the final decision, rather than administrative law judge's decision, of a railroad commission hearings examiner or an administrative law judge of SOAH in a matter delegated under Subsection (b) has the same effect as a final decision of RRC unless a member of the commission requests formal review of the decision.

(e) Requires SOAH to charge RRC a fixed annual rate for hearings conducted by the office under this section only if the legislature appropriates money for that purpose. Provides that if the legislature does not appropriate money for the payment of a fixed annual rate under this section, SOAH must charge RRC an hourly rate of not more than $90 per hour for hearings conducted by the office under this section.

SECTION 4. TEXAS DEPARTMENT OF AGRICULTURE. (a) Amends Section 146.021, Agriculture Code, to authorize the Texas Department of Agriculture (TDA), notwithstanding any other law, to use any portion of fees collected under this section that remains after spending the proceeds of the fees to meet other necessary expenses incurred under this section for expenses related to maintenance of or repairs to TDA facilities.

(b) Amends Section 13.101(a), Agriculture Code, to decrease the frequency with which TDA is required to inspect and test a weight or measure for correctness by a sealer from every three years to every four years, under certain circumstances.

(c) Repealer: Article 8614 (Sales of Certain Fuel Mixtures), V.T.C.S.

(d) Effective date of this section: September 1, 2003.

SECTION 5. ANIMAL HEALTH COMMISSION. (a) Amends Subchapter C, Chapter 161, Agricultural Code, by adding Section 161.060, as follows:

Sec. 161.060. INSPECTION FEES. Authorizes the Animal Health Commission (TAHC) to charge a fee, as provided by TAHC rule, for an inspection made by TAHC.

(b) Effective date of this section: September 1, 2003.

SECTION 6. GENERAL LAND OFFICE OIL SPILL RECOVERY. (a) Amends Sections 40.155(a), (c), and (d), Natural Resources Code, as follows:

(a) Increases the threshold amount of the unencumbered balance in the fund from $25 million to $40 million.

(c) and (d) Make conforming changes.

(b) Effective date for this section: September 1, 2003.

SECTION 7. TEXAS COMMISSION ON ENVIRONMENTAL QUALITY. (a) Amends Section 5.701, Water Code, by adding Subsection (r), as follows:

(r) Prohibits the fee for processing a request for an expedited letter from the executive director of the Texas Commission on Environmental Quality (TCEQ) stating the total depth of surface casing needed during the drilling of wells to protect usable ground waters in the state and required for the processing of certain permits from the Railroad Commission of Texas from exceeding $75.

(b) Amends Section 26.351(f), Water Code, to require a corrective action plan for sites found under Subdivision (2) , to be initiated and proceeding according to the requirements and deadlines in the approved plan no later than March 1, 2005, rather than March 1, 2004.

(c) Amends Section 26.3573(r), Water Code, to prohibit the petroleum storage tank remediation account from being used to reimburse any person for corrective action performed after September 1, 2006, rather than September 1, 2005.

(d) Amends Section 26.3573(s), Water Code, to prohibit the petroleum storage tank remediation account from being used to reimburse any person for corrective action contained in a reimbursement claim filed with TCEQ after March 1, 2007, rather than March 1, 2006.

(e) Amends Section 26.35731(c), Water Code, to require TCEQ, not later than the 90th day after the date on which TCEQ receives a completed application for reimbursement from the petroleum storage tank remediation account, to send a fund payment report to the owner or operator of a petroleum storage tank system that is seeking reimbursement, if sufficient funds are available to make the payment.

(f) Effective date of this section: September 1, 2003.

SECTION 8. TEXAS PARKS AND WILDLIFE DEPARTMENT FEES. (a) Amends Section 11.032, Parks and Wildlife Code, by amending Subsection (b) and adding Subsection (c), as follows:

(b) Requires the Texas Parks and Wildlife Department (TPWD) to deposit to the credit of the game, fish, and water safety account all revenue, less allowable costs, from certain sources, including vessel registration fees, rather than motorboat registration fees; vessel, rather than motorboat, manufacturer or dealer licensing fees, rather than registration fees; and vessel and outboard motor titling fees. Makes nonsubstantive changes.

(c) Requires TPWD, not later than the 10th day of each month, to transfer 15 percent of all amounts collected during the previous month from sources described by Subsection(b)(15), (16), or (22) to the state parks account.

(b) Effective date of this section: September 1, 2003.

SECTION 9. TEXAS PARKS AND WILDLIFE DEPARTMENT REGULATION OF MARINE BUSINESSES. (a) Amends Section 31.003, Parks and Wildlife Code, by amending Subdivision (7) and adding Subdivision (16), as follows:

(7) Redefines "dealer."

(16) Defines "distributor."

(b) Amends Subchapter A, Chapter 31, Parks and Wildlife Code, by adding Section 31.007, as follows:

Sec. 31.007. DEALER REQUIREMENTS. Requires a dealer to display in each

of the dealer's places of business a sign that contains certain information and to operate in a space sufficient to maintain an office, service area, and display of products.

(c) Amends Section 31.021, Parks and Wildlife Code, as follow:

Sec. 31.021. REQUIRED NUMBERING. (a) Deletes from the requirement that each vessel on the water be numbered in accordance with the provisions, the specification that the vessel be documented.

(b) Specifies that the identifying number set forth in the certificate properly displayed on each side of the bow of the vessel is as required by this chapter.

(d) Amends Section 31.032, Parks and Wildlife Code, as follows:

Sec. 31.032. NUMBERING ON BOW. (a) Creates this subsection from existing text. Specifies that the owner of a vessel is required to paint on or attach to each side of the vessel near the bow, the identification number and a validation decal in the manner prescribed by TPWD.

(b) Provides that the owner of a vessel required to be numbered under this subchapter and documented by the United States Coast Guard is not required to attach an identification number as required by Subsection (a).

(c) Requires the Parks and Wildlife Commission (commission) to adopt rules for the placement of the validation decal in an alternative location for antique boats. Defines "antique boat."

(e) Amends Section 31.039, Parks and Wildlife Code, as follows:

Sec. 31.039. PUBLIC RECORDS; FEES. (a) Creates this subsection from existing text.

(b) Authorizes the commission, by rule, to charge a fee for access to ownership records and other records made or kept under this chapter.

(f) Amends Section 31.041, Parks and Wildlife Code, as follows:

Sec. 31.041. New heading: DEALER'S, DISTRIBUTOR'S, AND MANUFACTURER'S LICENSE. (a) Prohibits a person from engaging in business in this state as a dealer, distributor, or manufacturer, unless the person holds a license issued under this section. Requires a dealer to have a license for each place of business owned and operated by the person.

(b) Requires the commission to establish the form and manner for a display of a license issued under this section.

(c) Requires TPWD to issue a dealer, distributor, or manufacturer number to each dealer, distributor, or manufacturer licensed under this section in the manner provided by Section 31.031(b) (Numbering Pattern).

(d) Creates this section from existing text. Includes a distributor, along with a dealer or manufacturer of vessels in this state as authorized to use, rather than obtain, the dealer's, distributor's, or manufacturer's number for vessels the dealer, distributor, or manufacturer wishes to show, demonstrate, or test on the water of this state instead of securing a certificate of number for each vessel. Provides that, for purposes of this subsection, "show, demonstrate, or test" does not include the use of a

vessel for recreational purposes or for participation in a contest for event. Makes a conforming change.

(e) Redesignates this subsection from Subsection (b). Requires that the application for a license, rather than a number, under this section to state certain information. Requires an application submitted by a dealer to be accompanied by certain documents. Provides that the two-year fee for a dealer's, distributor's, or manufacturer's number is $500, rather than $45 or an amount set by the commission. Prohibits a license, rather than a number, from being issued until the provisions of this section have been satisfied. Makes conforming changes.

(f) Redesignates this subsection from Subsection (c). Includes a reference to Subsection (c). Requires the form of the facsimile and the manner of display of the number to be prescribed by TPWD. Makes conforming changes.

(g) Redesignates this subsection from Subsection (d). Deletes text referring to transferring a vessel or outboard motor. Makes conforming changes.

(g) Amends Subchapter B, Chapter 31, Parks and Wildlife Code, by adding Sections 31.0411, 31.0412, and 31.0413, as follows:

Sec. 31.0411. TERM OF LICENSE; TRANSFER. (a) Provides that except as provided by Subsection (b), a license issued under Section 31.041 is valid for two years from the date of issuance and is prohibited from being transferred to another person.

(b) Provides that a license issued under Section 31.041 in the name of a business remains valid for the business location specified on the license if a change of ownership or business name occurs.

(c) Authorizes a license issued under Section 31.041 to be transferred to a new address under certain circumstances.

Sec. 31.0412. LICENSING RULES. Authorizes the commission to adopt rules regarding licenses issued under Section 31.041, including certain rules regulating certain activities.

Sec. 31.0413. EXEMPTION FROM DEALER LICENSING REQUIREMENTS. Provides that the dealer licensing provisions of this subchapter do not apply to the sale of a canoe, kayak, punt, rowboat, rubber raft, paddle boat, or other vessel that is less than 12 feet in length and has a horsepower rating of five or less, or to the sale of an outboard motor with a manufacturer's rating of five horsepower or less.

(h) Amends Section 31.042(b), Parks and Wildlife Code, to delete as a cause for cancellation of certificates and voiding of numbers, the issuance of a marine document by the Bureau of Customs for the same vessel. Makes nonsubstantive changes.

(i) Amends Subchapter B, Chapter 31, Parks and Wildlife Code, by adding Section 31.044, as follows:

Sec. 31.044. INSPECTIONS. Prohibits a dealer, distributor, or manufacturer from refusing to allow TPWD or a peace officer to inspect a vessel, outboard motor, or records relating to the possession, origination, ownership, or transfer of a vessel or outboard motor at a dealership or distributor's or manufacturer's place of business during normal business hours.

(j) Amends Subchapter B-1, Chapter 31, Parks and Wildlife Code, by adding Section 31.0465, as follows:

Sec. 31.0465. APPEAL REGARDING CERTIFICATE OF TITLE; BOND; RULES. (a) Authorizes an applicant for a certificate of title under Section 31.046 (Application for Certificate of Title) to appeal TPWD's refusal to issue the title by filing a bond with TPWD as provided by this section.

(b) Requires a bond filed under this section to meet certain criteria.

(c) Authorizes TPWD to issue the certificate of title to the person filing the bond if the applicant proves that the vessel or outboard motor is not stolen and that issuance of a certificate of title would not defraud the owner or a lienholder of the vessel or outboard motor, to TPWD's satisfaction.

(d) Provides that a person described by Subsection (b)(5) has a right of action to recover on the bond for a breach of condition of the bond described by Subsection (b)(5). Prohibits the aggregate liability of the surety to all persons from exceeding the amount of the bond.

(e) Provides that a bond filed under this section expires on the third anniversary of the date the bond became effective. Requires TPWD to return an expired bond to the person who filed the bond unless TPWD has been notified of a pending action to recover on the bond.

(f) Requires TPWD, on return of a bond under Subsection (e), to issue a certificate of title to the person to whom the bond is returned.

(g) Authorizes the commission, in addition to the situation described by Subsection (c), by rule, to define acceptable situations in which certificates of title are authorized to be issued after filing a bond under this section.

(k) Amends Section 31.049(c), Parks and Wildlife Code, to delete text referring to a duplicate original certificate.

(l) Amends Section 31.053, Parks and Wildlife Code, by adding Subsection (f) to require a person who is not licensed as a dealer, distributor, or manufacturer under this chapter to obtain a certificate or number or certificate of title to a vessel or outboard motor in the person's name before transferring the certificate of number or certificate of title.

(m) Amends Section 31.127(a), Parks and Wildlife Code, to include in the list of actions that constitute committing an offense that is a Class C Parks and Wildlife Code misdemeanor, a person who violates or fails to comply with a proclamation of the commission entered under this chapter or a city ordinance or order of a commissioners court or a political subdivision of the state made or entered under this chapter.

(n) Requires the commission, not later than January 1, 2004, to adopt any rules necessary to implement Subsections (a) - (l) of this section.

(o) Makes application of Section 31.041, Parks and Wildlife Code this Act prospective to March 1, 2004.

(p) Effective date of this section: September 1, 2003.

SECTION 10. TEXAS PARKS AND WILDLIFE DEPARTMENT: FRESHWATER FISHING STAMP. (a) Amends Chapter 43, Parks and Wildlife Code, by adding Subchapter U, as follows:

SUBCHAPTER U. FRESHWATER FISHING STAMP

Sec. 43.801. DEFINITION. Defines "fresh water."

Sec. 43.082. FRESHWATER FISHING STAMP REQUIRED. (a) Provides that, except as provided by Subsection (b) or (c), no person is authorized to engage in fishing in fresh water for sporting purposes in this state unless the person has acquired a freshwater fishing stamp issued to the person by TPWD. Authorizes the commission, by rule, to adopt requirements relating to possessing a freshwater fishing stamp required by this section.

(b) Provides that a person who is exempted from obtaining a fishing license under Chapter 46 (Fishing Licenses) is not required to obtain a freshwater fishing stamp.

(c) Authorizes the commission, by rule, to exempt a person from the freshwater fishing stamp requirement of this section.

Sec. 43.803. FISHING LICENSE REQUIRED. Provides that the acquisition of a freshwater fishing stamp does not authorize a person to fish in fresh water for sporting purposes without having acquired a fishing license as provided by Chapter 46 (Fishing Licenses). Provides that the acquisition of a freshwater fishing stamp does not authorize a person to fish at any time or by any means not otherwise authorized by this code.

Sec. 43.804. DESIGN AND ISSUANCE OF STAMPS. (a) Authorizes TPWD to issue a freshwater fishing stamp to any person on the payment to TPWD of $5. Requires a stamp, except as provided by Subsection (e), to be signed on its face by the person using it, for the stamp to be valid for fishing purposes.

(b) Authorizes TPWD to issue a collectible freshwater fishing stamp to any person who pays TPWD $5. Provides that a collectible freshwater fishing stamp does not authorize a person to fish and is not valid for fishing purposes.

(c) Requires the commission, by rule, to prescribe the form, design, and manner of issuance of the freshwater fishing stamp and the collectible freshwater fishing stamp. Provides that TPWD retains all reproduction rights to the design of the freshwater fishing stamp and the collectible freshwater fishing stamp.

(d) Authorizes the commission to contract with and pay a person for designing and producing the freshwater fishing stamp or the collectible freshwater fishing stamp.

(e) Authorizes the commission, by rule, to prescribe alternate requirements for identifying the purchaser of a freshwater fishing stamp issued in an automated manner.

Sec. 43.805. DISPOSITION OF STAMP FEES. (a) Requires the net receipts from freshwater fishing stamp and collectible freshwater fishing stamp sales, after deduction of any collection fee, to be sent to TPWD.

(b) Authorizes the net receipts from freshwater fishing stamp sales to be spent only for certain purposes.

(c) Authorizes the net receipts from collectible freshwater fishing stamp sales to be spent only for certain purposes.

Sec. 43.806. EXPIRATION OF STAMP. (a) Provides that a freshwater fishing stamp, except as provided by Subsection (b) or (c), is valid for fishing only during the yearly period for which the stamp is issue, without regard to the date on which the stamp was acquired. Provides that each yearly period begins on September 1 of the year in which the stamp is issued or another date set by the commission. Authorizes the commission, by rule, to set the amount of a stamp fee for a stamp issued during a transition period at

an amount lower than prescribed in this subchapter and provide for a stamp term for a transition period that is shorter or longer than one year.

(b) Provides that a freshwater fishing stamp issued before September 1, or another date set by the commission, that does not expire until August 31 of the next year, or another date set by the commission, is valid from the date of issuance through August 31 of the next year, or another date set by the commission.

(c) Provides that a freshwater fishing stamp issued in conjunction with a license issued under Section 46.005 or 46.0051 expires on the later of the license expiration date or the date printed on the stamp.

Sec. 43.807. REFUSAL TO SHOW STAMP. Provides that a person fishing in fresh water for sporting purposes who refuses on demand of any game management officer or peace officer to show a freshwater fishing stamp or proof that the person is exempt under Section 43.802(b), or a rule adopted under that section, is presumed to be in violation of Section 43.802.

Sec. 43.808. PENALTY. Provides that a person who violates Section 43.802 is guilty of a Class C Parks and Wildlife misdemeanor.

Sec. 43.809. EXPIRATION OF SUBCHAPTER. Provides that this subchapter expires September 1, 2014.

(b) Repealer: Subchapters N (Freshwater Trout Stamp) and Q (Muzzleloader Hunting Stamp), Parks and Wildlife Code.

(c) Effective date of this section: September 1, 2004.

SECTION 11. TRANSFER OF RAILROAD COMMISSION OF TEXAS FUNCTIONS RELATED TO QUARRY AND PIT SAFETY. (a) Provides that on September 1, 2003

(1) All powers, duties, functions, and activities performed by the Railroad Commission (RRC) of Texas under Chapter 133, Natural Resources Code, immediately before that date are transferred to the Texas Department of Transportation (TxDOT);

(2) All employees of the RRC whose primary duties relate to the implementation of Chapter 133, Natural Resources Code, become TxDOT employees;

(3) A rule, form, order, or procedure adopted by RRC for the implementation or enforcement of Chapter 133, Natural Resources Code, is a rule form order or procedure of TxDOT and remains in effect until changed by TxDOT;

(4) A reference in Chapter 133, Natural Resources Code, to RRC means TxDOT;

(5) A permit or certification in effect under Chapter 133, Natural Resources Code, that was issued by RRC is continued in effect as a permit or certification issued by TxDOT; and

(6) a complaint, investigation, or other proceeding under Chapter 133, Natural Resources Code, pending before the RRC is transferred without change in status to TxDOT.

(b) Effective date of this section: September 1, 2003.

SECTION 12. RAILROAD COMMISSION OF TEXAS FUNCTIONS RELATED TO RAILROAD SAFETY. (a) Amends Article 6448a, V.T.C.S., as follows:

Art. 6448a. New heading: IMPLEMENTATION OF FEDERAL RAILROAD SAFETY ACT OF 1970.

Sec. 1. Creates this section from existing text.

Sec. 2. (a) Requires RRC by rule to adopt reasonable fees to be assessed annually against railroads operating within the state.

(b) Requires RRC by rule to establish the method by which fees are calculated and assessed.

(c) Prohibits the total amount of fees estimated to be collected by rule adopted by RRC under this section from exceeding the amount estimated by RRC to be necessary to recover the costs of administering RRC's rail safety program.

(d) Authorizes RRC, in adopting a fee structure, to consider the gross ton miles for railroad operations within the state for each railroad operating in the state, to provide for the equitable allocation among railroads of the cost of administering RRC's rail safety program.

(e) Requires a fee collected under this section to be deposited to the credit of the general revenue fund to be used for the rail safety program.

(b) Effective date for this section: September 1, 2003.

SECTION 13. RAILROAD COMMISSION OF TEXAS FUNCTIONS RELATED TO PIPELINES. (a) Amends Subchapter E, Chapter 121, Utilities Code, by adding Section 121.211, as follow:

Sec. 121.211. PIPELINE SAFETY FEES. Authorizes RRC, by rule, to adopt an inspection fee to be assessed annually against operators of natural gas distribution pipelines and their pipeline facilities and natural gas master metered pipelines and their pipeline facilities subject to this chapter.

(b) Authorizes RRC, by rule, to establish the method by which the fee is calculated and assessed. Authorizes RRC, in adopting a fee structure, to consider any factors necessary to provide for the equitable allocation among operators of the cost of administering RRC's pipeline safety program under this chapter.

(c) Prohibits the total amount of fees estimated to be collected by rule adopted by RRC under this section from exceeding the amount estimated by RRC to be necessary to recover the costs of administering RRC's pipeline safety program under this chapter, excluding costs that are fully funded by federal sources.

(d) Authorizes RRC to assess each investor-owned and each municipally owned natural gas distribution system subject to this chapter an annual inspection fee not to exceed 50 cents for each service line reported by the system on the Distribution annual Report, Form RSPA F7100. 1-1, due on March 15 of each year. Provides that the fee is due on March 15 of each year.

(e) Authorizes RRC to assess each operator of a natural gas master metered system subject to this chapter an annual inspection fee not to exceed $100 for each master metered system. Provides that the fee is due June 30 of each year.

(f) Authorizes RRC to assess a late payment penalty of 10 percent of the total assessment due under Subsection (d) or (e) that is not paid within 30 days after the annual due date established by the applicable subsection.

(g) Requires each investor-owned and municipally owned natural gas distribution company and each natural gas master meter operator to recover as a surcharge to its existing rates the amounts paid to RRC under this section. Prohibits amounts

collected under this subsection by an investor-owned natural gas distribution company from being included in the revenue or gross receipts of the company for the purpose of calculating municipal franchise fees or any tax imposed under Subchapter B, Chapter 182, Tax Code, or under Chapter 122. Provides that those amounts are not subject to a sales and use tax imposed by Chapter 151, Tax Code, or Chapters 321 through 327, Tax Code.

(h) Requires a fee to be deposited to the credit of the general revenue fund to be used for the pipeline safety program.

(b) Effective date of this section: September 1, 2003.

SECTION 14. SOIL AND WATER CONSERVATION BOARD. (a) Amends Section 201.011, Agriculture Code, as follows:

Sec. 201.011. COMPOSITION. Provides that the State Soil and Water Conservation Board (SWCB) is a state agency composed of seven, rather than five, certain members.

(b) Amends Section 201.015(b), Agriculture Code, to provide that the term of office of an elected member of SWCB begins on the day after the day on which the member was elected. Provides that the term of one member appointed by the governor expires February 1 of each odd-numbered year, and the term of the other member appointed by the governor expires February 1 of each even-numbered year.

(c) Amends Section 201.016, Agriculture Code, to provide that vacancies on SWCB are filled by election in the manner provide by this subchapter for an unexpired term or for a full term.

(d) Amends Subchapter B, Chapter 201, Agriculture Code, by adding Sections 201.028 and 201.029, as follows:

Sec. 201.028. SEMIANNUAL REPORT. Requires SWCB, not later than January 1 and July 1 of each year, to prepare and deliver a report to certain elected officials relating to the status of SWCB's budget areas of responsibility assigned to SWCB.

Sec. 201.029. MANAGEMENT AUDIT. Requires the state auditor, in coordination with the Legislative Budget Board (LBB), not later than March 1, 2004, to conduct a management audit of SWCB and deliver the audit report to certain elected officials. Requires the audit to include an evaluation of the administrative budget for SWCB. Provides that this section expires April 1, 2004.

(e) Amends Sections 203.011-203.013, Agriculture Code, as follows:

Sec. 203.011. AUTHORITY OF BOARD. Provides that SWCB has jurisdiction over and is required to administer the brush control program under this chapter with the assistance of local districts.

Sec. 203.012. RULES. Requires SWCB, after consulting with local districts, reasonable rules that are necessary to carry out this chapter.

Sec. 203.013. AUTHORITY OF DISTRICTS. Deletes text referring to the location of a critical area.

(f) Amends Section 203.016, Agriculture Code, to require SWCB to consult the Texas Water Development Board (TWDB) and TDA in regard to the effects to the brush control program on water quantity as well as with TPWD in regard to the effects of the brush control program on fish and wildlife.

(g) Amends Section 203.051, Agriculture Code, to require SWCB to prepare and adopt a state brush control plan required to include a comprehensive strategy for managing brush in all areas of the state where brush is contributing to a substantial water conservation problem, and rank, rather than designate, areas in the state in need of a brush control program. Deletes text referring to critical need.

(h) Amends Sections 203.052(b), (c), and (d), Agriculture Code, as follows:

(b) Includes in the required content of the notice instructions for each district to submit comments on the proposed plan. Makes nonsubstantive changes.

(c) Requires SWCB to enter any written comments received on the proposed plan into the record of the hearing and consider all written testimony before taking final action on the proposed plan.

(d) Makes a conforming change.

(i) Amends Section 203.053, Agriculture Code, as follows:

Sec. 203.053. New heading: CRITERIA FOR EVALUATING BRUSH CONTROL AREAS. (a) Requires SWCB, in ranking areas under the plan, to consider the amount of water produced by a project and the severity of water shortage in the areas, as well as other criteria. Makes conforming changes.

(b) Makes a conforming change.

(j) Amends Section 203.055, Agriculture Code, as follows:

Sec. 203.055. APPROVED METHODS FOR BRUSH CONTROL. (a) Makes a conforming change.

(b) Authorizes SWCB to approve a method for use under the cost-sharing program provided by Subchapter E of this chapter if SWCB finds that the proposed method will have a beneficial impact on the development of water sources and wildlife habitat and will allow the revegetation of the area after the brush is removed with plants that are beneficial to stream flows, groundwater levels, livestock, and wildlife, as well as other effects.

(k) Amends Section 203.101, Agriculture Code, to make a conforming change.

(l) Amends Section 203.154, Agriculture Code, by amending Subsections (a) and (c) and adding Subsection (d), as follows:

(a) Authorizes not more than 70 percent, rather than 80 percent, of the total cost of a single brush control project to be made available as the state's share in cost sharing.

(c) Authorizes SWCB to grant an exception to Subsection (b) of this section if SWCB finds that joint participation of the state brush control program and any federal brush control program will not exceed 80 percent of the total cost of the project.

(d) Provides that a political subdivision of this state is eligible for cost sharing under this brush control program as long as the state's share does not exceed 50 percent of any one project.

(m) Amends Sections 203.156-203.158, Agriculture Code, as follows:

Sec. 203.156. APPLICATION FOR COST SHARING. Includes a political

subdivision of this state, as a person.

Sec. 203.157. CONSIDERATIONS IN PASSING ON APPLICATION. Requires SWCB, in passing on an application for cost sharing, to consider the location of the project and any comments and recommendations submitted by a local district, TWDB, or TPWD, as well as other factors.

Sec. 203.158. APPROVAL OF APPLICATION. Authorizes SWCB to approve an application if, after considering the factors listed in Section 203.157 of this code and any other relevant factors, SWCB finds the project ranks higher than other projects submitted in accordance with the board's plan, as well as other findings. Makes a conforming change.

(n) Amends Sections 203.159(a) and (c), Agriculture Code, as follows:

(a) Requires, rather than authorizes, SWCB, if the demand for funds under this cost-sharing program is greater than funds available, to establish certain priorities.

(c) Requires SWCB to consider quantity of stream flows, the quantity of groundwater, and the amount of water conservation from the eradication of brush each to be a priority. Deletes text referring to dedicated land.

(o) Repealer: Sections 203.001(5) (Critical area) and 203.155 (Limit to Critical Areas and Approved Methods), Agriculture Code.

(p) Requires the governor, in making initial appointments to SWCB under Section 201.011, Agriculture Code, as amended by this section, to designate one member to serve a term expiring February 1, 2004, and the other member to serve a term expiring February 1, 2005.

(q) Requires SWCB to prepare and deliver the first report required by Section 201.028, Agriculture Code, as added by this section, not later than January 1, 2004.

(r) Effective date of this section: September 1, 2003.

SECTION 15. EFFECTIVE DATE. Effective date: upon passage or September 1, 2003.

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 24, 2003

TO: Honorable Teel Bivins, Chair, Senate Committee on Finance

FROM: John Keel, Director, Legislative Budget Board

IN RE: **HB3442** by Pickett (Relating to certain expenditures and charges of certain governmental entities.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3442, Committee Report 2nd House, Substituted: a positive impact of $7,810,853 through the biennium ending August 31, 2005.

Estimated savings should be compared to funding levels sufficient to conform to current policies and law. Savings should not be compared to agency Initial General Revenue/Building Block requests.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	$3,792,735
2005	$4,018,118
2006	$4,018,468
2007	$4,018,118
2008	$4,018,118

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/ (Cost) from *GENERAL REVENUE FUND* 1	Probable Revenue Gain from *GENERAL REVENUE FUND* 1	Probable Savings/ (Cost) from *General Revenue Dedicated*	Probable Revenue Gain from *General Revenue Dedicated*
2004	$147,380	$3,645,355	$22,832,944	$10,024,000
2005	$374,463	$3,643,655	$16,071,619	$13,985,000
2006	$374,463	$3,644,005	$28,317,235	$14,284,000
2007	$374,463	$3,643,655	($72,027,900)	$13,985,000
2008	$374,463	$3,643,655	($30,400)	$14,284,000

Fiscal Year	Probable (Cost) from *STATE HIGHWAY FUND* 6	Change in Number of State Employees from FY 2003
2004	($51,000)	(3.5)
2005	($51,000)	(8.5)
2006	($51,000)	(8.5)
2007	($51,000)	(8.5)
2008	($51,000)	(8.5)

Fiscal Analysis

The bill would make numerous statutory changes affecting Article VI agencies.

Methodology

Department of Agriculture
Livestock Pens - Revenue gain of $200,000 each fiscal year in General Revenue Funds, offset by $200,000 per fiscal year in expenditures out of the General Revenue Fund.
Octane Fee - Revenue gain of $95,000 each fiscal year in General Revenue Funds.
Weights and measures - No revenue gain, however savings of $247,917 in fiscal year 2004 and $475,000 each fiscal year thereafter in General Revenue Funds have been accounted for in CSHB 1. In addition, there would be a reduction of 4.5 FTEs in fiscal year 2004 and 9.5 FTEs each fiscal year thereafter.

Animal Health Commission
Riding Stables - Revenue loss of $21,200 per fiscal year in General Revenue Funds and a reduction in expenditures of $26,413 each fiscal year out of General Revenue Funds which has already been accounted for in CSHB 1.
Authorization for Implementation of New Fees - Revenue gain of $500,000 per fiscal year generated by 50 cent per head of cattle at first-point testing which would be deposited to the credit of the General Revenue Fund to offset appropriations made in CSHB 1.

Commission on Environmental Quality
PST deadline extension for reimbursements - Savings out of GR-Dedicated PST-related accounts totaling $22.9 million in 2004, $16.1 million in 2005, $28.3 million in 2006 and an increase in costs of $72 million in 2007.

Expedited Letters - Revenue gain in GR-Dedicated Water Resource Management Account No. 153 of $225,00 each fiscal year with offsetting expenditures in the same amounts, including the addition of 1 FTE each fiscal year.

General Land Office
Increase Fund Balance Cap - Revenue gain of $9,500,000 each fiscal year due to the increase of cap from $25 million to $40 million on the fund balance in the GR-Dedicated Coastal Protection Account No. 027 to offset appropriations made in CSHB 1.

Parks and Wildlife
Freshwater Fishing Stamp - Revenue gain of $4,260,000 beginning in fiscal year 2005 out of the Game, Fish, Water Safety Account No. 9, relating to issuing a freshwater fishing stamp and prohibiting freshwater fishing by persons lacking the stamp. No additional expenditures are anticipated above those included in CSHB 1.
Motorboat Registration - Revenue gain of $2,040,000 in the GR-Dedicated State Parks Account No. 64, offset by a revenue loss of $2,040,000 in the GR-Dedicated Game, Fish, Water Safety Account No. 9, by providing that 15 percent of amounts collected from motorboat registration and motorboat manufacturer or dealer registration fees be deposited to the State Parks Account No. 64.
Non-negotiable Titles - Revenue gain of $299,000 in GR-Dedicated Game, Fish, Water Safety Account No. 9 in fiscal years 2004, 2006 and 2008, and decreased expenditures of $26,400 in fiscal year 2004 and $27,900 each fiscal year thereafter, relating to deletion of the requirement for non-negotiable titles for boats.

Railroad Commission
Pipelines - Revenue gain of approximately $1.4 million each fiscal year in the General Revenue Fund relating to fees assessed against operators of pipelines and pipeline facilities which has already been accounted for in CSHB 1.
Pits and Quarries - Savings of $51,000 each fiscal year in the General Revenue Fund, with an increase of expenditures of $51,000 each fiscal year out of the State Highway Fund No. 6 relating to the

transfer of functions associated with the Texas Quarry and Pit Safety program from the Railroad Commission to the Department of Transportation.
Rail Safety - Revenue gain of approximately $1.4 million each fiscal year in the General Revenue Fund relating to fees assessed on railroads to recover costs for the rail safety program which has already been accounted for in CSHB 1.
Administrative Hearings - Savings in the General Revenue Fund of $247,050 each fiscal year of the biennium which has already been accounted for in CSHB 1.

Soil and Water Conservation Board
Duties of the Board - No significant fiscal impact is anticipated relating to the composition and duties of the Soil and Water Conservation Board, including a joint management audit by the State Auditor and Legislative Budget Board.
Brush Control - No significant fiscal impact is anticipated relating to the provisions regarding eligibility of brush control projects and cost-share requirements.

Technology

No significant implications to technology resources are anticpated due to the implementation of the provisions of the bill.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 582 Commission on Environmental Quality
LBB Staff: JK, SD, MS

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 7, 2003

TO: Honorable Talmadge Heflin, Chair, House Committee on Appropriations

FROM: John Keel, Director, Legislative Budget Board

IN RE: **HB3442** by Pickett (Relating to granting statutory authority to certain governmental entities to reduce certain expenditures and to impose charges in amounts sufficient to recover costs.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3442, Committee Report 1st House, Substituted: a positive impact of $505,426 through the biennium ending August 31, 2005.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

Estimated savings should be compared to funding levels sufficient to conform to current policies and law. Estimated savings should not be compared to agency Initial General Revenue/Building Block requests.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	$252,713
2005	$252,713
2006	$252,713
2007	$252,713
2008	$252,713

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from *GENERAL REVENUE FUND* 1	Probable Savings from *GENERAL REVENUE FUND* 1
2004	($21,200)	$273,913
2005	($21,200)	$273,913
2006	($21,200)	$273,913
2007	($21,200)	$273,913
2008	($21,200)	$273,913

Fiscal Analysis

The bill would repeal statute relating to equine riding stables and would amend statute to allow contested hearings for the Railroad Commission to be conducted by one or more members of the Railroad Commission, Railroad Commission hearings examiners, or the utility division of the State Office of Administrative Hearings (SOAH).

In addition, the bill would authorize state agencies to reduce or recover expenditures by consolidating

reports or publications for filing purposes, extending the effective period for any license, permit or registration; entering into contracts with another governmental entities or private vendors to carry out an agency's duties; adopting additional eligibility requirements for distribution of benefits to eligible persons; providing for electronic communication of items such as applications, notices, billing statements, receipts and certificates; and adopting and collecting fees or charges to recover costs incurred an agency.

Methodology

Animal Health Commission -- Riding Stables

Implementation of the bill would result in a loss to the General Revenue Fund of $21,200 and a savings of $26,413 out of the General Revenue Fund each year beginning in fiscal year 2004.

Railroad Commission -- Administrative Hearings

Provisions of the bill relating to administrative hearings would result in a savings of $247,500 out of the General Revenue Fund each year, assuming the contested hearings would be conducted by Railroad commissioners or hearings examiners and costs would be absorbed within remaining appropriations. This amount is based on an anticipated 2,750 hours of work the Railroad Commission would refer to SOAH each year at a rate of $90 per hour.

The Railroad Commission would have authority to enter into an annual contract with SOAH at a fixed rate if the legislature makes an appropriation for that purpose. In this case, the savings to the state would depend on the amount appropriated. If the legislature does not make such an appropriation, the Railroad Commission could enter into a contract with SOAH at an hourly rate. In this case, savings would occur to the extent that the Railroad Commission would refer fewer than 2,750 hours worth of work per year to the SOAH.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 360 State Office of Administrative Hearings
LBB Staff: JK, SD, TL, MS

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION
Revision 1

April 29, 2003

TO: Honorable Talmadge Heflin, Chair, House Committee on Appropriations

FROM: John Keel, Director, Legislative Budget Board

IN RE: **HB3442** by Pickett (Relating to statutory authority to reduce appropriations made by the legislature to certain governmental entities.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3442, As Introduced: a negative impact of ($108,532,584) through the biennium ending August 31, 2005.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	($52,330,442)
2005	($56,202,142)
2006	($60,330,792)
2007	($64,384,142)
2008	($68,672,142)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/ (Cost) from *GENERAL REVENUE FUND* 1	Probable Revenue Gain/(Loss) from *GENERAL REVENUE FUND* 1	Probable Revenue Gain/(Loss) from *COASTAL PROTECTION ACCT* 27	Probable Savings/ (Cost) from *COASTAL PROTECTION ACCT* 27
2004	$7,969,203	($60,299,645)	$6,362,000	($7,942,790)
2005	$7,969,203	($64,171,345)	$6,082,000	($7,942,790)
2006	$7,969,203	($68,299,995)	$23,560,000	($7,942,790)
2007	$7,969,203	($72,353,345)	($5,501,000)	($7,942,790)
2008	$7,969,203	($76,641,345)	$17,653,000	($7,942,790)

Fiscal Year	Probable Revenue Gain/(Loss) from *STATE PARKS ACCT* 64	Probable Revenue Gain/(Loss) from *LOCAL PARKS ACCOUNT* 467	Probable Revenue Gain/(Loss) from *PARKS/WILDLIFE CAP ACCT* 5004
2004	($15,500,000)	($15,500,000)	$94,150,000
2005	($15,500,000)	($15,500,000)	$98,020,000
2006	($15,000,000)	($15,500,000)	$102,079,000
2007	($15,500,000)	($15,500,000)	$106,202,000
2008	($15,500,000)	($15,500,000)	$110,490,000

Fiscal Analysis

The bill would require several Article VI agencies to reduce or eliminate expenditures as follows:

The bill would require that: (1) the Animal Health Commission reduce expenditures related to riding stables; (2) the General Land Office and Trusteed Programs within the General Land Office reduce expenditures paid for coastal erosion control and its trusteed program; (3) the Natural Resources Code be amended to increase the ceiling of the Coastal Protection Account from $25 million to $40 million; (4) the Parks and Wildlife Department reduce expenditures for local park grants; (5) the Parks and Wildlife Code be amended relating to money received from cigarette taxes and deposits to the State Parks Account, and the Texas Recreation and Parks Account; and (6) the Railroad Commission reduce expenditures relating oil spill response, consolidate oil spill response activities with the General Land Office, and implement fees for rail and pipeline safety programs.

Methodology

Animal Health Commission -- Revenue loss of $21,200 and a reduction in expenditures of $26,413 out of General Revenue Funds each fiscal year.

General Land Office -- Revenue increases each fiscal year out of the Coastal Protection Account No 027, with the exception of fiscal year 2007 when revenue collections would reach $40 million and cease. Increased costs out of the Coastal Protection Account of $7,942,790 each fiscal year, which would offset existing costs out of the General Revenue Fund.

Parks and Wildlife -- Removal of the $32 million annual cap on sales tax on sporting goods transferred to the Texas Parks and Wildlife Department and removal of the allocation of sporting good sales tax to the GR-dedicated State Parks and the Texas Recreation and Parks accounts would result in these revenues being deposited to the credit of the Texas Parks and Wildlife Conservation and Capital Account No. 5004.

Railroad Commission -- Revenue increases in the General Revenue Fund of approximately $2.8 million each fiscal year to offset existing costs related to the rail and pipeline safety programs. There would be no significant fiscal implications to consolidating the oil spill response functions.

The Comptroller of Public Accounts projects costs of $137,010 to notify taxpayers of these changes. However, for the purposes of this fiscal note, it is anticipated the these costs could be absorbed within current resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies:	304 Comptroller of Public Accounts, 305 General Land Office and Veterans' Land Board, 455 Railroad Commission, 554 Animal Health Commission, 802 Parks and Wildlife Department
LBB Staff:	JK, JO, SD, MS

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 29, 2003

TO: Honorable Talmadge Heflin, Chair, House Committee on Appropriations

FROM: John Keel, Director, Legislative Budget Board

IN RE: **HB3442** by Pickett (Relating to statutory authority to reduce appropriations made by the legislature to certain governmental entities.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3442, As Introduced: a negative impact of ($124,470,990) through the biennium ending August 31, 2005.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	($60,299,645)
2005	($64,171,345)
2006	($68,299,995)
2007	($72,353,345)
2008	($76,641,345)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from *GENERAL REVENUE FUND* 1	Probable Revenue Gain/(Loss) from *COASTAL PROTECTION ACCT* 27	Probable Savings/ (Cost) from *COASTAL PROTECTION ACCT* 27	Probable Revenue Gain/(Loss) from *STATE PARKS ACCT* 64
2004	($60,299,645)	$6,362,000	($7,942,790)	($15,500,000)
2005	($64,171,345)	$6,082,000	($7,942,790)	($15,500,000)
2006	($68,299,995)	$23,560,000	($7,942,790)	($15,000,000)
2007	($72,353,345)	($5,501,000)	($7,942,790)	($15,500,000)
2008	($76,641,345)	$17,653,000	($7,942,790)	($15,500,000)

Fiscal Year	Probable Revenue Gain/(Loss) from *LOCAL PARKS ACCOUNT* 467	Probable Revenue Gain/(Loss) from *PARKS/WILDLIFE CAP ACCT* 5004
2004	($15,500,000)	$94,150,000
2005	($15,500,000)	$98,020,000
2006	($15,500,000)	$102,079,000
2007	($15,500,000)	$106,202,000
2008	($15,500,000)	$110,490,000

Fiscal Analysis

The bill would require several Article VI agencies to reduce or eliminate expenditures as follows:

The bill would require that: (1) the Animal Health Commission reduce expenditures related to riding stables; (2) the General Land Office and Trusteed Programs within the General Land Office reduce expenditures paid for coastal erosion control and its trusteed program; (3) the Natural Resources Code be amended to increase the ceiling of the Coastal Protection Account from $25 million to $40 million; (4) the Parks and Wildlife Department reduce expenditures for local park grants; (5) the Parks and Wildlife Code be amended relating to money received from cigarette taxes and deposits to the State Parks Account, and the Texas Recreation and Parks Account; and (6) the Railroad Commission reduce expenditures relating oil spill response, consolidate oil spill response activities with the General Land Office, and implement fees for rail and pipeline safety programs.

Methodology

Animal Health Commission -- Revenue loss of $21,200 and a reduction in expenditures of $26,413 out of General Revenue Funds each fiscal year.

General Land Office -- Revenue increases each fiscal year out of the Coastal Protection Account No 027, with the exception of fiscal year 2007 when revenue collections would reach $40 million and cease. Increased costs out of the Coastal Protection Account of $7,942,790 each fiscal year, which would offset existing costs out of the General Revenue Fund.

Parks and Wildlife -- Removal of the $32 million annual cap on sales tax on sporting goods transferred to the Texas Parks and Wildlife Department and removal of the allocation of sporting good sales tax to the GR-dedicated State Parks and the Texas Recreation and Parks accounts would result in these revenues being deposited to the credit of the Texas Parks and Wildlife Conservation and Capital Account No. 5004.

Railroad Commission -- Revenue increases in the General Revenue Fund of approximately $2.8 million each fiscal year to offset existing costs related to the rail and pipeline safety programs. There would be no significant fiscal implications to consolidating the oil spill response functions.

The Comptroller of Public Accounts projects costs of $137,010 to notify taxpayers of these changes. However, for the purposes of this fiscal note, it is anticipated the these costs could be absorbed within current resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 305 General Land Office and Veterans' Land Board, 455 Railroad Commission, 554 Animal Health Commission, 802 Parks and Wildlife Department

LBB Staff: JK, JO, SD, MS

LEGISLATIVE BUDGET BOARD
Austin, Texas

TAX/FEE EQUITY NOTE

78TH LEGISLATIVE REGULAR SESSION

May 7, 2003

TO: Honorable Talmadge Heflin, Chair, House Committee on Appropriations

FROM: John Keel, Director, Legislative Budget Board

IN RE: **HB3442** by Pickett (Relating to granting statutory authority to certain governmental entitiesto reduce certain expenditures and to impose charges in amounts sufficient to recover costs.), **Committee Report 1st House, Substituted**

No statistically significant impact on the overall distribution of a state tax or fee burden among individuals and businesses is anticipated from the provisions of this bill.

Source Agencies:
LBB Staff: JK, SJS

ADOPTED as amended

MAY 2 8 2003

Secretary of the Senate

By: _____ H.B. No. 3442

Substitute the following for __.B. No. _____:

By: _____ C.S.__.B. No. _____

A BILL TO BE ENTITLED

AN ACT

relating to certain expenditures and charges of certain governmental entities.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. REDUCTION OF EXPENDITURES AND IMPOSITION OF CHARGES GENERALLY. (a) This section applies to any state agency that receives an appropriation under Article VI of the General Appropriations Act.

(b) Notwithstanding any other statute of this state, each state agency to which this section applies is authorized to reduce or recover expenditures by:

(1) consolidating any reports or publications the agency is required to make and filing or delivering any of those reports or publications exclusively by electronic means;

(2) extending the effective period of any license, permit, or registration the agency grants or administers;

(3) entering into a contract with another governmental entity or with a private vendor to carry out any of the agency's duties;

(4) adopting additional eligibility requirements for persons who receive benefits under any law the agency administers to ensure that those benefits are received by the most deserving persons consistent with the purposes for which the benefits are provided; and

(5) providing that any communication between the agency and another person and any document required to be delivered to or by the agency, including any application, notice, billing statement, receipt, or certificate, may be made or delivered by electronic mail or through the Internet.

SECTION 2. TEXAS ANIMAL HEALTH COMMISSION; DUTIES REGARDING RIDING STABLES. (a) The Texas Animal Health Commission shall reduce its expenditures of state money related to regulating equine riding stables.

(b) Chapter 2053, Occupations Code, is repealed.

SECTION 3. ADMINISTRATIVE HEARINGS OF RAILROAD COMMISSION OF TEXAS. Section 102.006, Utilities Code, is amended to read as follows:

Sec. 102.006. [~~POWERS AND DUTIES OF STATE OFFICE OF~~] ADMINISTRATIVE HEARINGS IN CONTESTED CASES. (a) The railroad commission by rule shall provide for administrative hearings in contested cases to be conducted by one or more members of the railroad commission, by railroad commission hearings examiners, or by the [~~The~~] utility division of the State Office of Administrative Hearings. The rules must provide for a railroad commission hearings examiner or the utility division of the State Office of Administrative Hearings to [~~shall~~] conduct each hearing in a contested case that is not conducted by one or more members of the railroad commission. A hearing must be conducted in accordance with the rules and procedures adopted by the railroad commission.

(b) The railroad commission may delegate to a railroad commission hearings examiner or to the utility division of the

State Office of Administrative Hearings the authority to make a final decision and to issue findings of fact, conclusions of law, and other necessary orders in a proceeding in which there is not a contested issue of fact or law.

(c) The railroad commission by rule shall define the procedures by which it delegates final decision-making authority under Subsection (b) to a railroad commission hearings examiner or to the utility division of the State Office of Administrative Hearings.

(d) For purposes of judicial review, the [~~an administrative law judge's~~] final decision of a railroad commission hearings examiner or an administrative law judge of the State Office of Administrative Hearings in a matter delegated under Subsection (b) has the same effect as a final decision of the railroad commission unless a member of the commission requests formal review of the decision.

(e) The State Office of Administrative Hearings shall charge the railroad commission a fixed annual rate for hearings conducted by the office under this section only if the legislature appropriates money for that purpose. If the legislature does not appropriate money for the payment of a fixed annual rate under this section, the State Office of Administrative Hearings shall charge the railroad commission an hourly rate of not more than $90 per hour for hearings conducted by the office under this section.

SECTION 4. TEXAS DEPARTMENT OF AGRICULTURE. (a) Section 146.021, Agriculture Code, is amended to read as follows:

Sec. 146.021. DEPARTMENT FACILITIES. The department may

receive and hold for processing animals transported in international trade and may establish and collect reasonable fees for yardage, maintenance, feed, medical care, and other necessary expenses incurred in the course of processing those animals. Notwithstanding any other law, the department may use any portion of fees collected under this section that remains after spending the proceeds of the fees to meet other necessary expenses incurred under this section for expenses related to maintenance of or repairs to department facilities.

(b) Section 13.101(a), Agriculture Code, is amended to read as follows:

(a) At least once every four [~~three~~] years, or more often as required by the department, a weight or measure shall be inspected and tested for correctness by a sealer if it:

(1) is kept for sale, sold, or used by a proprietor, agent, lessee, or employee in proving the weight or measure, including the size, quantity, extent, or area, of any item; or

(2) is purchased, offered, or submitted by a proprietor, agent, lessee, or employee for sale, hire, or award.

(c) Section 9(d), Chapter 1033, Acts of the 71st Legislature, Regular Session, 1989 (Article 8614, Vernon's Texas Civil Statutes), is repealed.

(d) This section takes effect September 1, 2003.

SECTION 5. ANIMAL HEALTH COMMISSION. (a) Subchapter C, Chapter 161, Agriculture Code, is amended by adding Section 161.060 to read as follows:

Sec. 161.060. INSPECTION FEES. The commission may charge a

fee, as provided by commission rule, for an inspection made by the commission.

(b) This section takes effect September 1, 2003.

SECTION 6. GENERAL LAND OFFICE OIL SPILL RECOVERY. (a) Sections 40.155(a), (c), and (d), Natural Resources Code, are amended to read as follows:

(a) Except as otherwise provided in this section, the rate of the fee shall be two cents per barrel of crude oil until the commissioner certifies that the unencumbered balance in the fund has reached $40 [~~$25~~] million. The commissioner shall certify to the comptroller the date on which the unencumbered balance in the fund exceeds $40 [~~$25~~] million. The fee shall not be collected or required to be paid on or after the first day of the second month following the commissioner's certification to the comptroller that the unencumbered balance in the fund exceeds $40 [~~$25~~] million.

(c) Notwithstanding the provisions of Subsection (a) or (b) of this section, the fee shall be levied at the rate of four cents per barrel if the commissioner certifies to the comptroller a written finding of the following facts:

(1) the unencumbered balance in the fund is less than $40 [~~$25~~] million;

(2) an unauthorized discharge of oil in excess of 100,000 gallons has occurred within the previous 30 days; and

(3) expenditures from the fund for response costs and damages are expected to deplete the fund substantially.

(d) In the event of a certification to the comptroller under Subsection (c) of this section, the comptroller shall collect the

fee at the rate of four cents per barrel until the unencumbered balance in the fund reaches $40 [~~$25~~] million or any lesser amount that the commissioner determines is necessary to pay response costs and damages without substantially depleting the fund. The commissioner shall certify to the comptroller the date on which the unencumbered balance in the fund exceeds $40 [~~$25~~] million or such other lesser amount. The fee shall not be collected or required to be paid on or after the first day of the second month following the commissioner's certification to the comptroller.

(b) This section takes effect September 1, 2003.

SECTION 7. TEXAS COMMISSION ON ENVIRONMENTAL QUALITY. (a) Section 5.701, Water Code, is amended by adding Subsection (r) to read as follows:

(r) The fee for processing a request for an expedited letter from the executive director stating the total depth of surface casing needed during the drilling of wells to protect usable ground waters in the state and required for the processing of certain permits from the Railroad Commission of Texas may not exceed $75.

(b) Section 26.351(f), Water Code, is amended to read as follows:

(f) The person performing corrective action under this section, if the release was reported to the commission on or before December 22, 1998, shall meet the following deadlines:

(1) a complete site assessment and risk assessment (including, but not limited to, risk-based criteria for establishing target concentrations), as determined by the executive director, must be received by the agency no later than

September 1, 2002;

(2) a complete corrective action plan, as determined by the executive director and including, but not limited to, completion of pilot studies and recommendation of a cost-effective and technically appropriate remediation methodology, must be received by the agency no later than September 1, 2003. The person may, in lieu of this requirement, submit by this same deadline a demonstration that a corrective action plan is not required for the site in question under commission rules. Such demonstration must be to the executive director's satisfaction;

(3) for those sites found under Subdivision (2) to require a corrective action plan, that plan must be initiated and proceeding according to the requirements and deadlines in the approved plan no later than March 1, 2005 [~~2004~~];

(4) for sites which require either a corrective action plan or groundwater monitoring, a comprehensive and accurate annual status report concerning those activities must be submitted to the agency;

(5) for sites which require either a corrective action plan or groundwater monitoring, all deadlines set by the executive director concerning the corrective action plan or approved groundwater monitoring plan shall be met; and

(6) site closure requests for all sites where the executive director agreed in writing that no corrective action plan was required must be received by the agency no later than September 1, 2005. The request must be complete, as judged by the executive director.

(c) Section 26.3573(r), Water Code, as added by Chapters 965 and 1135, Acts of the 77th Legislature, Regular Session, 2001, is amended to read as follows:

(r) The petroleum storage tank remediation account may not be used to reimburse any person for corrective action performed after September 1, 2006 [~~2005~~].

(d) Section 26.3573(s), Water Code, as added by Chapters 965 and 1135, Acts of the 77th Legislature, Regular Session, 2001, is amended to read as follows:

(s) The petroleum storage tank remediation account may not be used to reimburse any person for corrective action contained in a reimbursement claim filed with the commission after March 1, 2007 [~~2006~~].

(e) Section 26.35731(c), Water Code, is amended to read as follows:

(c) Not later than the 90th day after the date on which the commission receives a completed application for reimbursement from the petroleum storage tank remediation account, the commission shall send a fund payment report to the owner or operator of a petroleum storage tank system that is seeking reimbursement, if sufficient funds are available to make the payment.

(f) This section takes effect September 1, 2003.

SECTION 8. TEXAS PARKS AND WILDLIFE DEPARTMENT FEES. (a) Section 11.032, Parks and Wildlife Code, is amended by amending Subsection (b) and adding Subsection (c) to read as follows:

(b) The department shall deposit to the credit of the game, fish, and water safety account all revenue, less allowable costs,

from the following sources:

(1) all types of fishing licenses and stamps and shrimping licenses, except as provided by Section 77.120;

(2) all types of hunting licenses and stamps;

(3) trapping licenses and other licenses relating to the taking, propagation, and sale of fur-bearing animals or their pelts;

(4) sale of marl, sand, gravel, shell, and mudshell;

(5) oyster bed rentals and permits;

(6) federal funds received for fish and wildlife research, management, development and conservation, resource protection, and law enforcement, unless the funds are received for the specific purposes of Subchapter F, Chapter 77;

(7) sale of property, less advertising costs, purchased from this account or a special fund or account that is now part of this account;

(8) fines and penalties collected for violations of a law pertaining to the protection and conservation of wild birds, wild fowl, wild animals, fish, shrimp, oysters, game birds and animals, fur-bearing animals, alligators, and any other wildlife resources of this state;

(9) sale of rough fish by the department;

(10) fees for importation permits;

(11) fees from supplying fish for or placing fish in water located on private property;

(12) sale of seized pelts;

(13) sale or lease of grazing rights to and the

products from game preserves, sanctuaries, and management areas;

(14) contracts for the removal of fur-bearing animals and reptiles from wildlife management areas;

(15) vessel [~~motorboat~~] registration fees;

(16) vessel [~~motorboat~~] manufacturer or dealer licensing fees [~~registration fee~~];

(17) fines or penalties imposed by a court for violation of water safety laws contained in Chapter 31 of this code;

(18) alligator hunter's or alligator buyer's licenses;

(19) sale of alligators or any part of an alligator by the department;

(20) fees and revenue collected under Section 11.027(b) or (c) of this code that are associated with the conservation of fish and wildlife; [~~and~~]

(21) any other source provided by law; and

(22) vessel and outboard motor titling fees.

(c) Not later than the 10th day of each month the department shall transfer 15 percent of all amounts collected during the previous month from sources described by Subsection (b)(15), (16), or (22) to the state parks account.

(b) This section takes effect September 1, 2003.

SECTION 9. TEXAS PARKS AND WILDLIFE DEPARTMENT REGULATION OF MARINE BUSINESSES. (a) Section 31.003, Parks and Wildlife Code, is amended by amending Subdivision (7) and adding Subdivision (16) to read as follows:

(7) "Dealer" means a person [~~customarily~~] engaged in the business of buying, selling, selling on consignment, displaying

for sale, or exchanging at least five vessels, motorboats, or outboard motors during a calendar year at an established or permanent place of business in this state [~~and that at each place of business there is a sign conspicuously displayed showing the name of the dealership so that it may be located by the public and sufficient space to maintain an office, service area, and display of products~~].

(16) "Distributor" means a person who offers for sale, sells, or processes for distribution new boats or outboard motors to dealers in this state.

(b) Subchapter A, Chapter 31, Parks and Wildlife Code, is amended by adding Section 31.007 to read as follows:

Sec. 31.007. DEALER REQUIREMENTS. A dealer shall:

(1) display in each of the dealer's places of business a sign that:

(A) is conspicuous to the public; and

(B) shows the name of the dealership; and

(2) operate in a space sufficient to maintain an office, service area, and display of products.

(c) Section 31.021, Parks and Wildlife Code, is amended to read as follows:

Sec. 31.021. REQUIRED NUMBERING. (a) Each [~~undocumented~~] vessel on the water of this state shall be numbered in accordance with the provisions of this chapter unless specifically exempted. The numbering system shall be in accord with the Federal Boating Act of 1958 and subsequent federal legislation.

(b) No person may operate or give permission for the

operation of any vessel or may dock, moor, or store a vessel owned by the person on the water of this state unless:

(1) the vessel is numbered as required by this chapter;

(2) the certificate of number awarded to the vessel is in full force and effect; and

(3) the identifying number set forth in the certificate is properly displayed on each side of the bow of the vessel as required by this chapter.

(d) Section 31.032, Parks and Wildlife Code, is amended to read as follows:

Sec. 31.032. NUMBERING ON BOW. (a) The owner of a vessel shall paint on or attach to each side of the vessel near the bow the identification number and a validation decal in the manner prescribed by the department. The number shall read from left to right and shall be of block characters of good proportion of not less than three inches in height. The numbers shall be of a color which will contrast with the hull material of the vessel and so maintained as to be clearly visible and legible.

(b) The owner of a vessel required to be numbered under this subchapter and documented by the United States Coast Guard is not required to attach an identification number as required by Subsection (a).

(c) The commission shall adopt rules for the placement of the validation decal in an alternate location for antique boats. In this subsection, "antique boat" means a boat that:

(1) is used primarily for recreational purposes; and

(2) was manufactured before 1968.

(e) Section 31.039, Parks and Wildlife Code, is amended to read as follows:

Sec. 31.039. PUBLIC RECORDS; FEES. (a) All ownership records of the department made or kept under this chapter are public records.

(b) The commission may by rule charge a fee for access to ownership records and other records made or kept under this chapter.

(f) Section 31.041, Parks and Wildlife Code, is amended to read as follows:

Sec. 31.041. DEALER'S, DISTRIBUTOR'S, AND MANUFACTURER'S LICENSE [~~NUMBER~~]. (a) A person may not engage in business in this state as a dealer, distributor, or manufacturer unless the person holds a license issued under this section. A dealer must have a license for each place of business owned and operated by the person.

(b) The commission shall establish the form and manner for display of a license issued under this section.

(c) The department shall issue a dealer, distributor, or manufacturer number to each dealer, distributor, or manufacturer licensed under this section in the manner provided by Section 31.031(b).

(d) A dealer, distributor, or manufacturer of vessels in this state may use the [~~obtain a~~] dealer's, distributor's, or [~~and~~] manufacturer's number for vessels the dealer, distributor, or manufacturer wishes to show, demonstrate, or test on the water of this state instead of securing a certificate of number for each

vessel. The number shall be attached to any vessel that the dealer, distributor, or manufacturer sends temporarily on the water. For purposes of this subsection, "show, demonstrate, or test" does not include the use of a vessel for recreational purposes or for participation in a contest or event.

(e) [~~(b)~~] The application for a license under this section [~~number~~] must state that the applicant is a dealer, distributor, or manufacturer within the meaning of this chapter, and the facts stated on the application must be sworn before an officer authorized to administer oaths. An [~~The~~] application submitted by a dealer must be accompanied by photographs of the business sufficient to show any sign the business is required to display and the extent of the space the business is required to maintain. The application must also be accompanied by a copy of the tax permit of the dealer, distributor, or manufacturer issued by the comptroller under Chapter 151, Tax Code, if the dealer, distributor, or manufacturer has a tax permit. The two-year fee for a dealer's, distributor's, or [~~and~~] manufacturer's number is $500 [~~$45 or an amount set by the commission, whichever amount is more~~]. A license [~~No number~~] may not be issued until the provisions of this section have been satisfied.

(f) [~~(c)~~] A dealer, distributor, or manufacturer holding a dealer's, distributor's, or [~~and~~] manufacturer's license [~~number~~] may issue a reasonable temporary facsimile of the number issued under Subsection (c), which may be used by any authorized person. A person purchasing a vessel may use the dealer's number for a period not to exceed 15 days prior to filing an application for a

certificate of number. The form of the facsimile and the manner of display of the number shall be prescribed by the department.

(g) [~~(d)~~] A dealer, distributor, or manufacturer holding a dealer's, distributor's, or [~~and~~] manufacturer's license [~~number~~] may transfer a certificate of number or a certificate of title to a vessel or outboard motor without securing a certificate of number or certificate of title in the dealer's, distributor's, or manufacturer's name if the vessel or outboard motor is sold in the normal course of the dealer's, distributor's, or manufacturer's business. [~~Any other person transferring a vessel or outboard motor must secure a certificate of number or certificate of title in the person's name before transferring the certificate of number or the certificate of title.~~]

(g) Subchapter B, Chapter 31, Parks and Wildlife Code, is amended by adding Sections 31.0411, 31.0412, and 31.0413 to read as follows:

Sec. 31.0411. TERM OF LICENSE; TRANSFER. (a) Except as provided by Subsection (b), a license issued under Section 31.041:

(1) is valid for two years from the date of issuance; and

(2) may not be transferred to another person.

(b) A license issued under Section 31.041 in the name of a business remains valid for the business location specified on the license if a change of ownership or business name occurs.

(c) A license issued under Section 31.041 may be transferred to a new address if:

(1) a business moves to another location; and

(2) a change of ownership has not occurred.

Sec. 31.0412. LICENSING RULES. The commission may adopt rules regarding licenses issued under Section 31.041, including rules:

(1) regarding license transfer procedures;

(2) prescribing application forms;

(3) regarding application and renewal procedures;

(4) prescribing reporting and recordkeeping requirements for license holders; and

(5) setting fees to be charged for:

(A) a transferred license; or

(B) a replacement license.

Sec. 31.0413. EXEMPTION FROM DEALER LICENSING REQUIREMENTS. The dealer licensing provisions of this subchapter do not apply to the sale of a canoe, kayak, punt, rowboat, rubber raft, paddleboat, or other vessel that is less than 12 feet in length and has a horsepower rating of five horsepower or less or to the sale of an outboard motor with a manufacturer's rating of five horsepower or less.

(h) Section 31.042(b), Parks and Wildlife Code, is amended to read as follows:

(b) Causes for cancellation of certificates and voiding of numbers include:

(1) surrender of the certificate for cancellation;

(2) issuance of a new number for the same vessel;

(3) [~~issuance of a marine document by the Bureau of Customs for the same vessel;~~

[~~(4)~~] false or fraudulent certification in an application for number;

(4) [~~(5)~~] failure to pay the prescribed fee; and

(5) [~~(6)~~] dismantling, destruction, or other change in the form or character of the vessel or outboard motor so that it is no longer correctly described in the certificate or it no longer meets the definition of a vessel or outboard motor.

(i) Subchapter B, Chapter 31, Parks and Wildlife Code, is amended by adding Section 31.044 to read as follows:

Sec. 31.044. INSPECTIONS. A dealer, distributor, or manufacturer may not refuse to allow the department or a peace officer to inspect a vessel, outboard motor, or records relating to the possession, origination, ownership, or transfer of a vessel or outboard motor at a dealership or distributor's or manufacturer's place of business during normal business hours.

(j) Subchapter B-1, Chapter 31, Parks and Wildlife Code, is amended by adding Section 31.0465 to read as follows:

Sec. 31.0465. APPEAL REGARDING CERTIFICATE OF TITLE; BOND; RULES. (a) An applicant for a certificate of title under Section 31.046 may appeal the department's refusal to issue the title by filing a bond with the department as provided by this section.

(b) A bond filed under this section must be:

(1) in the form prescribed by the department;

(2) executed by the applicant;

(3) issued by a person authorized to act as a surety business in this state;

(4) in an amount equal to 1-1/2 times the value of the

vessel or outboard motor as determined by the department; and

(5) conditioned to indemnify all prior owners and lienholders and all subsequent purchasers of the vessel or outboard motor or persons who acquire a security interest in the vessel or outboard motor, and their successors in interest, against any expense, loss, or damage, including reasonable attorney's fees, resulting from:

(A) the issuance of the certificate of title for the vessel or outboard motor; or

(B) a defect in or undisclosed security interest in the right, title, or interest of the applicant to or in the vessel or outboard motor.

(c) The department may issue the certificate of title to the person filing the bond if the applicant proves to the satisfaction of the department that:

(1) the vessel or outboard motor is not stolen; and

(2) issuance of a certificate of title would not defraud the owner or a lienholder of the vessel or outboard motor.

(d) A person described by Subsection (b)(5) has a right of action to recover on the bond for a breach of a condition of the bond described by Subsection (b)(5). The aggregate liability of the surety to all persons may not exceed the amount of the bond.

(e) A bond filed under this section expires on the third anniversary of the date the bond became effective. The department shall return an expired bond to the person who filed the bond unless the department has been notified of a pending action to recover on the bond.

(f) On return of a bond under Subsection (e), the department shall issue a certificate of title to the person to whom the bond is returned.

(g) In addition to the situation described by Subsection (c), the commission by rule may define acceptable situations in which certificates of title may be issued after the filing of a bond under this section.

(k) Section 31.049(c), Parks and Wildlife Code, is amended to read as follows:

(c) If there is a lien on the vessel or outboard motor, the original certificate of title shall be sent to the first lienholder[~~, a duplicate original certificate shall be sent to the owner,~~] and a copy shall be retained by the department.

(l) Section 31.053, Parks and Wildlife Code, is amended by adding Subsection (f) to read as follows:

(f) A person who is not licensed as a dealer, distributor, or manufacturer under this chapter must obtain a certificate of number or certificate of title to a vessel or outboard motor in the person's name before transferring the certificate of number or certificate of title.

(m) Section 31.127(a), Parks and Wildlife Code, is amended to read as follows:

(a) A person who violates or fails to comply with any provision of this chapter, or who violates or fails to comply with a proclamation of the commission entered under this chapter or a city ordinance or order of a commissioners court or a political subdivision of the state made or entered under this chapter,

commits an offense that is a Class C Parks and Wildlife Code misdemeanor.

(n) Not later than January 1, 2004, the Parks and Wildlife Commission shall adopt any rules necessary to implement Subsections (a)-(l) of this section.

(o) A person is not required to be licensed under Section 31.041, Parks and Wildlife Code, as amended by this section, until March 1, 2004. Before that date, the person is governed by the law as it existed immediately before the effective date of this section, and that law is continued in effect for that purpose.

(p) This section takes effect September 1, 2003.

SECTION 10. TEXAS PARKS AND WILDLIFE DEPARTMENT: FRESHWATER FISHING STAMP. (a) Chapter 43, Parks and Wildlife Code, is amended by adding Subchapter U to read as follows:

SUBCHAPTER U. FRESHWATER FISHING STAMP

Sec. 43.801. DEFINITION. In this subchapter, "fresh water" has the meaning provided by Section 66.001.

Sec. 43.802. FRESHWATER FISHING STAMP REQUIRED. (a) Except as provided by Subsection (b) or (c), no person may engage in fishing in fresh water for sporting purposes in this state unless the person has acquired a freshwater fishing stamp issued to the person by the department. The commission by rule may adopt requirements relating to possessing a freshwater fishing stamp required by this section.

(b) A person who is exempted from obtaining a fishing license under Chapter 46 is not required to obtain a freshwater fishing stamp.

(c) The commission by rule may exempt a person from the freshwater fishing stamp requirement of this section.

Sec. 43.803. FISHING LICENSE REQUIRED. The acquisition of a freshwater fishing stamp does not authorize a person to fish in fresh water for sporting purposes without having acquired a fishing license as provided by Chapter 46. The acquisition of a freshwater fishing stamp does not authorize a person to fish at any time or by any means not otherwise authorized by this code.

Sec. 43.804. DESIGN AND ISSUANCE OF STAMPS. (a) The department may issue a freshwater fishing stamp to any person on the payment to the department of $5. Except as provided by Subsection (e), a stamp must be signed on its face by the person using it for the stamp to be valid for fishing purposes.

(b) The department may issue a collectible freshwater fishing stamp to any person on the payment to the department of $5. A collectible freshwater fishing stamp does not authorize a person to fish and is not valid for fishing purposes.

(c) The commission by rule shall prescribe the form, design, and manner of issuance of the freshwater fishing stamp and the collectible freshwater fishing stamp. The department retains all reproduction rights to the design of the freshwater fishing stamp and the collectible freshwater fishing stamp.

(d) The commission may contract with and pay a person for designing and producing the freshwater fishing stamp or the collectible freshwater fishing stamp.

(e) The commission by rule may prescribe alternate requirements for identifying the purchaser of a freshwater fishing

stamp issued in an automated manner.

Sec. 43.805. DISPOSITION OF STAMP FEES. (a) After deduction of any collection fee, the net receipts from freshwater fishing stamp and collectable freshwater fishing stamp sales shall be sent to the department.

(b) The net receipts from freshwater fishing stamp sales may be spent only for:

(1) the repair, maintenance, renovation, or replacement of freshwater fish hatcheries in this state; or

(2) the purchase of game fish that are stocked into the public water of this state.

(c) The net receipts from collectible freshwater fishing stamp sales may be spent only for the restoration, enhancement, or management of freshwater fish habitats.

Sec. 43.806. EXPIRATION OF STAMP. (a) Except as provided by Subsection (b) or (c), a freshwater fishing stamp is valid for fishing only during the yearly period for which the stamp is issued, without regard to the date on which the stamp is acquired. Each yearly period begins on September 1 of the year in which the stamp is issued or another date set by the commission and extends through August 31 of the next year or another date set by the commission. The commission by rule may set the amount of a stamp fee for a stamp issued during a transition period at an amount lower than prescribed in this subchapter and provide for a stamp term for a transition period that is shorter or longer than one year.

(b) A freshwater fishing stamp issued before September 1 or another date set by the commission that does not expire until August

31 of the next year or another date set by the commission is valid from the date of issuance through August 31 of the next year or another date set by the commission.

(c) A freshwater fishing stamp issued in conjunction with a license issued under Section 46.005 or 46.0051 expires on the later of the license expiration date or the date printed on the stamp.

Sec. 43.807. REFUSAL TO SHOW STAMP. A person fishing in fresh water for sporting purposes who refuses on demand of any game management officer or peace officer to show a freshwater fishing stamp or proof that the person is exempt under Section 43.802(b) or a rule adopted under that section is presumed to be in violation of Section 43.802.

Sec. 43.808. PENALTY. A person who violates Section 43.802 is guilty of a Class C Parks and Wildlife Code misdemeanor.

Sec. 43.809. EXPIRATION OF SUBCHAPTER. This subchapter expires September 1, 2014.

(b) Subchapters N and Q, Chapter 43, Parks and Wildlife Code, are repealed.

(c) This section takes effect September 1, 2004.

SECTION 11. TRANSFER OF RAILROAD COMMISSION OF TEXAS FUNCTIONS RELATED TO QUARRY AND PIT SAFETY. (a) On September 1, 2003:

(1) all powers, duties, functions, and activities performed by the Railroad Commission of Texas under Chapter 133, Natural Resources Code, immediately before that date are transferred to the Texas Department of Transportation;

(2) all employees of the Railroad Commission of Texas

whose primary duties relate to the implementation of Chapter 133, Natural Resources Code, become employees of the Texas Department of Transportation;

(3) a rule, form, order, or procedure adopted by the Railroad Commission of Texas for the implementation or enforcement of Chapter 133, Natural Resources Code, is a rule, form, order, or procedure of the Texas Department of Transportation and remains in effect until changed by the Texas Department of Transportation;

(4) a reference in Chapter 133, Natural Resources Code, to the Railroad Commission of Texas means the Texas Department of Transportation;

(5) a permit or certification in effect under Chapter 133, Natural Resources Code, that was issued by the Railroad Commission of Texas is continued in effect as a permit or certification issued by the Texas Department of Transportation; and

(6) a complaint, investigation, or other proceeding under Chapter 133, Natural Resources Code, pending before the Railroad Commission of Texas is transferred without change in status to the Texas Department of Transportation.

(b) This section takes effect September 1, 2003.

SECTION 12. RAILROAD COMMISSION OF TEXAS FUNCTIONS RELATED TO RAILROAD SAFETY. (a) Article 6448a, Revised Statutes, is amended to read as follows:

Art. 6448a. IMPLEMENTATION OF FEDERAL ~~RAILWAY~~ RAILROAD SAFETY ACT OF 1970

Sec. 1. The Railroad Commission of Texas is hereby authorized to perform any act and issue any rules and orders as

permitted by the Federal Railroad Safety Act of 1970 (45 U.S.C.A. 431 et seq.).

Sec. 2. (a) The Railroad Commission of Texas by rule shall adopt reasonable fees to be assessed annually against railroads operating within the state.

(b) The commission by rule shall establish the method by which the fees are calculated and assessed.

(c) The total amount of fees estimated to be collected by rules adopted by the commission under this section may not exceed the amount estimated by the commission to be necessary to recover the costs of administering the commission's rail safety program.

(d) In adopting a fee structure, the commission may consider the gross ton miles for railroad operations within the State of Texas for each railroad operating in the state to provide for the equitable allocation among railroads of the cost of administering the commission's rail safety program.

(e) A fee collected under this section shall be deposited to the credit of the general revenue fund to be used for the rail safety program.

(b) This section takes effect on September 1, 2003.

SECTION 13. RAILROAD COMMISSION OF TEXAS FUNCTIONS RELATED TO PIPELINES. (a) Subchapter E, Chapter 121, Utilities Code, is amended by adding Section 121.211 to read as follows:

Sec. 121.211. PIPELINE SAFETY FEES. (a) The railroad commission by rule may adopt an inspection fee to be assessed annually against operators of natural gas distribution pipelines and their pipeline facilities and natural gas master metered

pipelines and their pipeline facilities subject to this chapter.

(b) The railroad commission by rule shall establish the method by which the fee is calculated and assessed. In adopting a fee structure, the railroad commission may consider any factors necessary to provide for the equitable allocation among operators of the costs of administering the railroad commission's pipeline safety program under this chapter.

(c) The total amount of fees estimated to be collected under rules adopted by the railroad commission under this section may not exceed the amount estimated by the railroad commission to be necessary to recover the costs of administering the railroad commission's pipeline safety program under this chapter, excluding costs that are fully funded by federal sources.

(d) The railroad commission may assess each investor-owned and each municipally owned natural gas distribution system subject to this chapter an annual inspection fee not to exceed 50 cents for each service line reported by the system on the Distribution Annual Report, Form RSPA F7100.1-1, due on March 15 of each year. The fee is due March 15 of each year.

(e) The railroad commission may assess each operator of a natural gas master metered system subject to this chapter an annual inspection fee not to exceed $100 for each master metered system. The fee is due June 30 of each year.

(f) The railroad commission may assess a late payment penalty of 10 percent of the total assessment due under Subsection (d) or (e) that is not paid within 30 days after the annual due date established by the applicable subsection.

(g) Each investor-owned and municipally owned natural gas distribution company and each natural gas master meter operator shall recover as a surcharge to its existing rates the amounts paid to the railroad commission under this section. Amounts collected under this subsection by an investor-owned natural gas distribution company shall not be included in the revenue or gross receipts of the company for the purpose of calculating municipal franchise fees or any tax imposed under Subchapter B, Chapter 182, Tax Code, or under Chapter 122. Those amounts are not subject to a sales and use tax imposed by Chapter 151, Tax Code, or Chapters 321 through 327, Tax Code.

(h) A fee collected under this section shall be deposited to the credit of the general revenue fund to be used for the pipeline safety program.

(b) This section takes effect September 1, 2003.

SECTION 14. SOIL AND WATER CONSERVATION BOARD. (a) Section 201.011, Agriculture Code, is amended to read as follows:

Sec. 201.011. COMPOSITION. The State Soil and Water Conservation Board is a state agency composed of seven [~~five~~] members as follows:

(1) [~~, with~~] one member elected from each of the state districts in accordance with this subchapter; and

(2) two members appointed by the governor, each of whom is:

(A) actively engaged in the business of farming, animal husbandry, or other business related to agriculture and who wholly or partly owns or leases land used in connection with that

business; and

(B) not a member of the board of directors of a conservation district.

(b) Section 201.015(b), Agriculture Code, is amended to read as follows:

(b) The term of office of an elected [~~a~~] member of the state board begins on the day after the day on which the member was elected. The term of one member appointed by the governor expires February 1 of each odd-numbered year, and the term of the other member appointed by the governor expires February 1 of each even-numbered year.

(c) Section 201.016, Agriculture Code, is amended to read as follows:

Sec. 201.016. VACANCY. Vacancies on the state board for state district positions are filled by election in the manner provided by this subchapter for an unexpired term or for a full term.

(d) Subchapter B, Chapter 201, Agriculture Code, is amended by adding Sections 201.028 and 201.029 to read as follows:

Sec. 201.028. SEMIANNUAL REPORT. Not later than January 1 and July 1 of each year, the state board shall prepare and deliver a report to the governor, the lieutenant governor, and the speaker of the house of representatives relating to the status of the board's budget areas of responsibility assigned to the board, including outreach programs, grants made and received, federal funding applied for and received, special projects, and oversight of water conservation district activities.

Sec. 201.029. MANAGEMENT AUDIT. Not later than March 1, 2004, the state auditor, in coordination with the Legislative Budget Board, shall conduct a management audit of the State Soil and Water Conservation Board and deliver the audit report to the governor, the lieutenant governor, and the speaker of the house of representatives. The audit shall include an evaluation of the administrative budget for the board. This section expires April 1, 2004.

(e) Sections 203.011-203.013, Agriculture Code, are amended to read as follows:

Sec. 203.011. AUTHORITY OF BOARD. The board has jurisdiction over and shall administer the brush control program under this chapter with the assistance of local districts.

Sec. 203.012. RULES. The board shall adopt, after consulting with local districts, reasonable rules that are necessary to carry out this chapter.

Sec. 203.013. AUTHORITY OF DISTRICTS. Each district [~~in which all or part of a critical area is located~~] may carry out the responsibilities provided by Subchapter D of this code as delegated by the board [~~in that critical area~~].

(f) Section 203.016, Agriculture Code, is amended to read as follows:

Sec. 203.016. CONSULTATION. The board shall consult the Texas Water Development Board and the Texas Department of Agriculture in regard to the effects of the brush control program on water quantity and with the Parks and Wildlife Department in regard to the effects of the brush control program on fish and wildlife.

(g) Section 203.051, Agriculture Code, is amended to read as follows:

Sec. 203.051. STATE PLAN. The board shall prepare and adopt a state brush control plan that shall:

(1) include a comprehensive strategy for managing brush in all areas of the state where brush is contributing to a substantial water conservation problem; and

(2) rank [~~designate~~] areas [~~of critical need~~] in the state in need of a [~~which to implement the~~] brush control program.

(h) Sections 203.052(b), (c), and (d), Agriculture Code, are amended to read as follows:

(b) Not less than 30 days before the date the hearing is to be held, the board shall mail written notice of the hearing to each district in the state. The notice must:

(1) include the date and place for holding the hearing;

(2) include instructions for each district to submit comments on the proposed plan; and

(3) [~~must~~] state the purpose for holding the hearing.

(c) At the hearing, representatives of a district and any other person may appear and present testimony including information and suggestions for any changes in the proposed plan. The board shall:

(1) enter any written comments received on the proposed plan into the record of the hearing; and

(2) consider all written comments and testimony before taking final action on the proposed plan.

(d) After the conclusion of the hearing, the board shall consider the testimony including the information and suggestions made at the hearing and in written comments. After [~~and, after~~] making any changes in the proposed plan that it finds necessary, the board shall adopt the plan.

(i) Section 203.053, Agriculture Code, is amended to read as follows:

Sec. 203.053. CRITERIA FOR EVALUATING BRUSH CONTROL [~~DESIGNATING CRITICAL~~] AREAS. (a) In ranking [~~designating critical~~] areas under the plan, the board shall consider:

(1) the location of various brush infestations;

(2) the type and severity of [~~various~~] brush infestations;

(3) the various management methods that may be used to control brush; [~~and~~]

(4) any other criteria that the board considers relevant to assure that the brush control program can be most effectively, efficiently, and economically implemented; and

(5) the amount of water produced by a project and the severity of water shortage in the areas.

(b) In ranking [~~designating critical~~] areas, the board shall give priority to areas with the most critical water conservation needs and in which brush control and revegetation projects will be most likely to produce substantial water conservation.

(j) Section 203.055, Agriculture Code, is amended to read as follows:

Sec. 203.055. APPROVED METHODS FOR BRUSH CONTROL. (a) The board shall study and must approve all methods used to control brush under this Act considering the overall impact the project will have [~~within critical areas~~].

(b) The board may approve a method for use under the cost-sharing program provided by Subchapter E of this chapter if the board finds that the proposed method:

(1) has proven to be an effective and efficient method for controlling brush;

(2) is cost efficient;

(3) will have a beneficial impact on the development of water sources and wildlife habitat;

(4) will maintain topsoil to prevent erosion or silting of any river or stream; and

(5) will allow the revegetation of the area after the brush is removed with plants that are beneficial to stream flows, groundwater levels, livestock, and wildlife.

(k) Section 203.101, Agriculture Code, is amended to read as follows:

Sec. 203.101. GENERAL AUTHORITY. Each district may administer the aspects of the brush control program [~~within any critical area~~] located within the jurisdiction of that district.

(l) Section 203.154, Agriculture Code, is amended by amending Subsections (a) and (c) and by adding Subsection (d) to read as follows:

(a) Not more than 70 [~~80~~] percent of the total cost of a single brush control project may be made available as the state's

share in cost sharing.

(c) The board may grant an exception to Subsection (b) of this section if the board finds that joint participation of the state brush control program and any federal brush control program will:

(1) enhance the efficiency and effectiveness of a project; [~~and~~]

(2) lessen the state's financial commitment to the project; and

(3) not exceed 80 percent of the total cost of the project.

(d) A political subdivision of this state is eligible for cost sharing under the brush control program as long as the state's share does not exceed 50 percent of any one project.

(m) Sections 203.156-203.158, Agriculture Code, are amended to read as follows:

Sec. 203.156. APPLICATION FOR COST SHARING. A person, including a political subdivision of this state, who desires to participate with the state in a brush control project and to obtain cost-sharing participation by the state shall file an application with the district board in the district in which the land on which the project is to be accomplished is located. The application must be in the form provided by board rules.

Sec. 203.157. CONSIDERATIONS IN PASSING ON APPLICATION. In passing on an application for cost sharing, the board shall consider:

(1) the location of [~~whether~~] the project [~~is to be~~

~~carried out in a critical area~~];

(2) the method of control that is to be used by the project applicant;

(3) the plans for revegetation;

(4) the total cost of the project;

(5) the amount of land to be included in the project;

(6) whether the applicant for the project is financially able to provide his share of the money for the project;

(7) the cost-share percentage, if an applicant agrees to a higher degree of financial commitment;

(8) any comments and recommendations submitted by a local district, the Texas Water Development Board, or [~~of~~] the Parks and Wildlife Department; and

(9) any other pertinent information considered necessary by the board.

Sec. 203.158. APPROVAL OF APPLICATION. The board may approve an application if, after considering the factors listed in Section 203.157 of this code and any other relevant factors, the board finds:

(1) the owner of the land fully agrees to cooperate in the project;

(2) the method of eradication is a method approved by the board under Section 203.055 of this code; and

(3) the project ranks higher than other projects submitted in accordance with [~~is to be carried out in a critical area designated under~~] the board's plan.

(n) Sections 203.159(a) and (c), Agriculture Code, are

amended to read as follows:

(a) If the demand for funds under the cost-sharing program is greater than funds available, the board shall [~~may~~] establish priorities favoring the areas with the most critical water conservation needs and projects that will be most likely to produce substantial water conservation.

(c) The board shall consider quantity of stream flows, the quantity of groundwater, and the amount of [~~land dedicated to the project that will produce significant~~] water conservation from the eradication of brush each to be [~~is~~] a priority.

(o) Sections 203.001(5) and 203.155, Agriculture Code, are repealed.

(p) In making initial appointments to the State Soil and Water Conservation Board under Section 201.011, Agriculture Code, as amended by this section, the governor shall designate one member to serve a term expiring February 1, 2004, and the other member to serve a term expiring February 1, 2005.

(q) The State Soil and Water Conservation Board shall prepare and deliver the first report required by Section 201.028, Agriculture Code, as added by this section, not later than January 1, 2004.

(r) This section takes effect September 1, 2003.

SECTION 15. EFFECTIVE DATE. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2003.

ADOPTED

MAY 2 8 2003

Secretary of the Senate

FLOOR AMENDMENT NO. 1 BY: Arvel

Amend C.S.H.B. No. 3442 (Senate Committee Printing) as follows:

(1) Strike Section 6 of the bill (page 2, lines 54-69, through page 3, line 18) and renumber subsequent sections accordingly.

(2) Strike the following subsections of Section 7 of the bill and reletter the remaining subsections of that section accordingly:

(A) Subsection (b) (page 3, lines 27-62);

(B) Subsection (c) (page 3, lines 63-68); and

(C) Subsection (d) (page 3, line 69, through page 4, line 6).

(3) In Section 14 of the bill, strike Subsection (f) of that section (page 12, lines 29-35) and substitute:

(f) Section 203.016, Agriculture Code, is amended to read as follows:

Sec. 203.016. CONSULTATION. The board shall consult <u>with:</u>

<u>(1) the department in regard to the effects of the brush control program on agriculture;</u>

<u>(2) the Texas Water Development Board in regard to the effects of the brush control program on water quantity; and</u>

<u>(3)</u> the Parks and Wildlife Department in regard to the effects of the brush control program on fish and wildlife.

(4) In Section 14 of the bill, strike the introductory language to Subsection (l) of that section (page 13, lines 43-45) and substitute:

(l) Section 203.154, Agriculture Code, is amended by amending Subsections (a) and (c) and by adding Subsections (d) and (e) to read as follows:

(5) In Section 14 of the bill, in Subsection (l) of that section, following proposed Subsection (d), Section 203.154, Agriculture Code (page 13, between lines 61 and 62), insert:

(e) Notwithstanding any other provision of this section, 100 percent of the total costs of a single project on public lands may be made available as the state's share in cost sharing.

(6) In Section 14 of the bill, in Subsection (m) of that section, in amended Subdivision (8), Section 203.157, Agriculture Code (page 14, line 17), between "district," and "the Texas" insert "the department,".

ADOPTED

MAY 2 8 2003

Secretary of the Senate

FLOOR AMENDMENT NO. 2 BY

Amend C.S.H.B. 3442 by adding a new section to read as follows and renumbering the following sections as appropriate:

SECTION ____. Sections 81.116(b) and (d), Natural Resources Code, are amended to read as follows:

(b) The fee is in addition to, and independent of any liability for, the taxes imposed under Section 81.111 of this code and Chapter 202, Tax Code.

(d) The comptroller shall suspend collection of the fee in the manner provided by Section 91.111 of this code. The exemptions and reductions set out in Sections 202.052, 202.054, 202.056, 202.057, and 202.059, Tax Code, do not affect the fee imposed by this section.

Amend C.S.H.B. 3442 by adding a new section to read as follows and renumbering the following sections as appropriate:

SECTION ____. Sections 81.117(b) and (d), Natural Resources Code, are amended to read as follows:

(b) The fee is in addition to, and independent of any liability for, the tax imposed under Section 201.052, Tax Code.

(d) The comptroller shall suspend collection of the fee in the manner provided by Section 91.111 of this code. The exemptions and reductions set out in Sections 201.053, 201.057, and 201.058, Tax Code, do not affect the fee imposed by this section.

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ADOPTED

MAY 2 8 2003

Floor Amendment No. 3

By: [signature]

Secretary of the Senate

Amend C.S.H.B. 3442 (Senate Committee Printing), on page____, line___, by inserting the following appropriately numbered SECTION and renumber subsequent SECTIONS accordingly:

SECTION___. (a) In this section, "district" shall mean the Hudspeth County Underground Water Conservation District No. 1.

(b) In order to reduce property taxes for the residents of Hudspeth County, Texas, and to reduce the expenditures of the district by excluding territory from the district that overlies aquifers not regulated by the district, the boundaries of the district are modified to include only the territory contained in the following described area:

BEGINNING at the northwest corner of Section 3, Block A, University, Hudspeth County, Texas, and being a point in the state line between Texas and New Mexico, for the northwest corner of the survey;

THENCE south with the west boundary line of Section 3, Block A, University, to its southwest corner;

THENCE east with the south boundary line of Section 3, Block A, University, to its southeast corner, which point is also the northeast corner of Section 10, Block A, University;

THENCE south with the west boundary line of Section 11, Block A, University, to its southwest corner;

THENCE east with the south boundary line of Section 11 , Block A, University, and continuing east with the south boundary line of Section 12, Block A, University, to the southeast corner of Section 12, Block A, University;

THENCE south with the east boundary of Section 13, Block A, University, to the southeast corner of Section 13, Block A, University, which point is also the northeast corner of Section 24, Block A, University;

THENCE east with the north boundary line of Section 19, Block B, University, and continuing east with the north boundary line of Section 20, Block B, University, to the northeast corner of Section 20, Block B, University;

THENCE south with the east boundary line of Section 20, Block B, University, to the southeast corner of Section 20, Block B, University, which point is also the northeast corner of Section 29, Block B; University;

THENCE east with the north boundary line of Section 28, Block B, University, to the northeast corner of Section 28, Block B, University, which point is also the southeast corner of Section 21, Block B, University;

THENCE south with east boundary line of Section 28, Block B, University, to the southeast corner of Section 28, Block B, University, which point is also the northeast corner of Section 33, Block B, University;

THENCE east with the north boundary line of Section 34, Block B, University, and continuing east with the north boundary line of Section 35, Block B, University, to the northeast corner of Section 35, Block B, University;

THENCE south with east boundary line of Section 35, Block B, University, to its southeast corner, which point is also the northeast corner of Section 38, Block B, University;

THENCE east with the north boundary line of Section 37, Block B, University, and continuing east with the north boundary line of Section 48, Block C, University, to its northeast corner, which point is also the northwest corner of Section 47, Block C, University;

THENCE south with the east boundary line of Section 48, Block C, University, to its southeast corner;

THENCE east with the north boundary line of Section 50, Block C, University, to its northeast corner;

THENCE south with the east boundary line of Section 50, Block C, University, to its southeast corner;

THENCE east with the north boundary line of Section 4, Block D, University, and continuing east along the north boundary line of Section 3, Block D, University, to the northeast corner of Section 3;

THENCE south with the east boundary line of Section 3, Block D, University, to its southeast corner;

THENCE east with the north boundary line of Section 11, Block D, University, and continuing east along the north boundary line of Section 12, Block D, University, to its northeast corner;

THENCE south with the east boundary line of Section 12, Block D, University, to its southeast corner;

THENCE east with the north boundary line of Section 18, Block 72, Township 2, T & P, to its northeast corner;

THENCE south with the east boundary line of Section 18, Block 72, Township 2, T & P, to its southeast corner;

THENCE east with the north boundary line of Section 20, Block 72, Township 2, T & P, and continuing east along the north boundary line of Section 21, Block 72, Township 2, T & P, to the northeast corner of Section 21;

THENCE south with the east boundary line of Section 21, Block 72, Township 2, T & P, to its southeast corner;

THENCE east with the north boundary line of Section 27, Block 72, Township 2, T & P, and continuing east with the north boundary lines of Sections 26 and 25, Block 72, Township 2, T & P, and Section 30, Block 71, Township 2, T & P, to the northeast corner of Section 30;

THENCE south with the east boundary line of Section 30, Block 71, Township 2, T & P, to its southeast corner;

THENCE east with the north boundary line of Section 32, Block 71, Township 2, T & P, and continuing east with the north boundary line of Section 33, Block 71, Township 2, T & P, to the northeast corner of Section 33;

THENCE south with the east boundary line of Section 33, Block 71, Township 2, T & P, to its southeast

corner;

THENCE east with the north boundary line of Section 39, Block 71, Township 2, T & P, to the northeast corner of Section 39;

THENCE south with the east boundary line of Section 39, Block 71, Township 2, T & P, to its southeast corner;

THENCE east with the north boundary line of Section 47, Block 71, Township 2, T & P, to the northeast corner of Section 47;

THENCE south with the east boundary line of Section 47, Block 71, Township 2, T & P, to the southeast corner of Section 47;

THENCE east with the south boundary line of Section 48, Block 71, Township 2, T & P, and continuing east with the south boundary line of Section 43, Block 70, Township 2, T & P, to the southeast corner of Section 43;

THENCE south with the east boundary lines of Section 7, Block JKL, P. S. L., and Section 6, Block K, University, to the southeast corner of Section 6;

THENCE east with the north boundary line of Section 8, Block K, University, and continuing east with the north boundary line of Section 9, Block K, University, to the northeast corner of Section 9;

THENCE south with the east boundary line of Section 9, Block K, University, to its southeast corner;

THENCE east with the north boundary line of Section 15, Block K, University, to its northeast corner;

THENCE south with the east boundary line of Section 15, Block K, University, and continuing south with the east boundary line of Section 22, Block K, University, to the southeast corner of Section 22;

THENCE east with the north boundary line of Section 26, Block K, University, to its northeast corner;

THENCE south with the east boundary line of Section 26, Block K, University, to its southeast corner;

THENCE east with the north boundary line of Section 36, Block K, University, to its northeast corner;

THENCE south with the east boundary line of Section 36, Block K, University, to its southeast corner;

THENCE east with the north boundary line of Section 42, Block L, University, to its northeast corner;

THENCE south with the east boundary line of Section 42, Block L, University, and continuing south with the east boundary line of Section 43, Block L, University, to the southeast corner of Section 43;

THENCE east with the north boundary line of Section 5, Block N, University, and continuing east with the north boundary line of Section 4, Block N, University, to the northeast corner of Section 4;

THENCE south with the east boundary line of Section 4, Block N, University, to its southeast corner;

THENCE east with the north boundary line of Section 22, Block N, University, to its northeast corner;

THENCE south with the east boundary line of Section 22, Block N, University, to its southeast corner;

THENCE east with the north boundary line of Section 26, Block N, University, and continuing east with the north boundary line of Section 25, Block N, University, to the northeast corner of Section 25;

THENCE south with the east boundary line of Section 25, Block N, University, to its southeast corner;

THENCE east with the north boundary line of Section 19, Block 68, Township 4, T & P, to its northeast corner;

THENCE south with the east boundary line of Section 19, Block 68, Township 4, T & P, to its southeast corner;

THENCE east with the north boundary line of Section 29, Block 68, Township 4, T & P, and continuing east with the north boundary line of Section 28, Block 68, Township 4, T &P, to the northeast corner of Section 28;

THENCE south with the east boundary line of Section 28, Block 68, Township 4, T & P, to its southeast corner;

THENCE east with the south boundary line of Section 27, Block 68, Township 4, T & P, and continuing east with the south boundary lines of Sections 26 and 25, Block 68, Township 4, T & P, to the intersection of the south boundary line of Section 25, Block 68, Township 4, T & P, with the east boundary line of Section 3, Block 30, P. S. L.;

THENCE south with the east boundary line of Section 3, Block 30, P. S. L., to its southeast corner;

THENCE east with the south boundary line of Section 2, Block 30, P. S. L., and continuing east with the south boundary lines of Section 1, Block 30, P. S. L., and Sections 5, 4, 3, and 2, Block 31, P. S. L., to the southeast corner of Section 2;

THENCE north with the east boundary line of Section 2, Block 31, P. S. L., and continuing north with the east boundary lines of Sections 26, 23, 14, 11, 2, Block 67, Township 4, T & P, and Sections 46, 37, 34, 25, 22, 13, 10, 5, Block 67, Township 3, T & P;

THENCE continuing north with the east boundary lines of Sections 43, 34, 33, 24, 23, 14, 11, 2, Block 67, Township 2, T & P, and Sections 47, 38, 35, 26, 23, 14, 11, 2, Block 67, Township 1, T & P, to the northeast corner of Section 2, being a point in the Texas - New Mexico State line forming the north boundary line of Hudspeth County, Texas;

THENCE west with the Texas-New Mexico State Line to the Point of Beginning.

(c) The legislature finds that the boundaries and field notes of the district under Subsection (b) form a closure. If a mistake is made in the field notes or in copying the field notes in the legislative process, the mistake does not affect in any way:

(1) the organization, existence, or validity of the district;

(2) the right of the district to impose taxes; or

(3) the legality or operation of the district or the board.

(d) As a result of the change to the boundaries of the district made by Subsection (b) or if otherwise required by law, the board may:

(1) adjust the precinct boundaries for the election of directors as necessary to provide for proper representation of the residents of the district; and

(2) call and hold election under Chapter 36, Water Code, or other law to ensure the lawful representation and taxation of the residents of the district.

ADOPTED

MAY 2 8 2003

Secretary of the Senate

FLOOR AMENDMENT NO. 4 BY: Robert Duncan

Amend C.S.H.B. No. 3442 by adding the following appropriately numbered SECTION and renumbering SECTIONS of the bill appropriately:

SECTION ____. WATER POLLUTION AND CONSERVATION PROGRAMS ADMINISTERED BY THE TEXAS WATER DEVELOPMENT BOARD. (a) Section 15.602, Water Code, is amended by adding Subdivision (5-a) to read as follows:

(5-a) "Eligible lending institution" means a financial institution that makes commercial loans, is either a depository of state funds or an institution of the Farm Credit System headquartered in this state, agrees to participate in a linked deposit program established under Section 15.611 and to provide collateral equal to the amount of linked deposits placed with it, and meets any other requirements established by board rule.

(b) Section 15.603, Water Code, is amended by adding Subsection (i) to read as follows:

(i) In addition to authorized purposes under Subsection (a), the revolving fund is held by the board to provide linked deposits to eligible financial institutions for loans to persons for nonpoint source pollution control projects.

(c) Subsection (a), Section 15.604, Water Code, is amended to read as follows:

(a) The board may use the revolving fund for financial assistance only as provided by the federal act:

(1) to make loans, on the conditions that:

(A) those loans are made at or below market interest rates, including interest-free loans, at terms not to exceed 20 years;

(B) principal and interest payments will begin not later than one year after completion of any treatment works and all loans will be fully amortized not later than 20 years after completion of the treatment works;

(C) the recipient of a loan will establish a dedicated source of revenue for repayment of loans; and

(D) the revolving fund will be credited with all payments of principal of and interest on all loans;

(2) to buy or refinance the debt obligation of political subdivisions at or below market rates if the debt obligations were incurred after March 7, 1985;

(3) to guarantee or purchase insurance for political subdivisions if the guarantee or insurance would improve access to market credit or reduce interest rates;

(4) as a source of revenue or security for the payment of principal and interest on bonds issued by the state if the proceeds of the sale of those bonds will be deposited in the revolving fund;

(5) to provide loan guarantees to similar revolving funds established by municipalities or intermunicipal agencies;

(6) to earn interest on revolving fund accounts;

(7) for the reasonable costs of administering the revolving fund and conducting activities provided for by Title VI of the federal act, except that those amounts may not exceed the amount authorized under Title VI of the federal act;

(8) to provide financial assistance to persons for a nonpoint source pollution control project under Section 319 of the federal act or for an estuary management project under Section 320 of the federal act; [~~and~~]

(9) for other purposes as provided by the federal act; and

(10) to provide linked deposits to eligible lending institutions for loans to persons for nonpoint source pollution control projects.

(d) Subchapter J, Chapter 15, Water Code, is amended by adding Sections 15.610 through 15.618 to read as follows:

Sec. 15.610. LINKED DEPOSIT. A linked deposit is a deposit governed by a written deposit agreement between the board and an eligible lending institution that provides that:

(1) the eligible lending institution pay interest on the deposit at a rate determined by the board;

(2) the state not withdraw any part of the deposit before the expiration of a period set by a written advance notice of the intention to withdraw; and

(3) the eligible lending institution agree to lend the value of the deposit to a person at a maximum rate that is the rate paid by the eligible lending institution to the board plus a maximum of four percent.

Sec. 15.611. LINKED DEPOSIT PROGRAM. (a) The board by rule may establish a nonpoint source pollution control linked deposit program in accordance with this subchapter.

(b) An eligible lending institution may participate in the program established under this section as provided by this subchapter.

Sec. 15.612. APPLICATION BY ELIGIBLE LENDING INSTITUTIONS TO PARTICIPATE IN LINKED DEPOSIT PROGRAM. To participate in the nonpoint source pollution control linked deposit program, an eligible lending institution must:

(1) solicit loan applications, which must contain a description of a proposed nonpoint source pollution control project;

(2) review applications to determine if applicants are

eligible and creditworthy; and

(3) submit the applications of eligible and creditworthy applicants to the executive administrator with a certification:

(A) of the interest rate applicable to each applicant by the eligible lending institution; and

(B) of the proposed project by the appropriate person as required by Section 15.613.

Sec. 15.613. CERTIFICATION OF PROJECT. (a) An eligible lending institution must obtain from a director of a soil and water conservation district certification of an agricultural or silvicultural nonpoint source pollution control project proposed for the district. The certification must state that:

(1) the applicant of the proposed project has a water quality management plan certified by the State Soil and Water Conservation Board; and

(2) the project furthers or implements the plan.

(b) An eligible lending institution must obtain from the executive director certification of a proposed nonpoint source pollution control project that is not an agricultural or silvicultural nonpoint source pollution control project. The certification must state that the applicant's proposed project implements the state's nonpoint source pollution management plan.

Sec. 15.614. APPROVAL OR REJECTION OF APPLICATION. The board may approve or reject an application of an eligible lending institution to participate in the program. The board may delegate its authority to approve or reject an application to the executive administrator.

Sec. 15.615. DEPOSIT AGREEMENT. If the board approves an application of an eligible lending institution, the board and the eligible lending institution shall enter into a written deposit

agreement. The agreement shall contain the conditions on which the linked deposit is made. On execution of the agreement, the board shall place a linked deposit from the revolving fund with the eligible lending institution in accordance with the agreement. A delay in payment or a default on a loan by an applicant does not affect the validity of the deposit agreement.

Sec. 15.616. COMPLIANCE. (a) On accepting a linked deposit, an eligible lending institution must lend money to an approved applicant in accordance with the deposit agreement and this subchapter. The eligible lending institution shall forward a compliance report to the board in accordance with board rules. The board shall adopt rules regarding the compliance report.

(b) The board shall monitor compliance with this subchapter and inform the comptroller of noncompliance on the part of an eligible lending institution.

Sec. 15.617. STATE LIABILITY PROHIBITED. The state is not liable to an eligible lending institution for payment of the principal, interest, or any late charges on a loan made to an approved applicant. A linked deposit is not an extension of the state's credit within the meaning of any state constitutional prohibition.

Sec. 15.618. LIMITATIONS ON PROGRAM. (a) The maximum amount of a loan under the linked deposit program is $250,000.

(b) The board may withdraw linked deposits from an eligible lending institution if the institution ceases to be either a state depository or a Farm Credit System institution headquartered in this state.

(e) Subdivisions (3) through (6), Section 17.871, Water Code, are amended to read as follows:

(3) "Eligible lending institution" means a financial institution that makes commercial loans, is either a depository of

state funds or an institution of the Farm Credit System headquartered in this state, agrees to participate in a linked deposit program established under Section 17.905 and to provide collateral equal to the amount of linked deposits placed with it, and meets any other requirements established by board rule [~~"Conservation loan" means a loan from the board to a borrower district or from a lender district to an individual borrower~~].

(4) "Fund" means the agricultural water conservation fund authorized by Section 50-d, Article III, of the Texas Constitution.

(5) "Person" means an individual, corporation, partnership, association, or other legal entity that is not a political subdivision [~~"Individual borrower" means a person who receives or is eligible to receive a conservation loan from a lender district~~].

(6) "Political subdivision" includes a district or authority created under Section 52, Article III, or Section 59, Article XVI, of the Texas Constitution, a municipality, a county, an institution of higher education as defined by Section 61.003, Education Code, any interstate compact commission to which the state is a party, and any nonprofit water supply corporation created and operating under Chapter 67 [~~"Lender district" means a political subdivision, including a soil and water conservation district under Chapter 201, Agriculture Code, a groundwater conservation district created under Article XVI, Section 59, of the Texas Constitution, or a district or authority created under Article III, Section 52(b)(1), or Article XVI, Section 59, of the Texas Constitution authorized to supply water for irrigation purposes, that is eligible to receive or that receives a loan from the board for the purpose of making conservation loans to individual borrowers~~].

(f) Subsections (c) and (d), Section 17.879, Water Code, are amended to read as follows:

(c) By rule or in the resolution or order authorizing issuance of bonds or other resolution or order of the board, the board may establish an interest and sinking fund and may establish accounts in the funds, including an interest and sinking account, and may transfer money among the funds and accounts [~~fund~~].

(d) The board may invest and reinvest money in the fund, the interest and sinking fund, and any account therein in any obligations or securities as provided by bond resolutions, [~~and~~] orders of the board, and Section 404.024, Government Code.

(g) Subsection (a), Section 17.880, Water Code, is amended to read as follows:

(a) Loans, bonds of political subdivisions [~~borrower districts or lender districts~~], and other obligations owned by the state and deposited in the fund or in the interest and sinking fund are considered to be securities under this subchapter.

(h) Subsection (b), Section 17.881, Water Code, is amended to read as follows:

(b) The board shall sell the loans or bonds of political subdivisions [~~borrower districts or lender districts~~] at the price and under the terms that it determines to be reasonable.

(i) Section 17.883, Water Code, is amended to read as follows:

Sec. 17.883. BOND REVIEW BOARD. Bonds may not be issued under this subchapter unless the issuance of the bonds has been reviewed and approved by the bond review board. Prior to issuance of bonds, the board shall estimate demand for [~~agricultural water~~] conservation programs or projects [~~loans~~] based on a survey of [~~districts~~] eligible participants [~~to participate~~] in the program. A summary of this information shall be furnished to the bond review

board.

(j) Section 17.894, Water Code, is amended to read as follows:

Sec. 17.894. BOND ENHANCEMENT AGREEMENTS; PAYMENT OF EXPENSES. (a) The board at any time and from time to time may enter into one or more bond enhancement agreements that the board determines to be necessary or appropriate to place the obligation of the board, as represented by the bonds, in whole or in part, on the interest rate, currency, cash flow, or other basis desired by the board. A bond enhancement agreement is an agreement for professional services and shall contain the terms and conditions and be for the period that the board approves.

(b) The fees and expenses of the board in connection with the issuance of the bonds and the providing of financial assistance to political subdivisions may be paid from money in the fund, provided that any payments due from the board under a bond enhancement agreement, other than fees and expenses, that relate to the payment of debt service on the bonds constitute payments of principal of and interest on the bonds.

(c) Bond enhancement agreements may include, on terms and conditions approved by the board, interest rate swap agreements; currency swap agreements; forward payment conversion agreements; agreements providing for payments based on levels of or changes in interest rates or currency exchange rates; agreements to exchange cash flows or a series of payments; agreements, including options, puts, or calls, to hedge payment, currency, rate, spread, or other exposure; or other agreements that further enhance the marketability, security, or creditworthiness of water financial assistance bonds [~~USE OF FUND. (a) The board may use money in the fund to make conservation loans directly to borrower districts, to make loans to lender districts, and to pay the cost of bond~~

~~issuance.~~

[~~(b) The board may use money in the fund:~~

[~~(1) to make loans to political subdivisions other than lender districts for agricultural water conservation projects;~~

[~~(2) to make grants to political subdivisions for agricultural water conservation projects as provided by legislative appropriation; or~~

[~~(3) to make grants to a state agency for the funding of any agricultural water conservation program of that agency, including a program in which the state agency provides funding to a political subdivision or a "person for agricultural water conservation, as provided by legislative appropriation~~].

(k) Section 17.895, Water Code, is amended to read as follows:

Sec. 17.895. SOURCES OF ASSETS. The fund is composed of:

(1) money and assets, including bond proceeds, attributable to the bonds;

(2) investment income earned on money on deposit in the fund and depository interest earned on money on deposit in the state treasury;

(3) money appropriated by the legislature;

(4) repayments of principal and interest on loans made under this subchapter;

(5) administrative fees charged by the board under the bond program; and

(6) any other funds, regardless of their source, that the board directs be deposited to the credit of the fund

[~~CONSERVATION LOANS. (a) This section applies only to a conservation loan from a lender district that is:~~

[~~(1) a soil and water conservation district under~~

~~Chapter 201, Agriculture Code;~~

[~~(2) a groundwater conservation district created under Section 59, Article XVI, Texas Constitution; or~~

[~~(3) a district or authority created under Section 52(b)(1), Article III, or Section 59, Article XVI, Texas Constitution.~~

[~~(b) The board or a lender district may make conservation loans for capital equipment or materials, labor, preparation costs, and installation costs:~~

[~~(1) to improve water use efficiency of water delivery and application on existing irrigation systems;~~

[~~(2) for preparing irrigated land to be converted to dryland conditions; and~~

[~~(3) for preparing dryland for more efficient use of natural precipitation.~~

[~~(c) Conservation loans for the purposes listed in Subsection (b) may be made by lender districts to individual borrowers for use on private property or by the board to borrower districts.~~

[~~(d) The board may make conservation loans to borrower districts for the cost of purchasing and installing devices, on public or private property, designed to indicate the amount of water withdrawn for irrigation purposes.~~

[~~(e) For purposes of this section, the board or lender districts may seek the advice of the Department of Agriculture regarding the feasibility of a project for which a conservation loan is sought~~].

(1) Section 17.896, Water Code, is amended to read as follows:

Sec. 17.896. REPAYMENT PROCEEDS. The board shall designate a transfer of repayment of principal and interest on a loan made

under this subchapter to the fund, the interest and sinking fund, or any account in the funds [~~INTEREST RATES AND FEES. (a) The board shall establish the rate of interest it charges for loans to lender districts or for conservation loans to borrower districts.~~

[~~(b) A lender district may charge individual borrowers an interest rate not to exceed the interest rate the lender district is charged by the board, plus one percent for administrative expenses.~~

[~~(c) A lender district may charge individual borrowers a one-time application fee in an amount determined by the board to cover costs of processing loan applications~~].

(m) Section 17.897, Water Code, is amended to read as follows:

Sec. 17.897. CONSERVATION PROGRAM. (a) A conservation program is:

(1) an agricultural water conservation technical assistance program, including a program for an on-farm soil and water conservation plan developed jointly by a landowner, an operator, and a local soil and water conservation district as provided by Subchapter H, Chapter 201, Agriculture Code;

(2) a research, demonstration, technology transfer, or educational program relating to agricultural water use and conservation;

(3) a precipitation enhancement program in an area of the state where the program, in the board's judgment, would be most effective; and

(4) any other agricultural water conservation program defined by board rule.

(b) The costs of a conservation program eligible for financial assistance under Section 17.899 are the costs of the capital equipment, materials, labor, preparation, installation, or administration directly associated with implementing and

completing the program [~~APPLICATION. A lender district that desires to obtain loans or a borrower district that desires to obtain conservation loans under this subchapter shall file with the executive administrator an application in the manner and in the form provided by board rules~~].

(n) Section 17.898, Water Code, is amended to read as follows:

Sec. 17.898. CONSERVATION PROJECT. (a) A conservation project is a project that:

(1) improves water use efficiency of water delivery and application on existing irrigation systems;

(2) prepares irrigated land for conversion to dryland conditions;

(3) prepares dryland for more efficient use of natural precipitation;

(4) purchases and installs on public or private property devices designed to indicate the amount of water withdrawn for irrigation purposes;

(5) prepares and maintains land to be used for brush control activities in areas of the state where those activities in the board's judgment would be most effective, including activities conducted under Chapter 203, Agriculture Code; or

(6) implements any other agricultural water conservation project defined by board rule.

(b) The costs of a conservation project eligible for financial assistance under Section 17.899 are the costs of the capital equipment, materials, labor, preparation, installation, or administration directly associated with implementing and completing the project [~~CONSIDERATIONS IN PASSING ON AN APPLICATION. (a) In passing on an application from a lender district, the board shall consider the lender district's ability to~~

~~manage a loan program, ability to repay any loan defaults, and overall conservation program.~~

[~~(b) In passing on an application from a borrower district, the board shall consider the ability of the borrower district to repay the conservation loan and whether the conservation loan will further water conservation~~].

(o) Section 17.899, Water Code, is amended to read as follows:

Sec. 17.899. ELIGIBLE FUND USES. (a) Money in the fund, excluding money in the interest and sinking fund, may be used by the board to:

(1) provide a grant to a state agency to fund a conservation program or conservation project, including a conservation program that provides funding to a political subdivision or person for a conservation project;

(2) provide a grant or loan to a political subdivision for a conservation program or conservation project;

(3) provide a linked deposit to an eligible financial institution for a loan to a person for a conservation project;

(4) pay for a board conservation program;

(5) make a transfer to the interest and sinking fund;

(6) pay the costs of a bond issuance; and

(7) pay for a board expense in administering the agricultural water conservation program under this subchapter.

(b) Money in the interest and sinking fund may be used for the payment of bonds or, to the extent there are funds in excess of bond payment requirements, for transfers to the fund, or any other account in the funds [~~APPROVAL OF APPLICATIONS. (a) The board may approve an application if, after considering the factors in Section 17.898 and other relevant factors, the board finds that:~~

[~~(1) the public interest would be served in granting~~

~~the application;~~

[~~(2) a lender district has the ability to make conservation loans, manage a conservation loan program, and repay the loan to the board;~~

[~~(3) a borrower district has the ability to repay the conservation loan; and~~

[~~(4) granting the application will further water conservation in the state.~~

[~~(b) The board by rule may delegate to the executive administrator the authority to approve an application based on the considerations in Section 17.898 and on the findings in Subsection (a)~~].

(p) Section 17.900, Water Code, is amended to read as follows:

Sec. 17.900. GRANT TO STATE AGENCY. (a) A state agency seeking a grant for a conservation program or conservation project must file an application with the board.

(b) In reviewing an application for a grant, the board shall consider:

(1) the commitment of the state agency to water conservation; and

(2) the benefits that will be gained by making the grant.

(c) To approve the grant, the board must find that:

(1) the grant funds will supplement rather than replace money of the state agency;

(2) the public interest is served by providing the grant; and

(3) the grant will further water conservation in the state.

(d) If a state agency is applying for funds that have been

provided by legislative appropriation for that state agency, the board shall review the application according to the terms of the legislative appropriation. To approve the grant, the board must make the determination required by the legislative language.

(e) The board may make money available to a state agency in any manner that it considers feasible, including a grant agreement with the state agency [~~METHODS OF MAKING LOANS AND ENFORCING OBLIGATIONS. (a) The board may make financial assistance available to lender or borrower districts in any manner that it considers economically feasible, including purchase of bonds or securities of the lender or borrower district, or by entering into a contract with the lender or borrower district. The board shall not purchase bonds or securities that have not been approved by the attorney general and registered by the comptroller.~~

[~~(b) In the event of default in payment of the principal of or interest on bonds or securities purchased by the board or any other default as defined in the proceedings or indentures authorizing the issuance of the bonds or the default of any of the terms of a contract, the attorney general shall institute legal proceedings by mandamus or other legal remedies to compel the lender or borrower district or its officers, agents, and employees to cure the default by performing those duties which they are legally obligated to perform. These proceedings shall be brought and venue shall be in a district court in Travis County.~~

[~~(c) This section is cumulative of any other rights or remedies to which the board may be entitled~~].

(q) Section 17.901, Water Code, is amended to read as follows:

Sec. 17.901. GRANT OR LOAN TO POLITICAL SUBDIVISION. The board may make a grant or loan to a political subdivision for a conservation program or conservation project. A political

subdivision seeking a grant or loan must file an application with the board [~~DEFAULT AND FORECLOSURE BY LENDER DISTRICTS. (a) In the event of a default in payment of a conservation loan made by a lender district or the failure of an individual borrower to perform any of the terms or conditions of the conservation loan agreement, the lender district shall pursue all remedies available under law, including without limitation foreclosure under the conservation loan agreement and liquidation of any collateral provided under the conservation loan agreement. The lender district shall sell the collateral on terms and subject to procedures that it follows in liquidating other collateral.~~

[~~(b) Foreclosure under a conservation loan agreement shall be accomplished in the manner provided by law for foreclosure of similar loan agreements made by private lending institutions and by the conservation loan agreement.~~

[~~(c) The state guarantees to each lender district that in the event an individual borrower defaults on a conservation loan made by the lender district with money from this program, the state will assume 50 percent of the amount that remains due and payable under the default after all collateral for the conservation loan is liquidated.~~

[~~(d) The state is entitled to recover its pro rata share of any money recovered on a defaulted conservation loan on which the state has assumed liability under Subsection (c)~~].

(r) Section 17.902, Water Code, is amended to read as follows:

Sec. 17.902. REVIEW OF APPLICATION FOR AND APPROVAL OF GRANT. (a) In reviewing an application by a political subdivision for a grant, the board shall consider:

(1) the degree to which the political subdivision has used other available resources to finance the use for which the

application is being made;

(2) the willingness and ability of the political subdivision to raise revenue;

(3) the commitment of the political subdivision to water conservation; and

(4) the benefits that will be gained by making the grant.

(b) To approve a grant to a political subdivision, the board must find that:

(1) the grant funds will supplement rather than replace money of the political subdivision;

(2) the public interest is served by providing the grant; and

(3) the grant will further water conservation in the state [~~AUTHORITY OF DISTRICTS. A lender or borrower district may borrow and lend money for the purposes of this subchapter and may adopt necessary rules to carry out this subchapter~~].

(s) Subchapter J, Chapter 17, Water Code, is amended by adding Sections 17.9021 and 17.9022 to read as follows:

Sec. 17.9021. APPLICATION FOR AND APPROVAL OF LOAN. (a) In reviewing an application by a political subdivision for a loan, the board shall consider the ability of the political subdivision to repay the loan and whether the loan will further water conservation in this state.

(b) To approve a loan to a political subdivision, the board must determine that:

(1) the public interest is served by providing the loan;

(2) the political subdivision has the ability to repay the loan; and

(3) the loan will further water conservation in the

state.

(c) The board by rule shall establish the rate of interest it charges for a loan to a political subdivision.

Sec. 17.9022. FINANCING OF GRANT OR LOAN FOR POLITICAL SUBDIVISION; DEFAULT; VENUE. (a) The board may make a loan or grant available to a political subdivision in any manner the board considers economically feasible, including purchase of bonds or securities of the political subdivision or execution of a loan or grant agreement with the political subdivision. The board may not purchase bonds or securities that have not been approved by the attorney general and registered by the comptroller.

(b) In the event of a default in payment of the principal of or interest on bonds or securities purchased by the board, or any other default as defined in the proceedings or indentures authorizing the issuance of bonds, or a default of any of the terms of a loan agreement, the attorney general shall seek a writ of mandamus or other legal remedy to compel the political subdivision or its officers, agents, and employees to cure the default by performing the duties they are legally obligated to perform. The proceedings shall be brought and venue is in a district court in Travis County. This subsection is cumulative of any other rights or remedies to which the board may be entitled.

(t) Section 17.903, Water Code, is amended to read as follows:

Sec. 17.903. CONTRACT AUTHORITY. (a) A political subdivision may borrow money for the purposes of this subchapter and may adopt necessary rules to carry out this subchapter [~~RULES AND CONTRACTS. (a) The board shall adopt rules necessary to carry out this subchapter. The board by rule shall identify methods to be used by lender districts to ensure the financial integrity of a loan to an individual borrower, including an irrevocable letter of~~

~~credit or a lien on property in excess of value of improvements~~].

(b) [~~The board by rule may establish:~~

[~~(1) procedures for applying for a loan or grant under Section 17.894(b);~~

[~~(2) procedures for considering and approving applications and for making loans or grants under Section 17.894(b); and~~

[~~(3) the rate of interest the board charges, if any, for loans under Section 17.894(b).~~

[~~(c)~~] The board shall have the power to enter into any contracts to carry out the provisions of this subchapter.

(u) Subchapter J, Chapter 17, Water Code, is amended by adding Sections 17.904 through 17.912 to read as follows:

Sec. 17.904. LINKED DEPOSIT. A linked deposit is a deposit governed by a written deposit agreement between the board and an eligible lending institution that provides that:

(1) the eligible lending institution pay interest on the deposit at a rate determined by the board;

(2) the state not withdraw any part of the deposit before the expiration of a period set by a written advance notice of the intention to withdraw; and

(3) the eligible lending institution agree to lend the value of the deposit to a person at a maximum rate that is the rate paid by the eligible lending institution to the board plus a maximum of four percent.

Sec. 17.905. LINKED DEPOSIT PROGRAM. (a) The board by rule may establish an agricultural water conservation linked deposit program in accordance with this subchapter.

(b) An eligible lending institution may participate in the program established under this section as provided by this subchapter.

Sec. 17.906. APPLICATION BY ELIGIBLE LENDING INSTITUTIONS TO PARTICIPATE IN LINKED DEPOSIT PROGRAM. To participate in the agricultural water conservation linked deposit program, an eligible lending institution must:

(1) solicit loan applications, which must contain a description of an agricultural water conservation project;

(2) review applications to determine if applicants are eligible and creditworthy; and

(3) submit the applications of eligible and creditworthy applicants to the executive administrator with a certification:

(A) of the interest rate applicable to each applicant by the eligible lending institution; and

(B) of the soil and water conservation district in which an applicant is located by a director of the district that states that:

(i) the applicant of the proposed project has a soil and water conservation plan approved by the district; and

(ii) the project furthers or implements the plan.

Sec. 17.907. APPROVAL OR REJECTION OF APPLICATION. The board may approve or reject an application of an eligible lending institution to participate in the program. The board may delegate its authority to approve or reject applications to the executive administrator.

Sec. 17.908. DEPOSIT AGREEMENT. If the board approves an application of an eligible lending institution, the board and the eligible lending institution shall enter into a written deposit agreement. The agreement shall contain the conditions on which the linked deposit is made. On execution of the agreement, the board shall place a linked deposit from the fund with the eligible lending

institution in accordance with the agreement. A delay in payment or a default on a loan by an applicant does not affect the validity of the deposit agreement.

Sec. 17.909. COMPLIANCE. (a) On accepting a linked deposit, an eligible lending institution must lend money to an approved applicant in accordance with the deposit agreement and this subchapter. The eligible lending institution shall forward a compliance report to the board in accordance with board rules. The board shall adopt rules regarding the compliance report.

(b) The board shall monitor compliance with this subchapter and inform the comptroller of noncompliance on the part of an eligible lending institution.

Sec. 17.910. STATE LIABILITY PROHIBITED. The state is not liable to an eligible lending institution for payment of the principal, interest, or any late charges on a loan made to an approved applicant. A linked deposit is not an extension of the state's credit within the meaning of any state constitutional prohibition.

Sec. 17.911. LIMITATIONS ON PROGRAM. (a) The maximum amount of a loan under the linked deposit program is $250,000.

(b) The board may withdraw linked deposits from an eligible lending institution if the institution ceases to be either a state depository or a Farm Credit System institution headquartered in this state.

Sec. 17.912. RULES. The board shall adopt rules necessary to carry out this subchapter. Applications shall be in the form and manner as provided by board rules.

(v) The agricultural trust fund and the agricultural soil and water conservation fund are abolished and all assets of those funds are transferred to the agricultural water conservation fund.

(w) The following provisions of the Water Code are repealed:

(1) Subchapters G, H, and I, Chapter 15; and

(2) Subdivision (2), Section 17.871, Subdivision (7), Section 17.871, and Section 17.8955.

(x) The Texas Water Development Board shall continue to administer a loan made before September 1, 2003, under the pilot program for low-interest loans for agricultural water conservation equipment until the loan is fully repaid. Subchapter I, Chapter 15, Water Code, is continued in effect for the limited purpose of allowing the board to administer those loans and to pursue remedies if a loan recipient defaults on a loan or otherwise violates the terms of the loan or of any loan guarantee instrument.

(y) The Texas Water Development Board shall continue to administer a conservation loan made before September 1, 2003, under Subchapter J, Chapter 17, Water Code. Subchapter J, Chapter 17, Water Code, as it existed immediately before September 1, 2003, is continued in effect for the limited purpose of allowing the board to administer those loans and to pursue remedies if a loan recipient defaults on a loan or otherwise violates the terms of the loan or of any loan guarantee.

(z) This section takes effect September 1, 2003.

SENATE AMENDMENTS

2nd Printing

03 MAY 29 AM 10: 13

By: Pickett H.B. No. 3442

A BILL TO BE ENTITLED

AN ACT

relating to granting statutory authority to certain governmental entities to reduce certain expenditures and to impose charges in amounts sufficient to recover costs.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. REDUCTION OF EXPENDITURES AND IMPOSITION OF CHARGES GENERALLY. (a) This section applies to any state agency that receives an appropriation under Article VI of the General Appropriations Act.

(b) Notwithstanding any other statute of this state, each state agency to which this section applies is authorized to reduce or recover expenditures by:

(1) consolidating any reports or publications the agency is required to make and filing or delivering any of those reports or publications exclusively by electronic means;

(2) extending the effective period of any license, permit, or registration the agency grants or administers;

(3) entering into a contract with another governmental entity or with a private vendor to carry out any of the agency's duties;

(4) adopting additional eligibility requirements for persons who receive benefits under any law the agency administers to ensure that those benefits are received by the most deserving persons consistent with the purposes for which the benefits are

provided;

(5) providing that any communication between the agency and another person and any document required to be delivered to or by the agency, including any application, notice, billing statement, receipt, or certificate, may be made or delivered by electronic mail or through the Internet; and

(6) adopting and collecting fees or charges to cover any costs the agency incurs in performing its lawful functions.

SECTION 2. TEXAS ANIMAL HEALTH COMMISSION; DUTIES REGARDING RIDING STABLES. (a) The Texas Animal Health Commission shall reduce its expenditures of state money related to regulating equine riding stables.

(b) Chapter 2053, Occupations Code, is repealed.

SECTION 3. ADMINISTRATIVE HEARINGS OF RAILROAD COMMISSION OF TEXAS. Section 102.006, Utilities Code, is amended to read as follows:

Sec. 102.006. [~~POWERS AND DUTIES OF STATE OFFICE OF~~] ADMINISTRATIVE HEARINGS IN CONTESTED CASES. (a) The railroad commission by rule shall provide for administrative hearings in contested cases to be conducted by one or more members of the railroad commission, by railroad commission hearings examiners, or by the [~~The~~] utility division of the State Office of Administrative Hearings. The rules must provide for a railroad commission hearings examiner or the utility division of the State Office of Administrative Hearings to [~~shall~~] conduct each hearing in a contested case that is not conducted by one or more members of the railroad commission. A hearing must be conducted in accordance

with the rules and procedures adopted by the railroad commission.

(b) The railroad commission may delegate to a railroad commission hearings examiner or to the utility division of the State Office of Administrative Hearings the authority to make a final decision and to issue findings of fact, conclusions of law, and other necessary orders in a proceeding in which there is not a contested issue of fact or law.

(c) The railroad commission by rule shall define the procedures by which it delegates final decision-making authority under Subsection (b) to a railroad commission hearings examiner or to the utility division of the State Office of Administrative Hearings.

(d) For purposes of judicial review, the [~~an administrative law judge's~~] final decision of a railroad commission hearings examiner or an administrative law judge of the State Office of Administrative Hearings in a matter delegated under Subsection (b) has the same effect as a final decision of the railroad commission unless a member of the commission requests formal review of the decision.

(e) The State Office of Administrative Hearings shall charge the railroad commission a fixed annual rate for hearings conducted by the office under this section only if the legislature appropriates money for that purpose. If the legislature does not appropriate money for the payment of a fixed annual rate under this section, the State Office of Administrative Hearings shall charge the railroad commission an hourly rate for hearings conducted by the office under this section.

SECTION 4. EFFECTIVE DATE. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2003.

ADOPTED as amended

MAY 2 8 2003

Secretary of the Senate

By: _____ H.B. No. 3442

Substitute the following for __.B. No. _____:

By: _____ C.S.__.B. No. _____

A BILL TO BE ENTITLED

AN ACT

relating to certain expenditures and charges of certain governmental entities.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. REDUCTION OF EXPENDITURES AND IMPOSITION OF CHARGES GENERALLY. (a) This section applies to any state agency that receives an appropriation under Article VI of the General Appropriations Act.

(b) Notwithstanding any other statute of this state, each state agency to which this section applies is authorized to reduce or recover expenditures by:

(1) consolidating any reports or publications the agency is required to make and filing or delivering any of those reports or publications exclusively by electronic means;

(2) extending the effective period of any license, permit, or registration the agency grants or administers;

(3) entering into a contract with another governmental entity or with a private vendor to carry out any of the agency's duties;

(4) adopting additional eligibility requirements for persons who receive benefits under any law the agency administers to ensure that those benefits are received by the most deserving persons consistent with the purposes for which the benefits are provided; and

(5) providing that any communication between the agency and another person and any document required to be delivered to or by the agency, including any application, notice, billing statement, receipt, or certificate, may be made or delivered by electronic mail or through the Internet.

SECTION 2. TEXAS ANIMAL HEALTH COMMISSION; DUTIES REGARDING RIDING STABLES. (a) The Texas Animal Health Commission shall reduce its expenditures of state money related to regulating equine riding stables.

(b) Chapter 2053, Occupations Code, is repealed.

SECTION 3. ADMINISTRATIVE HEARINGS OF RAILROAD COMMISSION OF TEXAS. Section 102.006, Utilities Code, is amended to read as follows:

Sec. 102.006. [~~POWERS AND DUTIES OF STATE OFFICE OF~~] ADMINISTRATIVE HEARINGS IN CONTESTED CASES. (a) The railroad commission by rule shall provide for administrative hearings in contested cases to be conducted by one or more members of the railroad commission, by railroad commission hearings examiners, or by the [~~The~~] utility division of the State Office of Administrative Hearings. The rules must provide for a railroad commission hearings examiner or the utility division of the State Office of Administrative Hearings to [~~shall~~] conduct each hearing in a contested case that is not conducted by one or more members of the railroad commission. A hearing must be conducted in accordance with the rules and procedures adopted by the railroad commission.

(b) The railroad commission may delegate to a railroad commission hearings examiner or to the utility division of the

State Office of Administrative Hearings the authority to make a final decision and to issue findings of fact, conclusions of law, and other necessary orders in a proceeding in which there is not a contested issue of fact or law.

(c) The railroad commission by rule shall define the procedures by which it delegates final decision-making authority under Subsection (b) to a railroad commission hearings examiner or to the utility division of the State Office of Administrative Hearings.

(d) For purposes of judicial review, the [~~an administrative law judge's~~] final decision of a railroad commission hearings examiner or an administrative law judge of the State Office of Administrative Hearings in a matter delegated under Subsection (b) has the same effect as a final decision of the railroad commission unless a member of the commission requests formal review of the decision.

(e) The State Office of Administrative Hearings shall charge the railroad commission a fixed annual rate for hearings conducted by the office under this section only if the legislature appropriates money for that purpose. If the legislature does not appropriate money for the payment of a fixed annual rate under this section, the State Office of Administrative Hearings shall charge the railroad commission an hourly rate of not more than $90 per hour for hearings conducted by the office under this section.

SECTION 4. TEXAS DEPARTMENT OF AGRICULTURE. (a) Section 146.021, Agriculture Code, is amended to read as follows:

Sec. 146.021. DEPARTMENT FACILITIES. The department may

receive and hold for processing animals transported in international trade and may establish and collect reasonable fees for yardage, maintenance, feed, medical care, and other necessary expenses incurred in the course of processing those animals. Notwithstanding any other law, the department may use any portion of fees collected under this section that remains after spending the proceeds of the fees to meet other necessary expenses incurred under this section for expenses related to maintenance of or repairs to department facilities.

(b) Section 13.101(a), Agriculture Code, is amended to read as follows:

(a) At least once every four [~~three~~] years, or more often as required by the department, a weight or measure shall be inspected and tested for correctness by a sealer if it:

(1) is kept for sale, sold, or used by a proprietor, agent, lessee, or employee in proving the weight or measure, including the size, quantity, extent, or area, of any item; or

(2) is purchased, offered, or submitted by a proprietor, agent, lessee, or employee for sale, hire, or award.

(c) Section 9(d), Chapter 1033, Acts of the 71st Legislature, Regular Session, 1989 (Article 8614, Vernon's Texas Civil Statutes), is repealed.

(d) This section takes effect September 1, 2003.

SECTION 5. ANIMAL HEALTH COMMISSION. (a) Subchapter C, Chapter 161, Agriculture Code, is amended by adding Section 161.060 to read as follows:

Sec. 161.060. INSPECTION FEES. The commission may charge a

fee, as provided by commission rule, for an inspection made by the commission.

(b) This section takes effect September 1, 2003.

SECTION 6. GENERAL LAND OFFICE OIL SPILL RECOVERY. (a) Sections 40.155(a), (c), and (d), Natural Resources Code, are amended to read as follows:

(a) Except as otherwise provided in this section, the rate of the fee shall be two cents per barrel of crude oil until the commissioner certifies that the unencumbered balance in the fund has reached $40 [~~$25~~] million. The commissioner shall certify to the comptroller the date on which the unencumbered balance in the fund exceeds $40 [~~$25~~] million. The fee shall not be collected or required to be paid on or after the first day of the second month following the commissioner's certification to the comptroller that the unencumbered balance in the fund exceeds $40 [~~$25~~] million.

(c) Notwithstanding the provisions of Subsection (a) or (b) of this section, the fee shall be levied at the rate of four cents per barrel if the commissioner certifies to the comptroller a written finding of the following facts:

(1) the unencumbered balance in the fund is less than $40 [~~$25~~] million;

(2) an unauthorized discharge of oil in excess of 100,000 gallons has occurred within the previous 30 days; and

(3) expenditures from the fund for response costs and damages are expected to deplete the fund substantially.

(d) In the event of a certification to the comptroller under Subsection (c) of this section, the comptroller shall collect the

fee at the rate of four cents per barrel until the unencumbered balance in the fund reaches $40 [~~$25~~] million or any lesser amount that the commissioner determines is necessary to pay response costs and damages without substantially depleting the fund. The commissioner shall certify to the comptroller the date on which the unencumbered balance in the fund exceeds $40 [~~$25~~] million or such other lesser amount. The fee shall not be collected or required to be paid on or after the first day of the second month following the commissioner's certification to the comptroller.

(b) This section takes effect September 1, 2003.

SECTION 7. TEXAS COMMISSION ON ENVIRONMENTAL QUALITY. (a) Section 5.701, Water Code, is amended by adding Subsection (r) to read as follows:

(r) The fee for processing a request for an expedited letter from the executive director stating the total depth of surface casing needed during the drilling of wells to protect usable ground waters in the state and required for the processing of certain permits from the Railroad Commission of Texas may not exceed $75.

(b) Section 26.351(f), Water Code, is amended to read as follows:

(f) The person performing corrective action under this section, if the release was reported to the commission on or before December 22, 1998, shall meet the following deadlines:

(1) a complete site assessment and risk assessment (including, but not limited to, risk-based criteria for establishing target concentrations), as determined by the executive director, must be received by the agency no later than

September 1, 2002;

(2) a complete corrective action plan, as determined by the executive director and including, but not limited to, completion of pilot studies and recommendation of a cost-effective and technically appropriate remediation methodology, must be received by the agency no later than September 1, 2003. The person may, in lieu of this requirement, submit by this same deadline a demonstration that a corrective action plan is not required for the site in question under commission rules. Such demonstration must be to the executive director's satisfaction;

(3) for those sites found under Subdivision (2) to require a corrective action plan, that plan must be initiated and proceeding according to the requirements and deadlines in the approved plan no later than March 1, 2005 [~~2004~~];

(4) for sites which require either a corrective action plan or groundwater monitoring, a comprehensive and accurate annual status report concerning those activities must be submitted to the agency;

(5) for sites which require either a corrective action plan or groundwater monitoring, all deadlines set by the executive director concerning the corrective action plan or approved groundwater monitoring plan shall be met; and

(6) site closure requests for all sites where the executive director agreed in writing that no corrective action plan was required must be received by the agency no later than September 1, 2005. The request must be complete, as judged by the executive director.

(c) Section 26.3573(r), Water Code, as added by Chapters 965 and 1135, Acts of the 77th Legislature, Regular Session, 2001, is amended to read as follows:

(r) The petroleum storage tank remediation account may not be used to reimburse any person for corrective action performed after September 1, 2006 [~~2005~~].

(d) Section 26.3573(s), Water Code, as added by Chapters 965 and 1135, Acts of the 77th Legislature, Regular Session, 2001, is amended to read as follows:

(s) The petroleum storage tank remediation account may not be used to reimburse any person for corrective action contained in a reimbursement claim filed with the commission after March 1, 2007 [~~2006~~].

(e) Section 26.35731(c), Water Code, is amended to read as follows:

(c) Not later than the 90th day after the date on which the commission receives a completed application for reimbursement from the petroleum storage tank remediation account, the commission shall send a fund payment report to the owner or operator of a petroleum storage tank system that is seeking reimbursement, if sufficient funds are available to make the payment.

(f) This section takes effect September 1, 2003.

SECTION 8. TEXAS PARKS AND WILDLIFE DEPARTMENT FEES. (a) Section 11.032, Parks and Wildlife Code, is amended by amending Subsection (b) and adding Subsection (c) to read as follows:

(b) The department shall deposit to the credit of the game, fish, and water safety account all revenue, less allowable costs,

from the following sources:

(1) all types of fishing licenses and stamps and shrimping licenses, except as provided by Section 77.120;

(2) all types of hunting licenses and stamps;

(3) trapping licenses and other licenses relating to the taking, propagation, and sale of fur-bearing animals or their pelts;

(4) sale of marl, sand, gravel, shell, and mudshell;

(5) oyster bed rentals and permits;

(6) federal funds received for fish and wildlife research, management, development and conservation, resource protection, and law enforcement, unless the funds are received for the specific purposes of Subchapter F, Chapter 77;

(7) sale of property, less advertising costs, purchased from this account or a special fund or account that is now part of this account;

(8) fines and penalties collected for violations of a law pertaining to the protection and conservation of wild birds, wild fowl, wild animals, fish, shrimp, oysters, game birds and animals, fur-bearing animals, alligators, and any other wildlife resources of this state;

(9) sale of rough fish by the department;

(10) fees for importation permits;

(11) fees from supplying fish for or placing fish in water located on private property;

(12) sale of seized pelts;

(13) sale or lease of grazing rights to and the

products from game preserves, sanctuaries, and management areas;

(14) contracts for the removal of fur-bearing animals and reptiles from wildlife management areas;

(15) vessel [~~motorboat~~] registration fees;

(16) vessel [~~motorboat~~] manufacturer or dealer licensing fees [~~registration fee~~];

(17) fines or penalties imposed by a court for violation of water safety laws contained in Chapter 31 of this code;

(18) alligator hunter's or alligator buyer's licenses;

(19) sale of alligators or any part of an alligator by the department;

(20) fees and revenue collected under Section 11.027(b) or (c) of this code that are associated with the conservation of fish and wildlife; [~~and~~]

(21) any other source provided by law; and

(22) vessel and outboard motor titling fees.

(c) Not later than the 10th day of each month the department shall transfer 15 percent of all amounts collected during the previous month from sources described by Subsection (b)(15), (16), or (22) to the state parks account.

(b) This section takes effect September 1, 2003.

SECTION 9. TEXAS PARKS AND WILDLIFE DEPARTMENT REGULATION OF MARINE BUSINESSES. (a) Section 31.003, Parks and Wildlife Code, is amended by amending Subdivision (7) and adding Subdivision (16) to read as follows:

(7) "Dealer" means a person [~~customarily~~] engaged in the business of buying, selling, selling on consignment, displaying

for sale, or exchanging at least five vessels, motorboats, or outboard motors during a calendar year at an established or permanent place of business in this state [~~and that at each place of business there is a sign conspicuously displayed showing the name of the dealership so that it may be located by the public and sufficient space to maintain an office, service area, and display of products~~].

(16) "Distributor" means a person who offers for sale, sells, or processes for distribution new boats or outboard motors to dealers in this state.

(b) Subchapter A, Chapter 31, Parks and Wildlife Code, is amended by adding Section 31.007 to read as follows:

Sec. 31.007. DEALER REQUIREMENTS. A dealer shall:

(1) display in each of the dealer's places of business a sign that:

(A) is conspicuous to the public; and

(B) shows the name of the dealership; and

(2) operate in a space sufficient to maintain an office, service area, and display of products.

(c) Section 31.021, Parks and Wildlife Code, is amended to read as follows:

Sec. 31.021. REQUIRED NUMBERING. (a) Each [~~undocumented~~] vessel on the water of this state shall be numbered in accordance with the provisions of this chapter unless specifically exempted. The numbering system shall be in accord with the Federal Boating Act of 1958 and subsequent federal legislation.

(b) No person may operate or give permission for the

operation of any vessel or may dock, moor, or store a vessel owned by the person on the water of this state unless:

(1) the vessel is numbered as required by this chapter;

(2) the certificate of number awarded to the vessel is in full force and effect; and

(3) the identifying number set forth in the certificate is properly displayed on each side of the bow of the vessel as required by this chapter.

(d) Section 31.032, Parks and Wildlife Code, is amended to read as follows:

Sec. 31.032. NUMBERING ON BOW. (a) The owner of a vessel shall paint on or attach to each side of the vessel near the bow the identification number and a validation decal in the manner prescribed by the department. The number shall read from left to right and shall be of block characters of good proportion of not less than three inches in height. The numbers shall be of a color which will contrast with the hull material of the vessel and so maintained as to be clearly visible and legible.

(b) The owner of a vessel required to be numbered under this subchapter and documented by the United States Coast Guard is not required to attach an identification number as required by Subsection (a).

(c) The commission shall adopt rules for the placement of the validation decal in an alternate location for antique boats. In this subsection, "antique boat" means a boat that:

(1) is used primarily for recreational purposes; and

(2) was manufactured before 1968.

(e) Section 31.039, Parks and Wildlife Code, is amended to read as follows:

Sec. 31.039. PUBLIC RECORDS; FEES. (a) All ownership records of the department made or kept under this chapter are public records.

(b) The commission may by rule charge a fee for access to ownership records and other records made or kept under this chapter.

(f) Section 31.041, Parks and Wildlife Code, is amended to read as follows:

Sec. 31.041. DEALER'S, DISTRIBUTOR'S, AND MANUFACTURER'S LICENSE [~~NUMBER~~]. (a) A person may not engage in business in this state as a dealer, distributor, or manufacturer unless the person holds a license issued under this section. A dealer must have a license for each place of business owned and operated by the person.

(b) The commission shall establish the form and manner for display of a license issued under this section.

(c) The department shall issue a dealer, distributor, or manufacturer number to each dealer, distributor, or manufacturer licensed under this section in the manner provided by Section 31.031(b).

(d) A dealer, distributor, or manufacturer of vessels in this state may use the [~~obtain a~~] dealer's, distributor's, or [~~and~~] manufacturer's number for vessels the dealer, distributor, or manufacturer wishes to show, demonstrate, or test on the water of this state instead of securing a certificate of number for each

vessel. The number shall be attached to any vessel that the dealer, distributor, or manufacturer sends temporarily on the water. For purposes of this subsection, "show, demonstrate, or test" does not include the use of a vessel for recreational purposes or for participation in a contest or event.

(e) [~~(b)~~] The application for a license under this section [~~number~~] must state that the applicant is a dealer, distributor, or manufacturer within the meaning of this chapter, and the facts stated on the application must be sworn before an officer authorized to administer oaths. An [~~The~~] application submitted by a dealer must be accompanied by photographs of the business sufficient to show any sign the business is required to display and the extent of the space the business is required to maintain. The application must also be accompanied by a copy of the tax permit of the dealer, distributor, or manufacturer issued by the comptroller under Chapter 151, Tax Code, if the dealer, distributor, or manufacturer has a tax permit. The two-year fee for a dealer's, distributor's, or [~~and~~] manufacturer's number is $500 [~~$45 or an amount set by the commission, whichever amount is more~~]. A license [~~No number~~] may not be issued until the provisions of this section have been satisfied.

(f) [~~(c)~~] A dealer, distributor, or manufacturer holding a dealer's, distributor's, or [~~and~~] manufacturer's license [~~number~~] may issue a reasonable temporary facsimile of the number issued under Subsection (c), which may be used by any authorized person. A person purchasing a vessel may use the dealer's number for a period not to exceed 15 days prior to filing an application for a

certificate of number. The form of the facsimile and the manner of display of the number shall be prescribed by the department.

(g) [~~(d)~~] A dealer, distributor, or manufacturer holding a dealer's, distributor's, or [~~and~~] manufacturer's license [~~number~~] may transfer a certificate of number or a certificate of title to a vessel or outboard motor without securing a certificate of number or certificate of title in the dealer's, distributor's, or manufacturer's name if the vessel or outboard motor is sold in the normal course of the dealer's, distributor's, or manufacturer's business. [~~Any other person transferring a vessel or outboard motor must secure a certificate of number or certificate of title in the person's name before transferring the certificate of number or the certificate of title.~~]

(g) Subchapter B, Chapter 31, Parks and Wildlife Code, is amended by adding Sections 31.0411, 31.0412, and 31.0413 to read as follows:

Sec. 31.0411. TERM OF LICENSE; TRANSFER. (a) Except as provided by Subsection (b), a license issued under Section 31.041:

(1) is valid for two years from the date of issuance; and

(2) may not be transferred to another person.

(b) A license issued under Section 31.041 in the name of a business remains valid for the business location specified on the license if a change of ownership or business name occurs.

(c) A license issued under Section 31.041 may be transferred to a new address if:

(1) a business moves to another location; and

(2) a change of ownership has not occurred.

Sec. 31.0412. LICENSING RULES. The commission may adopt rules regarding licenses issued under Section 31.041, including rules:

(1) regarding license transfer procedures;

(2) prescribing application forms;

(3) regarding application and renewal procedures;

(4) prescribing reporting and recordkeeping requirements for license holders; and

(5) setting fees to be charged for:

(A) a transferred license; or

(B) a replacement license.

Sec. 31.0413. EXEMPTION FROM DEALER LICENSING REQUIREMENTS. The dealer licensing provisions of this subchapter do not apply to the sale of a canoe, kayak, punt, rowboat, rubber raft, paddleboat, or other vessel that is less than 12 feet in length and has a horsepower rating of five horsepower or less or to the sale of an outboard motor with a manufacturer's rating of five horsepower or less.

(h) Section 31.042(b), Parks and Wildlife Code, is amended to read as follows:

(b) Causes for cancellation of certificates and voiding of numbers include:

(1) surrender of the certificate for cancellation;

(2) issuance of a new number for the same vessel;

(3) [~~issuance of a marine document by the Bureau of Customs for the same vessel;~~

[~~(4)~~] false or fraudulent certification in an application for number;

(4) [~~(5)~~] failure to pay the prescribed fee; and

(5) [~~(6)~~] dismantling, destruction, or other change in the form or character of the vessel or outboard motor so that it is no longer correctly described in the certificate or it no longer meets the definition of a vessel or outboard motor.

(i) Subchapter B, Chapter 31, Parks and Wildlife Code, is amended by adding Section 31.044 to read as follows:

Sec. 31.044. INSPECTIONS. A dealer, distributor, or manufacturer may not refuse to allow the department or a peace officer to inspect a vessel, outboard motor, or records relating to the possession, origination, ownership, or transfer of a vessel or outboard motor at a dealership or distributor's or manufacturer's place of business during normal business hours.

(j) Subchapter B-1, Chapter 31, Parks and Wildlife Code, is amended by adding Section 31.0465 to read as follows:

Sec. 31.0465. APPEAL REGARDING CERTIFICATE OF TITLE; BOND; RULES. (a) An applicant for a certificate of title under Section 31.046 may appeal the department's refusal to issue the title by filing a bond with the department as provided by this section.

(b) A bond filed under this section must be:

(1) in the form prescribed by the department;

(2) executed by the applicant;

(3) issued by a person authorized to act as a surety business in this state;

(4) in an amount equal to 1-1/2 times the value of the

vessel or outboard motor as determined by the department; and

(5) conditioned to indemnify all prior owners and lienholders and all subsequent purchasers of the vessel or outboard motor or persons who acquire a security interest in the vessel or outboard motor, and their successors in interest, against any expense, loss, or damage, including reasonable attorney's fees, resulting from:

(A) the issuance of the certificate of title for the vessel or outboard motor; or

(B) a defect in or undisclosed security interest in the right, title, or interest of the applicant to or in the vessel or outboard motor.

(c) The department may issue the certificate of title to the person filing the bond if the applicant proves to the satisfaction of the department that:

(1) the vessel or outboard motor is not stolen; and

(2) issuance of a certificate of title would not defraud the owner or a lienholder of the vessel or outboard motor.

(d) A person described by Subsection (b)(5) has a right of action to recover on the bond for a breach of a condition of the bond described by Subsection (b)(5). The aggregate liability of the surety to all persons may not exceed the amount of the bond.

(e) A bond filed under this section expires on the third anniversary of the date the bond became effective. The department shall return an expired bond to the person who filed the bond unless the department has been notified of a pending action to recover on the bond.

(f) On return of a bond under Subsection (e), the department shall issue a certificate of title to the person to whom the bond is returned.

(g) In addition to the situation described by Subsection (c), the commission by rule may define acceptable situations in which certificates of title may be issued after the filing of a bond under this section.

(k) Section 31.049(c), Parks and Wildlife Code, is amended to read as follows:

(c) If there is a lien on the vessel or outboard motor, the original certificate of title shall be sent to the first lienholder[~~, a duplicate original certificate shall be sent to the owner,~~] and a copy shall be retained by the department.

(l) Section 31.053, Parks and Wildlife Code, is amended by adding Subsection (f) to read as follows:

(f) A person who is not licensed as a dealer, distributor, or manufacturer under this chapter must obtain a certificate of number or certificate of title to a vessel or outboard motor in the person's name before transferring the certificate of number or certificate of title.

(m) Section 31.127(a), Parks and Wildlife Code, is amended to read as follows:

(a) A person who violates or fails to comply with any provision of this chapter, or who violates or fails to comply with a proclamation of the commission entered under this chapter or a city ordinance or order of a commissioners court or a political subdivision of the state made or entered under this chapter,

commits an offense that is a Class C Parks and Wildlife Code misdemeanor.

(n) Not later than January 1, 2004, the Parks and Wildlife Commission shall adopt any rules necessary to implement Subsections (a)-(l) of this section.

(o) A person is not required to be licensed under Section 31.041, Parks and Wildlife Code, as amended by this section, until March 1, 2004. Before that date, the person is governed by the law as it existed immediately before the effective date of this section, and that law is continued in effect for that purpose.

(p) This section takes effect September 1, 2003.

SECTION 10. TEXAS PARKS AND WILDLIFE DEPARTMENT: FRESHWATER FISHING STAMP. (a) Chapter 43, Parks and Wildlife Code, is amended by adding Subchapter U to read as follows:

SUBCHAPTER U. FRESHWATER FISHING STAMP

Sec. 43.801. DEFINITION. In this subchapter, "fresh water" has the meaning provided by Section 66.001.

Sec. 43.802. FRESHWATER FISHING STAMP REQUIRED. (a) Except as provided by Subsection (b) or (c), no person may engage in fishing in fresh water for sporting purposes in this state unless the person has acquired a freshwater fishing stamp issued to the person by the department. The commission by rule may adopt requirements relating to possessing a freshwater fishing stamp required by this section.

(b) A person who is exempted from obtaining a fishing license under Chapter 46 is not required to obtain a freshwater fishing stamp.

(c) The commission by rule may exempt a person from the freshwater fishing stamp requirement of this section.

Sec. 43.803. FISHING LICENSE REQUIRED. The acquisition of a freshwater fishing stamp does not authorize a person to fish in fresh water for sporting purposes without having acquired a fishing license as provided by Chapter 46. The acquisition of a freshwater fishing stamp does not authorize a person to fish at any time or by any means not otherwise authorized by this code.

Sec. 43.804. DESIGN AND ISSUANCE OF STAMPS. (a) The department may issue a freshwater fishing stamp to any person on the payment to the department of $5. Except as provided by Subsection (e), a stamp must be signed on its face by the person using it for the stamp to be valid for fishing purposes.

(b) The department may issue a collectible freshwater fishing stamp to any person on the payment to the department of $5. A collectible freshwater fishing stamp does not authorize a person to fish and is not valid for fishing purposes.

(c) The commission by rule shall prescribe the form, design, and manner of issuance of the freshwater fishing stamp and the collectible freshwater fishing stamp. The department retains all reproduction rights to the design of the freshwater fishing stamp and the collectible freshwater fishing stamp.

(d) The commission may contract with and pay a person for designing and producing the freshwater fishing stamp or the collectible freshwater fishing stamp.

(e) The commission by rule may prescribe alternate requirements for identifying the purchaser of a freshwater fishing

stamp issued in an automated manner.

Sec. 43.805. DISPOSITION OF STAMP FEES. (a) After deduction of any collection fee, the net receipts from freshwater fishing stamp and collectable freshwater fishing stamp sales shall be sent to the department.

(b) The net receipts from freshwater fishing stamp sales may be spent only for:

(1) the repair, maintenance, renovation, or replacement of freshwater fish hatcheries in this state; or

(2) the purchase of game fish that are stocked into the public water of this state.

(c) The net receipts from collectible freshwater fishing stamp sales may be spent only for the restoration, enhancement, or management of freshwater fish habitats.

Sec. 43.806. EXPIRATION OF STAMP. (a) Except as provided by Subsection (b) or (c), a freshwater fishing stamp is valid for fishing only during the yearly period for which the stamp is issued, without regard to the date on which the stamp is acquired. Each yearly period begins on September 1 of the year in which the stamp is issued or another date set by the commission and extends through August 31 of the next year or another date set by the commission. The commission by rule may set the amount of a stamp fee for a stamp issued during a transition period at an amount lower than prescribed in this subchapter and provide for a stamp term for a transition period that is shorter or longer than one year.

(b) A freshwater fishing stamp issued before September 1 or another date set by the commission that does not expire until August

31 of the next year or another date set by the commission is valid from the date of issuance through August 31 of the next year or another date set by the commission.

(c) A freshwater fishing stamp issued in conjunction with a license issued under Section 46.005 or 46.0051 expires on the later of the license expiration date or the date printed on the stamp.

Sec. 43.807. REFUSAL TO SHOW STAMP. A person fishing in fresh water for sporting purposes who refuses on demand of any game management officer or peace officer to show a freshwater fishing stamp or proof that the person is exempt under Section 43.802(b) or a rule adopted under that section is presumed to be in violation of Section 43.802.

Sec. 43.808. PENALTY. A person who violates Section 43.802 is guilty of a Class C Parks and Wildlife Code misdemeanor.

Sec. 43.809. EXPIRATION OF SUBCHAPTER. This subchapter expires September 1, 2014.

(b) Subchapters N and Q, Chapter 43, Parks and Wildlife Code, are repealed.

(c) This section takes effect September 1, 2004.

SECTION 11. TRANSFER OF RAILROAD COMMISSION OF TEXAS FUNCTIONS RELATED TO QUARRY AND PIT SAFETY. (a) On September 1, 2003:

(1) all powers, duties, functions, and activities performed by the Railroad Commission of Texas under Chapter 133, Natural Resources Code, immediately before that date are transferred to the Texas Department of Transportation;

(2) all employees of the Railroad Commission of Texas

whose primary duties relate to the implementation of Chapter 133, Natural Resources Code, become employees of the Texas Department of Transportation;

(3) a rule, form, order, or procedure adopted by the Railroad Commission of Texas for the implementation or enforcement of Chapter 133, Natural Resources Code, is a rule, form, order, or procedure of the Texas Department of Transportation and remains in effect until changed by the Texas Department of Transportation;

(4) a reference in Chapter 133, Natural Resources Code, to the Railroad Commission of Texas means the Texas Department of Transportation;

(5) a permit or certification in effect under Chapter 133, Natural Resources Code, that was issued by the Railroad Commission of Texas is continued in effect as a permit or certification issued by the Texas Department of Transportation; and

(6) a complaint, investigation, or other proceeding under Chapter 133, Natural Resources Code, pending before the Railroad Commission of Texas is transferred without change in status to the Texas Department of Transportation.

(b) This section takes effect September 1, 2003.

SECTION 12. RAILROAD COMMISSION OF TEXAS FUNCTIONS RELATED TO RAILROAD SAFETY. (a) Article 6448a, Revised Statutes, is amended to read as follows:

Art. 6448a. IMPLEMENTATION OF FEDERAL ~~RAILWAY~~ RAILROAD SAFETY ACT OF 1970

Sec. 1. The Railroad Commission of Texas is hereby authorized to perform any act and issue any rules and orders as

permitted by the Federal Railroad Safety Act of 1970 (45 U.S.C.A. 431 et seq.).

Sec. 2. (a) The Railroad Commission of Texas by rule shall adopt reasonable fees to be assessed annually against railroads operating within the state.

(b) The commission by rule shall establish the method by which the fees are calculated and assessed.

(c) The total amount of fees estimated to be collected by rules adopted by the commission under this section may not exceed the amount estimated by the commission to be necessary to recover the costs of administering the commission's rail safety program.

(d) In adopting a fee structure, the commission may consider the gross ton miles for railroad operations within the State of Texas for each railroad operating in the state to provide for the equitable allocation among railroads of the cost of administering the commission's rail safety program.

(e) A fee collected under this section shall be deposited to the credit of the general revenue fund to be used for the rail safety program.

(b) This section takes effect on September 1, 2003.

SECTION 13. RAILROAD COMMISSION OF TEXAS FUNCTIONS RELATED TO PIPELINES. (a) Subchapter E, Chapter 121, Utilities Code, is amended by adding Section 121.211 to read as follows:

Sec. 121.211. PIPELINE SAFETY FEES. (a) The railroad commission by rule may adopt an inspection fee to be assessed annually against operators of natural gas distribution pipelines and their pipeline facilities and natural gas master metered

pipelines and their pipeline facilities subject to this chapter.

(b) The railroad commission by rule shall establish the method by which the fee is calculated and assessed. In adopting a fee structure, the railroad commission may consider any factors necessary to provide for the equitable allocation among operators of the costs of administering the railroad commission's pipeline safety program under this chapter.

(c) The total amount of fees estimated to be collected under rules adopted by the railroad commission under this section may not exceed the amount estimated by the railroad commission to be necessary to recover the costs of administering the railroad commission's pipeline safety program under this chapter, excluding costs that are fully funded by federal sources.

(d) The railroad commission may assess each investor-owned and each municipally owned natural gas distribution system subject to this chapter an annual inspection fee not to exceed 50 cents for each service line reported by the system on the Distribution Annual Report, Form RSPA F7100.1-1, due on March 15 of each year. The fee is due March 15 of each year.

(e) The railroad commission may assess each operator of a natural gas master metered system subject to this chapter an annual inspection fee not to exceed $100 for each master metered system. The fee is due June 30 of each year.

(f) The railroad commission may assess a late payment penalty of 10 percent of the total assessment due under Subsection (d) or (e) that is not paid within 30 days after the annual due date established by the applicable subsection.

(g) Each investor-owned and municipally owned natural gas distribution company and each natural gas master meter operator shall recover as a surcharge to its existing rates the amounts paid to the railroad commission under this section. Amounts collected under this subsection by an investor-owned natural gas distribution company shall not be included in the revenue or gross receipts of the company for the purpose of calculating municipal franchise fees or any tax imposed under Subchapter B, Chapter 182, Tax Code, or under Chapter 122. Those amounts are not subject to a sales and use tax imposed by Chapter 151, Tax Code, or Chapters 321 through 327, Tax Code.

(h) A fee collected under this section shall be deposited to the credit of the general revenue fund to be used for the pipeline safety program.

(b) This section takes effect September 1, 2003.

SECTION 14. SOIL AND WATER CONSERVATION BOARD. (a) Section 201.011, Agriculture Code, is amended to read as follows:

Sec. 201.011. COMPOSITION. The State Soil and Water Conservation Board is a state agency composed of seven [~~five~~] members as follows:

(1) [~~, with~~] one member elected from each of the state districts in accordance with this subchapter; and

(2) two members appointed by the governor, each of whom is:

(A) actively engaged in the business of farming, animal husbandry, or other business related to agriculture and who wholly or partly owns or leases land used in connection with that

business; and

(B) not a member of the board of directors of a conservation district.

(b) Section 201.015(b), Agriculture Code, is amended to read as follows:

(b) The term of office of an elected [a] member of the state board begins on the day after the day on which the member was elected. The term of one member appointed by the governor expires February 1 of each odd-numbered year, and the term of the other member appointed by the governor expires February 1 of each even-numbered year.

(c) Section 201.016, Agriculture Code, is amended to read as follows:

Sec. 201.016. VACANCY. Vacancies on the state board for state district positions are filled by election in the manner provided by this subchapter for an unexpired term or for a full term.

(d) Subchapter B, Chapter 201, Agriculture Code, is amended by adding Sections 201.028 and 201.029 to read as follows:

Sec. 201.028. SEMIANNUAL REPORT. Not later than January 1 and July 1 of each year, the state board shall prepare and deliver a report to the governor, the lieutenant governor, and the speaker of the house of representatives relating to the status of the board's budget areas of responsibility assigned to the board, including outreach programs, grants made and received, federal funding applied for and received, special projects, and oversight of water conservation district activities.

Sec. 201.029. MANAGEMENT AUDIT. Not later than March 1, 2004, the state auditor, in coordination with the Legislative Budget Board, shall conduct a management audit of the State Soil and Water Conservation Board and deliver the audit report to the governor, the lieutenant governor, and the speaker of the house of representatives. The audit shall include an evaluation of the administrative budget for the board. This section expires April 1, 2004.

(e) Sections 203.011-203.013, Agriculture Code, are amended to read as follows:

Sec. 203.011. AUTHORITY OF BOARD. The board has jurisdiction over and shall administer the brush control program under this chapter with the assistance of local districts.

Sec. 203.012. RULES. The board shall adopt, after consulting with local districts, reasonable rules that are necessary to carry out this chapter.

Sec. 203.013. AUTHORITY OF DISTRICTS. Each district [~~in which all or part of a critical area is located~~] may carry out the responsibilities provided by Subchapter D of this code as delegated by the board [~~in that critical area~~].

(f) Section 203.016, Agriculture Code, is amended to read as follows:

Sec. 203.016. CONSULTATION. The board shall consult the Texas Water Development Board and the Texas Department of Agriculture in regard to the effects of the brush control program on water quantity and with the Parks and Wildlife Department in regard to the effects of the brush control program on fish and wildlife.

(g) Section 203.051, Agriculture Code, is amended to read as follows:

Sec. 203.051. STATE PLAN. The board shall prepare and adopt a state brush control plan that shall:

(1) include a comprehensive strategy for managing brush in all areas of the state where brush is contributing to a substantial water conservation problem; and

(2) rank [~~designate~~] areas [~~of critical need~~] in the state in need of a [~~which to implement the~~] brush control program.

(h) Sections 203.052(b), (c), and (d), Agriculture Code, are amended to read as follows:

(b) Not less than 30 days before the date the hearing is to be held, the board shall mail written notice of the hearing to each district in the state. The notice must:

(1) include the date and place for holding the hearing;

(2) include instructions for each district to submit comments on the proposed plan; and

(3) [~~must~~] state the purpose for holding the hearing.

(c) At the hearing, representatives of a district and any other person may appear and present testimony including information and suggestions for any changes in the proposed plan. The board shall:

(1) enter any written comments received on the proposed plan into the record of the hearing; and

(2) consider all written comments and testimony before taking final action on the proposed plan.

(d) After the conclusion of the hearing, the board shall consider the testimony including the information and suggestions made at the hearing and in written comments. After [~~and, after~~] making any changes in the proposed plan that it finds necessary, the board shall adopt the plan.

(i) Section 203.053, Agriculture Code, is amended to read as follows:

Sec. 203.053. CRITERIA FOR EVALUATING BRUSH CONTROL [~~DESIGNATING CRITICAL~~] AREAS. (a) In ranking [~~designating critical~~] areas under the plan, the board shall consider:

(1) the location of various brush infestations;

(2) the type and severity of [~~various~~] brush infestations;

(3) the various management methods that may be used to control brush; [~~and~~]

(4) any other criteria that the board considers relevant to assure that the brush control program can be most effectively, efficiently, and economically implemented; and

(5) the amount of water produced by a project and the severity of water shortage in the areas.

(b) In ranking [~~designating critical~~] areas, the board shall give priority to areas with the most critical water conservation needs and in which brush control and revegetation projects will be most likely to produce substantial water conservation.

(j) Section 203.055, Agriculture Code, is amended to read as follows:

Sec. 203.055. APPROVED METHODS FOR BRUSH CONTROL. (a) The board shall study and must approve all methods used to control brush under this Act considering the overall impact the project will have [~~within critical areas~~].

(b) The board may approve a method for use under the cost-sharing program provided by Subchapter E of this chapter if the board finds that the proposed method:

(1) has proven to be an effective and efficient method for controlling brush;

(2) is cost efficient;

(3) will have a beneficial impact on the development of water sources and wildlife habitat;

(4) will maintain topsoil to prevent erosion or silting of any river or stream; and

(5) will allow the revegetation of the area after the brush is removed with plants that are beneficial to stream flows, groundwater levels, livestock, and wildlife.

(k) Section 203.101, Agriculture Code, is amended to read as follows:

Sec. 203.101. GENERAL AUTHORITY. Each district may administer the aspects of the brush control program [~~within any critical area~~] located within the jurisdiction of that district.

(l) Section 203.154, Agriculture Code, is amended by amending Subsections (a) and (c) and by adding Subsection (d) to read as follows:

(a) Not more than 70 [~~80~~] percent of the total cost of a single brush control project may be made available as the state's

share in cost sharing.

(c) The board may grant an exception to Subsection (b) of this section if the board finds that joint participation of the state brush control program and any federal brush control program will:

(1) enhance the efficiency and effectiveness of a project; [~~and~~]

(2) lessen the state's financial commitment to the project; and

(3) not exceed 80 percent of the total cost of the project.

(d) A political subdivision of this state is eligible for cost sharing under the brush control program as long as the state's share does not exceed 50 percent of any one project.

(m) Sections 203.156-203.158, Agriculture Code, are amended to read as follows:

Sec. 203.156. APPLICATION FOR COST SHARING. A person, including a political subdivision of this state, who desires to participate with the state in a brush control project and to obtain cost-sharing participation by the state shall file an application with the district board in the district in which the land on which the project is to be accomplished is located. The application must be in the form provided by board rules.

Sec. 203.157. CONSIDERATIONS IN PASSING ON APPLICATION. In passing on an application for cost sharing, the board shall consider:

(1) the location of [~~whether~~] the project [~~is to be~~

~~carried out in a critical area~~];

(2) the method of control that is to be used by the project applicant;

(3) the plans for revegetation;

(4) the total cost of the project;

(5) the amount of land to be included in the project;

(6) whether the applicant for the project is financially able to provide his share of the money for the project;

(7) the cost-share percentage, if an applicant agrees to a higher degree of financial commitment;

(8) any comments and recommendations submitted by a local district, the Texas Water Development Board, or [~~of~~] the Parks and Wildlife Department; and

(9) any other pertinent information considered necessary by the board.

Sec. 203.158. APPROVAL OF APPLICATION. The board may approve an application if, after considering the factors listed in Section 203.157 of this code and any other relevant factors, the board finds:

(1) the owner of the land fully agrees to cooperate in the project;

(2) the method of eradication is a method approved by the board under Section 203.055 of this code; and

(3) the project ranks higher than other projects submitted in accordance with [~~is to be carried out in a critical area designated under~~] the board's plan.

(n) Sections 203.159(a) and (c), Agriculture Code, are

amended to read as follows:

(a) If the demand for funds under the cost-sharing program is greater than funds available, the board shall [~~may~~] establish priorities favoring the areas with the most critical water conservation needs and projects that will be most likely to produce substantial water conservation.

(c) The board shall consider quantity of stream flows, the quantity of groundwater, and the amount of [~~land dedicated to the project that will produce significant~~] water conservation from the eradication of brush each to be [~~is~~] a priority.

(o) Sections 203.001(5) and 203.155, Agriculture Code, are repealed.

(p) In making initial appointments to the State Soil and Water Conservation Board under Section 201.011, Agriculture Code, as amended by this section, the governor shall designate one member to serve a term expiring February 1, 2004, and the other member to serve a term expiring February 1, 2005.

(q) The State Soil and Water Conservation Board shall prepare and deliver the first report required by Section 201.028, Agriculture Code, as added by this section, not later than January 1, 2004.

(r) This section takes effect September 1, 2003.

SECTION 15. EFFECTIVE DATE. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2003.

ADOPTED

MAY 2 8 2003

Secretary of the Senate

FLOOR AMENDMENT NO. 1 BY: Arvel

Amend C.S.H.B. No. 3442 (Senate Committee Printing) as follows:

(1) Strike Section 6 of the bill (page 2, lines 54-69, through page 3, line 18) and renumber subsequent sections accordingly.

(2) Strike the following subsections of Section 7 of the bill and reletter the remaining subsections of that section accordingly:

(A) Subsection (b) (page 3, lines 27-62);

(B) Subsection (c) (page 3, lines 63-68); and

(C) Subsection (d) (page 3, line 69, through page 4, line 6).

(3) In Section 14 of the bill, strike Subsection (f) of that section (page 12, lines 29-35) and substitute:

(f) Section 203.016, Agriculture Code, is amended to read as follows:

Sec. 203.016. CONSULTATION. The board shall consult <u>with:</u>

<u>(1) the department in regard to the effects of the brush control program on agriculture;</u>

<u>(2) the Texas Water Development Board in regard to the effects of the brush control program on water quantity; and</u>

<u>(3)</u> the Parks and Wildlife Department in regard to the effects of the brush control program on fish and wildlife.

(4) In Section 14 of the bill, strike the introductory language to Subsection (1) of that section (page 13, lines 43-45) and substitute:

(1) Section 203.154, Agriculture Code, is amended by amending Subsections (a) and (c) and by adding Subsections (d) and (e) to read as follows:

(5) In Section 14 of the bill, in Subsection (l) of that section, following proposed Subsection (d), Section 203.154, Agriculture Code (page 13, between lines 61 and 62), insert:

(e) Notwithstanding any other provision of this section, 100 percent of the total costs of a single project on public lands may be made available as the state's share in cost sharing.

(6) In Section 14 of the bill, in Subsection (m) of that section, in amended Subdivision (8), Section 203.157, Agriculture Code (page 14, line 17), between "district," and "the Texas" insert "the department,".

ADOPTED

MAY 2 8 2003

Secretary of the Senate

FLOOR AMENDMENT NO. 2 BY

Amend C.S.H.B. 3442 by adding a new section to read as follows and renumbering the following sections as appropriate:

SECTION ____. Sections 81.116(b) and (d), Natural Resources Code, are amended to read as follows:

(b) The fee is in addition to, and independent of any liability for, the taxes imposed under Section 81.111 of this code and Chapter 202, Tax Code.

(d) The comptroller shall suspend collection of the fee in the manner provided by Section 91.111 of this code. The exemptions and reductions set out in Sections 202.052, 202.054, 202.056, 202.057, and 202.059, Tax Code, do not affect the fee imposed by this section.

Amend C.S.H.B. 3442 by adding a new section to read as follows and renumbering the following sections as appropriate:

SECTION ____. Sections 81.117(b) and (d), Natural Resources Code, are amended to read as follows:

(b) The fee is in addition to, and independent of any liability for, the tax imposed under Section 201.052, Tax Code.

(d) The comptroller shall suspend collection of the fee in the manner provided by Section 91.111 of this code. The exemptions and reductions set out in Sections 201.053, 201.057, and 201.058, Tax Code, do not affect the fee imposed by this section.

ADOPTED

MAY 2 8 2003

Floor Amendment No. 3

Secretary of the Senate

By:

Amend C.S.H.B. 3442 (Senate Committee Printing), on page____, line___, by inserting the following appropriately numbered SECTION and renumber subsequent SECTIONS accordingly:

SECTION___. (a) In this section, "district" shall mean the Hudspeth County Underground Water Conservation District No. 1.

(b) In order to reduce property taxes for the residents of Hudspeth County, Texas, and to reduce the expenditures of the district by excluding territory from the district that overlies aquifers not regulated by the district, the boundaries of the district are modified to include only the territory contained in the following described area:

BEGINNING at the northwest corner of Section 3, Block A, University, Hudspeth County, Texas, and being a point in the state line between Texas and New Mexico, for the northwest corner of the survey;

THENCE south with the west boundary line of Section 3, Block A, University, to its southwest corner;

THENCE east with the south boundary line of Section 3, Block A, University, to its southeast corner, which point is also the northeast corner of Section 10, Block A, University;

THENCE south with the west boundary line of Section 11, Block A, University, to its southwest corner;

THENCE east with the south boundary line of Section 11 , Block A, University, and continuing east with the south boundary line of Section 12, Block A, University, to the southeast corner of Section 12, Block A, University;

THENCE south with the east boundary of Section 13, Block A, University, to the southeast corner of Section 13, Block A, University, which point is also the northeast corner of Section 24, Block A, University;

THENCE east with the north boundary line of Section 19, Block B, University, and continuing east with the north boundary line of Section 20, Block B, University, to the northeast corner of Section 20, Block B, University;

THENCE south with the east boundary line of Section 20, Block B, University, to the southeast corner of Section 20, Block B, University, which point is also the northeast corner of Section 29, Block B; University;

THENCE east with the north boundary line of Section 28, Block B, University, to the northeast corner of Section 28, Block B, University, which point is also the southeast corner of Section 21, Block B, University;

THENCE south with east boundary line of Section 28, Block B, University, to the southeast corner of Section 28, Block B, University, which point is also the northeast corner of Section 33, Block B, University;

THENCE east with the north boundary line of Section 34, Block B, University, and continuing east with the north boundary line of Section 35, Block B, University, to the northeast corner of Section 35, Block B, University;

THENCE south with east boundary line of Section 35, Block B, University, to its southeast corner, which point is also the northeast corner of Section 38, Block B, University;

THENCE east with the north boundary line of Section 37, Block B, University, and continuing east with the north boundary line of Section 48, Block C, University, to its northeast corner, which point is also the northwest corner of Section 47, Block C, University;

THENCE south with the east boundary line of Section 48, Block C, University, to its southeast corner;

THENCE east with the north boundary line of Section 50, Block C, University, to its northeast corner;

THENCE south with the east boundary line of Section 50, Block C, University, to its southeast corner;

THENCE east with the north boundary line of Section 4, Block D, University, and continuing east along the north boundary line of Section 3, Block D, University, to the northeast corner of Section 3;

THENCE south with the east boundary line of Section 3, Block D, University, to its southeast corner;

THENCE east with the north boundary line of Section 11, Block D, University, and continuing east along the north boundary line of Section 12, Block D, University, to its northeast corner;

THENCE south with the east boundary line of Section 12, Block D, University, to its southeast corner;

THENCE east with the north boundary line of Section 18, Block 72, Township 2, T & P, to its northeast corner;

THENCE south with the east boundary line of Section 18, Block 72, Township 2, T & P, to its southeast corner;

THENCE east with the north boundary line of Section 20, Block 72, Township 2, T & P, and continuing east along the north boundary line of Section 21, Block 72, Township 2, T & P, to the northeast corner of Section 21;

THENCE south with the east boundary line of Section 21, Block 72, Township 2, T & P, to its southeast corner;

THENCE east with the north boundary line of Section 27, Block 72, Township 2, T & P, and continuing east with the north boundary lines of Sections 26 and 25, Block 72, Township 2, T & P, and Section 30, Block 71, Township 2, T & P, to the northeast corner of Section 30;

THENCE south with the east boundary line of Section 30, Block 71, Township 2, T & P, to its southeast corner;

THENCE east with the north boundary line of Section 32, Block 71, Township 2, T & P, and continuing east with the north boundary line of Section 33, Block 71, Township 2, T & P, to the northeast corner of Section 33;

THENCE south with the east boundary line of Section 33, Block 71, Township 2, T & P, to its southeast

corner;

THENCE east with the north boundary line of Section 39, Block 71, Township 2, T & P, to the northeast corner of Section 39;

THENCE south with the east boundary line of Section 39, Block 71, Township 2, T & P, to its southeast corner;

THENCE east with the north boundary line of Section 47, Block 71, Township 2, T & P, to the northeast corner of Section 47;

THENCE south with the east boundary line of Section 47, Block 71, Township 2, T & P, to the southeast corner of Section 47;

THENCE east with the south boundary line of Section 48, Block 71, Township 2, T & P, and continuing east with the south boundary line of Section 43, Block 70, Township 2, T & P, to the southeast corner of Section 43;

THENCE south with the east boundary lines of Section 7, Block JKL, P. S. L., and Section 6, Block K, University, to the southeast corner of Section 6;

THENCE east with the north boundary line of Section 8, Block K, University, and continuing east with the north boundary line of Section 9, Block K, University, to the northeast corner of Section 9;

THENCE south with the east boundary line of Section 9, Block K, University, to its southeast corner;

THENCE east with the north boundary line of Section 15, Block K, University, to its northeast corner;

THENCE south with the east boundary line of Section 15, Block K, University, and continuing south with the east boundary line of Section 22, Block K, University, to the southeast corner of Section 22;

THENCE east with the north boundary line of Section 26, Block K, University, to its northeast corner;

THENCE south with the east boundary line of Section 26, Block K, University, to its southeast corner;

THENCE east with the north boundary line of Section 36, Block K, University, to its northeast corner;

THENCE south with the east boundary line of Section 36, Block K, University, to its southeast corner;

THENCE east with the north boundary line of Section 42, Block L, University, to its northeast corner;

THENCE south with the east boundary line of Section 42, Block L, University, and continuing south with the east boundary line of Section 43, Block L, University, to the southeast corner of Section 43;

THENCE east with the north boundary line of Section 5, Block N, University, and continuing east with the north boundary line of Section 4, Block N, University, to the northeast corner of Section 4;

THENCE south with the east boundary line of Section 4, Block N, University, to its southeast corner;

THENCE east with the north boundary line of Section 22, Block N, University, to its northeast corner;

THENCE south with the east boundary line of Section 22, Block N, University, to its southeast corner;

THENCE east with the north boundary line of Section 26, Block N, University, and continuing east with the north boundary line of Section 25, Block N, University, to the northeast corner of Section 25;

THENCE south with the east boundary line of Section 25, Block N, University, to its southeast corner;

THENCE east with the north boundary line of Section 19, Block 68, Township 4, T & P, to its northeast corner;

THENCE south with the east boundary line of Section 19, Block 68, Township 4, T & P, to its southeast corner;

THENCE east with the north boundary line of Section 29, Block 68, Township 4, T & P, and continuing east with the north boundary line of Section 28, Block 68, Township 4, T &P, to the northeast corner of Section 28;

THENCE south with the east boundary line of Section 28, Block 68, Township 4, T & P, to its southeast corner;

THENCE east with the south boundary line of Section 27, Block 68, Township 4, T & P, and continuing east with the south boundary lines of Sections 26 and 25, Block 68, Township 4, T & P, to the intersection of the south boundary line of Section 25, Block 68, Township 4, T & P, with the east boundary line of Section 3, Block 30, P. S. L.;

THENCE south with the east boundary line of Section 3, Block 30, P. S. L., to its southeast corner;

THENCE east with the south boundary line of Section 2, Block 30, P. S. L., and continuing east with the south boundary lines of Section 1, Block 30, P. S. L., and Sections 5, 4, 3, and 2, Block 31, P. S. L., to the southeast corner of Section 2;

THENCE north with the east boundary line of Section 2, Block 31, P. S. L., and continuing north with the east boundary lines of Sections 26, 23, 14, 11, 2, Block 67, Township 4, T & P, and Sections 46, 37, 34, 25, 22, 13, 10, 5, Block 67, Township 3, T & P;

THENCE continuing north with the east boundary lines of Sections 43, 34, 33, 24, 23, 14, 11, 2, Block 67, Township 2, T & P, and Sections 47, 38, 35, 26, 23, 14, 11, 2, Block 67, Township 1, T & P, to the northeast corner of Section 2, being a point in the Texas - New Mexico State line forming the north boundary line of Hudspeth County, Texas;

THENCE west with the Texas-New Mexico State Line to the Point of Beginning.

(c) The legislature finds that the boundaries and field notes of the district under Subsection (b) form a closure. If a mistake is made in the field notes or in copying the field notes in the legislative process, the mistake does not affect in any way:

(1) the organization, existence, or validity of the district;

(2) the right of the district to impose taxes; or

(3) the legality or operation of the district or the board.

(d) As a result of the change to the boundaries of the district made by Subsection (b) or if otherwise required by law, the board may:

(1) adjust the precinct boundaries for the election of directors as necessary to provide for proper representation of the residents of the district; and

(2) call and hold election under Chapter 36, Water Code, or other law to ensure the lawful representation and taxation of the residents of the district.

ADOPTED

MAY 2 8 2003

Secretary of the Senate

FLOOR AMENDMENT NO. 4 BY: Robert Duncan

Amend C.S.H.B. No. 3442 by adding the following appropriately numbered SECTION and renumbering SECTIONS of the bill appropriately:

SECTION ____. WATER POLLUTION AND CONSERVATION PROGRAMS ADMINISTERED BY THE TEXAS WATER DEVELOPMENT BOARD. (a) Section 15.602, Water Code, is amended by adding Subdivision (5-a) to read as follows:

(5-a) "Eligible lending institution" means a financial institution that makes commercial loans, is either a depository of state funds or an institution of the Farm Credit System headquartered in this state, agrees to participate in a linked deposit program established under Section 15.611 and to provide collateral equal to the amount of linked deposits placed with it, and meets any other requirements established by board rule.

(b) Section 15.603, Water Code, is amended by adding Subsection (i) to read as follows:

(i) In addition to authorized purposes under Subsection (a), the revolving fund is held by the board to provide linked deposits to eligible financial institutions for loans to persons for nonpoint source pollution control projects.

(c) Subsection (a), Section 15.604, Water Code, is amended to read as follows:

(a) The board may use the revolving fund for financial assistance only as provided by the federal act:

(1) to make loans, on the conditions that:

(A) those loans are made at or below market interest rates, including interest-free loans, at terms not to exceed 20 years;

(B) principal and interest payments will begin not later than one year after completion of any treatment works and all loans will be fully amortized not later than 20 years after completion of the treatment works;

(C) the recipient of a loan will establish a dedicated source of revenue for repayment of loans; and

(D) the revolving fund will be credited with all payments of principal of and interest on all loans;

(2) to buy or refinance the debt obligation of political subdivisions at or below market rates if the debt obligations were incurred after March 7, 1985;

(3) to guarantee or purchase insurance for political subdivisions if the guarantee or insurance would improve access to market credit or reduce interest rates;

(4) as a source of revenue or security for the payment of principal and interest on bonds issued by the state if the proceeds of the sale of those bonds will be deposited in the revolving fund;

(5) to provide loan guarantees to similar revolving funds established by municipalities or intermunicipal agencies;

(6) to earn interest on revolving fund accounts;

(7) for the reasonable costs of administering the revolving fund and conducting activities provided for by Title VI of the federal act, except that those amounts may not exceed the amount authorized under Title VI of the federal act;

(8) to provide financial assistance to persons for a nonpoint source pollution control project under Section 319 of the federal act or for an estuary management project under Section 320 of the federal act; [~~and~~]

(9) for other purposes as provided by the federal act; and

(10) to provide linked deposits to eligible lending institutions for loans to persons for nonpoint source pollution control projects.

(d) Subchapter J, Chapter 15, Water Code, is amended by adding Sections 15.610 through 15.618 to read as follows:

Sec. 15.610. LINKED DEPOSIT. A linked deposit is a deposit governed by a written deposit agreement between the board and an eligible lending institution that provides that:

(1) the eligible lending institution pay interest on the deposit at a rate determined by the board;

(2) the state not withdraw any part of the deposit before the expiration of a period set by a written advance notice of the intention to withdraw; and

(3) the eligible lending institution agree to lend the value of the deposit to a person at a maximum rate that is the rate paid by the eligible lending institution to the board plus a maximum of four percent.

Sec. 15.611. LINKED DEPOSIT PROGRAM. (a) The board by rule may establish a nonpoint source pollution control linked deposit program in accordance with this subchapter.

(b) An eligible lending institution may participate in the program established under this section as provided by this subchapter.

Sec. 15.612. APPLICATION BY ELIGIBLE LENDING INSTITUTIONS TO PARTICIPATE IN LINKED DEPOSIT PROGRAM. To participate in the nonpoint source pollution control linked deposit program, an eligible lending institution must:

(1) solicit loan applications, which must contain a description of a proposed nonpoint source pollution control project;

(2) review applications to determine if applicants are

eligible and creditworthy; and

(3) submit the applications of eligible and creditworthy applicants to the executive administrator with a certification:

(A) of the interest rate applicable to each applicant by the eligible lending institution; and

(B) of the proposed project by the appropriate person as required by Section 15.613.

Sec. 15.613. CERTIFICATION OF PROJECT. (a) An eligible lending institution must obtain from a director of a soil and water conservation district certification of an agricultural or silvicultural nonpoint source pollution control project proposed for the district. The certification must state that:

(1) the applicant of the proposed project has a water quality management plan certified by the State Soil and Water Conservation Board; and

(2) the project furthers or implements the plan.

(b) An eligible lending institution must obtain from the executive director certification of a proposed nonpoint source pollution control project that is not an agricultural or silvicultural nonpoint source pollution control project. The certification must state that the applicant's proposed project implements the state's nonpoint source pollution management plan.

Sec. 15.614. APPROVAL OR REJECTION OF APPLICATION. The board may approve or reject an application of an eligible lending institution to participate in the program. The board may delegate its authority to approve or reject an application to the executive administrator.

Sec. 15.615. DEPOSIT AGREEMENT. If the board approves an application of an eligible lending institution, the board and the eligible lending institution shall enter into a written deposit

agreement. The agreement shall contain the conditions on which the linked deposit is made. On execution of the agreement, the board shall place a linked deposit from the revolving fund with the eligible lending institution in accordance with the agreement. A delay in payment or a default on a loan by an applicant does not affect the validity of the deposit agreement.

Sec. 15.616. COMPLIANCE. (a) On accepting a linked deposit, an eligible lending institution must lend money to an approved applicant in accordance with the deposit agreement and this subchapter. The eligible lending institution shall forward a compliance report to the board in accordance with board rules. The board shall adopt rules regarding the compliance report.

(b) The board shall monitor compliance with this subchapter and inform the comptroller of noncompliance on the part of an eligible lending institution.

Sec. 15.617. STATE LIABILITY PROHIBITED. The state is not liable to an eligible lending institution for payment of the principal, interest, or any late charges on a loan made to an approved applicant. A linked deposit is not an extension of the state's credit within the meaning of any state constitutional prohibition.

Sec. 15.618. LIMITATIONS ON PROGRAM. (a) The maximum amount of a loan under the linked deposit program is $250,000.

(b) The board may withdraw linked deposits from an eligible lending institution if the institution ceases to be either a state depository or a Farm Credit System institution headquartered in this state.

(e) Subdivisions (3) through (6), Section 17.871, Water Code, are amended to read as follows:

(3) "Eligible lending institution" means a financial institution that makes commercial loans, is either a depository of

state funds or an institution of the Farm Credit System headquartered in this state, agrees to participate in a linked deposit program established under Section 17.905 and to provide collateral equal to the amount of linked deposits placed with it, and meets any other requirements established by board rule [~~"Conservation loan" means a loan from the board to a borrower district or from a lender district to an individual borrower~~].

(4) "Fund" means the agricultural water conservation fund authorized by Section 50-d, Article III, of the Texas Constitution.

(5) "Person" means an individual, corporation, partnership, association, or other legal entity that is not a political subdivision [~~"Individual borrower" means a person who receives or is eligible to receive a conservation loan from a lender district~~].

(6) "Political subdivision" includes a district or authority created under Section 52, Article III, or Section 59, Article XVI, of the Texas Constitution, a municipality, a county, an institution of higher education as defined by Section 61.003, Education Code, any interstate compact commission to which the state is a party, and any nonprofit water supply corporation created and operating under Chapter 67 [~~"Lender district" means a political subdivision, including a soil and water conservation district under Chapter 201, Agriculture Code, a groundwater conservation district created under Article XVI, Section 59, of the Texas Constitution, or a district or authority created under Article III, Section 52(b)(1), or Article XVI, Section 59, of the Texas Constitution authorized to supply water for irrigation purposes, that is eligible to receive or that receives a loan from the board for the purpose of making conservation loans to individual borrowers~~].

(f) Subsections (c) and (d), Section 17.879, Water Code, are amended to read as follows:

(c) By rule or in the resolution or order authorizing issuance of bonds or other resolution or order of the board, the board may establish an interest and sinking fund and may establish accounts in the funds, including an interest and sinking account, and may transfer money among the funds and accounts [~~fund~~].

(d) The board may invest and reinvest money in the fund, the interest and sinking fund, and any account therein in any obligations or securities as provided by bond resolutions, [~~and~~] orders of the board, and Section 404.024, Government Code.

(g) Subsection (a), Section 17.880, Water Code, is amended to read as follows:

(a) Loans, bonds of political subdivisions [~~borrower districts or lender districts~~], and other obligations owned by the state and deposited in the fund or in the interest and sinking fund are considered to be securities under this subchapter.

(h) Subsection (b), Section 17.881, Water Code, is amended to read as follows:

(b) The board shall sell the loans or bonds of political subdivisions [~~borrower districts or lender districts~~] at the price and under the terms that it determines to be reasonable.

(i) Section 17.883, Water Code, is amended to read as follows:

Sec. 17.883. BOND REVIEW BOARD. Bonds may not be issued under this subchapter unless the issuance of the bonds has been reviewed and approved by the bond review board. Prior to issuance of bonds, the board shall estimate demand for [~~agricultural water~~] conservation programs or projects [~~loans~~] based on a survey of [~~districts~~] eligible participants [~~to participate~~] in the program. A summary of this information shall be furnished to the bond review

board.

(j) Section 17.894, Water Code, is amended to read as follows:

Sec. 17.894. BOND ENHANCEMENT AGREEMENTS; PAYMENT OF EXPENSES. (a) The board at any time and from time to time may enter into one or more bond enhancement agreements that the board determines to be necessary or appropriate to place the obligation of the board, as represented by the bonds, in whole or in part, on the interest rate, currency, cash flow, or other basis desired by the board. A bond enhancement agreement is an agreement for professional services and shall contain the terms and conditions and be for the period that the board approves.

(b) The fees and expenses of the board in connection with the issuance of the bonds and the providing of financial assistance to political subdivisions may be paid from money in the fund, provided that any payments due from the board under a bond enhancement agreement, other than fees and expenses, that relate to the payment of debt service on the bonds constitute payments of principal of and interest on the bonds.

(c) Bond enhancement agreements may include, on terms and conditions approved by the board, interest rate swap agreements; currency swap agreements; forward payment conversion agreements; agreements providing for payments based on levels of or changes in interest rates or currency exchange rates; agreements to exchange cash flows or a series of payments; agreements, including options, puts, or calls, to hedge payment, currency, rate, spread, or other exposure; or other agreements that further enhance the marketability, security, or creditworthiness of water financial assistance bonds [~~USE OF FUND. (a) The board may use money in the fund to make conservation loans directly to borrower districts, to make loans to lender districts, and to pay the cost of bond~~

~~issuance.~~

[~~(b) The board may use money in the fund:~~

[~~(1) to make loans to political subdivisions other than lender districts for agricultural water conservation projects;~~

[~~(2) to make grants to political subdivisions for agricultural water conservation projects as provided by legislative appropriation; or~~

[~~(3) to make grants to a state agency for the funding of any agricultural water conservation program of that agency, including a program in which the state agency provides funding to a political subdivision or a person for agricultural water conservation, as provided by legislative appropriation~~].

(k) Section 17.895, Water Code, is amended to read as follows:

Sec. 17.895. SOURCES OF ASSETS. The fund is composed of:

(1) money and assets, including bond proceeds, attributable to the bonds;

(2) investment income earned on money on deposit in the fund and depository interest earned on money on deposit in the state treasury;

(3) money appropriated by the legislature;

(4) repayments of principal and interest on loans made under this subchapter;

(5) administrative fees charged by the board under the bond program; and

(6) any other funds, regardless of their source, that the board directs be deposited to the credit of the fund [~~CONSERVATION LOANS. (a) This section applies only to a conservation loan from a lender district that is:~~

[~~(1) a soil and water conservation district under~~

~~Chapter 201, Agriculture Code,~~

[~~(2) a groundwater conservation district created under Section 59, Article XVI, Texas Constitution; or~~

[~~(3) a district or authority created under Section 52(b)(1), Article III, or Section 59, Article XVI, Texas Constitution.~~

[~~(b) The board or a lender district may make conservation loans for capital equipment or materials, labor, preparation costs, and installation costs:~~

[~~(1) to improve water use efficiency of water delivery and application on existing irrigation systems;~~

[~~(2) for preparing irrigated land to be converted to dryland conditions; and~~

[~~(3) for preparing dryland for more efficient use of natural precipitation.~~

[~~(c) Conservation loans for the purposes listed in Subsection (b) may be made by lender districts to individual borrowers for use on private property or by the board to borrower districts.~~

[~~(d) The board may make conservation loans to borrower districts for the cost of purchasing and installing devices, on public or private property, designed to indicate the amount of water withdrawn for irrigation purposes.~~

[~~(e) For purposes of this section, the board or lender districts may seek the advice of the Department of Agriculture regarding the feasibility of a project for which a conservation loan is sought~~].

(1) Section 17.896, Water Code, is amended to read as follows:

Sec. 17.896. REPAYMENT PROCEEDS. The board shall designate a transfer of repayment of principal and interest on a loan made

under this subchapter to the fund, the interest and sinking fund, or any account in the funds [~~INTEREST RATES AND FEES. (a) The board shall establish the rate of interest it charges for loans to lender districts or for conservation loans to borrower districts.~~

[~~(b) A lender district may charge individual borrowers an interest rate not to exceed the interest rate the lender district is charged by the board, plus one percent for administrative expenses.~~

[~~(c) A lender district may charge individual borrowers a one-time application fee in an amount determined by the board to cover costs of processing loan applications~~].

(m) Section 17.897, Water Code, is amended to read as follows:

Sec. 17.897. CONSERVATION PROGRAM. (a) A conservation program is:

(1) an agricultural water conservation technical assistance program, including a program for an on-farm soil and water conservation plan developed jointly by a landowner, an operator, and a local soil and water conservation district as provided by Subchapter H, Chapter 201, Agriculture Code;

(2) a research, demonstration, technology transfer, or educational program relating to agricultural water use and conservation;

(3) a precipitation enhancement program in an area of the state where the program, in the board's judgment, would be most effective; and

(4) any other agricultural water conservation program defined by board rule.

(b) The costs of a conservation program eligible for financial assistance under Section 17.899 are the costs of the capital equipment, materials, labor, preparation, installation, or administration directly associated with implementing and

completing the program [~~APPLICATION. A lender district that desires to obtain loans or a borrower district that desires to obtain conservation loans under this subchapter shall file with the executive administrator an application in the manner and in the form provided by board rules~~].

(n) Section 17.898, Water Code, is amended to read as follows:

Sec. 17.898. CONSERVATION PROJECT. (a) A conservation project is a project that:

(1) improves water use efficiency of water delivery and application on existing irrigation systems;

(2) prepares irrigated land for conversion to dryland conditions;

(3) prepares dryland for more efficient use of natural precipitation;

(4) purchases and installs on public or private property devices designed to indicate the amount of water withdrawn for irrigation purposes;

(5) prepares and maintains land to be used for brush control activities in areas of the state where those activities in the board's judgment would be most effective, including activities conducted under Chapter 203, Agriculture Code; or

(6) implements any other agricultural water conservation project defined by board rule.

(b) The costs of a conservation project eligible for financial assistance under Section 17.899 are the costs of the capital equipment, materials, labor, preparation, installation, or administration directly associated with implementing and completing the project [~~CONSIDERATIONS IN PASSING ON AN APPLICATION. (a) In passing on an application from a lender district, the board shall consider the lender district's ability to~~

~~manage a loan program, ability to repay any loan defaults, and overall conservation program.~~

[~~(b) In passing on an application from a borrower district, the board shall consider the ability of the borrower district to repay the conservation loan and whether the conservation loan will further water conservation~~].

(o) Section 17.899, Water Code, is amended to read as follows:

Sec. 17.899. ELIGIBLE FUND USES. (a) Money in the fund, excluding money in the interest and sinking fund, may be used by the board to:

(1) provide a grant to a state agency to fund a conservation program or conservation project, including a conservation program that provides funding to a political subdivision or person for a conservation project;

(2) provide a grant or loan to a political subdivision for a conservation program or conservation project;

(3) provide a linked deposit to an eligible financial institution for a loan to a person for a conservation project;

(4) pay for a board conservation program;

(5) make a transfer to the interest and sinking fund;

(6) pay the costs of a bond issuance; and

(7) pay for a board expense in administering the agricultural water conservation program under this subchapter.

(b) Money in the interest and sinking fund may be used for the payment of bonds or, to the extent there are funds in excess of bond payment requirements, for transfers to the fund, or any other account in the funds [~~APPROVAL OF APPLICATIONS. (a) The board may approve an application if, after considering the factors in Section 17.898 and other relevant factors, the board finds that:~~

[~~(1) the public interest would be served in granting~~

~~the application;~~

[~~(2) a lender district has the ability to make conservation loans, manage a conservation loan program, and repay the loan to the board;~~

[~~(3) a borrower district has the ability to repay the conservation loan; and~~

[~~(4) granting the application will further water conservation in the state.~~

[~~(b) The board by rule may delegate to the executive administrator the authority to approve an application based on the considerations in Section 17.898 and on the findings in Subsection (a)~~].

(p) Section 17.900, Water Code, is amended to read as follows:

Sec. 17.900. GRANT TO STATE AGENCY. (a) A state agency seeking a grant for a conservation program or conservation project must file an application with the board.

(b) In reviewing an application for a grant, the board shall consider:

(1) the commitment of the state agency to water conservation; and

(2) the benefits that will be gained by making the grant.

(c) To approve the grant, the board must find that:

(1) the grant funds will supplement rather than replace money of the state agency;

(2) the public interest is served by providing the grant; and

(3) the grant will further water conservation in the state.

(d) If a state agency is applying for funds that have been

provided by legislative appropriation for that state agency, the board shall review the application according to the terms of the legislative appropriation. To approve the grant, the board must make the determination required by the legislative language.

(e) The board may make money available to a state agency in any manner that it considers feasible, including a grant agreement with the state agency [~~METHODS OF MAKING LOANS AND ENFORCING OBLIGATIONS. (a) The board may make financial assistance available to lender or borrower districts in any manner that it considers economically feasible, including purchase of bonds or securities of the lender or borrower district, or by entering into a contract with the lender or borrower district. The board shall not purchase bonds or securities that have not been approved by the attorney general and registered by the comptroller.~~

[~~(b) In the event of default in payment of the principal of or interest on bonds or securities purchased by the board or any other default as defined in the proceedings or indentures authorizing the issuance of the bonds or the default of any of the terms of a contract, the attorney general shall institute legal proceedings by mandamus or other legal remedies to compel the lender or borrower district or its officers, agents, and employees to cure the default by performing those duties which they are legally obligated to perform. These proceedings shall be brought and venue shall be in a district court in Travis County.~~

[~~(c) This section is cumulative of any other rights or remedies to which the board may be entitled~~].

(q) Section 17.901, Water Code, is amended to read as follows:

Sec. 17.901. GRANT OR LOAN TO POLITICAL SUBDIVISION. The board may make a grant or loan to a political subdivision for a conservation program or conservation project. A political

subdivision seeking a grant or loan must file an application with the board [~~DEFAULT AND FORECLOSURE BY LENDER DISTRICTS. (a) In the event of a default in payment of a conservation loan made by a lender district or the failure of an individual borrower to perform any of the terms or conditions of the conservation loan agreement, the lender district shall pursue all remedies available under law, including without limitation foreclosure under the conservation loan agreement and liquidation of any collateral provided under the conservation loan agreement. The lender district shall sell the collateral on terms and subject to procedures that it follows in liquidating other collateral.~~

[~~(b) Foreclosure under a conservation loan agreement shall be accomplished in the manner provided by law for foreclosure of similar loan agreements made by private lending institutions and by the conservation loan agreement.~~

[~~(c) The state guarantees to each lender district that in the event an individual borrower defaults on a conservation loan made by the lender district with money from this program, the state will assume 50 percent of the amount that remains due and payable under the default after all collateral for the conservation loan is liquidated.~~

[~~(d) The state is entitled to recover its pro rata share of any money recovered on a defaulted conservation loan on which the state has assumed liability under Subsection (c)~~].

(r) Section 17.902, Water Code, is amended to read as follows:

Sec. 17.902. REVIEW OF APPLICATION FOR AND APPROVAL OF GRANT. (a) In reviewing an application by a political subdivision for a grant, the board shall consider:

(1) the degree to which the political subdivision has used other available resources to finance the use for which the

application is being made;

(2) the willingness and ability of the political subdivision to raise revenue;

(3) the commitment of the political subdivision to water conservation; and

(4) the benefits that will be gained by making the grant.

(b) To approve a grant to a political subdivision, the board must find that:

(1) the grant funds will supplement rather than replace money of the political subdivision;

(2) the public interest is served by providing the grant; and

(3) the grant will further water conservation in the state [~~AUTHORITY OF DISTRICTS. A lender or borrower district may borrow and lend money for the purposes of this subchapter and may adopt necessary rules to carry out this subchapter~~].

(s) Subchapter J, Chapter 17, Water Code, is amended by adding Sections 17.9021 and 17.9022 to read as follows:

Sec. 17.9021. APPLICATION FOR AND APPROVAL OF LOAN. (a) In reviewing an application by a political subdivision for a loan, the board shall consider the ability of the political subdivision to repay the loan and whether the loan will further water conservation in this state.

(b) To approve a loan to a political subdivision, the board must determine that:

(1) the public interest is served by providing the loan;

(2) the political subdivision has the ability to repay the loan; and

(3) the loan will further water conservation in the

state.

(c) The board by rule shall establish the rate of interest it charges for a loan to a political subdivision.

Sec. 17.9022. FINANCING OF GRANT OR LOAN FOR POLITICAL SUBDIVISION; DEFAULT; VENUE. (a) The board may make a loan or grant available to a political subdivision in any manner the board considers economically feasible, including purchase of bonds or securities of the political subdivision or execution of a loan or grant agreement with the political subdivision. The board may not purchase bonds or securities that have not been approved by the attorney general and registered by the comptroller.

(b) In the event of a default in payment of the principal of or interest on bonds or securities purchased by the board, or any other default as defined in the proceedings or indentures authorizing the issuance of bonds, or a default of any of the terms of a loan agreement, the attorney general shall seek a writ of mandamus or other legal remedy to compel the political subdivision or its officers, agents, and employees to cure the default by performing the duties they are legally obligated to perform. The proceedings shall be brought and venue is in a district court in Travis County. This subsection is cumulative of any other rights or remedies to which the board may be entitled.

(t) Section 17.903, Water Code, is amended to read as follows:

Sec. 17.903. CONTRACT AUTHORITY. (a) A political subdivision may borrow money for the purposes of this subchapter and may adopt necessary rules to carry out this subchapter [~~RULES AND CONTRACTS. (a) The board shall adopt rules necessary to carry out this subchapter. The board by rule shall identify methods to be used by lender districts to ensure the financial integrity of a loan to an individual borrower, including an irrevocable letter of~~

~~credit or a lien on property in excess of value of improvements~~].

(b) [~~The board by rule may establish:~~

[~~(1) procedures for applying for a loan or grant under Section 17.894(b);~~

[~~(2) procedures for considering and approving applications and for making loans or grants under Section 17.894(b); and~~

[~~(3) the rate of interest the board charges, if any, for loans under Section 17.894(b).~~

[~~(c)~~] The board shall have the power to enter into any contracts to carry out the provisions of this subchapter.

(u) Subchapter J, Chapter 17, Water Code, is amended by adding Sections 17.904 through 17.912 to read as follows:

Sec. 17.904. LINKED DEPOSIT. A linked deposit is a deposit governed by a written deposit agreement between the board and an eligible lending institution that provides that:

(1) the eligible lending institution pay interest on the deposit at a rate determined by the board;

(2) the state not withdraw any part of the deposit before the expiration of a period set by a written advance notice of the intention to withdraw; and

(3) the eligible lending institution agree to lend the value of the deposit to a person at a maximum rate that is the rate paid by the eligible lending institution to the board plus a maximum of four percent.

Sec. 17.905. LINKED DEPOSIT PROGRAM. (a) The board by rule may establish an agricultural water conservation linked deposit program in accordance with this subchapter.

(b) An eligible lending institution may participate in the program established under this section as provided by this subchapter.

Sec. 17.906. APPLICATION BY ELIGIBLE LENDING INSTITUTIONS TO PARTICIPATE IN LINKED DEPOSIT PROGRAM. To participate in the agricultural water conservation linked deposit program, an eligible lending institution must:

(1) solicit loan applications, which must contain a description of an agricultural water conservation project;

(2) review applications to determine if applicants are eligible and creditworthy; and

(3) submit the applications of eligible and creditworthy applicants to the executive administrator with a certification:

(A) of the interest rate applicable to each applicant by the eligible lending institution; and

(B) of the soil and water conservation district in which an applicant is located by a director of the district that states that:

(i) the applicant of the proposed project has a soil and water conservation plan approved by the district; and

(ii) the project furthers or implements the plan.

Sec. 17.907. APPROVAL OR REJECTION OF APPLICATION. The board may approve or reject an application of an eligible lending institution to participate in the program. The board may delegate its authority to approve or reject applications to the executive administrator.

Sec. 17.908. DEPOSIT AGREEMENT. If the board approves an application of an eligible lending institution, the board and the eligible lending institution shall enter into a written deposit agreement. The agreement shall contain the conditions on which the linked deposit is made. On execution of the agreement, the board shall place a linked deposit from the fund with the eligible lending

institution in accordance with the agreement. A delay in payment or a default on a loan by an applicant does not affect the validity of the deposit agreement.

Sec. 17.909. COMPLIANCE. (a) On accepting a linked deposit, an eligible lending institution must lend money to an approved applicant in accordance with the deposit agreement and this subchapter. The eligible lending institution shall forward a compliance report to the board in accordance with board rules. The board shall adopt rules regarding the compliance report.

(b) The board shall monitor compliance with this subchapter and inform the comptroller of noncompliance on the part of an eligible lending institution.

Sec. 17.910. STATE LIABILITY PROHIBITED. The state is not liable to an eligible lending institution for payment of the principal, interest, or any late charges on a loan made to an approved applicant. A linked deposit is not an extension of the state's credit within the meaning of any state constitutional prohibition.

Sec. 17.911. LIMITATIONS ON PROGRAM. (a) The maximum amount of a loan under the linked deposit program is $250,000.

(b) The board may withdraw linked deposits from an eligible lending institution if the institution ceases to be either a state depository or a Farm Credit System institution headquartered in this state.

Sec. 17.912. RULES. The board shall adopt rules necessary to carry out this subchapter. Applications shall be in the form and manner as provided by board rules.

(v) The agricultural trust fund and the agricultural soil and water conservation fund are abolished and all assets of those funds are transferred to the agricultural water conservation fund.

(w) The following provisions of the Water Code are repealed:

(1) Subchapters G, H, and I, Chapter 15; and

(2) Subdivision (2), Section 17.871, Subdivision (7), Section 17.871, and Section 17.8955.

(x) The Texas Water Development Board shall continue to administer a loan made before September 1, 2003, under the pilot program for low-interest loans for agricultural water conservation equipment until the loan is fully repaid. Subchapter I, Chapter 15, Water Code, is continued in effect for the limited purpose of allowing the board to administer those loans and to pursue remedies if a loan recipient defaults on a loan or otherwise violates the terms of the loan or of any loan guarantee instrument.

(y) The Texas Water Development Board shall continue to administer a conservation loan made before September 1, 2003, under Subchapter J, Chapter 17, Water Code. Subchapter J, Chapter 17, Water Code, as it existed immediately before September 1, 2003, is continued in effect for the limited purpose of allowing the board to administer those loans and to pursue remedies if a loan recipient defaults on a loan or otherwise violates the terms of the loan or of any loan guarantee.

(z) This section takes effect September 1, 2003.

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 24, 2003

TO: Honorable Teel Bivins, Chair, Senate Committee on Finance

FROM: John Keel, Director, Legislative Budget Board

IN RE: **HB3442** by Pickett (Relating to certain expenditures and charges of certain governmental entities.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3442, Committee Report 2nd House, Substituted: a positive impact of $7,810,853 through the biennium ending August 31, 2005.

Estimated savings should be compared to funding levels sufficient to conform to current policies and law. Savings should not be compared to agency Initial General Revenue/Building Block requests.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	$3,792,735
2005	$4,018,118
2006	$4,018,468
2007	$4,018,118
2008	$4,018,118

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/ (Cost) from *GENERAL REVENUE FUND* 1	Probable Revenue Gain from *GENERAL REVENUE FUND* 1	Probable Savings/ (Cost) from *General Revenue Dedicated*	Probable Revenue Gain from *General Revenue Dedicated*
2004	$147,380	$3,645,355	$22,832,944	$10,024,000
2005	$374,463	$3,643,655	$16,071,619	$13,985,000
2006	$374,463	$3,644,005	$28,317,235	$14,284,000
2007	$374,463	$3,643,655	($72,027,900)	$13,985,000
2008	$374,463	$3,643,655	($30,400)	$14,284,000

Fiscal Year	Probable (Cost) from *STATE HIGHWAY FUND* 6	Change in Number of State Employees from FY 2003
2004	($51,000)	(3.5)
2005	($51,000)	(8.5)
2006	($51,000)	(8.5)
2007	($51,000)	(8.5)
2008	($51,000)	(8.5)

Fiscal Analysis

The bill would make numerous statutory changes affecting Article VI agencies.

Methodology

Department of Agriculture
Livestock Pens - Revenue gain of $200,000 each fiscal year in General Revenue Funds, offset by $200,000 per fiscal year in expenditures out of the General Revenue Fund.
Octane Fee - Revenue gain of $95,000 each fiscal year in General Revenue Funds.
Weights and measures - No revenue gain, however savings of $247,917 in fiscal year 2004 and $475,000 each fiscal year thereafter in General Revenue Funds have been accounted for in CSHB 1. In addition, there would be a reduction of 4.5 FTEs in fiscal year 2004 and 9.5 FTEs each fiscal year thereafter.

Animal Health Commission
Riding Stables - Revenue loss of $21,200 per fiscal year in General Revenue Funds and a reduction in expenditures of $26,413 each fiscal year out of General Revenue Funds which has already been accounted for in CSHB 1.
Authorization for Implementation of New Fees - Revenue gain of $500,000 per fiscal year generated by 50 cent per head of cattle at first-point testing which would be deposited to the credit of the General Revenue Fund to offset appropriations made in CSHB 1.

Commission on Environmental Quality
PST deadline extension for reimbursements - Savings out of GR-Dedicated PST-related accounts totaling $22.9 million in 2004, $16.1 million in 2005, $28.3 million in 2006 and an increase in costs of $72 million in 2007.

Expedited Letters - Revenue gain in GR-Dedicated Water Resource Management Account No. 153 of $225,00 each fiscal year with offsetting expenditures in the same amounts, including the addition of 1 FTE each fiscal year.

General Land Office
Increase Fund Balance Cap - Revenue gain of $9,500,000 each fiscal year due to the increase of cap from $25 million to $40 million on the fund balance in the GR-Dedicated Coastal Protection Account No. 027 to offset appropriations made in CSHB 1.

Parks and Wildlife
Freshwater Fishing Stamp - Revenue gain of $4,260,000 beginning in fiscal year 2005 out of the Game, Fish, Water Safety Account No. 9, relating to issuing a freshwater fishing stamp and prohibiting freshwater fishing by persons lacking the stamp. No additional expenditures are anticipated above those included in CSHB 1.
Motorboat Registration - Revenue gain of $2,040,000 in the GR-Dedicated State Parks Account No. 64, offset by a revenue loss of $2,040,000 in the GR-Dedicated Game, Fish, Water Safety Account No. 9, by providing that 15 percent of amounts collected from motorboat registration and motorboat manufacturer or dealer registration fees be deposited to the State Parks Account No. 64.
Non-negotiable Titles - Revenue gain of $299,000 in GR-Dedicated Game, Fish, Water Safety Account No. 9 in fiscal years 2004, 2006 and 2008, and decreased expenditures of $26,400 in fiscal year 2004 and $27,900 each fiscal year thereafter, relating to deletion of the requirement for non-negotiable titles for boats.

Railroad Commission
Pipelines - Revenue gain of approximately $1.4 million each fiscal year in the General Revenue Fund relating to fees assessed against operators of pipelines and pipeline facilities which has already been accounted for in CSHB 1.
Pits and Quarries - Savings of $51,000 each fiscal year in the General Revenue Fund, with an increase of expenditures of $51,000 each fiscal year out of the State Highway Fund No. 6 relating to the

transfer of functions associated with the Texas Quarry and Pit Safety program from the Railroad Commission to the Department of Transportation.
Rail Safety - Revenue gain of approximately $1.4 million each fiscal year in the General Revenue Fund relating to fees assessed on railroads to recover costs for the rail safety program which has already been accounted for in CSHB 1.
Administrative Hearings - Savings in the General Revenue Fund of $247,050 each fiscal year of the biennium which has already been accounted for in CSHB 1.

Soil and Water Conservation Board
Duties of the Board - No significant fiscal impact is anticipated relating to the composition and duties of the Soil and Water Conservation Board, including a joint management audit by the State Auditor and Legislative Budget Board.
Brush Control - No significant fiscal impact is anticipated relating to the provisions regarding eligibility of brush control projects and cost-share requirements.

Technology

No significant implications to technology resources are anticpated due to the implementation of the provisions of the bill.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 582 Commission on Environmental Quality
LBB Staff: JK, SD, MS

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 12, 2003

TO: Honorable Teel Bivins, Chair, Senate Committee on Finance

FROM: John Keel, Director, Legislative Budget Board

IN RE: **HB3442** by Pickett (Relating to granting statutory authority to certain governmental entities to reduce certain expenditures and to impose charges in amounts sufficient to recover costs.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3442, As Engrossed: a positive impact of $505,426 through the biennium ending August 31, 2005.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

Estimated savings should be compared to funding levels sufficient to conform to current policies and law. Estimated savings should not be compared to agency Initial General Revenue/Building Block requests.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	$252,713
2005	$252,713
2006	$252,713
2007	$252,713
2008	$252,713

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from *GENERAL REVENUE FUND* 1	Probable Savings from *GENERAL REVENUE FUND* 1
2004	($21,200)	$273,913
2005	($21,200)	$273,913
2006	($21,200)	$273,913
2007	($21,200)	$273,913
2008	($21,200)	$273,913

Fiscal Analysis

The bill would repeal statute relating to equine riding stables and would amend statute to allow contested hearings for the Railroad Commission to be conducted by one or more members of the Railroad Commission, Railroad Commission hearings examiners, or the utility division of the State Office of Administrative Hearings (SOAH).

In addition, the bill would authorize state agencies to reduce or recover expenditures by consolidating

reports or publications for filing purposes, extending the effective period for any license, permit or registration; entering into contracts with another governmental entities or private vendors to carry out an agency's duties; adopting additional eligibility requirements for distribution of benefits to eligible persons; providing for electronic communication of items such as applications, notices, billing statements, receipts and certificates; and adopting and collecting fees or charges to recover costs incurred an agency.

Methodology

Animal Health Commission -- Riding Stables

Implementation of the bill would result in a loss to the General Revenue Fund of $21,200 and a savings of $26,413 out of the General Revenue Fund each year beginning in fiscal year 2004.

Railroad Commission -- Administrative Hearings

Provisions of the bill relating to administrative hearings would result in a savings of $247,500 out of the General Revenue Fund each year, assuming the contested hearings would be conducted by Railroad commissioners or hearings examiners and costs would be absorbed within remaining appropriations. This amount is based on an anticipated 2,750 hours of work the Railroad Commission would refer to SOAH each year at a rate of $90 per hour.

The Railroad Commission would have authority to enter into an annual contract with SOAH at a fixed rate if the legislature makes an appropriation for that purpose. In this case, the savings to the state would depend on the amount appropriated. If the legislature does not make such an appropriation, the Railroad Commission could enter into a contract with SOAH at an hourly rate. In this case, savings would occur to the extent that the Railroad Commission would refer fewer than 2,750 hours worth of work per year to the SOAH.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 360 State Office of Administrative Hearings
LBB Staff: JK, SD, TL, MS

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 7, 2003

TO: Honorable Talmadge Heflin, Chair, House Committee on Appropriations

FROM: John Keel, Director, Legislative Budget Board

IN RE: **HB3442** by Pickett (Relating to granting statutory authority to certain governmental entities to reduce certain expenditures and to impose charges in amounts sufficient to recover costs.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3442, Committee Report 1st House, Substituted: a positive impact of $505,426 through the biennium ending August 31, 2005.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

Estimated savings should be compared to funding levels sufficient to conform to current policies and law. Estimated savings should not be compared to agency Initial General Revenue/Building Block requests.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	$252,713
2005	$252,713
2006	$252,713
2007	$252,713
2008	$252,713

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from *GENERAL REVENUE FUND* 1	Probable Savings from *GENERAL REVENUE FUND* 1
2004	($21,200)	$273,913
2005	($21,200)	$273,913
2006	($21,200)	$273,913
2007	($21,200)	$273,913
2008	($21,200)	$273,913

Fiscal Analysis

The bill would repeal statute relating to equine riding stables and would amend statute to allow contested hearings for the Railroad Commission to be conducted by one or more members of the Railroad Commission, Railroad Commission hearings examiners, or the utility division of the State Office of Administrative Hearings (SOAH).

In addition, the bill would authorize state agencies to reduce or recover expenditures by consolidating

reports or publications for filing purposes, extending the effective period for any license, permit or registration; entering into contracts with another governmental entities or private vendors to carry out an agency's duties; adopting additional eligibility requirements for distribution of benefits to eligible persons; providing for electronic communication of items such as applications, notices, billing statements, receipts and certificates; and adopting and collecting fees or charges to recover costs incurred an agency.

Methodology

Animal Health Commission -- Riding Stables

Implementation of the bill would result in a loss to the General Revenue Fund of $21,200 and a savings of $26,413 out of the General Revenue Fund each year beginning in fiscal year 2004.

Railroad Commission -- Administrative Hearings

Provisions of the bill relating to administrative hearings would result in a savings of $247,500 out of the General Revenue Fund each year, assuming the contested hearings would be conducted by Railroad commissioners or hearings examiners and costs would be absorbed within remaining appropriations. This amount is based on an anticipated 2,750 hours of work the Railroad Commission would refer to SOAH each year at a rate of $90 per hour.

The Railroad Commission would have authority to enter into an annual contract with SOAH at a fixed rate if the legislature makes an appropriation for that purpose. In this case, the savings to the state would depend on the amount appropriated. If the legislature does not make such an appropriation, the Railroad Commission could enter into a contract with SOAH at an hourly rate. In this case, savings would occur to the extent that the Railroad Commission would refer fewer than 2,750 hours worth of work per year to the SOAH.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 360 State Office of Administrative Hearings
LBB Staff: JK, SD, TL, MS

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION
Revision 1

April 29, 2003

TO: Honorable Talmadge Heflin, Chair, House Committee on Appropriations

FROM: John Keel, Director, Legislative Budget Board

IN RE: **HB3442** by Pickett (Relating to statutory authority to reduce appropriations made by the legislature to certain governmental entities.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3442, As Introduced: a negative impact of ($108,532,584) through the biennium ending August 31, 2005.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	($52,330,442)
2005	($56,202,142)
2006	($60,330,792)
2007	($64,384,142)
2008	($68,672,142)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/ (Cost) from *GENERAL REVENUE FUND* 1	Probable Revenue Gain/(Loss) from *GENERAL REVENUE FUND* 1	Probable Revenue Gain/(Loss) from *COASTAL PROTECTION ACCT* 27	Probable Savings/ (Cost) from *COASTAL PROTECTION ACCT* 27
2004	$7,969,203	($60,299,645)	$6,362,000	($7,942,790)
2005	$7,969,203	($64,171,345)	$6,082,000	($7,942,790)
2006	$7,969,203	($68,299,995)	$23,560,000	($7,942,790)
2007	$7,969,203	($72,353,345)	($5,501,000)	($7,942,790)
2008	$7,969,203	($76,641,345)	$17,653,000	($7,942,790)

Fiscal Year	Probable Revenue Gain/(Loss) from *STATE PARKS ACCT* 64	Probable Revenue Gain/(Loss) from *LOCAL PARKS ACCOUNT* 467	Probable Revenue Gain/(Loss) from *PARKS/WILDLIFE CAP ACCT* 5004
2004	($15,500,000)	($15,500,000)	$94,150,000
2005	($15,500,000)	($15,500,000)	$98,020,000
2006	($15,000,000)	($15,500,000)	$102,079,000
2007	($15,500,000)	($15,500,000)	$106,202,000
2008	($15,500,000)	($15,500,000)	$110,490,000

Fiscal Analysis

The bill would require several Article VI agencies to reduce or eliminate expenditures as follows:

The bill would require that: (1) the Animal Health Commission reduce expenditures related to riding stables; (2) the General Land Office and Trusteed Programs within the General Land Office reduce expenditures paid for coastal erosion control and its trusteed program; (3) the Natural Resources Code be amended to increase the ceiling of the Coastal Protection Account from $25 million to $40 million; (4) the Parks and Wildlife Department reduce expenditures for local park grants; (5) the Parks and Wildlife Code be amended relating to money received from cigarette taxes and deposits to the State Parks Account, and the Texas Recreation and Parks Account; and (6) the Railroad Commission reduce expenditures relating oil spill response, consolidate oil spill response activities with the General Land Office, and implement fees for rail and pipeline safety programs.

Methodology

Animal Health Commission -- Revenue loss of $21,200 and a reduction in expenditures of $26,413 out of General Revenue Funds each fiscal year.

General Land Office -- Revenue increases each fiscal year out of the Coastal Protection Account No 027, with the exception of fiscal year 2007 when revenue collections would reach $40 million and cease. Increased costs out of the Coastal Protection Account of $7,942,790 each fiscal year, which would offset existing costs out of the General Revenue Fund.

Parks and Wildlife -- Removal of the $32 million annual cap on sales tax on sporting goods transferred to the Texas Parks and Wildlife Department and removal of the allocation of sporting good sales tax to the GR-dedicated State Parks and the Texas Recreation and Parks accounts would result in these revenues being deposited to the credit of the Texas Parks and Wildlife Conservation and Capital Account No. 5004.

Railroad Commission -- Revenue increases in the General Revenue Fund of approximately $2.8 million each fiscal year to offset existing costs related to the rail and pipeline safety programs. There would be no significant fiscal implications to consolidating the oil spill response functions.

The Comptroller of Public Accounts projects costs of $137,010 to notify taxpayers of these changes. However, for the purposes of this fiscal note, it is anticipated the these costs could be absorbed within current resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies:	304 Comptroller of Public Accounts, 305 General Land Office and Veterans' Land Board, 455 Railroad Commission, 554 Animal Health Commission, 802 Parks and Wildlife Department
LBB Staff:	JK, JO, SD, MS

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 29, 2003

TO: Honorable Talmadge Heflin, Chair, House Committee on Appropriations

FROM: John Keel, Director, Legislative Budget Board

IN RE: **HB3442** by Pickett (Relating to statutory authority to reduce appropriations made by the legislature to certain governmental entities.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3442, As Introduced: a negative impact of ($124,470,990) through the biennium ending August 31. 2005.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	($60,299,645)
2005	($64,171,345)
2006	($68,299,995)
2007	($72,353,345)
2008	($76,641,345)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from *GENERAL REVENUE FUND* 1	Probable Revenue Gain/(Loss) from *COASTAL PROTECTION ACCT* 27	Probable Savings/ (Cost) from *COASTAL PROTECTION ACCT* 27	Probable Revenue Gain/(Loss) from *STATE PARKS ACCT* 64
2004	($60,299,645)	$6,362,000	($7,942,790)	($15,500,000)
2005	($64,171,345)	$6,082,000	($7,942,790)	($15,500,000)
2006	($68,299,995)	$23,560,000	($7,942,790)	($15,000,000)
2007	($72,353,345)	($5,501,000)	($7,942,790)	($15,500,000)
2008	($76,641,345)	$17,653,000	($7,942,790)	($15,500,000)

Fiscal Year	Probable Revenue Gain/(Loss) from *LOCAL PARKS ACCOUNT* 467	Probable Revenue Gain/(Loss) from *PARKS/WILDLIFE CAP ACCT* 5004
2004	($15,500,000)	$94,150,000
2005	($15,500,000)	$98,020,000
2006	($15,500,000)	$102,079,000
2007	($15,500,000)	$106,202,000
2008	($15,500,000)	$110,490,000

Fiscal Analysis

The bill would require several Article VI agencies to reduce or eliminate expenditures as follows:

The bill would require that: (1) the Animal Health Commission reduce expenditures related to riding stables; (2) the General Land Office and Trusteed Programs within the General Land Office reduce expenditures paid for coastal erosion control and its trusteed program; (3) the Natural Resources Code be amended to increase the ceiling of the Coastal Protection Account from $25 million to $40 million; (4) the Parks and Wildlife Department reduce expenditures for local park grants; (5) the Parks and Wildlife Code be amended relating to money received from cigarette taxes and deposits to the State Parks Account, and the Texas Recreation and Parks Account; and (6) the Railroad Commission reduce expenditures relating oil spill response, consolidate oil spill response activities with the General Land Office, and implement fees for rail and pipeline safety programs.

Methodology

Animal Health Commission -- Revenue loss of $21,200 and a reduction in expenditures of $26,413 out of General Revenue Funds each fiscal year.

General Land Office -- Revenue increases each fiscal year out of the Coastal Protection Account No 027, with the exception of fiscal year 2007 when revenue collections would reach $40 million and cease. Increased costs out of the Coastal Protection Account of $7,942,790 each fiscal year, which would offset existing costs out of the General Revenue Fund.

Parks and Wildlife -- Removal of the $32 million annual cap on sales tax on sporting goods transferred to the Texas Parks and Wildlife Department and removal of the allocation of sporting good sales tax to the GR-dedicated State Parks and the Texas Recreation and Parks accounts would result in these revenues being deposited to the credit of the Texas Parks and Wildlife Conservation and Capital Account No. 5004.

Railroad Commission -- Revenue increases in the General Revenue Fund of approximately $2.8 million each fiscal year to offset existing costs related to the rail and pipeline safety programs. There would be no significant fiscal implications to consolidating the oil spill response functions.

The Comptroller of Public Accounts projects costs of $137,010 to notify taxpayers of these changes. However, for the purposes of this fiscal note, it is anticipated the these costs could be absorbed within current resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 305 General Land Office and Veterans' Land Board, 455 Railroad Commission, 554 Animal Health Commission, 802 Parks and Wildlife Department

LBB Staff: JK, JO, SD, MS

LEGISLATIVE BUDGET BOARD
Austin, Texas

TAX/FEE EQUITY NOTE

78TH LEGISLATIVE REGULAR SESSION

May 7, 2003

TO: Honorable Talmadge Heflin, Chair, House Committee on Appropriations

FROM: John Keel, Director, Legislative Budget Board

IN RE: **HB3442** by Pickett (Relating to granting statutory authority to certain governmental entitiesto reduce certain expenditures and to impose charges in amounts sufficient to recover costs.), **Committee Report 1st House, Substituted**

No statistically significant impact on the overall distribution of a state tax or fee burden among individuals and businesses is anticipated from the provisions of this bill.

Source Agencies:
LBB Staff: JK, SJS

CONFERENCE COMMITTEE REPORT FORM

ADOPTED

JUN 01 2003

Robert Haney
Chief Clerk
House of Representatives

Austin, Texas

5/31/03
Date

Honorable David Dewhurst
President of the Senate

Honorable Tom Craddick
Speaker of the House of Representatives

144 yeas, 1 nays, 1 present, not voting

Sirs:

We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on HB 3442 have had the same under consideration, and beg to report it back with the recommendation that it do pass in the form and text hereto attached.

AVERITT

PICKETT

STAPLES

DAVIS, JOHN

DUNCAN

ISETT

BIVINS

McCLENDON

BARRIENTOS On the part of the Senate

HUPP On the part of the House

Note to Conference Committee Clerk:

Please type the names of the members of the Conference Committee under the lines provided for signature. Those members desiring to sign the report should sign each of the six copies. Attach a copy of the Conference Committee Report and a Section by Section side by side comparison to each of the six reporting forms. The original and two copies are filed in house of origin of the bill, and three copies in the other house.

CONFERENCE COMMITTEE REPORT

H.B. No. 3442

A BILL TO BE ENTITLED

AN ACT

(and other financial matters)

relating to certain expenditures ~~and~~ , & charges, of certain governmental entities.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. REDUCTION OF EXPENDITURES AND IMPOSITION OF CHARGES GENERALLY. (a) This section applies to any state agency that receives an appropriation under Article VI of the General Appropriations Act.

(b) Notwithstanding any other statute of this state, each state agency to which this section applies is authorized to reduce or recover expenditures by:

(1) consolidating any reports or publications the agency is required to make and filing or delivering any of those reports or publications exclusively by electronic means;

(2) extending the effective period of any license, permit, or registration the agency grants or administers;

(3) entering into a contract with another governmental entity or with a private vendor to carry out any of the agency's duties;

(4) adopting additional eligibility requirements for persons who receive benefits under any law the agency administers to ensure that those benefits are received by the most deserving persons consistent with the purposes for which the benefits are provided; and

~~80R17797 JJT-D~~

(5) providing that any communication between the agency and another person and any document required to be delivered to or by the agency, including any application, notice, billing statement, receipt, or certificate, may be made or delivered by electronic mail or through the Internet.

SECTION 2. TEXAS ANIMAL HEALTH COMMISSION; DUTIES REGARDING RIDING STABLES. (a) The Texas Animal Health Commission shall reduce its expenditures of state money related to regulating equine riding stables.

(b) Chapter 2053, Occupations Code, is repealed.

SECTION 3. ADMINISTRATIVE HEARINGS OF RAILROAD COMMISSION OF TEXAS. Section 102.006, Utilities Code, is amended to read as follows:

Sec. 102.006. [~~POWERS AND DUTIES OF STATE OFFICE OF~~] ADMINISTRATIVE HEARINGS IN CONTESTED CASES. (a) The railroad commission by rule shall provide for administrative hearings in contested cases to be conducted by one or more members of the railroad commission, by railroad commission hearings examiners, or by the [~~The~~] utility division of the State Office of Administrative Hearings. The rules must provide for a railroad commission hearings examiner or the utility division of the State Office of Administrative Hearings to [~~shall~~] conduct each hearing in a contested case that is not conducted by one or more members of the railroad commission. A hearing must be conducted in accordance with the rules and procedures adopted by the railroad commission.

(b) The railroad commission may delegate to a railroad commission hearings examiner or to the utility division of the

State Office of Administrative Hearings the authority to make a final decision and to issue findings of fact, conclusions of law, and other necessary orders in a proceeding in which there is not a contested issue of fact or law.

(c) The railroad commission by rule shall define the procedures by which it delegates final decision-making authority under Subsection (b) to a railroad commission hearings examiner or to the utility division of the State Office of Administrative Hearings.

(d) For purposes of judicial review, the [~~an administrative law judge's~~] final decision of a railroad commission hearings examiner or an administrative law judge of the State Office of Administrative Hearings in a matter delegated under Subsection (b) has the same effect as a final decision of the railroad commission unless a member of the commission requests formal review of the decision.

(e) The State Office of Administrative Hearings shall charge the railroad commission a fixed annual rate for hearings conducted by the office under this section only if the legislature appropriates money for that purpose. If the legislature does not appropriate money for the payment of a fixed annual rate under this section, the State Office of Administrative Hearings shall charge the railroad commission an hourly rate of not more than $90 per hour for hearings conducted by the office under this section.

SECTION 4. TEXAS DEPARTMENT OF AGRICULTURE. (a) Section 146.021, Agriculture Code, is amended to read as follows:

Sec. 146.021. DEPARTMENT FACILITIES. The department may

receive and hold for processing animals transported in international trade and may establish and collect reasonable fees for yardage, maintenance, feed, medical care, and other necessary expenses incurred in the course of processing those animals. Notwithstanding any other law, the department may use any portion of fees collected under this section that remains after spending the proceeds of the fees to meet other necessary expenses incurred under this section for expenses related to maintenance of or repairs to department facilities.

(b) Section 13.101(a), Agriculture Code, is amended to read as follows:

(a) At least once every four [~~three~~] years, or more often as required by the department, a weight or measure shall be inspected and tested for correctness by a sealer if it:

(1) is kept for sale, sold, or used by a proprietor, agent, lessee, or employee in proving the weight or measure, including the size, quantity, extent, or area, of any item; or

(2) is purchased, offered, or submitted by a proprietor, agent, lessee, or employee for sale, hire, or award.

(c) Section 9(d), Chapter 1033, Acts of the 71st Legislature, Regular Session, 1989 (Article 8614, Vernon's Texas Civil Statutes), is repealed.

(d) This section takes effect September 1, 2003.

SECTION 5. ANIMAL HEALTH COMMISSION. (a) Subchapter C, Chapter 161, Agriculture Code, is amended by adding Section 161.060 to read as follows:

Sec. 161.060. INSPECTION FEES. The commission may charge a fee, as provided by commission rule, for an inspection made by the commission.

(b) This section takes effect September 1, 2003.

SECTION 6. TEXAS COMMISSION ON ENVIRONMENTAL QUALITY. (a) Section 5.701, Water Code, is amended by adding Subsection (r) to read as follows:

(r) The fee for processing a request for an expedited letter from the executive director stating the total depth of surface casing needed during the drilling of wells to protect usable ground waters in the state and required for the processing of certain permits from the Railroad Commission of Texas may not exceed $75.

(b) Section 26.35731(c), Water Code, is amended to read as follows:

(c) Not later than the 90th day after the date on which the commission receives a completed application for reimbursement from the petroleum storage tank remediation account, the commission shall send a fund payment report to the owner or operator of a petroleum storage tank system that is seeking reimbursement, if sufficient funds are available to make the payment.

(d) This section takes effect September 1, 2003.

SECTION 7. TEXAS PARKS AND WILDLIFE DEPARTMENT FEES. (a) Section 11.032, Parks and Wildlife Code, is amended by amending Subsection (b) and adding Subsection (c) to read as follows:

(b) The department shall deposit to the credit of the game, fish, and water safety account all revenue, less allowable costs,

1 from the following sources:

2 (1) all types of fishing licenses and stamps and
3 shrimping licenses, except as provided by Section 77.120;

4 (2) all types of hunting licenses and stamps;

5 (3) trapping licenses and other licenses relating to
6 the taking, propagation, and sale of fur-bearing animals or their
7 pelts;

8 (4) sale of marl, sand, gravel, shell, and mudshell;

9 (5) oyster bed rentals and permits;

10 (6) federal funds received for fish and wildlife
11 research, management, development and conservation, resource
12 protection, and law enforcement, unless the funds are received for
13 the specific purposes of Subchapter F, Chapter 77;

14 (7) sale of property, less advertising costs,
15 purchased from this account or a special fund or account that is now
16 part of this account;

17 (8) fines and penalties collected for violations of a
18 law pertaining to the protection and conservation of wild birds,
19 wild fowl, wild animals, fish, shrimp, oysters, game birds and
20 animals, fur-bearing animals, alligators, and any other wildlife
21 resources of this state;

22 (9) sale of rough fish by the department;

23 (10) fees for importation permits;

24 (11) fees from supplying fish for or placing fish in
25 water located on private property;

26 (12) sale of seized pelts;

27 (13) sale or lease of grazing rights to and the

products from game preserves, sanctuaries, and management areas;

(14) contracts for the removal of fur-bearing animals and reptiles from wildlife management areas;

(15) vessel [~~motorboat~~] registration fees;

(16) vessel [~~motorboat~~] manufacturer or dealer licensing fees [~~registration fee~~];

(17) fines or penalties imposed by a court for violation of water safety laws contained in Chapter 31 of this code;

(18) alligator hunter's or alligator buyer's licenses;

(19) sale of alligators or any part of an alligator by the department;

(20) fees and revenue collected under Section 11.027(b) or (c) of this code that are associated with the conservation of fish and wildlife; [~~and~~]

(21) any other source provided by law; and

(22) vessel and outboard motor titling fees.

(c) Not later than the 10th day of each month the department shall transfer 15 percent of all amounts collected during the previous month from sources described by Subsection (b)(15), (16), or (22) to the state parks account.

(b) This section takes effect September 1, 2003.

SECTION 8. TEXAS PARKS AND WILDLIFE DEPARTMENT REGULATION OF MARINE BUSINESSES. (a) Section 31.003, Parks and Wildlife Code, is amended by amending Subdivision (7) and adding Subdivision (16) to read as follows:

(7) "Dealer" means a person [~~customarily~~] engaged in the business of buying, selling, selling on consignment, displaying

for sale, or exchanging at least five vessels, motorboats, or outboard motors during a calendar year at an established or permanent place of business in this state [~~and that at each place of business there is a sign conspicuously displayed showing the name of the dealership so that it may be located by the public and sufficient space to maintain an office, service area, and display of products~~].

(16) "Distributor" means a person who offers for sale, sells, or processes for distribution new boats or outboard motors to dealers in this state.

(b) Subchapter A, Chapter 31, Parks and Wildlife Code, is amended by adding Section 31.007 to read as follows:

Sec. 31.007. DEALER REQUIREMENTS. A dealer shall:

(1) display in each of the dealer's places of business a sign that:

(A) is conspicuous to the public; and

(B) shows the name of the dealership; and

(2) operate in a space sufficient to maintain an office, service area, and display of products.

(c) Section 31.021, Parks and Wildlife Code, is amended to read as follows:

Sec. 31.021. REQUIRED NUMBERING. (a) Each [~~undocumented~~] vessel on the water of this state shall be numbered in accordance with the provisions of this chapter unless specifically exempted. The numbering system shall be in accord with the Federal Boating Act of 1958 and subsequent federal legislation.

(b) No person may operate or give permission for the

operation of any vessel or may dock, moor, or store a vessel owned by the person on the water of this state unless:

(1) the vessel is numbered as required by this chapter;

(2) the certificate of number awarded to the vessel is in full force and effect; and

(3) the identifying number set forth in the certificate is properly displayed on each side of the bow of the vessel as required by this chapter.

(d) Section 31.032, Parks and Wildlife Code, is amended to read as follows:

Sec. 31.032. NUMBERING ON BOW. (a) The owner of a vessel shall paint on or attach to each side of the vessel near the bow the identification number and a validation decal in the manner prescribed by the department. The number shall read from left to right and shall be of block characters of good proportion of not less than three inches in height. The numbers shall be of a color which will contrast with the hull material of the vessel and so maintained as to be clearly visible and legible.

(b) The owner of a vessel required to be numbered under this subchapter and documented by the United States Coast Guard is not required to attach an identification number as required by Subsection (a).

(c) The commission shall adopt rules for the placement of the validation decal in an alternate location for antique boats. In this subsection, "antique boat" means a boat that:

(1) is used primarily for recreational purposes; and

(2) was manufactured before 1968.

(e) Section 31.039, Parks and Wildlife Code, is amended to read as follows:

Sec. 31.039. PUBLIC RECORDS; FEES. (a) All ownership records of the department made or kept under this chapter are public records.

(b) The commission may by rule charge a fee for access to ownership records and other records made or kept under this chapter.

(f) Section 31.041, Parks and Wildlife Code, is amended to read as follows:

Sec. 31.041. DEALER'S, DISTRIBUTOR'S, AND MANUFACTURER'S LICENSE [~~NUMBER~~]. (a) A person may not engage in business in this state as a dealer, distributor, or manufacturer unless the person holds a license issued under this section. A dealer must have a license for each place of business owned and operated by the person.

(b) The commission shall establish the form and manner for display of a license issued under this section.

(c) The department shall issue a dealer, distributor, or manufacturer number to each dealer, distributor, or manufacturer licensed under this section in the manner provided by Section 31.031(b).

(d) A dealer, distributor, or manufacturer of vessels in this state may use the [~~obtain a~~] dealer's, distributor's, or [~~and~~] manufacturer's number for vessels the dealer, distributor, or manufacturer wishes to show, demonstrate, or test on the water of this state instead of securing a certificate of number for each

vessel. The number shall be attached to any vessel that the dealer, distributor, or manufacturer sends temporarily on the water. For purposes of this subsection, "show, demonstrate, or test" does not include the use of a vessel for recreational purposes or for participation in a contest or event.

(e) [~~(b)~~] The application for a license under this section [~~number~~] must state that the applicant is a dealer, distributor, or manufacturer within the meaning of this chapter, and the facts stated on the application must be sworn before an officer authorized to administer oaths. An [~~The~~] application submitted by a dealer must be accompanied by photographs of the business sufficient to show any sign the business is required to display and the extent of the space the business is required to maintain. The application must also be accompanied by a copy of the tax permit of the dealer, distributor, or manufacturer issued by the comptroller under Chapter 151, Tax Code, if the dealer, distributor, or manufacturer has a tax permit. The two-year fee for a dealer's, distributor's, or [~~and~~] manufacturer's number is $500 [~~$45 or an amount set by the commission, whichever amount is more~~]. A license [~~No number~~] may not be issued until the provisions of this section have been satisfied.

(f) [~~(c)~~] A dealer, distributor, or manufacturer holding a dealer's, distributor's, or [~~and~~] manufacturer's license [~~number~~] may issue a reasonable temporary facsimile of the number issued under Subsection (c), which may be used by any authorized person. A person purchasing a vessel may use the dealer's number for a period not to exceed 15 days prior to filing an application for a

certificate of number. The form of the facsimile and the manner of display of the number shall be prescribed by the department.

(g) [~~(d)~~] A dealer, distributor, or manufacturer holding a dealer's, distributor's, or [~~and~~] manufacturer's license [~~number~~] may transfer a certificate of number or a certificate of title to a vessel or outboard motor without securing a certificate of number or certificate of title in the dealer's, distributor's, or manufacturer's name if the vessel or outboard motor is sold in the normal course of the dealer's, distributor's, or manufacturer's business. [~~Any other person transferring a vessel or outboard motor must secure a certificate of number or certificate of title in the person's name before transferring the certificate of number or the certificate of title.~~]

(g) Subchapter B, Chapter 31, Parks and Wildlife Code, is amended by adding Sections 31.0411, 31.0412, and 31.0413 to read as follows:

Sec. 31.0411. TERM OF LICENSE; TRANSFER. (a) Except as provided by Subsection (b), a license issued under Section 31.041:

(1) is valid for two years from the date of issuance; and

(2) may not be transferred to another person.

(b) A license issued under Section 31.041 in the name of a business remains valid for the business location specified on the license if a change of ownership or business name occurs.

(c) A license issued under Section 31.041 may be transferred to a new address if:

(1) a business moves to another location; and

(2) a change of ownership has not occurred.

Sec. 31.0412. LICENSING RULES. The commission may adopt rules regarding licenses issued under Section 31.041, including rules:

(1) regarding license transfer procedures;

(2) prescribing application forms;

(3) regarding application and renewal procedures;

(4) prescribing reporting and recordkeeping requirements for license holders; and

(5) setting fees to be charged for:

(A) a transferred license; or

(B) a replacement license.

Sec. 31.0413. EXEMPTION FROM DEALER LICENSING REQUIREMENTS. The dealer licensing provisions of this subchapter do not apply to the sale of a canoe, kayak, punt, rowboat, rubber raft, paddleboat, or other vessel that is less than 12 feet in length and has a horsepower rating of five horsepower or less or to the sale of an outboard motor with a manufacturer's rating of five horsepower or less.

(h) Section 31.042(b), Parks and Wildlife Code, is amended to read as follows:

(b) Causes for cancellation of certificates and voiding of numbers include:

(1) surrender of the certificate for cancellation;

(2) issuance of a new number for the same vessel;

(3) [~~issuance of a marine document by the Bureau of Customs for the same vessel;~~

[~~(4)~~] false or fraudulent certification in an application for number;

(4) [~~(5)~~] failure to pay the prescribed fee; and

(5) [~~(6)~~] dismantling, destruction, or other change in the form or character of the vessel or outboard motor so that it is no longer correctly described in the certificate or it no longer meets the definition of a vessel or outboard motor.

(i) Subchapter B, Chapter 31, Parks and Wildlife Code, is amended by adding Section 31.044 to read as follows:

Sec. 31.044. INSPECTIONS. A dealer, distributor, or manufacturer may not refuse to allow the department or a peace officer to inspect a vessel, outboard motor, or records relating to the possession, origination, ownership, or transfer of a vessel or outboard motor at a dealership or distributor's or manufacturer's place of business during normal business hours.

(j) Subchapter B-1, Chapter 31, Parks and Wildlife Code, is amended by adding Section 31.0465 to read as follows:

Sec. 31.0465. APPEAL REGARDING CERTIFICATE OF TITLE; BOND; RULES. (a) An applicant for a certificate of title under Section 31.046 may appeal the department's refusal to issue the title by filing a bond with the department as provided by this section.

(b) A bond filed under this section must be:

(1) in the form prescribed by the department;

(2) executed by the applicant;

(3) issued by a person authorized to act as a surety business in this state;

(4) in an amount equal to 1-1/2 times the value of the

House Bill 3442
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION	SENATE VERSION	CONFERENCE
SECTION 1. REDUCTION OF EXPENDITURES AND IMPOSITION OF CHARGES GENERALLY. (a) Provides that this section applies to any state agency that receives an appropriation under Article VI of the General Appropriations Act.	SECTION 1. (a) Same as House version.	SECTION 1. (a) Same as House version.
(b) Provides that notwithstanding any other statute of this state, each state agency to which this section applies is authorized to reduce or recover expenditures by taking certain measures.	SECTION 1. (b) (6) Deleted.	SECTION 1. (b) Same as Senate version.
SECTION 2. TEXAS ANIMAL HEALTH COMMISSION; DUTIES REGARDING RIDING STABLES. (a) Requires the Texas Animal Health Commission to reduce its expenditures of state money related to regulating equine riding stables. (b) Repealer: Chapter 2053 (Riding Stables), Occupations Code.	SECTION 2. Same as House Version	SECTION 2. Same as House Version.
SECTION 3. ADMINISTRATIVE HEARINGS OF RAILROAD COMMISSION OF TEXAS. Amends Section 102.006, Utilities Code, as follows: Sec. 102.006. New heading: ADMINISTRATIVE HEARINGS IN CONTESTED CASES.	SECTION 3. Same as House Version	SECTION 3. Same as House Version

HOUSE VERSION	SENATE VERSION	CONFERENCE
(a) Requires the railroad commission (RRC) by rule to provide for administrative hearings in contested cases to be conducted by one or more members of the railroad commission, by RRC hearings examiners, or by the utility division of the State Office of Administrative Hearings (SOAH). Requires the rules to provide for a railroad commission hearings examiner or the utility division of SOAH to conduct each hearing in a contested case that is not conducted by one or more RRC members.		
(b) Authorizes RRC to delegate to a RRC hearings examiner or to the utility division of SOAH the authority to make a final decision and to issue findings of fact, conclusions of law, and other necessary orders in a proceeding in which there is not a contested issue of fact or law.		
(c) Requires RRC by rule to define the procedures by which it delegates final decision-making authority under Subsection (b) to a railroad commission hearings examiner or to the utility division of SOAH.		
(d) Provides that for purposes of judicial review, the final decision, rather than administrative law judge's decision, of a railroad commission hearings examiner or an administrative law judge of SOAH in a matter delegated under Subsection (b) has the same effect as a final decision of RRC unless a member of the commission requests formal review of the		

HOUSE VERSION	SENATE VERSION	CONFERENCE
decision. (e) Requires SOAH to charge RRC a fixed annual rate for hearings conducted by the office under this section only if the legislature appropriates money for that purpose. Provides that if the legislature does not appropriate money for the payment of a fixed annual rate under this section, SOAH must charge RRC an hourly rate of not more than $90 per hour for hearings conducted by the office under this section.		
SECTION 4. No equivalent provision.	SECTION 4. TEXAS DEPARTMENT OF AGRICULTURE. (a) Amends Section 146.021, Agriculture Code, to authorize the Texas Department of Agriculture (TDA), notwithstanding any other law, to use any portion of fees collected under this section that remains after spending the proceeds of the fees to meet other necessary expenses incurred under this section for expenses related to maintenance of or repairs to TDA facilities. (b) Amends Section 13.101(a), Agriculture Code, to decrease the frequency with which TDA is required to inspect and test a weight or measure for correctness by a sealer from every three years to every four years, under certain circumstances.	SECTION 4. Same as Senate Version.

HOUSE VERSION	SENATE VERSION	CONFERENCE
	(c) Repealer: Article 8614 (Sales of Certain Fuel Mixtures), V.T.C.S. (d) Effective date of this section: September 1, 2003.	
No equivalent provision.	SECTION 5. ANIMAL HEALTH COMMISSION. (a) Amends Subchapter C, Chapter 161, Agricultural Code, by adding Section 161.060, as follows: Sec. 161.060. INSPECTION FEES. Authorizes the Animal Health Commission (TAHC) to charge a fee, as provided by TAHC rule, for an inspection made by TAHC. (b) Effective date of this section: September 1, 2003.	SECTION 5. Same as Senate version.
No equivalent provision.	SECTION 7. TEXAS COMMISSION ON ENVIRONMENTAL QUALITY. (a) Amends Section 5.701, Water Code, by adding Subsection (r), as follows: (r) Prohibits the fee for processing a request for an expedited letter from the executive director of the Texas Commission on Environmental Quality (TCEQ) stating the total depth of surface casing needed during the drilling of wells to protect usable ground waters in the state and required	SECTION 6. (a) Same as Senate version SECTION 7 (a).

HOUSE VERSION	SENATE VERSION	CONFERENCE
	for the processing of certain permits from the Railroad Commission of Texas from exceeding $75.	
	(b) Amends Section 26.351(f), Water Code, to require a corrective action plan for sites found under Subdivision (2), to be initiated and proceeding according to the requirements and deadlines in the approved plan no later than March 1, 2005, rather than March 1, 2004.	No equivalent provision.
	(c) Amends Section 26.3573(r), Water Code, to prohibit the petroleum storage tank remediation account from being used to reimburse any person for corrective action performed after September 1, 2006, rather than September 1, 2005.	No equivalent provision.
	(d) Amends Section 26.3573(s), Water Code, to prohibit the petroleum storage tank remediation account from being used to reimburse any person for corrective action contained in a reimbursement claim filed with TCEQ after March 1, 2007, rather than March 1, 2006.	No equivalent provision.
	(e) Amends Section 26.35731(c), Water Code, to require TCEQ, not later than the 90th day after the date on which TCEQ receives a completed application for reimbursement from the petroleum storage tank remediation account, to send a fund payment report to the owner or operator of a petroleum storage tank system that is seeking reimbursement, if	

HOUSE VERSION	SENATE VERSION	CONFERENCE
	sufficient funds are available to make the payment.	(c) Same as Senate version (e).
	(f) Effective date of this section: September 1, 2003.	
		(d) Same as Senate version (f).
No equivalent provision.	SECTION 8. TEXAS PARKS AND WILDLIFE DEPARTMENT FEES. (a) Amends Section 11.032, Parks and Wildlife Code, by amending Subsection (b) and adding Subsection (c), as follows:	SECTION 7. Same as Senate version SECTION 8.
	(b) Requires the Texas Parks and Wildlife Department (TPWD) to deposit to the credit of the game, fish, and water safety account all revenue, less allowable costs, from certain sources, including vessel registration fees, rather than motorboat registration fees; vessel, rather than motorboat, manufacturer or dealer licensing fees, rather than registration fees; and vessel and outboard motor titling fees. Makes nonsubstantive changes.	
	(c) Requires TPWD, not later than the 10th day of each month, to transfer 15 percent of all amounts collected during	

HOUSE VERSION	SENATE VERSION	CONFERENCE
	the previous month from sources described by Subsection(b)(15), (16), or (22) to the state parks account. (b) Effective date of this section: September 1, 2003.	
No equivalent provision.	SECTION 9. TEXAS PARKS AND WILDLIFE DEPARTMENT REGULATION OF MARINE BUSINESSES. (a) Amends Section 31.003, Parks and Wildlife Code, by amending Subdivision (7) and adding Subdivision (16), as follows: (7) Redefines "dealer." (16) Defines "distributor." (b) Amends Subchapter A, Chapter 31, Parks and Wildlife Code, by adding Section 31.007, as follows: Sec. 31.007. DEALER REQUIREMENTS. Requires a dealer to display in each of the dealer's places of business a sign that contains certain information and to operate in a space sufficient to maintain an office, service area, and display of products. (c) Amends Section 31.021, Parks and Wildlife Code, as follow: Sec. 31.021. REQUIRED NUMBERING. (a) Deletes from	SECTION 8. Same as Senate version SECTION 9 .

HOUSE VERSION	SENATE VERSION	CONFERENCE
	the requirement that each vessel on the water be numbered in accordance with the provisions, the specification that the vessel be documented. (b) Specifies that the identifying number set forth in the certificate properly displayed on each side of the bow of the vessel is as required by this chapter. (d) Amends Section 31.032, Parks and Wildlife Code, as follows: Sec. 31.032. NUMBERING ON BOW. (a) Creates this subsection from existing text. Specifies that the owner of a vessel is required to paint on or attach to each side of the vessel near the bow, the identification number and a validation decal in the manner prescribed by TPWD. (b) Provides that the owner of a vessel required to be numbered under this subchapter and documented by the United States Coast Guard is not required to attach an identification number as required by Subsection (a). (c) Requires the Parks and Wildlife Commission (commission) to adopt rules for the placement of the validation decal in an alternative location for antique boats. Defines "antique boat." (e) Amends Section 31.039, Parks and Wildlife Code, as follows: Sec. 31.039. PUBLIC RECORDS; FEES. (a) Creates this	

HOUSE VERSION	SENATE VERSION	CONFERENCE
	subsection from existing text. (b) Authorizes the commission, by rule, to charge a fee for access to ownership records and other records made or kept under this chapter. (f) Amends Section 31.041, Parks and Wildlife Code, as follows: Sec. 31.041. New heading: DEALER'S, DISTRIBUTOR'S, AND MANUFACTURER'S LICENSE. (a) Prohibits a person from engaging in business in this state as a dealer, distributor, or manufacturer, unless the person holds a license issued under this section. Requires a dealer to have a license for each place of business owned and operated by the person. (b) Requires the commission to establish the form and manner for a display of a license issued under this section. (c) Requires TPWD to issue a dealer, distributor, or manufacturer number to each dealer, distributor, or manufacturer licensed under this section in the manner provided by Section 31.031(b) (Numbering Pattern). (d) Creates this section from existing text. Includes a distributor, along with a dealer or manufacturer of vessels in this state as authorized to use, rather than obtain, the dealer's, distributor's, or manufacturer's number for vessels the dealer, distributor, or manufacturer wishes to show, demonstrate, or test on the water of this state instead of securing a certificate of number for each vessel. Provides that, for purposes of this subsection, "show, demonstrate, or test" does not include the use of a vessel for recreational purposes or for participation in	

HOUSE VERSION	SENATE VERSION	CONFERENCE
	a contest for event. Makes a conforming change.	
	(e) Redesignates this subsection from Subsection (b). Requires that the application for a license, rather than a number, under this section to state certain information. Requires an application submitted by a dealer to be accompanied by certain documents. Provides that the two-year fee for a dealer's, distributor's, or manufacturer's number is $500, rather than $45 or an amount set by the commission. Prohibits a license, rather than a number, from being issued until the provisions of this section have been satisfied. Makes conforming changes.	
	(f) Redesignates this subsection from Subsection (c). Includes a reference to Subsection (c). Requires the form of the facsimile and the manner of display of the number to be prescribed by TPWD. Makes conforming changes.	
	(g) Redesignates this subsection from Subsection (d). Deletes text referring to transferring a vessel or outboard motor. Makes conforming changes.	
	(g) Amends Subchapter B, Chapter 31, Parks and Wildlife Code, by adding Sections 31.0411, 31.0412, and 31.0413, as follows:	
	Sec. 31.0411. TERM OF LICENSE; TRANSFER. (a) Provides that except as provided by Subsection (b), a license issued under Section 31.041 is valid for two years from the date of issuance and is prohibited from being transferred to another person.	
	(b) Provides that a license issued under Section 31.041 in the	

HOUSE VERSION	SENATE VERSION	CONFERENCE
	name of a business remains valid for the business location specified on the license if a change of ownership or business name occurs. (c) Authorizes a license issued under Section 31.041 to be transferred to a new address under certain circumstances. Sec. 31.0412. LICENSING RULES. Authorizes the commission to adopt rules regarding licenses issued under Section 31.041, including certain rules regulating certain activities. Sec. 31.0413. EXEMPTION FROM DEALER LICENSING REQUIREMENTS. Provides that the dealer licensing provisions of this subchapter do not apply to the sale of a canoe, kayak, punt, rowboat, rubber raft, paddle boat, or other vessel that is less than 12 feet in length and has a horsepower rating of five or less, or to the sale of an outboard motor with a manufacturer's rating of five horsepower or less. (h) Amends Section 31.042(b), Parks and Wildlife Code, to delete as a cause for cancellation of certificates and voiding of numbers, the issuance of a marine document by the Bureau of Customs for the same vessel. Makes nonsubstantive changes. (i) Amends Subchapter B, Chapter 31, Parks and Wildlife Code, by adding Section 31.044, as follows: Sec. 31.044. INSPECTIONS. Prohibits a dealer, distributor, or manufacturer from refusing to allow TPWD or a peace officer to inspect a vessel, outboard motor, or records relating to the possession, origination, ownership, or transfer of a	

HOUSE VERSION	SENATE VERSION	CONFERENCE
	vessel or outboard motor at a dealership or distributor's or manufacturer's place of business during normal business hours. (j) Amends Subchapter B-1, Chapter 31, Parks and Wildlife Code, by adding Section 31.0465, as follows: Sec. 31.0465. APPEAL REGARDING CERTIFICATE OF TITLE; BOND; RULES. (a) Authorizes an applicant for a certificate of title under Section 31.046 (Application for Certificate of Title) to appeal TPWD's refusal to issue the title by filing a bond with TPWD as provided by this section. (b) Requires a bond filed under this section to meet certain criteria. (c) Authorizes TPWD to issue the certificate of title to the person filing the bond if the applicant proves that the vessel or outboard motor is not stolen and that issuance of a certificate of title would not defraud the owner or a lienholder of the vessel or outboard motor, to TPWD's satisfaction. (d) Provides that a person described by Subsection (b)(5) has a right of action to recover on the bond for a breach of condition of the bond described by Subsection (b)(5). Prohibits the aggregate liability of the surety to all persons from exceeding the amount of the bond. (e) Provides that a bond filed under this section expires on the third anniversary of the date the bond became effective. Requires TPWD to return an expired bond to the person who filed the bond unless TPWD has been notified of a pending action to recover on the bond.	

HOUSE VERSION	SENATE VERSION	CONFERENCE
	(f) Requires TPWD, on return of a bond under Subsection (e), to issue a certificate of title to the person to whom the bond is returned.	
	(g) Authorizes the commission, in addition to the situation described by Subsection (c), by rule, to define acceptable situations in which certificates of title are authorized to be issued after filing a bond under this section.	
	(k) Amends Section 31.049(c), Parks and Wildlife Code, to delete text referring to a duplicate original certificate.	
	(l) Amends Section 31.053, Parks and Wildlife Code, by adding Subsection (f) to require a person who is not licensed as a dealer, distributor, or manufacturer under this chapter to obtain a certificate or number or certificate of title to a vessel or outboard motor in the person's name before transferring the certificate of number or certificate of title.	
	(m) Amends Section 31.127(a), Parks and Wildlife Code, to include in the list of actions that constitute committing an offense that is a Class C Parks and Wildlife Code misdemeanor, a person who violates or fails to comply with a proclamation of the commission entered under this chapter or a city ordinance or order of a commissioners court or a political subdivision of the state made or entered under this chapter.	
	(n) Requires the commission, not later than January 1, 2004, to adopt any rules necessary to implement Subsections (a) - (l) of this section.	
	(o) Makes application of Section 31.041, Parks and Wildlife	

HOUSE VERSION	SENATE VERSION	CONFERENCE
	Code this Act prospective to March 1, 2004. (p) Effective date of this section: September 1, 2003.	
No equivalent provision.	SECTION 10. TEXAS PARKS AND WILDLIFE DEPARTMENT: FRESHWATER FISHING STAMP. (a) Amends Chapter 43, Parks and Wildlife Code, by adding Subchapter U, as follows: SUBCHAPTER U. FRESHWATER FISHING STAMP Sec. 43.801. DEFINITION. Defines "fresh water." Sec. 43.082. FRESHWATER FISHING STAMP REQUIRED. (a) Provides that, except as provided by Subsection (b) or (c), no person is authorized to engage in fishing in fresh water for sporting purposes in this state unless the person has acquired a freshwater fishing stamp issued to the person by TPWD. Authorizes the commission, by rule, to adopt requirements relating to possessing a freshwater fishing stamp required by this section. (b) Provides that a person who is exempted from obtaining a fishing license under Chapter 46 (Fishing Licenses) is not required to obtain a freshwater fishing stamp. (c) Authorizes the commission, by rule, to exempt a person from the freshwater fishing stamp requirement of this section. Sec. 43.803. FISHING LICENSE REQUIRED. Provides that the acquisition of a freshwater fishing stamp does not authorize a person to fish in fresh water for sporting purposes	SECTION 9. Same as Senate version SECTION 10.

HOUSE VERSION	SENATE VERSION	CONFERENCE
	without having acquired a fishing license as provided by Chapter 46 (Fishing Licenses). Provides that the acquisition of a freshwater fishing stamp does not authorize a person to fish at any time or by any means not otherwise authorized by this code. Sec. 43.804. DESIGN AND ISSUANCE OF STAMPS. (a) Authorizes TPWD to issue a freshwater fishing stamp to any person on the payment to TPWD of $5. Requires a stamp, except as provided by Subsection (e), to be signed on its face by the person using it, for the stamp to be valid for fishing purposes. (b) Authorizes TPWD to issue a collectible freshwater fishing stamp to any person who pays TPWD $5. Provides that a collectible freshwater fishing stamp does not authorize a person to fish and is not valid for fishing purposes. (c) Requires the commission, by rule, to prescribe the form, design, and manner of issuance of the freshwater fishing stamp and the collectible freshwater fishing stamp. Provides that TPWD retains all reproduction rights to the design of the freshwater fishing stamp and the collectible freshwater fishing stamp. (d) Authorizes the commission to contract with and pay a person for designing and producing the freshwater fishing stamp or the collectible freshwater fishing stamp. (e) Authorizes the commission, by rule, to prescribe alternate requirements for identifying the purchaser of a freshwater fishing stamp issued in an automated manner.	

HOUSE VERSION	SENATE VERSION	CONFERENCE
	Sec. 43.805. DISPOSITION OF STAMP FEES. (a) Requires the net receipts from freshwater fishing stamp and collectible freshwater fishing stamp sales, after deduction of any collection fee, to be sent to TPWD. (b) Authorizes the net receipts from freshwater fishing stamp sales to be spent only for certain purposes. (c) Authorizes the net receipts from collectible freshwater fishing stamp sales to be spent only for certain purposes. Sec. 43.806. EXPIRATION OF STAMP. (a) Provides that a freshwater fishing stamp, except as provided by Subsection (b) or (c), is valid for fishing only during the yearly period for which the stamp is issue, without regard to the date on which the stamp was acquired. Provides that each yearly period begins on September 1 of the year in which the stamp is issued or another date set by the commission. Authorizes the commission, by rule, to set the amount of a stamp fee for a stamp issued during a transition period at an amount lower than prescribed in this subchapter and provide for a stamp term for a transition period that is shorter or longer than one year. (b) Provides that a freshwater fishing stamp issued before September 1, or another date set by the commission, that does not expire until August 31 of the next year, or another date set by the commission, is valid from the date of issuance through August 31 of the next year, or another date set by the commission. (c) Provides that a freshwater fishing stamp issued in	

HOUSE VERSION	SENATE VERSION	CONFERENCE
	conjunction with a license issued under Section 46.005 or 46.0051 expires on the later of the license expiration date or the date printed on the stamp. Sec. 43.807. REFUSAL TO SHOW STAMP. Provides that a person fishing in fresh water for sporting purposes who refuses on demand of any game management officer or peace officer to show a freshwater fishing stamp or proof that the person is exempt under Section 43.802(b), or a rule adopted under that section, is presumed to be in violation of Section 43.802. Sec. 43.808. PENALTY. Provides that a person who violates Section 43.802 is guilty of a Class C Parks and Wildlife misdemeanor. Sec. 43.809. EXPIRATION OF SUBCHAPTER. Provides that this subchapter expires September 1, 2014. (b) Repealer: Subchapters N (Freshwater Trout Stamp) and Q (Muzzleloader Hunting Stamp), Parks and Wildlife Code. (c) Effective date of this section: September 1, 2004.	
SECTION 11. No equivalent provision.	SECTION 11. TRANSFER OF RAILROAD COMMISSION OF TEXAS FUNCTIONS RELATED TO QUARRY AND PIT SAFETY. (a) Provides that on September 1, 2003 (1) All powers, duties, functions, and activities performed by the Railroad Commission (RRC) of Texas under Chapter 133, Natural Resources Code, immediately before that date are	SECTION 10. Same as Senate version SECTION 11.

HOUSE VERSION	SENATE VERSION	CONFERENCE
	transferred to the Texas Department of Transportation (TxDOT); (2) All employees of the RRC whose primary duties relate to the implementation of Chapter 133, Natural Resources Code, become TxDOT employees; (3) A rule, form, order, or procedure adopted by RRC for the implementation or enforcement of Chapter 133, Natural Resources Code, is a rule form order or procedure of TxDOT and remains in effect until changed by TxDOT; (4) A reference in Chapter 133, Natural Resources Code, to RRC means TxDOT; (5) A permit or certification in effect under Chapter 133, Natural Resources Code, that was issued by RRC is continued in effect as a permit or certification issued by TxDOT; and (6) a complaint, investigation, or other proceeding under Chapter 133, Natural Resources Code, pending before the RRC is transferred without change in status to TxDOT. (b) Effective date of this section: September 1, 2003.	
SECTION 12. No equivalent provision.	SECTION 12. RAILROAD COMMISSION OF TEXAS FUNCTIONS RELATED TO RAILROAD SAFETY. (a) Amends Article 6448a, V.T.C.S., as follows: Art. 6448a. New heading: IMPLEMENTATION OF FEDERAL RAILROAD SAFETY ACT OF 1970. Sec. 1. Creates this section from existing text.	SECTION 11. Same as Senate version SECTION 12.

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	Sec. 2. (a) Requires RRC by rule to adopt reasonable fees to be assessed annually against railroads operating within the state. (b) Requires RRC by rule to establish the method by which fees are calculated and assessed. (c) Prohibits the total amount of fees estimated to be collected by rule adopted by RRC under this section from exceeding the amount estimated by RRC to be necessary to recover the costs of administering RRC's rail safety program. (d) Authorizes RRC, in adopting a fee structure, to consider the gross ton miles for railroad operations within the state for each railroad operating in the state, to provide for the equitable allocation among railroads of the cost of administering RRC's rail safety program. (e) Requires a fee collected under this section to be deposited to the credit of the general revenue fund to be used for the rail safety program. (b) Effective date for this section: September 1, 2003.	
No equivalent provision.	SECTION 13. RAILROAD COMMISSION OF TEXAS FUNCTIONS RELATED TO PIPELINES. (a) Amends Subchapter E, Chapter 121, Utilities Code, by adding Section 121.211, as follow: Sec. 121.211. PIPELINE SAFETY FEES. Authorizes RRC, by rule, to adopt an inspection fee to be assessed annually against operators of natural gas distribution pipelines and their pipeline facilities and natural gas master	SECTION 12. Same as Senate version SECTION 13.

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	metered pipelines and their pipeline facilities subject to this chapter. (b) Authorizes RRC, by rule, to establish the method by which the fee is calculated and assessed. Authorizes RRC, in adopting a fee structure, to consider any factors necessary to provide for the equitable allocation among operators of the cost of administering RRC's pipeline safety program under this chapter. (c) Prohibits the total amount of fees estimated to be collected by rule adopted by RRC under this section from exceeding the amount estimated by RRC to be necessary to recover the costs of administering RRC's pipeline safety program under this chapter, excluding costs that are fully funded by federal sources. (d) Authorizes RRC to assess each investor-owned and each municipally owned natural gas distribution system subject to this chapter an annual inspection fee not to exceed 50 cents for each service line reported by the system on the Distribution annual Report, Form RSPA F7100. 1-1, due on March 15 of each year. Provides that the fee is due on March 15 of each year. (e) Authorizes RRC to assess each operator of a natural gas master metered system subject to this chapter an annual inspection fee not to exceed $100 for each master metered system. Provides that the fee is due June 30 of each year. (f) Authorizes RRC to assess a late payment penalty of 10 percent of the total assessment due under Subsection (d) or (e) that is not paid within 30 days after the annual due date established by the applicable subsection. (g) Requires each investor-owned and municipally owned natural gas distribution company and each natural gas master meter operator to recover as a surcharge to its existing rates the	

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	amounts paid to RRC under this section. Prohibits amounts collected under this subsection by an investor-owned natural gas distribution company from being included in the revenue or gross receipts of the company for the purpose of calculating municipal franchise fees or any tax imposed under Subchapter B, Chapter 182, Tax Code, or under Chapter 122. Provides that those amounts are not subject to a sales and use tax imposed by Chapter 151, Tax Code, or Chapters 321 through 327, Tax Code. (h) Requires a fee to be deposited to the credit of the general revenue fund to be used for the pipeline safety program. (b) Effective date of this section: September 1, 2003.	
No equivalent provision.	SECTION 14. SOIL AND WATER CONSERVATION BOARD. (a) Amends Section 201.011, Agriculture Code, as follows: Sec. 201.011. COMPOSITION. Provides that the State Soil and Water Conservation Board (SWCB) is a state agency composed of seven, rather than five, certain members. (b) Amends Section 201.015(b), Agriculture Code, to provide that the term of office of an elected member of SWCB begins on the day after the day on which the member was elected. Provides that the term of one member appointed by the governor expires February 1 of each odd-numbered year, and the term of the other member appointed by the governor expires February 1 of each even-numbered year. (c) Amends Section 201.016, Agriculture Code, to provide that vacancies on SWCB are filled by election in the manner provide by this subchapter for an unexpired term or for a full term. (d)	SECTION 13. Same as Senate version SECTION 14.

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	Amends Subchapter B, Chapter 201, Agriculture Code, by adding Sections 201.028 and 201.029, as follows: Sec. 201.028. SEMIANNUAL REPORT. Requires SWCB, not later than January 1 and July 1 of each year, to prepare and deliver a report to certain elected officials relating to the status of SWCB's budget areas of responsibility assigned to SWCB. Sec. 201.029. MANAGEMENT AUDIT. Requires the state auditor, in coordination with the Legislative Budget Board (LBB), not later than March 1, 2004, to conduct a management audit of SWCB and deliver the audit report to certain elected officials. Requires the audit to include an evaluation of the administrative budget for SWCB. Provides that this section expires April 1, 2004. (e) Amends Sections 203.011-203.013, Agriculture Code, as follows: Sec. 203.011. AUTHORITY OF BOARD. Provides that SWCB has jurisdiction over and is required to administer the brush control program under this chapter with the assistance of local districts. Sec. 203.012. RULES. Requires SWCB, after consulting with local districts, reasonable rules that are necessary to carry out this chapter. Sec. 203.013. AUTHORITY OF DISTRICTS. Deletes text referring to the location of a critical area. (f) Amends Section 203.016, Agriculture Code, to require SWCB to consult the Texas Water Development Board (TWDB) in regard to the brush control program and TDA in regard to the effects to the brush control program on agriculture as well as with TPWD in regard to the effects of the brush control program on fish and wildlife. (g) Amends Section 203.051, Agriculture Code, to require SWCB to prepare and adopt a state brush control plan	

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	required to include a comprehensive strategy for managing brush in all areas of the state where brush is contributing to a substantial water conservation problem, and rank, rather than designate, areas in the state in need of a brush control program. Deletes text referring to critical need. (h) Amends Sections 203.052(b), (c), and (d), Agriculture Code, as follows: (b) Includes in the required content of the notice instructions for each district to submit comments on the proposed plan. Makes nonsubstantive changes. (c) Requires SWCB to enter any written comments received on the proposed plan into the record of the hearing and consider all written testimony before taking final action on the proposed plan. (d) Makes a conforming change. (i) Amends Section 203.053, Agriculture Code, as follows: Sec. 203.053. New heading: CRITERIA FOR EVALUATING BRUSH CONTROL AREAS. (a) Requires SWCB, in ranking areas under the plan, to consider the amount of water produced by a project and the severity of water shortage in the areas, as well as other criteria. Makes conforming changes. (b) Makes a conforming change. (j) Amends Section 203.055, Agriculture Code, as follows: Sec. 203.055. APPROVED METHODS FOR BRUSH CONTROL. (a) Makes a conforming change. (b) Authorizes SWCB to approve a method for use under the cost-sharing program provided by Subchapter E of this chapter if SWCB finds that the proposed method will have a beneficial impact on the development of water sources and wildlife habitat and will allow the revegetation of the area after the brush is removed with plants that are beneficial to stream flows, groundwater levels,	

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	livestock, and wildlife, as well as other effects. (k) Amends Section 203.101, Agriculture Code, to make a conforming change. (l) Amends Section 203.154, Agriculture Code, by amending Subsections (a) and (c) and adding Subsection (d) and (e), as follows: (a) Authorizes not more than 70 percent, rather than 80 percent, of the total cost of a single brush control project to be made available as the state's share in cost sharing. (c) Authorizes SWCB to grant an exception to Subsection (b) of this section if SWCB finds that joint participation of the state brush control program and any federal brush control program will not exceed 80 percent of the total cost of the project. (d) Provides that a political subdivision of this state is eligible for cost sharing under this brush control program as long as the state's share does not exceed 50 percent of any one project. (e) Provides that 100 percent of the cost is available as the state's share in cost sharing. (m) Amends Sections 203.156-203.158, Agriculture Code, as follows: Sec. 203.156. APPLICATION FOR COST SHARING. Includes a political subdivision of this state, as a person. Sec. 203.157. CONSIDERATIONS IN PASSING ON APPLICATION. Requires SWCB, in passing on an application for cost sharing, to consider the location of the project and any comments and recommendations submitted by a local district, TWDB, or TPWD, as well as other factors. Sec. 203.158. APPROVAL OF APPLICATION. Authorizes SWCB to approve an application if, after considering the factors listed in Section 203.157 of this code and any other relevant factors, SWCB finds the project ranks higher than other projects submitted in accordance with the board's plan,	

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	as well as other findings. Makes a conforming change. (n) Amends Sections 203.159(a) and (c), Agriculture Code, as follows: (a) Requires, rather than authorizes, SWCB, if the demand for funds under this cost-sharing program is greater than funds available, to establish certain priorities. (c) Requires SWCB to consider quantity of stream flows, the quantity of groundwater, and the amount of water conservation from the eradication of brush each to be a priority. Deletes text referring to dedicated land. (o) Repealer: Sections 203.001(5) (Critical area) and 203.155 (Limit to Critical Areas and Approved Methods), Agriculture Code. (p) Requires the governor, in making initial appointments to SWCB under Section 201.011, Agriculture Code, as amended by this section, to designate one member to serve a term expiring February 1, 2004, and the other member to serve a term expiring February 1, 2005. (q) Requires SWCB to prepare and deliver the first report required by Section 201.028, Agriculture Code, as added by this section, not later than January 1, 2004. (r) Effective date of this section: September 1, 2003.	
SECTION 4. EFFECTIVE DATE. Effective date: upon passage or September 1, 2003.	SECTION 15. Same as House SECTION 4.	SECTION 21. Same as House.
No equivalent provision.	No equivalent provision.	SECTION 14. Amends Subchapter B, Chapter 1052, Occupations Code, by adding Section 1052.0541, as

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		follows: Sec. 1052.0541. FEE INCREASE. (a) Provides that the fee for the issuance of a certificate of registration under this chapter and the fee for the renewal of a certificate of registration under this chapter is increased by $200. (b) Requires $50 of each fee increase collected to be deposited in the foundation school fund and $150 deposited in the general revenue fund. Amends Subchapter B, Chapter 1053, Occupations Code, by adding Section 1053.0521, as follows: Sec. 1053.0521. FEE INCREASE. (a) Provides that the fee for the issuance of a certificate of registration under this chapter and the fee for the renewal of a certificate of registration under this chapter is increased by $200. (b) Requires $50 of each fee increase collected to be deposited in the foundation school fund and $150 deposited in the

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		general revenue fund.
		Amends Subchapter D, Chapter 1071, Occupations Code, by adding Section 1071.1521, as follows:
		Sec. 1071.1521. FEE INCREASE. (a) Provides that the fee for the issuance of a certificate of registration to a registered professional land surveyor under this chapter and the fee for the renewal of a certificate of registration for a registered professional land surveyor under this chapter is increased by $200.
		(b) Requires $50 of each fee increase collected to be deposited in the foundation school fund and $150 to be deposited in the general revenue fund.
		(c) Provides that this section does not apply to state agency employees who are employed by the state as land surveyors.
		Amends Subchapter B, Chapter 1152, Occupations Code, by adding Section 1152.053, as follows:
		Sec. 1152.053. FEE INCREASE. (a) Provides that

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		the fee for the registration of a person under this chapter and the fee for the renewal of a registration under this chapter is increased by $200. (b) Requires $50 of each fee increase collected to be deposited in the foundation school fund and $150 to be deposited in the general revenue fund. Makes application of this article prospective.
No equivalent provision.	No equivalent provision.	

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		~~the fee for the registration of a person under this chapter and the fee for the renewal of a registration under this chapter is increased by $200.~~
		~~(b) Requires $50 of each fee increase collected to be deposited in the foundation school fund and $150 to be deposited in the general revenue fund.~~
		~~Makes application of this article prospective.~~
No equivalent provision.	No equivalent provision.	SECTION 15.
		(a) Amends Subtitle B, Title 6, Government Code, by adding Chapter 670, as follows:
		CHAPTER 670. HUMAN RESOURCES STAFFING AND FUNCTIONS
		Sec. 670.001. DEFINITION. Defines "state agency."
		Sec. 670.002. HUMAN RESOURCES STAFFING FOR LARGE STATE AGENCIES. Requires a state agency with 500 or more full-time equivalent

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		employees to adjust the agency's human resources staff to achieve a human resources employee-to-staff ratio of not more than one human resources employee for every 85 staff members.
		Sec. 670.003. HUMAN RESOURCES STAFFING FOR MEDIUM-SIZED AND SMALL STATE AGENCIES; OUTSOURCING. (a) Requires the State Council on Competitive Government to determine the cost-effectiveness of consolidating the human resources functions of or contracting with private entities to perform the human resources functions of state agencies that employ fewer than 500 full-time equivalent employees.
		(b) Requires the council to issue a request for proposals for vendors to perform the human resources functions of the agencies, if the council determines that contracting with private entities is cost-effective.
		(c) Requires the council to determine which human resources functions are subject to the contract and which functions the agency may select to perform itself.

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		(d) Requires each agency to pay for the contracts for human resources functions out of the agency's human resources budget.
		(b) Requires each state agency with 500 or more full-time equivalent employees to comply with the human resources employee-to-staff ratio requirements in Section 670.002, Government Code, as added by this article, not later than January 1, 2004.
		(c) Requires the State Council on Competitive Government to conduct an initial feasibility study to determine the cost-effectiveness of consolidating the human resources functions of or contracting with private entities to perform human resources functions of state agencies under Section 670.003, Government Code, as added by this article, not later than January 1, 2004.
No equivalent provision.	No equivalent provision.	SECTION 16.
		(a) Provides that effective September 1, 2003, Section 651.004, Government Code, is amended by adding Subsections (c-1) and (d), as follows:

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		(c-1) Prohibits a state agency in the executive branch of state government that employs more than 100 full-time equivalent employees, after August 31, 2004, to employ more than one full-time equivalent employee in a management position for every eight full-time equivalent employees that the agency employs in nonmanagerial staff positions. Provides that this subsection expires September 1, 2005. (d) Authorizes a state agency that believes that the minimum management-to-staff ratios required by this section are inappropriate for that agency to appeal to the Legislative Budget Board. Requires the Legislative Budget Board by rule to adopt appeal procedures.
		(b) Provides that effective September 1, 2004, Section 651.004, Government Code, is amended by adding Subsection (c-2) to prohibit a state agency in the executive branch of state government that employs more than 100 full-time equivalent employees, after August 31, 2005, to employ more than one full-time equivalent employee in a management position for every nine full-time equivalent employees that the agency employs in nonmanagerial staff positions. Provides that this subsection expires September 1, 2006.

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		(c) Provides that effective September 1, 2005, Section 651.004, Government Code, is amended by adding Subsection (c-3) to prohibit a state agency in the executive branch of state government that employs more than 100 full-time equivalent employees, after August 31, 2006, to employ more than one full-time equivalent employee in a management position for every 10 full-time equivalent employees that the agency employs in nonmanagerial staff positions. Provides that this subsection expires September 1, 2007.
		(d) Provides that effective September 1, 2006, Section 651.004, Government Code, is amended by adding Subsection (c) to prohibit a state agency in the executive branch of state government that employs more than 100 full-time equivalent employees to employ more than one full-time equivalent employee in a management position for every 11 full-time equivalent employees that the agency employs in nonmanagerial staff positions.
		(e) Requires a state agency in the executive branch of government to achieve the management-to-staff ratio required by Subsection (c), Section 651.004, Government Code, as added by this section, not later than August 31, 2007.
		(f) Amends Subchapter K, Chapter 659,

Note: page 33 does not exist.

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No equivalent provision.	Senate Floor Amendment #2: Adds: SECTION 17. Amends Sections 81.116 (b) and (d), Natural Resources Code: (b) Establishes that the fee is independent of any liability. (d) Clarifies that exemptions and reductions do not affect the fee imposed by this section.	SECTION 17. Same as Senate version.
No equivalent provision.	Senate Floor Amendment #2 Adds: SECTION 18. Amends Sections 81.117 (b) and (d) Natural Resources Code: (b) Establishes that the fee is independent of any liability. (d) Clarifies that exemptions and reductions do not affect the fee imposed by this section.	SECTION 18. Same as Senate version.
No equivalent provision.	Senate Floor Amendment #4 adds: SECTION 19. (a)Amends Section 15.602, Water Code, by adding Subdivision (5-a), to define "eligible lending institution." (b) Amends Section 15.603, Water Code, by adding Subsection (i), to provide that in addition to authorized purposes under Subsection (a), the revolving fund is held by the Texas Water Development Board (board) to provide linked deposits to eligible financial institutions for loans to persons for nonpoint source pollution control projects. (c) Amends Section 15.604(a), Water Code, to authorize	SECTION 19. Same as Senate version.

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	the board to use the revolving fund	
	for financial assistance only, including to provide linked deposits to eligible lending institutions for loans to	
	persons for nonpoint source pollution control projects.	
	(d) Amends Chapter 15J, Water Code, by adding Sections 15.610, 15.611, 15.612, 15.613,	
	15.614, 15.615, 15.616, 15.617, and 15.618, as follows:	
	Sec. 15.610. LINKED DEPOSIT. Provides that a linked deposit is a deposit governed by a written	
	deposit agreement between the board and an eligible lending institution that provides certain directives.	
	source pollution control linked deposit program in accordance with this subchapter.	
	(b) Authorizes an eligible lending institution to participate in the program established under this section as	
	provided by this subchapter.	
	Sec. 15.612. APPLICATION BY ELIGIBLE LENDING INSTITUTIONS TO PARTICIPATE	
	IN LINKED DEPOSIT PROGRAM. Requires an eligible lending institution, to participate in the nonpoint	
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	source pollution control linked deposit program, to follow certain guidelines.	
	Sec. 15.613. CERTIFICATION OF PROJECT. (a)	

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	Requires an eligible lending institution to obtain from a director of a soil and water conservation district certification of an agricultural or silvicultural nonpoint source pollution control project proposed for the district. Requires the certification to state certain information, including that the applicant of the proposed project has a water quality management plan certified by the State Soil and Water Conservation Board. (b) Requires an eligible lending institution to obtain from the executive director certification of a proposed nonpoint source pollution control project that is not an agricultural or silvicultural nonpoint source pollution control project. Requires the certification to state that the applicant's proposed project implements the state's nonpoint source pollution management plan. Sec. 15.614. APPROVAL OR REJECTION OF APPLICATION. Authorizes the board to approve or reject an application of an eligible lending institution to participate in the program. Authorizes the board to delegate its authority to approve or reject an application to the executive director. Sec. 15.615. DEPOSIT AGREEMENT. Requires the board and the eligible lending institution, if the	

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	board approves an application of an eligible lending institution, to enter into a written deposit agreement. Requires the agreement to contain the conditions on which the linked deposit is made. Requires the board, on execution of the agreement, to place a linked deposit from the revolving fund with the eligible lending institution in accordance with the agreement. Provides that a delay in payment or a default on a loan by an applicant does not affect the validity of the deposit agreement. Sec. 15.616. COMPLIANCE. (a) Requires an eligible lending institution, on accepting a linked deposit, to lend money to an approved applicant in accordance with the deposit agreement and this subchapter. Requires the eligible lending institution to forward a compliance report to the board in accordance with board rules. Requires the board to adopt rules regarding the compliance report. (b) Requires the board to monitor compliance with this subchapter and inform the comptroller of noncompliance on the part of an eligible lending institution. Sec. 15.617. STATE LIABILITY PROHIBITED. Provides that the state is not liable to an eligible lending institution for payment of the principal, interest, or any late charges on a loan made to an approved	

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	applicant. Provides that a linked deposit is not an extension of the state's credit within the meaning of any state constitutional prohibition. Sec. 15.618. LIMITATIONS ON PROGRAM. (a) Provides that the maximum amount of a loan under the linked deposit program is $250,000. (b) Authorizes the board to withdraw linked deposits from an eligible lending institution if the institution ceases to be either a state depository or a Farm Credit System institution headquartered in this state. (e) Amends Sections 17.871(3), (4), (5), and (6), Water Code, to define "eligible lending institution," "fund," "person," and "political subdivision." (f) Amends Sections 17.879(c) and (d), Water Code, as follows: (c) Authorizes the board, by rule or in the resolution or order authorizing issuance of bonds or other resolution or order of the board, to establish an interest and sinking fund and to establish accounts in the funds, including an interest and sinking account, and to transfer money among the funds and accounts. (d) Authorizes the board to invest and reinvest money in the fund, the interest and sinking fund, and any	

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	S.B. 1053 78(R) Page 3 of 6 account therein in any obligations or securities as provided by bond resolutions, orders of the board, and Section 404.024, Government Code. (g) Amends Section 17.880(a), Water Code, to provide that loans, bonds of political subdivisions, and other obligations owned by the state and deposited in the fund or in the interest and sinking fund are considered to be securities under this subchapter. (h) Amends Section 17.881(b), Water Code, to make conforming changes. (i) Amends Section 17.883, Water Code, as follows: Sec. 17.883. BOND REVIEW BOARD. Requires the board, prior to issuance of bonds, to estimate demand for conservation programs or projects, rather than loans, based on a survey of eligible participants in the program. (j) Amends Section 17.894, Water Code, as follows: Sec. 17.894. BOND ENHANCEMENT AGREEMENTS; PAYMENT OF EXPENSES. (a) Authorizes the board at any time and from time to time to enter into one or more bond enhancement agreements that the board determines to be necessary or	

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	appropriate to place the obligation of the board, as represented by the bonds, in whole or in part, on the interest rate, currency, cash flow, or other basis desired by the board. Provides that a bond enhancement agreement is an agreement for professional services and shall contain the terms and conditions and be for the period that the board approves. (b) Authorizes the fees and expenses of the board in connection with the issuance of the bonds and the providing of financial assistance to political subdivisions to be paid from money in the fund, provided that any payments due from the board under a bond enhancement agreement, other than fees and expenses, that relate to the payment of debt service on the bonds constitute payments of principal of and interest on the bonds. (c) Authorizes bond enhancement agreements to include, on terms and conditions approved by the board, interest rate swap agreements; currency swap agreements; forward payment conversion agreements; agreements providing for payments based on levels of or changes in interest rates or currency exchange rates; agreements to exchange cash flows or a series of	

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	payments; agreements, including options, puts, or calls, to hedge payment, currency, rate, spread, or other exposure; or other agreements that further enhance the marketability, security, or creditworthiness of water financial assistance bonds. (k) Amends Section 17.895, Water Code, as follows: Sec. 17.895. SOURCES OF ASSETS. Provides that the fund is composed of certain monies. (l) Amends Section 17.896, Water Code, as follows: Sec. 17.896. REPAYMENT PROCEEDS. Requires the board to designate a transfer of repayment of principal and interest on a loan made under this subchapter to the fund, the interest and sinking fund, or any account in the funds. (m) Amends Section 17.897, Water Code, as follows: Sec. 17.897. CONSERVATION PROGRAM. (a) Defines "conservation program." (b) Provides that the costs of a conservation program eligible for financial assistance under Section 17.899 are the costs of the capital equipment, materials, labor, preparation, installation, or administration directly S.B. 1053 78(R) Page 4 of 6 associated with implementing and completing the program. (n) Amends Section 17.898, Water Code, as follows:	

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	Sec. 17.898. CONSERVATION PROJECT. (a) Defines "conservation project."	
	(b) Provides that the costs of a conservation project eligible for financial assistance under Section 17.899	
	are the costs of the capital equipment, materials, labor, preparation, installation, or administration directly	
	associated with implementing and completing the project.	
	(o) Amends Section 17.899, Water Code, as follows:	
	Sec. 17.899. ELIGIBLE FUND USES. (a) Authorizes money in the fund, excluding money in the interest	
	and sinking fund, to be used by the board to make certain provisions.	
	(b) Authorizes money in the interest and sinking fund to be used for the payment of bonds or, to the extent	
	there are funds in excess of bond payment requirements, for transfers to the fund, or any other account in	
	the funds.	
	(p) Amends Section 17.900, Water Code, as follows:	
	Sec. 17.900. GRANT TO STATE AGENCY. (a) Requires a state agency seeking a grant for a	
	conservation program or conservation project to file an application	
	with the board.	
	(b) Requires the board, in reviewing an application for a	

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	grant by (1) commitment of state agency to water conservation and (2) benefits gained by making grant. (c)Requires board to find that (1) grants will supplement money of the state agency, (2) public interest is served, and (3) grant will further water conservation. (d) Requires board to review application according to the terms of the legislative appropriation and make determination required by the legislative language.	
	(e) Authorizes the board to make money available to a state agency in any manner that it considers feasible, including a grant agreement with the state agency. (q) Amends Section 17.901, Water Code, as follows: Sec. 17.901. GRANT OR LOAN TO POLITICAL SUBDIVISION. Authorizes the board to make a grant or loan to a political subdivision for a conservation program or conservation project. Requires a political subdivision seeking a grant or loan to file an application with the board. (r) Amends Section 17.902, Water Code, as follows: Sec. 17.902. REVIEW OF APPLICATION FOR AND APPROVAL OF GRANT. (a)Requires the board, in reviewing an application by a political subdivision for a grant, to consider certain factors.	

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	(b) Requires the board, to approve a grant to a political subdivision, to find that certain factors exist. (s) Amends Chapter 17J, Water Code, by adding Sections 17.9021 and 17.9022, as follows: Sec. 17.9021. APPLICATION FOR AND APPROVAL OF LOAN. (a) Requires the board, in reviewing an application by a political subdivision for a loan, to consider the ability of the political subdivision to repay the loan and whether the loan will further water conservation in this state. (b) Requires the board, to approve a loan to a political subdivision, to determine that certain factors exist. (c) Requires the board by rule to establish the rate of interest it charges for a loan to a political subdivision. Sec. 17.9022. FINANCING OF GRANT OR LOAN FOR POLITICAL SUBDIVISION; DEFAULT; VENUE. (a) Authorizes the board to make a loan or grant available to a political subdivision in any manner the board considers economically feasible, including purchase of bonds or securities of the political subdivision or execution of a loan or grant agreement with the political subdivision. Prohibits the board from purchasing bonds or securities that have not been approved by the attorney general and	

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	registered by the comptroller. (b) Requires the attorney general, in the event of a default in payment of the principal of or interest on bonds or securities purchased by the board, or any other default as defined in the proceedings or indentures authorizing the issuance of bonds, or a default of any of the terms of a loan agreement, to seek a writ of mandamus or other legal remedy to compel the political subdivision or its officers, agents, and employees to cure the default by performing the duties they are legally obligated to perform. Requires the proceedings to be brought in and provides that venue is in a district court in Travis County. Provides that this subsection is cumulative of any other rights or remedies to which the board may be entitled. (t) Amends Section 17.903, Water Code, as follows: Sec. 17.903. CONTRACT AUTHORITY. (a) Authorizes a political subdivision to borrow money for the purposes of this subchapter and to adopt necessary rules to carry out this subchapter. Requires the board to have the power to enter into any contracts to carry out the provisions of this subchapter. (b) Created from text of existing Subsection (c). Deletes	

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	text of existing Subsection (b). (u) Amends Chapter 17J, Water Code, by adding Sections 17.904-17.912, as follows: Sec. 17.904. LINKED DEPOSIT. Provides that a linked deposit is a deposit governed by a written deposit agreement between the board and an eligible lending institution that provides certain criteria. Sec. 17.905. LINKED DEPOSIT PROGRAM. (a) Authorizes the board by rule to establish an agricultural water conservation linked deposit program in accordance with this subchapter. (b) Authorizes an eligible lending institution to participate in the program established under this section as provided by this subchapter. Sec. 17.906. APPLICATION BY ELIGIBLE LENDING INSTITUTIONS TO PARTICIPATE IN LINKED DEPOSIT PROGRAM. Requires an eligible lending institution, to participate in the agricultural water conservation linked deposit program, to perform certain acts. Sec. 17.907. APPROVAL OR REJECTION OF APPLICATION. Authorizes the board to approve or reject an application of an eligible lending institution to participate in the program. Authorizes the board	

HOUSE VERSION	SENATE VERSION	CONFERENCE
	to delegate its authority to approve or reject applications to the executive director. Sec. 17.908. DEPOSIT AGREEMENT. Requires the board and the eligible lending institution, if the board approves an application of an eligible lending institution, to enter into a written deposit agreement. Requires the agreement to contain the conditions on which the linked deposit is made. Requires the board, rather than the comptroller, on execution of the agreement, to place a linked deposit from the fund with the eligible lending institution in accordance with the agreement. Provides that a delay in payment or a default on a loan by an applicant does not affect the validity of the deposit agreement. Sec. 17.909. COMPLIANCE. (a) Requires an eligible lending institution, on accepting a linked deposit, to lend money to an approved applicant in accordance with the deposit agreement and this subchapter. Requires the eligible lending institution to forward a compliance report to the board in accordance with board rules. Requires the board to adopt rules regarding the compliance report. (b) Requires the board to monitor compliance with this subchapter and inform the comptroller of noncompliance on the part of an eligible lending institution.	

HOUSE VERSION	SENATE VERSION	CONFERENCE
	Sec. 17.910. STATE LIABILITY PROHIBITED. Provides that the state is not liable to an eligible lending institution for payment of the principal, interest, or any late charges on a loan made to an approved applicant. Provides that a linked deposit is not an extension of the state's credit within the meaning of any state constitutional prohibition. Sec. 17.911. LIMITATIONS ON PROGRAM. (a) Provides that the maximum amount of a loan under the linked deposit program is $250,000. (b) Authorizes the board to withdraw linked deposits from an eligible lending institution if the institution ceases to be either a state depository or a Farm Credit System institution headquartered in this state. Sec. 17.912. RULES. Requires the board to adopt rules necessary to carry out this subchapter. Requires applications to be in the form and manner as provided by board rules. (v) Provides that the agricultural trust fund and the agricultural soil and water conservation fund are abolished and all assets of those funds are transferred to the agricultural water conservation fund. (w) Repeals: Chapters 15G, H, and I (Texas Water	

HOUSE VERSION	SENATE VERSION	CONFERENCE
	Assistance Program); and Sections 17.871(2) (Definitions), 17.871(7) (Definitions), and 17.8955 (Conservation Loans for Brush Control and Precipitation), Water Code.	
	(x) Requires the Texas Water Development Board to continue to administer a loan made before the effective date of this Act under the pilot program for low-interest loans for agricultural water conservation equipment until the loan is fully repaid. Provides that Chapter 15I, Water Code, is continued in effect for the limited purpose of allowing the board to administer those loans and to pursue remedies if a loan recipient defaults on a loan or otherwise violates the terms of the loan or of any loan guarantee instrument.	
	(y) Requires the Texas Water Development Board to continue to administer a conservation loan made before the effective date of this Act under Chapter 17J, Water Code. Provides that Chapter 17J, Water Code, as it existed immediately before the effective date of this Act, is continued in effect for the limited purpose of allowing the board to administer	

HOUSE VERSION	SENATE VERSION	CONFERENCE
	those loans and to pursue remedies if a loan recipient defaults on a loan or otherwise violates the terms of the loan or of any loan guarantee.	
No equivalent provision.	Senate Floor Amendment #3 adds: SECTION 20. (a) Defines "district to mean the Hudspeth County Underground Conservation District No. 1.	SECTION 20. Same as Senate version.
	(b) In order to reduce property taxes for the residents of Hudspeth County, Texas, and to reduce the expenditures of the district by excluding territory from the district that overlies aquifers not regulated by the district, the boundaries of the district are modified to include only the territory contained in a delineated meets and bounds description set forth in the legislation.	
	(c) Legislative findings related to the description of the district boundaries and field notes forming a closure and that a mistake in the field notes does not affect the district in specified ways.	
	(d) Allows the district board to adjust the precinct boundaries for the election of directors as necessary to provide for proper representation of the residents of the district, and to call and hold an election under Chapter 36, Water Code, or other law to ensure the lawful representation and taxation of the residents of the district.	

CONFERENCE COMMITTEE REPORT FORM

Austin, Texas

5/31/03
Date

Honorable David Dewhurst
President of the Senate

Honorable Tom Craddick
Speaker of the House of Representatives

ADOPTED
JUN 01 2003
Secretary of the Senate

Sirs:

We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on HB 2442 have had the same under consideration, and beg to report it back with the recommendation that it do pass in the form and text hereto attached.

On the part of the Senate

FICKETT

McCLENDON

Hupp On the part of the House

Note to Conference Committee Clerk:

Please type the names of the members of the Conference Committee under the lines provided for signature. Those members desiring to sign the report should sign each of the six copies. Attach a copy of the Conference Committee Report and a Section by Section side by side comparison to each of the six reporting forms. The original and two copies are filed in house of origin of the bill, and three copies in the other house.

MAY 31 2003 11:45 pm

CONFERENCE COMMITTEE REPORT

H.B. No. 3442

A BILL TO BE ENTITLED

AN ACT

relating to certain expenditures and charges of certain governmental entities.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. REDUCTION OF EXPENDITURES AND IMPOSITION OF CHARGES GENERALLY. (a) This section applies to any state agency that receives an appropriation under Article VI of the General Appropriations Act.

(b) Notwithstanding any other statute of this state, each state agency to which this section applies is authorized to reduce or recover expenditures by:

(1) consolidating any reports or publications the agency is required to make and filing or delivering any of those reports or publications exclusively by electronic means;

(2) extending the effective period of any license, permit, or registration the agency grants or administers;

(3) entering into a contract with another governmental entity or with a private vendor to carry out any of the agency's duties;

(4) adopting additional eligibility requirements for persons who receive benefits under any law the agency administers to ensure that those benefits are received by the most deserving persons consistent with the purposes for which the benefits are provided; and

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(5) providing that any communication between the agency and another person and any document required to be delivered to or by the agency, including any application, notice, billing statement, receipt, or certificate, may be made or delivered by electronic mail or through the Internet.

SECTION 2. TEXAS ANIMAL HEALTH COMMISSION; DUTIES REGARDING RIDING STABLES. (a) The Texas Animal Health Commission shall reduce its expenditures of state money related to regulating equine riding stables.

(b) Chapter 2053, Occupations Code, is repealed.

SECTION 3. ADMINISTRATIVE HEARINGS OF RAILROAD COMMISSION OF TEXAS. Section 102.006, Utilities Code, is amended to read as follows:

Sec. 102.006. [~~POWERS AND DUTIES OF STATE OFFICE OF~~] ADMINISTRATIVE HEARINGS IN CONTESTED CASES. (a) The railroad commission by rule shall provide for administrative hearings in contested cases to be conducted by one or more members of the railroad commission, by railroad commission hearings examiners, or by the [~~The~~] utility division of the State Office of Administrative Hearings. The rules must provide for a railroad commission hearings examiner or the utility division of the State Office of Administrative Hearings to [~~shall~~] conduct each hearing in a contested case that is not conducted by one or more members of the railroad commission. A hearing must be conducted in accordance with the rules and procedures adopted by the railroad commission.

(b) The railroad commission may delegate to a railroad commission hearings examiner or to the utility division of the

State Office of Administrative Hearings the authority to make a final decision and to issue findings of fact, conclusions of law, and other necessary orders in a proceeding in which there is not a contested issue of fact or law.

(c) The railroad commission by rule shall define the procedures by which it delegates final decision-making authority under Subsection (b) to a railroad commission hearings examiner or to the utility division of the State Office of Administrative Hearings.

(d) For purposes of judicial review, the [~~an administrative law judge's~~] final decision of a railroad commission hearings examiner or an administrative law judge of the State Office of Administrative Hearings in a matter delegated under Subsection (b) has the same effect as a final decision of the railroad commission unless a member of the commission requests formal review of the decision.

(e) The State Office of Administrative Hearings shall charge the railroad commission a fixed annual rate for hearings conducted by the office under this section only if the legislature appropriates money for that purpose. If the legislature does not appropriate money for the payment of a fixed annual rate under this section, the State Office of Administrative Hearings shall charge the railroad commission an hourly rate of not more than $90 per hour for hearings conducted by the office under this section.

SECTION 4. TEXAS DEPARTMENT OF AGRICULTURE. (a) Section 146.021, Agriculture Code, is amended to read as follows:

Sec. 146.021. DEPARTMENT FACILITIES. The department may

receive and hold for processing animals transported in international trade and may establish and collect reasonable fees for yardage, maintenance, feed, medical care, and other necessary expenses incurred in the course of processing those animals. Notwithstanding any other law, the department may use any portion of fees collected under this section that remains after spending the proceeds of the fees to meet other necessary expenses incurred under this section for expenses related to maintenance of or repairs to department facilities.

(b) Section 13.101(a), Agriculture Code, is amended to read as follows:

(a) At least once every four [~~three~~] years, or more often as required by the department, a weight or measure shall be inspected and tested for correctness by a sealer if it:

(1) is kept for sale, sold, or used by a proprietor, agent, lessee, or employee in proving the weight or measure, including the size, quantity, extent, or area, of any item; or

(2) is purchased, offered, or submitted by a proprietor, agent, lessee, or employee for sale, hire, or award.

(c) Section 9(d), Chapter 1033, Acts of the 71st Legislature, Regular Session, 1989 (Article 8614, Vernon's Texas Civil Statutes), is repealed.

(d) This section takes effect September 1, 2003.

SECTION 5. ANIMAL HEALTH COMMISSION. (a) Subchapter C, Chapter 161, Agriculture Code, is amended by adding Section 161.060 to read as follows:

Sec. 161.060. INSPECTION FEES. The commission may charge a fee, as provided by commission rule, for an inspection made by the commission.

(b) This section takes effect September 1, 2003.

SECTION 6. TEXAS COMMISSION ON ENVIRONMENTAL QUALITY. (a) Section 5.701, Water Code, is amended by adding Subsection (r) to read as follows:

(r) The fee for processing a request for an expedited letter from the executive director stating the total depth of surface casing needed during the drilling of wells to protect usable ground waters in the state and required for the processing of certain permits from the Railroad Commission of Texas may not exceed $75.

(b) Section 26.35731(c), Water Code, is amended to read as follows:

(c) Not later than the 90th day after the date on which the commission receives a completed application for reimbursement from the petroleum storage tank remediation account, the commission shall send a fund payment report to the owner or operator of a petroleum storage tank system that is seeking reimbursement, if sufficient funds are available to make the payment.

(d) This section takes effect September 1, 2003.

SECTION 7. TEXAS PARKS AND WILDLIFE DEPARTMENT FEES. (a) Section 11.032, Parks and Wildlife Code, is amended by amending Subsection (b) and adding Subsection (c) to read as follows:

(b) The department shall deposit to the credit of the game, fish, and water safety account all revenue, less allowable costs,

1 from the following sources:

2 (1) all types of fishing licenses and stamps and
3 shrimping licenses, except as provided by Section 77.120;

4 (2) all types of hunting licenses and stamps;

5 (3) trapping licenses and other licenses relating to
6 the taking, propagation, and sale of fur-bearing animals or their
7 pelts;

8 (4) sale of marl, sand, gravel, shell, and mudshell;

9 (5) oyster bed rentals and permits;

10 (6) federal funds received for fish and wildlife
11 research, management, development and conservation, resource
12 protection, and law enforcement, unless the funds are received for
13 the specific purposes of Subchapter F, Chapter 77;

14 (7) sale of property, less advertising costs,
15 purchased from this account or a special fund or account that is now
16 part of this account;

17 (8) fines and penalties collected for violations of a
18 law pertaining to the protection and conservation of wild birds,
19 wild fowl, wild animals, fish, shrimp, oysters, game birds and
20 animals, fur-bearing animals, alligators, and any other wildlife
21 resources of this state;

22 (9) sale of rough fish by the department;

23 (10) fees for importation permits;

24 (11) fees from supplying fish for or placing fish in
25 water located on private property;

26 (12) sale of seized pelts;

27 (13) sale or lease of grazing rights to and the

products from game preserves, sanctuaries, and management areas;

(14) contracts for the removal of fur-bearing animals and reptiles from wildlife management areas;

(15) vessel [~~motorboat~~] registration fees;

(16) vessel [~~motorboat~~] manufacturer or dealer licensing fees [~~registration fee~~];

(17) fines or penalties imposed by a court for violation of water safety laws contained in Chapter 31 of this code;

(18) alligator hunter's or alligator buyer's licenses;

(19) sale of alligators or any part of an alligator by the department;

(20) fees and revenue collected under Section 11.027(b) or (c) of this code that are associated with the conservation of fish and wildlife; [~~and~~]

(21) any other source provided by law; and

(22) vessel and outboard motor titling fees.

(c) Not later than the 10th day of each month the department shall transfer 15 percent of all amounts collected during the previous month from sources described by Subsection (b)(15), (16), or (22) to the state parks account.

(b) This section takes effect September 1, 2003.

SECTION 8. TEXAS PARKS AND WILDLIFE DEPARTMENT REGULATION OF MARINE BUSINESSES. (a) Section 31.003, Parks and Wildlife Code, is amended by amending Subdivision (7) and adding Subdivision (16) to read as follows:

(7) "Dealer" means a person [~~customarily~~] engaged in the business of buying, selling, selling on consignment, displaying

for sale, or exchanging at least five vessels, motorboats, or outboard motors during a calendar year at an established or permanent place of business in this state [~~and that at each place of business there is a sign conspicuously displayed showing the name of the dealership so that it may be located by the public and sufficient space to maintain an office, service area, and display of products~~].

(16) "Distributor" means a person who offers for sale, sells, or processes for distribution new boats or outboard motors to dealers in this state.

(b) Subchapter A, Chapter 31, Parks and Wildlife Code, is amended by adding Section 31.007 to read as follows:

Sec. 31.007. DEALER REQUIREMENTS. A dealer shall:

(1) display in each of the dealer's places of business a sign that:

(A) is conspicuous to the public; and

(B) shows the name of the dealership; and

(2) operate in a space sufficient to maintain an office, service area, and display of products.

(c) Section 31.021, Parks and Wildlife Code, is amended to read as follows:

Sec. 31.021. REQUIRED NUMBERING. (a) Each [~~undocumented~~] vessel on the water of this state shall be numbered in accordance with the provisions of this chapter unless specifically exempted. The numbering system shall be in accord with the Federal Boating Act of 1958 and subsequent federal legislation.

(b) No person may operate or give permission for the

operation of any vessel or may dock, moor, or store a vessel owned by the person on the water of this state unless:

(1) the vessel is numbered as required by this chapter;

(2) the certificate of number awarded to the vessel is in full force and effect; and

(3) the identifying number set forth in the certificate is properly displayed on each side of the bow of the vessel as required by this chapter.

(d) Section 31.032, Parks and Wildlife Code, is amended to read as follows:

Sec. 31.032. NUMBERING ON BOW. (a) The owner of a vessel shall paint on or attach to each side of the vessel near the bow the identification number and a validation decal in the manner prescribed by the department. The number shall read from left to right and shall be of block characters of good proportion of not less than three inches in height. The numbers shall be of a color which will contrast with the hull material of the vessel and so maintained as to be clearly visible and legible.

(b) The owner of a vessel required to be numbered under this subchapter and documented by the United States Coast Guard is not required to attach an identification number as required by Subsection (a).

(c) The commission shall adopt rules for the placement of the validation decal in an alternate location for antique boats. In this subsection, "antique boat" means a boat that:

(1) is used primarily for recreational purposes; and

(2) was manufactured before 1968.

(e) Section 31.039, Parks and Wildlife Code, is amended to read as follows:

Sec. 31.039. PUBLIC RECORDS; FEES. (a) All ownership records of the department made or kept under this chapter are public records.

(b) The commission may by rule charge a fee for access to ownership records and other records made or kept under this chapter.

(f) Section 31.041, Parks and Wildlife Code, is amended to read as follows:

Sec. 31.041. DEALER'S, DISTRIBUTOR'S, AND MANUFACTURER'S LICENSE [~~NUMBER~~]. (a) A person may not engage in business in this state as a dealer, distributor, or manufacturer unless the person holds a license issued under this section. A dealer must have a license for each place of business owned and operated by the person.

(b) The commission shall establish the form and manner for display of a license issued under this section.

(c) The department shall issue a dealer, distributor, or manufacturer number to each dealer, distributor, or manufacturer licensed under this section in the manner provided by Section 31.031(b).

(d) A dealer, distributor, or manufacturer of vessels in this state may use the [~~obtain a~~] dealer's, distributor's, or [~~and~~] manufacturer's number for vessels the dealer, distributor, or manufacturer wishes to show, demonstrate, or test on the water of this state instead of securing a certificate of number for each

vessel. The number shall be attached to any vessel that the dealer, distributor, or manufacturer sends temporarily on the water. For purposes of this subsection, "show, demonstrate, or test" does not include the use of a vessel for recreational purposes or for participation in a contest or event.

(e) [~~(b)~~] The application for a license under this section [~~number~~] must state that the applicant is a dealer, distributor, or manufacturer within the meaning of this chapter, and the facts stated on the application must be sworn before an officer authorized to administer oaths. An [~~The~~] application submitted by a dealer must be accompanied by photographs of the business sufficient to show any sign the business is required to display and the extent of the space the business is required to maintain. The application must also be accompanied by a copy of the tax permit of the dealer, distributor, or manufacturer issued by the comptroller under Chapter 151, Tax Code, if the dealer, distributor, or manufacturer has a tax permit. The two-year fee for a dealer's, distributor's, or [~~and~~] manufacturer's number is $500 [~~$45 or an amount set by the commission, whichever amount is more~~]. A license [~~No number~~] may not be issued until the provisions of this section have been satisfied.

(f) [~~(c)~~] A dealer, distributor, or manufacturer holding a dealer's, distributor's, or [~~and~~] manufacturer's license [~~number~~] may issue a reasonable temporary facsimile of the number issued under Subsection (c), which may be used by any authorized person. A person purchasing a vessel may use the dealer's number for a period not to exceed 15 days prior to filing an application for a

certificate of number. The form of the facsimile and the manner of display of the number shall be prescribed by the department.

(g) [~~(d)~~] A dealer, distributor, or manufacturer holding a dealer's, distributor's, or [~~and~~] manufacturer's license [~~number~~] may transfer a certificate of number or a certificate of title to a vessel or outboard motor without securing a certificate of number or certificate of title in the dealer's, distributor's, or manufacturer's name if the vessel or outboard motor is sold in the normal course of the dealer's, distributor's, or manufacturer's business. [~~Any other person transferring a vessel or outboard motor must secure a certificate of number or certificate of title in the person's name before transferring the certificate of number or the certificate of title.~~]

(g) Subchapter B, Chapter 31, Parks and Wildlife Code, is amended by adding Sections 31.0411, 31.0412, and 31.0413 to read as follows:

Sec. 31.0411. TERM OF LICENSE; TRANSFER. (a) Except as provided by Subsection (b), a license issued under Section 31.041:

(1) is valid for two years from the date of issuance; and

(2) may not be transferred to another person.

(b) A license issued under Section 31.041 in the name of a business remains valid for the business location specified on the license if a change of ownership or business name occurs.

(c) A license issued under Section 31.041 may be transferred to a new address if:

(1) a business moves to another location; and

(2) a change of ownership has not occurred.

Sec. 31.0412. LICENSING RULES. The commission may adopt rules regarding licenses issued under Section 31.041, including rules:

(1) regarding license transfer procedures;

(2) prescribing application forms;

(3) regarding application and renewal procedures;

(4) prescribing reporting and recordkeeping requirements for license holders; and

(5) setting fees to be charged for:

(A) a transferred license; or

(B) a replacement license.

Sec. 31.0413. EXEMPTION FROM DEALER LICENSING REQUIREMENTS. The dealer licensing provisions of this subchapter do not apply to the sale of a canoe, kayak, punt, rowboat, rubber raft, paddleboat, or other vessel that is less than 12 feet in length and has a horsepower rating of five horsepower or less or to the sale of an outboard motor with a manufacturer's rating of five horsepower or less.

(h) Section 31.042(b), Parks and Wildlife Code, is amended to read as follows:

(b) Causes for cancellation of certificates and voiding of numbers include:

(1) surrender of the certificate for cancellation;

(2) issuance of a new number for the same vessel;

(3) [~~issuance of a marine document by the Bureau of Customs for the same vessel;~~

[~~(4)~~] false or fraudulent certification in an application for number;

(4) [~~(5)~~] failure to pay the prescribed fee; and

(5) [~~(6)~~] dismantling, destruction, or other change in the form or character of the vessel or outboard motor so that it is no longer correctly described in the certificate or it no longer meets the definition of a vessel or outboard motor.

(i) Subchapter B, Chapter 31, Parks and Wildlife Code, is amended by adding Section 31.044 to read as follows:

Sec. 31.044. INSPECTIONS. A dealer, distributor, or manufacturer may not refuse to allow the department or a peace officer to inspect a vessel, outboard motor, or records relating to the possession, origination, ownership, or transfer of a vessel or outboard motor at a dealership or distributor's or manufacturer's place of business during normal business hours.

(j) Subchapter B-1, Chapter 31, Parks and Wildlife Code, is amended by adding Section 31.0465 to read as follows:

Sec. 31.0465. APPEAL REGARDING CERTIFICATE OF TITLE; BOND; RULES. (a) An applicant for a certificate of title under Section 31.046 may appeal the department's refusal to issue the title by filing a bond with the department as provided by this section.

(b) A bond filed under this section must be:

(1) in the form prescribed by the department;

(2) executed by the applicant;

(3) issued by a person authorized to act as a surety business in this state;

(4) in an amount equal to 1-1/2 times the value of the

House Bill 3442
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION	SENATE VERSION	CONFERENCE
SECTION 1. REDUCTION OF EXPENDITURES AND IMPOSITION OF CHARGES GENERALLY. (a) Provides that this section applies to any state agency that receives an appropriation under Article VI of the General Appropriations Act.	SECTION 1. (a) Same as House version.	SECTION 1. (a) Same as House version.
(b) Provides that notwithstanding any other statute of this state, each state agency to which this section applies is authorized to reduce or recover expenditures by taking certain measures.	SECTION 1. (b) (6) Deleted.	SECTION 1. (b) Same as Senate version.
SECTION 2. TEXAS ANIMAL HEALTH COMMISSION; DUTIES REGARDING RIDING STABLES. (a) Requires the Texas Animal Health Commission to reduce its expenditures of state money related to regulating equine riding stables. (b) Repealer: Chapter 2053 (Riding Stables), Occupations Code.	SECTION 2. Same as House Version	SECTION 2. Same as House Version.
SECTION 3. ADMINISTRATIVE HEARINGS OF RAILROAD COMMISSION OF TEXAS. Amends Section 102.006, Utilities Code, as follows: Sec. 102.006. New heading: ADMINISTRATIVE HEARINGS IN CONTESTED CASES.	SECTION 3. Same as House Version	SECTION 3. Same as House Version

HOUSE VERSION	SENATE VERSION	CONFERENCE
(a) Requires the railroad commission (RRC) by rule to provide for administrative hearings in contested cases to be conducted by one or more members of the railroad commission, by RRC hearings examiners, or by the utility division of the State Office of Administrative Hearings (SOAH). Requires the rules to provide for a railroad commission hearings examiner or the utility division of SOAH to conduct each hearing in a contested case that is not conducted by one or more RRC members.		
(b) Authorizes RRC to delegate to a RRC hearings examiner or to the utility division of SOAH the authority to make a final decision and to issue findings of fact, conclusions of law, and other necessary orders in a proceeding in which there is not a contested issue of fact or law.		
(c) Requires RRC by rule to define the procedures by which it delegates final decision-making authority under Subsection (b) to a railroad commission hearings examiner or to the utility division of SOAH.		
(d) Provides that for purposes of judicial review, the final decision, rather than administrative law judge's decision, of a railroad commission hearings examiner or an administrative law judge of SOAH in a matter delegated under Subsection (b) has the same effect as a final decision of RRC unless a member of the commission requests formal review of the		

HOUSE VERSION	SENATE VERSION	CONFERENCE
decision. (e) Requires SOAH to charge RRC a fixed annual rate for hearings conducted by the office under this section only if the legislature appropriates money for that purpose. Provides that if the legislature does not appropriate money for the payment of a fixed annual rate under this section, SOAH must charge RRC an hourly rate of not more than $90 per hour for hearings conducted by the office under this section.		
SECTION 4. No equivalent provision.	SECTION 4. TEXAS DEPARTMENT OF AGRICULTURE. (a) Amends Section 146.021, Agriculture Code, to authorize the Texas Department of Agriculture (TDA), notwithstanding any other law, to use any portion of fees collected under this section that remains after spending the proceeds of the fees to meet other necessary expenses incurred under this section for expenses related to maintenance of or repairs to TDA facilities. (b) Amends Section 13.101(a), Agriculture Code, to decrease the frequency with which TDA is required to inspect and test a weight or measure for correctness by a sealer from every three years to every four years, under certain circumstances.	SECTION 4. Same as Senate Version.

HOUSE VERSION	SENATE VERSION	CONFERENCE
	(c) Repealer: Article 8614 (Sales of Certain Fuel Mixtures), V.T.C.S. (d) Effective date of this section: September 1, 2003.	
No equivalent provision.	SECTION 5. ANIMAL HEALTH COMMISSION. (a) Amends Subchapter C, Chapter 161, Agricultural Code, by adding Section 161.060, as follows: Sec. 161.060. INSPECTION FEES. Authorizes the Animal Health Commission (TAHC) to charge a fee, as provided by TAHC rule, for an inspection made by TAHC. (b) Effective date of this section: September 1, 2003.	SECTION 5. Same as Senate version.
No equivalent provision.	SECTION 7. TEXAS COMMISSION ON ENVIRONMENTAL QUALITY. (a) Amends Section 5.701, Water Code, by adding Subsection (r), as follows: (r) Prohibits the fee for processing a request for an expedited letter from the executive director of the Texas Commission on Environmental Quality (TCEQ) stating the total depth of surface casing needed during the drilling of wells to protect usable ground waters in the state and required	SECTION 6. (a) Same as Senate version SECTION 7 (a).

HOUSE VERSION	SENATE VERSION	CONFERENCE
	for the processing of certain permits from the Railroad Commission of Texas from exceeding $75.	
	(b) Amends Section 26.351(f), Water Code, to require a corrective action plan for sites found under Subdivision (2), to be initiated and proceeding according to the requirements and deadlines in the approved plan no later than March 1, 2005, rather than March 1, 2004.	No equivalent provision.
	(c) Amends Section 26.3573(r), Water Code, to prohibit the petroleum storage tank remediation account from being used to reimburse any person for corrective action performed after September 1, 2006, rather than September 1, 2005.	No equivalent provision.
	(d) Amends Section 26.3573(s), Water Code, to prohibit the petroleum storage tank remediation account from being used to reimburse any person for corrective action contained in a reimbursement claim filed with TCEQ after March 1, 2007, rather than March 1, 2006.	No equivalent provision.
	(e) Amends Section 26.35731(c), Water Code, to require TCEQ, not later than the 90th day after the date on which TCEQ receives a completed application for reimbursement from the petroleum storage tank remediation account, to send a fund payment report to the owner or operator of a petroleum storage tank system that is seeking reimbursement, if	

HOUSE VERSION	SENATE VERSION	CONFERENCE
	sufficient funds are available to make the payment.	(c) Same as Senate version (e).
	(f) Effective date of this section: September 1, 2003.	
		(d) Same as Senate version (f).
No equivalent provision.	SECTION 8. TEXAS PARKS AND WILDLIFE DEPARTMENT FEES. (a) Amends Section 11.032, Parks and Wildlife Code, by amending Subsection (b) and adding Subsection (c), as follows:	SECTION 7. Same as Senate version SECTION 8.
	(b) Requires the Texas Parks and Wildlife Department (TPWD) to deposit to the credit of the game, fish, and water safety account all revenue, less allowable costs, from certain sources, including vessel registration fees, rather than motorboat registration fees; vessel, rather than motorboat, manufacturer or dealer licensing fees, rather than registration fees; and vessel and outboard motor titling fees. Makes nonsubstantive changes.	
	(c) Requires TPWD, not later than the 10th day of each month, to transfer 15 percent of all amounts collected during	

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	the previous month from sources described by Subsection(b)(15), (16), or (22) to the state parks account. (b) Effective date of this section: September 1, 2003.	
No equivalent provision.	SECTION 9. TEXAS PARKS AND WILDLIFE DEPARTMENT REGULATION OF MARINE BUSINESSES. (a) Amends Section 31.003, Parks and Wildlife Code, by amending Subdivision (7) and adding Subdivision (16), as follows: (7) Redefines "dealer." (16) Defines "distributor." (b) Amends Subchapter A, Chapter 31, Parks and Wildlife Code, by adding Section 31.007, as follows: Sec. 31.007. DEALER REQUIREMENTS. Requires a dealer to display in each of the dealer's places of business a sign that contains certain information and to operate in a space sufficient to maintain an office, service area, and display of products. (c) Amends Section 31.021, Parks and Wildlife Code, as follow: Sec. 31.021. REQUIRED NUMBERING. (a) Deletes from	SECTION 8. Same as Senate version SECTION 9 .

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	the requirement that each vessel on the water be numbered in accordance with the provisions, the specification that the vessel be documented. (b) Specifies that the identifying number set forth in the certificate properly displayed on each side of the bow of the vessel is as required by this chapter.	
	(d) Amends Section 31.032, Parks and Wildlife Code, as follows: Sec. 31.032. NUMBERING ON BOW. (a) Creates this subsection from existing text. Specifies that the owner of a vessel is required to paint on or attach to each side of the vessel near the bow, the identification number and a validation decal in the manner prescribed by TPWD. (b) Provides that the owner of a vessel required to be numbered under this subchapter and documented by the United States Coast Guard is not required to attach an identification number as required by Subsection (a). (c) Requires the Parks and Wildlife Commission (commission) to adopt rules for the placement of the validation decal in an alternative location for antique boats. Defines "antique boat."	
	(e) Amends Section 31.039, Parks and Wildlife Code, as follows: Sec. 31.039. PUBLIC RECORDS; FEES. (a) Creates this	

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	subsection from existing text. (b) Authorizes the commission, by rule, to charge a fee for access to ownership records and other records made or kept under this chapter. (f) Amends Section 31.041, Parks and Wildlife Code, as follows: Sec. 31.041. New heading: DEALER'S, DISTRIBUTOR'S, AND MANUFACTURER'S LICENSE. (a) Prohibits a person from engaging in business in this state as a dealer, distributor, or manufacturer, unless the person holds a license issued under this section. Requires a dealer to have a license for each place of business owned and operated by the person. (b) Requires the commission to establish the form and manner for a display of a license issued under this section. (c) Requires TPWD to issue a dealer, distributor, or manufacturer number to each dealer, distributor, or manufacturer licensed under this section in the manner provided by Section 31.031(b) (Numbering Pattern). (d) Creates this section from existing text. Includes a distributor, along with a dealer or manufacturer of vessels in this state as authorized to use, rather than obtain, the dealer's, distributor's, or manufacturer's number for vessels the dealer, distributor, or manufacturer wishes to show, demonstrate, or test on the water of this state instead of securing a certificate of number for each vessel. Provides that, for purposes of this subsection, "show, demonstrate, or test" does not include the use of a vessel for recreational purposes or for participation in	

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	a contest for event. Makes a conforming change.	
	(e) Redesignates this subsection from Subsection (b). Requires that the application for a license, rather than a number, under this section to state certain information. Requires an application submitted by a dealer to be accompanied by certain documents. Provides that the two-year fee for a dealer's, distributor's, or manufacturer's number is $500, rather than $45 or an amount set by the commission. Prohibits a license, rather than a number, from being issued until the provisions of this section have been satisfied. Makes conforming changes.	
	(f) Redesignates this subsection from Subsection (c). Includes a reference to Subsection (c). Requires the form of the facsimile and the manner of display of the number to be prescribed by TPWD. Makes conforming changes.	
	(g) Redesignates this subsection from Subsection (d). Deletes text referring to transferring a vessel or outboard motor. Makes conforming changes.	
	(g) Amends Subchapter B, Chapter 31, Parks and Wildlife Code, by adding Sections 31.0411, 31.0412, and 31.0413, as follows:	
	Sec. 31.0411. TERM OF LICENSE; TRANSFER. (a) Provides that except as provided by Subsection (b), a license issued under Section 31.041 is valid for two years from the date of issuance and is prohibited from being transferred to another person.	
	(b) Provides that a license issued under Section 31.041 in the	

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	name of a business remains valid for the business location specified on the license if a change of ownership or business name occurs. (c) Authorizes a license issued under Section 31.041 to be transferred to a new address under certain circumstances. Sec. 31.0412. LICENSING RULES. Authorizes the commission to adopt rules regarding licenses issued under Section 31.041, including certain rules regulating certain activities. Sec. 31.0413. EXEMPTION FROM DEALER LICENSING REQUIREMENTS. Provides that the dealer licensing provisions of this subchapter do not apply to the sale of a canoe, kayak, punt, rowboat, rubber raft, paddle boat, or other vessel that is less than 12 feet in length and has a horsepower rating of five or less, or to the sale of an outboard motor with a manufacturer's rating of five horsepower or less. (h) Amends Section 31.042(b), Parks and Wildlife Code, to delete as a cause for cancellation of certificates and voiding of numbers, the issuance of a marine document by the Bureau of Customs for the same vessel. Makes nonsubstantive changes. (i) Amends Subchapter B, Chapter 31, Parks and Wildlife Code, by adding Section 31.044, as follows: Sec. 31.044. INSPECTIONS. Prohibits a dealer, distributor, or manufacturer from refusing to allow TPWD or a peace officer to inspect a vessel, outboard motor, or records relating to the possession, origination, ownership, or transfer of a	

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	vessel or outboard motor at a dealership or distributor's or manufacturer's place of business during normal business hours. (j) Amends Subchapter B-1, Chapter 31, Parks and Wildlife Code, by adding Section 31.0465, as follows: Sec. 31.0465. APPEAL REGARDING CERTIFICATE OF TITLE; BOND; RULES. (a) Authorizes an applicant for a certificate of title under Section 31.046 (Application for Certificate of Title) to appeal TPWD's refusal to issue the title by filing a bond with TPWD as provided by this section. (b) Requires a bond filed under this section to meet certain criteria. (c) Authorizes TPWD to issue the certificate of title to the person filing the bond if the applicant proves that the vessel or outboard motor is not stolen and that issuance of a certificate of title would not defraud the owner or a lienholder of the vessel or outboard motor, to TPWD's satisfaction. (d) Provides that a person described by Subsection (b)(5) has a right of action to recover on the bond for a breach of condition of the bond described by Subsection (b)(5). Prohibits the aggregate liability of the surety to all persons from exceeding the amount of the bond. (e) Provides that a bond filed under this section expires on the third anniversary of the date the bond became effective. Requires TPWD to return an expired bond to the person who filed the bond unless TPWD has been notified of a pending action to recover on the bond.	

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	(f) Requires TPWD, on return of a bond under Subsection (e), to issue a certificate of title to the person to whom the bond is returned.	
	(g) Authorizes the commission, in addition to the situation described by Subsection (c), by rule, to define acceptable situations in which certificates of title are authorized to be issued after filing a bond under this section.	
	(k) Amends Section 31.049(c), Parks and Wildlife Code, to delete text referring to a duplicate original certificate.	
	(l) Amends Section 31.053, Parks and Wildlife Code, by adding Subsection (f) to require a person who is not licensed as a dealer, distributor, or manufacturer under this chapter to obtain a certificate or number or certificate of title to a vessel or outboard motor in the person's name before transferring the certificate of number or certificate of title.	
	(m) Amends Section 31.127(a), Parks and Wildlife Code, to include in the list of actions that constitute committing an offense that is a Class C Parks and Wildlife Code misdemeanor, a person who violates or fails to comply with a proclamation of the commission entered under this chapter or a city ordinance or order of a commissioners court or a political subdivision of the state made or entered under this chapter.	
	(n) Requires the commission, not later than January 1, 2004, to adopt any rules necessary to implement Subsections (a) - (l) of this section.	
	(o) Makes application of Section 31.041, Parks and Wildlife	

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	Code this Act prospective to March 1, 2004. (p) Effective date of this section: September 1, 2003.	
No equivalent provision.	SECTION 10. TEXAS PARKS AND WILDLIFE DEPARTMENT: FRESHWATER FISHING STAMP. (a) Amends Chapter 43, Parks and Wildlife Code, by adding Subchapter U, as follows: SUBCHAPTER U. FRESHWATER FISHING STAMP Sec. 43.801. DEFINITION. Defines "fresh water." Sec. 43.082. FRESHWATER FISHING STAMP REQUIRED. (a) Provides that, except as provided by Subsection (b) or (c), no person is authorized to engage in fishing in fresh water for sporting purposes in this state unless the person has acquired a freshwater fishing stamp issued to the person by TPWD. Authorizes the commission, by rule, to adopt requirements relating to possessing a freshwater fishing stamp required by this section. (b) Provides that a person who is exempted from obtaining a fishing license under Chapter 46 (Fishing Licenses) is not required to obtain a freshwater fishing stamp. (c) Authorizes the commission, by rule, to exempt a person from the freshwater fishing stamp requirement of this section. Sec. 43.803. FISHING LICENSE REQUIRED. Provides that the acquisition of a freshwater fishing stamp does not authorize a person to fish in fresh water for sporting purposes	SECTION 9. Same as Senate version SECTION 10.

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	without having acquired a fishing license as provided by Chapter 46 (Fishing Licenses). Provides that the acquisition of a freshwater fishing stamp does not authorize a person to fish at any time or by any means not otherwise authorized by this code. Sec. 43.804. DESIGN AND ISSUANCE OF STAMPS. (a) Authorizes TPWD to issue a freshwater fishing stamp to any person on the payment to TPWD of $5. Requires a stamp, except as provided by Subsection (e), to be signed on its face by the person using it, for the stamp to be valid for fishing purposes. (b) Authorizes TPWD to issue a collectible freshwater fishing stamp to any person who pays TPWD $5. Provides that a collectible freshwater fishing stamp does not authorize a person to fish and is not valid for fishing purposes. (c) Requires the commission, by rule, to prescribe the form, design, and manner of issuance of the freshwater fishing stamp and the collectible freshwater fishing stamp. Provides that TPWD retains all reproduction rights to the design of the freshwater fishing stamp and the collectible freshwater fishing stamp. (d) Authorizes the commission to contract with and pay a person for designing and producing the freshwater fishing stamp or the collectible freshwater fishing stamp. (e) Authorizes the commission, by rule, to prescribe alternate requirements for identifying the purchaser of a freshwater fishing stamp issued in an automated manner.	

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	Sec. 43.805. DISPOSITION OF STAMP FEES. (a) Requires the net receipts from freshwater fishing stamp and collectible freshwater fishing stamp sales, after deduction of any collection fee, to be sent to TPWD. (b) Authorizes the net receipts from freshwater fishing stamp sales to be spent only for certain purposes. (c) Authorizes the net receipts from collectible freshwater fishing stamp sales to be spent only for certain purposes. Sec. 43.806. EXPIRATION OF STAMP. (a) Provides that a freshwater fishing stamp, except as provided by Subsection (b) or (c), is valid for fishing only during the yearly period for which the stamp is issue, without regard to the date on which the stamp was acquired. Provides that each yearly period begins on September 1 of the year in which the stamp is issued or another date set by the commission. Authorizes the commission, by rule, to set the amount of a stamp fee for a stamp issued during a transition period at an amount lower than prescribed in this subchapter and provide for a stamp term for a transition period that is shorter or longer than one year. (b) Provides that a freshwater fishing stamp issued before September 1, or another date set by the commission, that does not expire until August 31 of the next year, or another date set by the commission, is valid from the date of issuance through August 31 of the next year, or another date set by the commission. (c) Provides that a freshwater fishing stamp issued in	

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	conjunction with a license issued under Section 46.005 or 46.0051 expires on the later of the license expiration date or the date printed on the stamp. Sec. 43.807. REFUSAL TO SHOW STAMP. Provides that a person fishing in fresh water for sporting purposes who refuses on demand of any game management officer or peace officer to show a freshwater fishing stamp or proof that the person is exempt under Section 43.802(b), or a rule adopted under that section, is presumed to be in violation of Section 43.802. Sec. 43.808. PENALTY. Provides that a person who violates Section 43.802 is guilty of a Class C Parks and Wildlife misdemeanor. Sec. 43.809. EXPIRATION OF SUBCHAPTER. Provides that this subchapter expires September 1, 2014. (b) Repealer: Subchapters N (Freshwater Trout Stamp) and Q (Muzzleloader Hunting Stamp), Parks and Wildlife Code. (c) Effective date of this section: September 1, 2004.	
SECTION 11. No equivalent provision.	SECTION 11. TRANSFER OF RAILROAD COMMISSION OF TEXAS FUNCTIONS RELATED TO QUARRY AND PIT SAFETY. (a) Provides that on September 1, 2003 (1) All powers, duties, functions, and activities performed by the Railroad Commission (RRC) of Texas under Chapter 133, Natural Resources Code, immediately before that date are	SECTION 10. Same as Senate version SECTION 11.

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	transferred to the Texas Department of Transportation (TxDOT); (2) All employees of the RRC whose primary duties relate to the implementation of Chapter 133, Natural Resources Code, become TxDOT employees; (3) A rule, form, order, or procedure adopted by RRC for the implementation or enforcement of Chapter 133, Natural Resources Code, is a rule form order or procedure of TxDOT and remains in effect until changed by TxDOT; (4) A reference in Chapter 133, Natural Resources Code, to RRC means TxDOT; (5) A permit or certification in effect under Chapter 133, Natural Resources Code, that was issued by RRC is continued in effect as a permit or certification issued by TxDOT; and (6) a complaint, investigation, or other proceeding under Chapter 133, Natural Resources Code, pending before the RRC is transferred without change in status to TxDOT. (b) Effective date of this section: September 1, 2003.	
SECTION 12. No equivalent provision.	SECTION 12. RAILROAD COMMISSION OF TEXAS FUNCTIONS RELATED TO RAILROAD SAFETY. (a) Amends Article 6448a, V.T.C.S., as follows: Art. 6448a. New heading: IMPLEMENTATION OF FEDERAL RAILROAD SAFETY ACT OF 1970. Sec. 1. Creates this section from existing text.	SECTION 11. Same as Senate version SECTION 12.

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	Sec. 2. (a) Requires RRC by rule to adopt reasonable fees to be assessed annually against railroads operating within the state. (b) Requires RRC by rule to establish the method by which fees are calculated and assessed. (c) Prohibits the total amount of fees estimated to be collected by rule adopted by RRC under this section from exceeding the amount estimated by RRC to be necessary to recover the costs of administering RRC's rail safety program. (d) Authorizes RRC, in adopting a fee structure, to consider the gross ton miles for railroad operations within the state for each railroad operating in the state, to provide for the equitable allocation among railroads of the cost of administering RRC's rail safety program. (e) Requires a fee collected under this section to be deposited to the credit of the general revenue fund to be used for the rail safety program. (b) Effective date for this section: September 1, 2003.	
No equivalent provision.	SECTION 13. RAILROAD COMMISSION OF TEXAS FUNCTIONS RELATED TO PIPELINES. (a) Amends Subchapter E, Chapter 121, Utilities Code, by adding Section 121.211, as follow: Sec. 121.211. PIPELINE SAFETY FEES. Authorizes RRC, by rule, to adopt an inspection fee to be assessed annually against operators of natural gas distribution pipelines and their pipeline facilities and natural gas master	SECTION 12. Same as Senate version SECTION 13.

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	metered pipelines and their pipeline facilities subject to this chapter. (b) Authorizes RRC, by rule, to establish the method by which the fee is calculated and assessed. Authorizes RRC, in adopting a fee structure, to consider any factors necessary to provide for the equitable allocation among operators of the cost of administering RRC's pipeline safety program under this chapter. (c) Prohibits the total amount of fees estimated to be collected by rule adopted by RRC under this section from exceeding the amount estimated by RRC to be necessary to recover the costs of administering RRC's pipeline safety program under this chapter, excluding costs that are fully funded by federal sources. (d) Authorizes RRC to assess each investor-owned and each municipally owned natural gas distribution system subject to this chapter an annual inspection fee not to exceed 50 cents for each service line reported by the system on the Distribution annual Report, Form RSPA F7100. 1-1, due on March 15 of each year. Provides that the fee is due on March 15 of each year. (e) Authorizes RRC to assess each operator of a natural gas master metered system subject to this chapter an annual inspection fee not to exceed $100 for each master metered system. Provides that the fee is due June 30 of each year. (f) Authorizes RRC to assess a late payment penalty of 10 percent of the total assessment due under Subsection (d) or (e) that is not paid within 30 days after the annual due date established by the applicable subsection. (g) Requires each investor-owned and municipally owned natural gas distribution company and each natural gas master meter operator to recover as a surcharge to its existing rates the	

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	amounts paid to RRC under this section. Prohibits amounts collected under this subsection by an investor-owned natural gas distribution company from being included in the revenue or gross receipts of the company for the purpose of calculating municipal franchise fees or any tax imposed under Subchapter B, Chapter 182, Tax Code, or under Chapter 122. Provides that those amounts are not subject to a sales and use tax imposed by Chapter 151, Tax Code, or Chapters 321 through 327, Tax Code. (h) Requires a fee to be deposited to the credit of the general revenue fund to be used for the pipeline safety program. (b) Effective date of this section: September 1, 2003.	
No equivalent provision.	SECTION 14. SOIL AND WATER CONSERVATION BOARD. (a) Amends Section 201.011, Agriculture Code, as follows: Sec. 201.011. COMPOSITION. Provides that the State Soil and Water Conservation Board (SWCB) is a state agency composed of seven, rather than five, certain members. (b) Amends Section 201.015(b), Agriculture Code, to provide that the term of office of an elected member of SWCB begins on the day after the day on which the member was elected. Provides that the term of one member appointed by the governor expires February 1 of each odd-numbered year, and the term of the other member appointed by the governor expires February 1 of each even-numbered year. (c) Amends Section 201.016, Agriculture Code, to provide that vacancies on SWCB are filled by election in the manner provide by this subchapter for an unexpired term or for a full term. (d)	SECTION 13. Same as Senate version SECTION 14.

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	Amends Subchapter B, Chapter 201, Agriculture Code, by adding Sections 201.028 and 201.029, as follows: Sec. 201.028. SEMIANNUAL REPORT. Requires SWCB, not later than January 1 and July 1 of each year, to prepare and deliver a report to certain elected officials relating to the status of SWCB's budget areas of responsibility assigned to SWCB. Sec. 201.029. MANAGEMENT AUDIT. Requires the state auditor, in coordination with the Legislative Budget Board (LBB), not later than March 1, 2004, to conduct a management audit of SWCB and deliver the audit report to certain elected officials. Requires the audit to include an evaluation of the administrative budget for SWCB. Provides that this section expires April 1, 2004. (e) Amends Sections 203.011-203.013, Agriculture Code, as follows: Sec. 203.011. AUTHORITY OF BOARD. Provides that SWCB has jurisdiction over and is required to administer the brush control program under this chapter with the assistance of local districts. Sec. 203.012. RULES. Requires SWCB, after consulting with local districts, reasonable rules that are necessary to carry out this chapter. Sec. 203.013. AUTHORITY OF DISTRICTS. Deletes text referring to the location of a critical area. (f) Amends Section 203.016, Agriculture Code, to require SWCB to consult the Texas Water Development Board (TWDB) in regard to the brush control program and TDA in regard to the effects to the brush control program on agriculture as well as with TPWD in regard to the effects of the brush control program on fish and wildlife. (g) Amends Section 203.051, Agriculture Code, to require SWCB to prepare and adopt a state brush control plan	

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	required to include a comprehensive strategy for managing brush in all areas of the state where brush is contributing to a substantial water conservation problem, and rank, rather than designate, areas in the state in need of a brush control program. Deletes text referring to critical need. (h) Amends Sections 203.052(b), (c), and (d), Agriculture Code, as follows: (b) Includes in the required content of the notice instructions for each district to submit comments on the proposed plan. Makes nonsubstantive changes. (c) Requires SWCB to enter any written comments received on the proposed plan into the record of the hearing and consider all written testimony before taking final action on the proposed plan. (d) Makes a conforming change. (i) Amends Section 203.053, Agriculture Code, as follows: Sec. 203.053. New heading: CRITERIA FOR EVALUATING BRUSH CONTROL AREAS. (a) Requires SWCB, in ranking areas under the plan, to consider the amount of water produced by a project and the severity of water shortage in the areas, as well as other criteria. Makes conforming changes. (b) Makes a conforming change. (j) Amends Section 203.055, Agriculture Code, as follows: Sec. 203.055. APPROVED METHODS FOR BRUSH CONTROL. (a) Makes a conforming change. (b) Authorizes SWCB to approve a method for use under the cost-sharing program provided by Subchapter E of this chapter if SWCB finds that the proposed method will have a beneficial impact on the development of water sources and wildlife habitat and will allow the revegetation of the area after the brush is removed with plants that are beneficial to stream flows, groundwater levels,	

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	livestock, and wildlife, as well as other effects. (k) Amends Section 203.101, Agriculture Code, to make a conforming change. (l) Amends Section 203.154, Agriculture Code, by amending Subsections (a) and (c) and adding Subsection (d) and (e), as follows: (a) Authorizes not more than 70 percent, rather than 80 percent, of the total cost of a single brush control project to be made available as the state's share in cost sharing. (c) Authorizes SWCB to grant an exception to Subsection (b) of this section if SWCB finds that joint participation of the state brush control program and any federal brush control program will not exceed 80 percent of the total cost of the project. (d) Provides that a political subdivision of this state is eligible for cost sharing under this brush control program as long as the state's share does not exceed 50 percent of any one project. (e) Provides that 100 percent of the cost is available as the state's share in cost sharing. (m) Amends Sections 203.156-203.158, Agriculture Code, as follows: Sec. 203.156. APPLICATION FOR COST SHARING. Includes a political subdivision of this state, as a person. Sec. 203.157. CONSIDERATIONS IN PASSING ON APPLICATION. Requires SWCB, in passing on an application for cost sharing, to consider the location of the project and any comments and recommendations submitted by a local district, TWDB, or TPWD, as well as other factors. Sec. 203.158. APPROVAL OF APPLICATION. Authorizes SWCB to approve an application if, after considering the factors listed in Section 203.157 of this code and any other relevant factors, SWCB finds the project ranks higher than other projects submitted in accordance with the board's plan,	

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	as well as other findings. Makes a conforming change. (n) Amends Sections 203.159(a) and (c), Agriculture Code, as follows: (a) Requires, rather than authorizes, SWCB, if the demand for funds under this cost-sharing program is greater than funds available, to establish certain priorities. (c) Requires SWCB to consider quantity of stream flows, the quantity of groundwater, and the amount of water conservation from the eradication of brush each to be a priority. Deletes text referring to dedicated land. (o) Repealer: Sections 203.001(5) (Critical area) and 203.155 (Limit to Critical Areas and Approved Methods), Agriculture Code. (p) Requires the governor, in making initial appointments to SWCB under Section 201.011, Agriculture Code, as amended by this section, to designate one member to serve a term expiring February 1, 2004, and the other member to serve a term expiring February 1, 2005. (q) Requires SWCB to prepare and deliver the first report required by Section 201.028, Agriculture Code, as added by this section, not later than January 1, 2004. (r) Effective date of this section: September 1, 2003.	
SECTION 4. EFFECTIVE DATE. Effective date: upon passage or September 1, 2003.	SECTION 15. Same as House SECTION 4.	SECTION 21. Same as House.
No equivalent provision.	No equivalent provision.	SECTION 14. Amends Subchapter B, Chapter 1052, Occupations Code, by adding Section 1052.0541, as

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		follows: Sec. 1052.0541. FEE INCREASE. (a) Provides that the fee for the issuance of a certificate of registration under this chapter and the fee for the renewal of a certificate of registration under this chapter is increased by $200. (b) Requires $50 of each fee increase collected to be deposited in the foundation school fund and $150 deposited in the general revenue fund. Amends Subchapter B, Chapter 1053, Occupations Code, by adding Section 1053.0521, as follows: Sec. 1053.0521. FEE INCREASE. (a) Provides that the fee for the issuance of a certificate of registration under this chapter and the fee for the renewal of a certificate of registration under this chapter is increased by $200. (b) Requires $50 of each fee increase collected to be deposited in the foundation school fund and $150 deposited in the

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		general revenue fund.
		Amends Subchapter D, Chapter 1071, Occupations Code, by adding Section 1071.1521, as follows:
		Sec. 1071.1521. FEE INCREASE. (a) Provides that the fee for the issuance of a certificate of registration to a registered professional land surveyor under this chapter and the fee for the renewal of a certificate of registration for a registered professional land surveyor under this chapter is increased by $200.
		(b) Requires $50 of each fee increase collected to be deposited in the foundation school fund and $150 to be deposited in the general revenue fund.
		(c) Provides that this section does not apply to state agency employees who are employed by the state as land surveyors.
		Amends Subchapter B, Chapter 1152, Occupations Code, by adding Section 1152.053, as follows:
		Sec. 1152.053. FEE INCREASE. (a) Provides that

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		the fee for the registration of a person under this chapter and the fee for the renewal of a registration under this chapter is increased by $200. (b) Requires $50 of each fee increase collected to be deposited in the foundation school fund and $150 to be deposited in the general revenue fund. Makes application of this article prospective.
No equivalent provision.	No equivalent provision.	

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		~~the fee for the registration of a person under this chapter and the fee for the renewal of a registration under this chapter is increased by $200.~~
		~~(b) Requires $50 of each fee increase collected to be deposited in the foundation school fund and $150 to be deposited in the general revenue fund.~~
		~~Makes application of this article prospective.~~
No equivalent provision.	No equivalent provision.	SECTION 15.
		(a) Amends Subtitle B, Title 6, Government Code, by adding Chapter 670, as follows:
		CHAPTER 670. HUMAN RESOURCES STAFFING AND FUNCTIONS
		Sec. 670.001. DEFINITION. Defines "state agency."
		Sec. 670.002. HUMAN RESOURCES STAFFING FOR LARGE STATE AGENCIES. Requires a state agency with 500 or more full-time equivalent

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		employees to adjust the agency's human resources staff to achieve a human resources employee-to-staff ratio of not more than one human resources employee for every 85 staff members. Sec. 670.003. HUMAN RESOURCES STAFFING FOR MEDIUM-SIZED AND SMALL STATE AGENCIES; OUTSOURCING. (a) Requires the State Council on Competitive Government to determine the cost-effectiveness of consolidating the human resources functions of or contracting with private entities to perform the human resources functions of state agencies that employ fewer than 500 full-time equivalent employees. (b) Requires the council to issue a request for proposals for vendors to perform the human resources functions of the agencies, if the council determines that contracting with private entities is cost-effective. (c) Requires the council to determine which human resources functions are subject to the contract and which functions the agency may select to perform itself.

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		(d) Requires each agency to pay for the contracts for human resources functions out of the agency's human resources budget.
		(b) Requires each state agency with 500 or more full-time equivalent employees to comply with the human resources employee-to-staff ratio requirements in Section 670.002, Government Code, as added by this article, not later than January 1, 2004.
		(c) Requires the State Council on Competitive Government to conduct an initial feasibility study to determine the cost-effectiveness of consolidating the human resources functions of or contracting with private entities to perform human resources functions of state agencies under Section 670.003, Government Code, as added by this article, not later than January 1, 2004.
No equivalent provision.	No equivalent provision.	SECTION 16.
		(a) Provides that effective September 1, 2003, Section 651.004, Government Code, is amended by adding Subsections (c-1) and (d), as follows:

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		(c-1) Prohibits a state agency in the executive branch of state government that employs more than 100 full-time equivalent employees, after August 31, 2004, to employ more than one full-time equivalent employee in a management position for every eight full-time equivalent employees that the agency employs in nonmanagerial staff positions. Provides that this subsection expires September 1, 2005. (d) Authorizes a state agency that believes that the minimum management-to-staff ratios required by this section are inappropriate for that agency to appeal to the Legislative Budget Board. Requires the Legislative Budget Board by rule to adopt appeal procedures.
		(b) Provides that effective September 1, 2004, Section 651.004, Government Code, is amended by adding Subsection (c-2) to prohibit a state agency in the executive branch of state government that employs more than 100 full-time equivalent employees, after August 31, 2005, to employ more than one full-time equivalent employee in a management position for every nine full-time equivalent employees that the agency employs in nonmanagerial staff positions. Provides that this subsection expires September 1, 2006.

HOUSE VERSION	SENATE VERSION	CONFERENCE
		(c) Provides that effective September 1, 2005, Section 651.004, Government Code, is amended by adding Subsection (c-3) to prohibit a state agency in the executive branch of state government that employs more than 100 full-time equivalent employees, after August 31, 2006, to employ more than one full-time equivalent employee in a management position for every 10 full-time equivalent employees that the agency employs in nonmanagerial staff positions. Provides that this subsection expires September 1, 2007.
		(d) Provides that effective September 1, 2006, Section 651.004, Government Code, is amended by adding Subsection (c) to prohibit a state agency in the executive branch of state government that employs more than 100 full-time equivalent employees to employ more than one full-time equivalent employee in a management position for every 11 full-time equivalent employees that the agency employs in nonmanagerial staff positions.
		(e) Requires a state agency in the executive branch of government to achieve the management-to-staff ratio required by Subsection (c), Section 651.004, Government Code, as added by this section, not later than August 31, 2007.
		(f) Amends Subchapter K, Chapter 659,

Note: page 33 does not exist.

HOUSE VERSION	SENATE VERSION	CONFERENCE
No equivalent provision.	Senate Floor Amendment #2: Adds: SECTION 17. Amends Sections 81.116 (b) and (d), Natural Resources Code: (b) Establishes that the fee is independent of any liability. (d) Clarifies that exemptions and reductions do not affect the fee imposed by this section.	SECTION 17. Same as Senate version.
No equivalent provision.	Senate Floor Amendment #2 Adds: SECTION 18. Amends Sections 81.117 (b) and (d) Natural Resources Code: (b) Establishes that the fee is independent of any liability. (d) Clarifies that exemptions and reductions do not affect the fee imposed by this section.	SECTION 18. Same as Senate version.
No equivalent provision.	Senate Floor Amendment #4 adds: SECTION 19. (a)Amends Section 15.602, Water Code, by adding Subdivision (5-a), to define "eligible lending institution." (b) Amends Section 15.603, Water Code, by adding Subsection (i), to provide that in addition to authorized purposes under Subsection (a), the revolving fund is held by the Texas Water Development Board (board) to provide linked deposits to eligible financial institutions for loans to persons for nonpoint source pollution control projects. (c) Amends Section 15.604(a), Water Code, to authorize	SECTION 19. Same as Senate version.

HOUSE VERSION	SENATE VERSION	CONFERENCE
	the board to use the revolving fund for financial assistance only, including to provide linked deposits to eligible lending institutions for loans to persons for nonpoint source pollution control projects. (d) Amends Chapter 15J, Water Code, by adding Sections 15.610, 15.611, 15.612, 15.613, 15.614, 15.615, 15.616, 15.617, and 15.618, as follows: Sec. 15.610. LINKED DEPOSIT. Provides that a linked deposit is a deposit governed by a written deposit agreement between the board and an eligible lending institution that provides certain directives. source pollution control linked deposit program in accordance with this subchapter. (b) Authorizes an eligible lending institution to participate in the program established under this section as provided by this subchapter. Sec. 15.612. APPLICATION BY ELIGIBLE LENDING INSTITUTIONS TO PARTICIPATE IN LINKED DEPOSIT PROGRAM. Requires an eligible lending institution, to participate in the nonpoint S.B. 1053 78(R) Page 2 of 6 source pollution control linked deposit program, to follow certain guidelines. Sec. 15.613. CERTIFICATION OF PROJECT. (a)	

HOUSE VERSION	SENATE VERSION	CONFERENCE
	Requires an eligible lending institution to obtain from a director of a soil and water conservation district certification of an agricultural or silvicultural nonpoint source pollution control project proposed for the district. Requires the certification to state certain information, including that the applicant of the proposed project has a water quality management plan certified by the State Soil and Water Conservation Board. (b) Requires an eligible lending institution to obtain from the executive director certification of a proposed nonpoint source pollution control project that is not an agricultural or silvicultural nonpoint source pollution control project. Requires the certification to state that the applicant's proposed project implements the state's nonpoint source pollution management plan. Sec. 15.614. APPROVAL OR REJECTION OF APPLICATION. Authorizes the board to approve or reject an application of an eligible lending institution to participate in the program. Authorizes the board to delegate its authority to approve or reject an application to the executive director. Sec. 15.615. DEPOSIT AGREEMENT. Requires the board and the eligible lending institution, if the	

HOUSE VERSION	SENATE VERSION	CONFERENCE
	board approves an application of an eligible lending institution, to enter into a written deposit agreement.	
	Requires the agreement to contain the conditions on which the linked deposit is made. Requires the board,	
	on execution of the agreement, to place a linked deposit from the revolving fund with the eligible lending	
	institution in accordance with the agreement. Provides that a delay in payment or a default on a loan by	
	an applicant does not affect the validity of the deposit agreement.	
	Sec. 15.616. COMPLIANCE. (a) Requires an eligible lending institution, on accepting a linked deposit,	
	to lend money to an approved applicant in accordance with the deposit agreement and this subchapter.	
	Requires the eligible lending institution to forward a compliance report to the board in accordance with	
	board rules. Requires the board to adopt rules regarding the compliance report.	
	(b) Requires the board to monitor compliance with this subchapter and inform the comptroller of	
	noncompliance on the part of an eligible lending institution.	
	Sec. 15.617. STATE LIABILITY PROHIBITED. Provides that the state is not liable to an eligible	
	lending institution for payment of the principal, interest, or any late charges on a loan made to an approved	

HOUSE VERSION	SENATE VERSION	CONFERENCE
	applicant. Provides that a linked deposit is not an extension of the state's credit within the meaning of any state constitutional prohibition. Sec. 15.618. LIMITATIONS ON PROGRAM. (a) Provides that the maximum amount of a loan under the linked deposit program is $250,000. (b) Authorizes the board to withdraw linked deposits from an eligible lending institution if the institution ceases to be either a state depository or a Farm Credit System institution headquartered in this state. (e) Amends Sections 17.871(3), (4), (5), and (6), Water Code, to define "eligible lending institution," "fund," "person," and "political subdivision." (f) Amends Sections 17.879(c) and (d), Water Code, as follows: (c) Authorizes the board, by rule or in the resolution or order authorizing issuance of bonds or other resolution or order of the board, to establish an interest and sinking fund and to establish accounts in the funds, including an interest and sinking account, and to transfer money among the funds and accounts. (d) Authorizes the board to invest and reinvest money in the fund, the interest and sinking fund, and any	

HOUSE VERSION	SENATE VERSION	CONFERENCE
	S.B. 1053 78(R) Page 3 of 6 account therein in any obligations or securities as provided by bond resolutions, orders of the board, and Section 404.024, Government Code. (g) Amends Section 17.880(a), Water Code, to provide that loans, bonds of political subdivisions, and other obligations owned by the state and deposited in the fund or in the interest and sinking fund are considered to be securities under this subchapter. (h) Amends Section 17.881(b), Water Code, to make conforming changes. (i) Amends Section 17.883, Water Code, as follows: Sec. 17.883. BOND REVIEW BOARD. Requires the board, prior to issuance of bonds, to estimate demand for conservation programs or projects, rather than loans, based on a survey of eligible participants in the program. (j) Amends Section 17.894, Water Code, as follows: Sec. 17.894. BOND ENHANCEMENT AGREEMENTS; PAYMENT OF EXPENSES. (a) Authorizes the board at any time and from time to time to enter into one or more bond enhancement agreements that the board determines to be necessary or	

HOUSE VERSION	SENATE VERSION	CONFERENCE
	appropriate to place the obligation of the board,	
	as represented by the bonds, in whole or in part, on the interest rate,	
	currency, cash flow, or other basis desired by the board. Provides that a bond enhancement agreement	
	is an agreement for professional services and shall contain the terms and conditions and be for the period	
	that the board approves.	
	(b) Authorizes the fees and expenses of the board in connection with the issuance of the bonds and the	
	providing of financial assistance to political subdivisions to be paid from money in the fund, provided that	
	any payments due from the board under a bond enhancement agreement, other than fees and expenses,	
	that relate to the payment of debt service on the bonds constitute payments of principal of and interest on	
	the bonds.	
	(c) Authorizes bond enhancement agreements to include, on terms and conditions approved by the board,	
	interest rate swap agreements; currency swap agreements; forward payment conversion agreements;	
	agreements providing for payments based on levels of or changes in interest rates or currency exchange	
	rates; agreements to exchange cash flows or a series of	

HOUSE VERSION	SENATE VERSION	CONFERENCE
	payments; agreements, including options, puts, or calls, to hedge payment, currency, rate, spread, or other exposure; or other agreements that further enhance the marketability, security, or creditworthiness of water financial assistance bonds. (k) Amends Section 17.895, Water Code, as follows: Sec. 17.895. SOURCES OF ASSETS. Provides that the fund is composed of certain monies. (l) Amends Section 17.896, Water Code, as follows: Sec. 17.896. REPAYMENT PROCEEDS. Requires the board to designate a transfer of repayment of principal and interest on a loan made under this subchapter to the fund, the interest and sinking fund, or any account in the funds. (m) Amends Section 17.897, Water Code, as follows: Sec. 17.897. CONSERVATION PROGRAM. (a) Defines "conservation program." (b) Provides that the costs of a conservation program eligible for financial assistance under Section 17.899 are the costs of the capital equipment, materials, labor, preparation, installation, or administration directly S.B. 1053 78(R) Page 4 of 6 associated with implementing and completing the program. (n) Amends Section 17.898, Water Code, as follows:	

HOUSE VERSION	SENATE VERSION	CONFERENCE
	Sec. 17.898. CONSERVATION PROJECT. (a) Defines "conservation project."	
	(b) Provides that the costs of a conservation project eligible for financial assistance under Section 17.899	
	are the costs of the capital equipment, materials, labor, preparation, installation, or administration directly	
	associated with implementing and completing the project.	
	(o) Amends Section 17.899, Water Code, as follows:	
	Sec. 17.899. ELIGIBLE FUND USES. (a) Authorizes money in the fund, excluding money in the interest	
	and sinking fund, to be used by the board to make certain provisions.	
	(b) Authorizes money in the interest and sinking fund to be used for the payment of bonds or, to the extent	
	there are funds in excess of bond payment requirements, for transfers to the fund, or any other account in	
	the funds.	
	(p) Amends Section 17.900, Water Code, as follows:	
	Sec. 17.900. GRANT TO STATE AGENCY. (a) Requires a state agency seeking a grant for a	
	conservation program or conservation project to file an application	
	with the board.	
	(b) Requires the board, in reviewing an application for a	

HOUSE VERSION	SENATE VERSION	CONFERENCE
	grant by (1) commitment of state agency to water conservation and (2) benefits gained by making grant. (c)Requires board to find that (1) grants will supplement money of the state agency, (2) public interest is served, and (3) grant will further water conservation. (d) Requires board to review application according to the terms of the legislative appropriation and make determination required by the legislative language.	
	(e) Authorizes the board to make money available to a state agency in any manner that it considers feasible, including a grant agreement with the state agency. (q) Amends Section 17.901, Water Code, as follows: Sec. 17.901. GRANT OR LOAN TO POLITICAL SUBDIVISION. Authorizes the board to make a grant or loan to a political subdivision for a conservation program or conservation project. Requires a political subdivision seeking a grant or loan to file an application with the board. (r) Amends Section 17.902, Water Code, as follows: Sec. 17.902. REVIEW OF APPLICATION FOR AND APPROVAL OF GRANT. (a)Requires the board, in reviewing an application by a political subdivision for a grant, to consider certain factors.	

HOUSE VERSION	SENATE VERSION	CONFERENCE
	(b) Requires the board, to approve a grant to a political subdivision, to find that certain factors exist. (s) Amends Chapter 17J, Water Code, by adding Sections 17.9021 and 17.9022, as follows: Sec. 17.9021. APPLICATION FOR AND APPROVAL OF LOAN. (a) Requires the board, in reviewing an application by a political subdivision for a loan, to consider the ability of the political subdivision to repay the loan and whether the loan will further water conservation in this state. (b) Requires the board, to approve a loan to a political subdivision, to determine that certain factors exist. (c) Requires the board by rule to establish the rate of interest it charges for a loan to a political subdivision. Sec. 17.9022. FINANCING OF GRANT OR LOAN FOR POLITICAL SUBDIVISION; DEFAULT; VENUE. (a) Authorizes the board to make a loan or grant available to a political subdivision in any manner the board considers economically feasible, including purchase of bonds or securities of the political subdivision or execution of a loan or grant agreement with the political subdivision. Prohibits the board from purchasing bonds or securities that have not been approved by the attorney general and	

HOUSE VERSION	SENATE VERSION	CONFERENCE
	registered by the comptroller. (b) Requires the attorney general, in the event of a default in payment of the principal of or interest on bonds or securities purchased by the board, or any other default as defined in the proceedings or indentures authorizing the issuance of bonds, or a default of any of the terms of a loan agreement, to seek a writ of mandamus or other legal remedy to compel the political subdivision or its officers, agents, and employees to cure the default by performing the duties they are legally obligated to perform. Requires the proceedings to be brought in and provides that venue is in a district court in Travis County. Provides that this subsection is cumulative of any other rights or remedies to which the board may be entitled. (t) Amends Section 17.903, Water Code, as follows: Sec. 17.903. CONTRACT AUTHORITY. (a) Authorizes a political subdivision to borrow money for the purposes of this subchapter and to adopt necessary rules to carry out this subchapter. Requires the board to have the power to enter into any contracts to carry out the provisions of this subchapter. (b) Created from text of existing Subsection (c). Deletes	

HOUSE VERSION	SENATE VERSION	CONFERENCE
	text of existing Subsection (b). (u) Amends Chapter 17J, Water Code, by adding Sections 17.904-17.912, as follows: Sec. 17.904. LINKED DEPOSIT. Provides that a linked deposit is a deposit governed by a written deposit agreement between the board and an eligible lending institution that provides certain criteria. Sec. 17.905. LINKED DEPOSIT PROGRAM. (a) Authorizes the board by rule to establish an agricultural water conservation linked deposit program in accordance with this subchapter. (b) Authorizes an eligible lending institution to participate in the program established under this section as provided by this subchapter. Sec. 17.906. APPLICATION BY ELIGIBLE LENDING INSTITUTIONS TO PARTICIPATE IN LINKED DEPOSIT PROGRAM. Requires an eligible lending institution, to participate in the agricultural water conservation linked deposit program, to perform certain acts. Sec. 17.907. APPROVAL OR REJECTION OF APPLICATION. Authorizes the board to approve or reject an application of an eligible lending institution to participate in the program. Authorizes the board	

HOUSE VERSION	SENATE VERSION	CONFERENCE
	to delegate its authority to approve or reject applications to the executive director. Sec. 17.908. DEPOSIT AGREEMENT. Requires the board and the eligible lending institution, if the board approves an application of an eligible lending institution, to enter into a written deposit agreement. Requires the agreement to contain the conditions on which the linked deposit is made. Requires the board, rather than the comptroller, on execution of the agreement, to place a linked deposit from the fund with the eligible lending institution in accordance with the agreement. Provides that a delay in payment or a default on a loan by an applicant does not affect the validity of the deposit agreement. Sec. 17.909. COMPLIANCE. (a) Requires an eligible lending institution, on accepting a linked deposit, to lend money to an approved applicant in accordance with the deposit agreement and this subchapter. Requires the eligible lending institution to forward a compliance report to the board in accordance with board rules. Requires the board to adopt rules regarding the compliance report. (b) Requires the board to monitor compliance with this subchapter and inform the comptroller of noncompliance on the part of an eligible lending institution.	

HOUSE VERSION	SENATE VERSION	CONFERENCE
	Sec. 17.910. STATE LIABILITY PROHIBITED. Provides that the state is not liable to an eligible lending institution for payment of the principal, interest, or any late charges on a loan made to an approved applicant. Provides that a linked deposit is not an extension of the state's credit within the meaning of any state constitutional prohibition. Sec. 17.911. LIMITATIONS ON PROGRAM. (a) Provides that the maximum amount of a loan under the linked deposit program is $250,000. (b) Authorizes the board to withdraw linked deposits from an eligible lending institution if the institution ceases to be either a state depository or a Farm Credit System institution headquartered in this state. Sec. 17.912. RULES. Requires the board to adopt rules necessary to carry out this subchapter. Requires applications to be in the form and manner as provided by board rules. (v) Provides that the agricultural trust fund and the agricultural soil and water conservation fund are abolished and all assets of those funds are transferred to the agricultural water conservation fund. (w) Repeals: Chapters 15G, H, and I (Texas Water	

HOUSE VERSION	SENATE VERSION	CONFERENCE
	Assistance Program); and Sections 17.871(2) (Definitions), 17.871(7) (Definitions), and 17.8955 (Conservation Loans for Brush Control and Precipitation), Water Code.	
	(x) Requires the Texas Water Development Board to continue to administer a loan made before the effective date of this Act under the pilot program for low-interest loans for agricultural water conservation equipment until the loan is fully repaid. Provides that Chapter 15I, Water Code, is continued in effect for the limited purpose of allowing the board to administer those loans and to pursue remedies if a loan recipient defaults on a loan or otherwise violates the terms of the loan or of any loan guarantee instrument.	
	(y) Requires the Texas Water Development Board to continue to administer a conservation loan made before the effective date of this Act under Chapter 17J, Water Code. Provides that Chapter 17J, Water Code, as it existed immediately before the effective date of this Act, is continued in effect for the limited purpose of allowing the board to administer	

HOUSE VERSION	SENATE VERSION	CONFERENCE
	those loans and to pursue remedies if a loan recipient defaults on a loan or otherwise violates the terms of the loan or of any loan guarantee.	
No equivalent provision.	Senate Floor Amendment #3 adds: SECTION 20. (a) Defines "district to mean the Hudspeth County Underground Conservation District No. 1. (b) In order to reduce property taxes for the residents of Hudspeth County, Texas, and to reduce the expenditures of the district by excluding territory from the district that overlies aquifers not regulated by the district, the boundaries of the district are modified to include only the territory contained in a delineated meets and bounds description set forth in the legislation. (c) Legislative findings related to the description of the district boundaries and field notes forming a closure and that a mistake in the field notes does not affect the district in specified ways. (d) Allows the district board to adjust the precinct boundaries for the election of directors as necessary to provide for proper representation of the residents of the district, and to call and hold an election under Chapter 36, Water Code, or other law to ensure the lawful representation and taxation of the residents of the district.	SECTION 20. Same as Senate version.

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 31, 2003

TO: Honorable David Dewhurst , Lieutenant Governor, Senate
Honorable Tom Craddick, Speaker of the House, House of Representatives

FROM: John Keel, Director, Legislative Budget Board

IN RE: **HB3442** by Pickett (Relating to certain expenditures and charges of certain governmental entities.), **Conference Committee Report**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3442, Conference Committee Report: a positive impact of $54,354,253 through the biennium ending August 31, 2005.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	$25,587,535
2005	$28,766,718
2006	$28,767,068
2007	$28,766,718
2008	$28,766,718

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain from *GENERAL REVENUE FUND* 1	Probable Savings/ (Cost) from *GENERAL REVENUE FUND* 1	Probable Revenue Gain from *General Revenue Dedicated*	Probable Savings/ (Cost) from *General Revenue Dedicated*
2004	$5,441,355	$19,547,180	$599,000	$4,358,000
2005	$5,439,655	$22,728,063	$5,502,000	$5,948,500
2006	$5,440,005	$22,728,063	$5,849,000	$5,900,500
2007	$5,439,655	$22,728,063	$5,598,000	$5,852,500
2008	$5,439,655	$22,728,063	$5,598,000	$5,850,000

Fiscal Year	Probable (Cost) from *STATE HIGHWAY FUND* 6	Probable Revenue Gain from *Other Funds*	Probable Savings from *FEDERAL FUNDS* 555	Probable Savings from *Other Funds*
2004	($51,000)	$533,000	$12,125,000	$3,500,200
2005	($51,000)	$0	$15,039,200	$3,554,000
2006	($51,000)	$0	$15,039,200	$3,554,000
2007	($51,000)	$0	$15,039,200	$3,554,000
2008	($51,000)	$0	$15,039,200	$3,554,000

Fiscal Year	Probable Revenue Gain from *FOUNDATION SCHOOL FUND* 193	Change in Number of State Employees from FY 2003
2004	$599,000	(3.5)
2005	$599,000	(8.5)
2006	$599,000	(8.5)
2007	$599,000	(8.5)
2008	$599,000	(8.5)

Fiscal Analysis

The bill would make numerous statutory changes affecting Article VI agencies.

Methodology

Department of Agriculture
Livestock Pens - Revenue gain of $200,000 each fiscal year in General Revenue Funds, offset by $200,000 per fiscal year in expenditures out of the General Revenue Fund.
Octane Fee - Revenue gain of $95,000 each fiscal year in General Revenue Funds.
Weights and measures - No revenue gain, however savings of $247,917 in fiscal year 2004 and $475,000 each fiscal year thereafter in General Revenue Funds have been accounted for in CSHB 1. In addition, there would be a reduction of 4.5 FTEs in fiscal year 2004 and 9.5 FTEs each fiscal year thereafter.

Animal Health Commission
Riding Stables - Revenue loss of $21,200 per fiscal year in General Revenue Funds and a reduction in expenditures of $26,413 each fiscal year out of General Revenue Funds which has already been accounted for in CSHB 1.
Authorization for Implementation of New Fees - Revenue gain of $500,000 per fiscal year generated by 50 cent per head of cattle at first-point testing which would be deposited to the credit of the General Revenue Fund to offset appropriations made in CSHB 1.

Commission on Environmental Quality
Expedited Letters - Revenue gain in GR-Dedicated Water Resource Management Account No. 153 of $225,00 each fiscal year with offsetting expenditures in the same amounts, including the addition of 1 FTE each fiscal year.

Parks and Wildlife
Freshwater Fishing Stamp - Revenue gain of $4,260,000 beginning in fiscal year 2005 out of the Game, Fish, Water Safety Account No. 9, relating to issuing a freshwater fishing stamp and prohibiting freshwater fishing by persons lacking the stamp. No additional expenditures are anticipated above those included in CSHB 1.
Motorboat Registration - Revenue gain of $2,040,000 in the GR-Dedicated State Parks Account No. 64, offset by a revenue loss of $2,040,000 in the GR-Dedicated Game, Fish, Water Safety Account No. 9, by providing that 15 percent of amounts collected from motorboat registration and motorboat manufacturer or dealer registration fees be deposited to the State Parks Account No. 64.
Non-negotiable Titles - Revenue gain of $299,000 in GR-Dedicated Game, Fish, Water Safety Account No. 9 in fiscal years 2004, 2006 and 2008, and decreased expenditures of $26,400 in fiscal year 2004 and $27,900 each fiscal year thereafter, relating to deletion of the requirement for non-negotiable titles for boats.

Railroad Commission
Pipelines - Revenue gain of approximately $1.4 million each fiscal year in the General Revenue Fund relating to fees assessed against operators of pipelines and pipeline facilities which has already been accounted for in CSHB 1.
Pits and Quarries - Savings of $51,000 each fiscal year in the General Revenue Fund, with an increase of expenditures of $51,000 each fiscal year out of the State Highway Fund No. 6 relating to the transfer of functions associated with the Texas Quarry and Pit Safety program from the Railroad

Commission to the Department of Transportation.
Rail Safety - Revenue gain of approximately $1.4 million each fiscal year in the General Revenue Fund relating to fees assessed on railroads to recover costs for the rail safety program which has already been accounted for in CSHB 1.
Administrative Hearings - Savings in the General Revenue Fund of $247,050 each fiscal year of the biennium which has already been accounted for in CSHB 1.
Oil Field Cleanup Regulatory Fee - Broadening collection of the Oil Field Cleanup Regulatory Fee will result in increased revenues to the GR-Dedicated Oil Field Cleanup Account No. 145 totaling $608,000 in 2004, increasing to $1,113,000 per year by 2007. This estimate assumes all new revenues will be spent on additional cleanups and pluggings.

Soil and Water Conservation Board
Duties of the Board - No significant fiscal impact is anticipated relating to the composition and duties of the Soil and Water Conservation Board, including a joint management audit by the State Auditor and Legislative Budget Board.
Brush Control - No significant fiscal impact is anticipated relating to the provisions regarding eligibility of brush control projects and cost-share requirements.

Water Development Board
Consolidation of Agricultural-Related Funds - Consolidating the Agricultural Trust Fund No. 562 (Other Funds) and the Agricultural Soil and Water Conservation Account No. 563 (GR-Dedicated) into the Agricultural Water Conservation Fund No. 358 (Other Funds) will result in a loss to the Agricultural Soil and Water Conservation Account No. 563 of $533,000 in fiscal year 2004 (balance in the account as of August 31, 2003) and a loss to the Agricultural Trust Fund No. 562 of $15.4 million in 2004 (balance in the account as of August 31, 2003) and losses of $.0.5 million to $0.6 million in revenues otherwise accruing to Account 562 each fiscal year from 2005 through 2008. There will be a corresponding increase in revenues to the Agricultural Water Conservation Fund No. 358 equal to the balances and revenues from the accounts being consolidated.

State Agencies

The bill would reduce human resources staffing in state agencies. General Revenue savings would be an annual $11,994,000; savings to GR-dedicated accounts would be an annual $1,720,000; savings to federal funds would be an annual $3,074,000; and savings to other funds would be an annual $3,406,000.

The bill would require state agencies with 100 or more FTEs to reach a 1:11 manager to staff ratio by 2007. General revenue savings would be $7,207,800 in fiscal 2004 and $10,134,600 in fiscal 2005; savigns to GR-dedicate accounts would be $3,497,400 in fiscal 2004 and $5,498,400 in fiscal 2005; savings to federal funds would be $9,051,600 in fiscal 2004 and $11,965,200 in fiscal 2005; and savings to other funds would be $94,200 in fiscal 2004 and $148,800 in fiscal 2005.

The bill would increase the fees on landscape architects, interior designers, land surveyors and property tax consultants by $200, with $50 allocated to the Foundation School Account and $150 to general revenue. Gains to general revenue would be an annual $1,796,000 and gains to the Foundation School Account would be an annual $599,000.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 582 Commission on Environmental Quality

LBB Staff: JK, JO, TL, MS, SD

Suspending limitations on conference committee jurisdiction, H.B. 3442

By _____ S.R. No. _____

R E S O L U T I O N

BE IT RESOLVED by the Senate of the State of Texas, 78th Legislature, Regular Session, 2003, That Senate Rule 12.03 be suspended in part as provided by Senate Rule 12.08 to enable the conference committee appointed to resolve the differences on House Bill No. 3442, relating to certain expenditures and charges of certain governmental entities, to consider and take action on the following matters:

(1) Senate Rules 12.03(3) and (4) are suspended to permit the committee to add additional text not included in either the house or senate version of the bill, consisting of the following new section to read as follows:

SECTION 14. IMPOSITION OF CERTAIN FEES. (a) Subchapter B, Chapter 1052, Occupations Code, is amended by adding Section 1052.0541 to read as follows:

<u>Sec. 1052.0541. FEE INCREASE. (a) The fee for the issuance of a certificate of registration under this chapter and the fee for the renewal of a certificate of registration under this chapter is increased by $200.</u>

<u>(b) Of each fee increase collected, $50 shall be deposited in</u>

the foundation school fund and $150 shall be deposited in the general revenue fund.

(b) Subchapter B, Chapter 1053, Occupations Code, is amended by adding Section 1053.0521 to read as follows:

Sec. 1053.0521. FEE INCREASE. (a) The fee for the issuance of a certificate of registration under this chapter and the fee for the renewal of a certificate of registration under this chapter is increased by $200.

(b) Of each fee increase collected, $50 shall be deposited in the foundation school fund and $150 shall be deposited in the general revenue fund.

(c) Subchapter D, Chapter 1071, Occupations Code, is amended by adding Section 1071.1521 to read as follows:

Sec. 1071.1521. FEE INCREASE. (a) The fee for the issuance of a certificate of registration to a registered professional land surveyor under this chapter and the fee for the renewal of a certificate of registration for a registered professional land surveyor under this chapter is increased by $200.

(b) Of each fee increase collected, $50 shall be deposited in the foundation school fund and $150 shall be deposited in the general revenue fund.

(c) This section does not apply to state agency employees who are employed by the state as land surveyors.

(d) Subchapter B, Chapter 1152, Occupations Code, is amended by adding Section 1152.053 to read as follows:

Sec. 1152.053. FEE INCREASE. (a) The fee for the registration of a person under this chapter and the fee for the renewal of a registration under this chapter is increased by $200.

(b) Of each fee increase collected, $50 shall be deposited in the foundation school fund and $150 shall be deposited in the general revenue fund.

(e) The change in law made by this section applies only to the issuance or renewal of a certificate of registration under Chapter 1052, 1053, or 1071, Occupations Code, or the issuance or renewal of a registration under Chapter 1152, Occupations Code, on or after the effective date of this article. A certificate of registration or registration issued or renewed before the effective date of this section is governed by the law in effect on the date of the issuance or renewal, and the former law is continued in effect for that purpose.

Explanation: The added text is necessary to increase fees for landscape architects, interior designers, land surveyors, and property tax consultants by $200, of which $50 would be deposited in the foundation school fund and $150 would be deposited in the general revenue fund.

(2) Senate Rules 12.03(3) and (4) are suspended to permit the committee to add additional text not included in either the house or senate version of the bill, consisting of the following new section to read as follows:

SECTION 15. STATE AGENCY HUMAN RESOURCES STAFFING AND

FUNCTIONS. (a) Subtitle B, Title 6, Government Code, is amended by adding Chapter 670 to read as follows:

CHAPTER 670. HUMAN RESOURCES STAFFING AND FUNCTIONS

Sec. 670.001. DEFINITIONS. In this chapter:

(1) "Human resources employee" does not include an employee whose primary job function is enforcement of Title VI or Title VII of the Civil Rights Act of 1964.

(2) "State agency" means a department, commission, board, office, authority, council, or other governmental entity in the executive branch of government that is created by the constitution or a statute of this state and has authority not limited to a geographical portion of the state. The term does not include a university system or institution of higher education as defined by Section 61.003, Education Code.

Sec. 670.002. HUMAN RESOURCES STAFFING FOR LARGE STATE AGENCIES. A state agency with 500 or more full-time equivalent employees shall adjust the agency's human resources staff to achieve a human resources employee-to-staff ratio of not more than one human resources employee for every 85 staff members.

Sec. 670.003. HUMAN RESOURCES STAFFING FOR MEDIUM-SIZED AND SMALL STATE AGENCIES; OUTSOURCING. (a) The State Council on Competitive Government shall determine the cost-effectiveness of consolidating the human resources functions of or contracting with private entities to perform the human resources functions of state agencies that employ fewer than 500 full-time equivalent employees.

(b) If the council determines that contracting with private entities is cost-effective, the council shall issue a request for proposals for vendors to perform the human resources functions of the agencies.

(c) The council shall determine which human resources functions are subject to the contract and which functions the agency may select to perform itself.

(d) Each agency shall pay for the contracts for human resources functions out of the agency's human resources budget.

(b) Not later than January 1, 2004, each state agency with 500 or more full-time equivalent employees shall comply with the human resources employee-to-staff ratio requirements in Section 670.002, Government Code, as added by this section.

(c) Not later than January 1, 2004, the State Council on Competitive Government shall conduct an initial feasibility study to determine the cost-effectiveness of consolidating the human resources functions of or contracting with private entities to perform human resources functions of state agencies under Section 670.003, Government Code, as added by this section.

Explanation: The added text is necessary to restrict agencies with 500 or more full-time equivalent employees from having human resources staffing that exceeds one for each 85 employees after January 1, 2004, and to allow for a feasibility study to determine the cost effectiveness of consolidating or contracting out for state agencies' human resources functions.

(3) Senate Rules 12.03(3) and (4) are suspended to permit the committee to add additional text not included in either the house or senate version of the bill, consisting of the following new section to read as follows:

SECTION 16. AGENCY STAFFING AND PRODUCTIVITY. (a) Effective September 1, 2003, Section 651.004, Government Code, is amended by adding Subsections (c-1) and (d) to read as follows:

(c-1) A state agency in the executive branch of state government that employs more than 100 full-time equivalent employees may not, after March 31, 2004, employ more than one full-time equivalent employee in a management position for every eight full-time equivalent employees that the agency employs in nonmanagerial staff positions. This subsection expires September 1, 2005.

(d) A state agency that believes that the minimum management-to-staff ratios required by this section are inappropriate for that agency may appeal to the Legislative Budget Board. The Legislative Budget Board by rule shall adopt appeal procedures.

(b) Effective September 1, 2004, Section 651.004, Government Code, is amended by adding Subsection (c-2) to read as follows:

(c-2) A state agency in the executive branch of state government that employs more than 100 full-time equivalent employees may not, after August 31, 2005, employ more than one full-time equivalent employee in a management position for every nine full-time equivalent employees that the agency employs in

nonmanagerial staff positions. This subsection expires September 1, 2006.

(c) Effective September 1, 2005, Section 651.004, Government Code, is amended by adding Subsection (c-3) to read as follows:

(c-3) A state agency in the executive branch of state government that employs more than 100 full-time equivalent employees may not, after August 31, 2006, employ more than one full-time equivalent employee in a management position for every 10 full-time equivalent employees that the agency employs in nonmanagerial staff positions. This subsection expires September 1, 2007.

(d) Effective September 1, 2006, Section 651.004, Government Code, is amended by adding Subsection (c) to read as follows:

(c) A state agency in the executive branch of state government that employs more than 100 full-time equivalent employees may not employ more than one full-time equivalent employee in a management position for every 11 full-time equivalent employees that the agency employs in nonmanagerial staff positions.

(e) A state agency in the executive branch of government shall achieve the management-to-staff ratio required by Subsection (c), Section 651.004, Government Code, as added by this section, not later than August 31, 2007.

(f) Subchapter K, Chapter 659, Government Code, is amended by adding Section 659.262 to read as follows:

Sec. 659.262. ADDITIONAL COMPENSATION FOR CERTAIN CLASSIFIED

STATE EMPLOYEES. (a) In this section, "state agency" means an agency of any branch of state government that employs individuals who are classified under Chapter 654.

(b) To enhance the recruitment of competent personnel for certain classified employee positions, a state agency may provide to a state employee, at the time of the employee's hiring for a classified position, additional compensation in the form of a one-time recruitment payment not to exceed $5,000. If the employee discontinues employment with the state agency for any reason less than three months after the date of receiving the recruitment payment, the employee shall refund to the state agency the full amount of the recruitment payment. If the employee discontinues employment with the state agency for any reason three months or longer but less than 12 months after the date of receiving the recruitment payment, the employee shall refund to the state agency an amount computed by:

(1) subtracting from 12 months the number of complete calendar months the employee worked after the date of receiving the recruitment payment;

(2) dividing the number of months computed under Subdivision (1) by 12 months; and

(3) multiplying the fraction computed under Subdivision (2) by the amount of the recruitment payment.

(c) To enhance the retention of employees who are employed in certain classified positions that are identified by the chief

administrator of a state agency as essential for the state agency's operations, a state agency may enter into a deferred compensation contract with a classified employee to provide to the employee a one-time additional compensation payment not to exceed $5,000 to be added to the employee's salary payment the month after the conclusion of the 12-month period of service under the deferred compensation contract.

(d) To be eligible to enter into a contract for deferred compensation under Subsection (c), a state employee must have already completed at least 12 months of service in a classified position.

(e) The chief administrator of a state agency shall determine whether additional compensation is necessary under this section on a case-by-case basis, considering:

(1) the criticality of the employee position in the operations of the state agency;

(2) evidence of high turnover rates among employees filling the position or an extended period during which the position is or has in the past been vacant;

(3) evidence of a shortage of employees qualified to fill the position or a shortage of qualified applicants; and

(4) other relevant factors.

(f) Before an agency provides or enters into a contract to provide additional compensation to an employee under this section, the chief administrator of the state agency must certify to the

comptroller in writing the reasons why the additional compensation is necessary.

(g) Additional compensation paid to an employee under this section is specifically exempted from any limitation on salary or salary increases prescribed by this chapter.

(g) Subsection (b), Section 656.048, Government Code, is repealed.

Explanation: The added text is necessary to restrict agencies with more than 100 full-time equivalent employees from having more than one manager for every 11 non-managerial full-time equivalent employees after August 31, 2006. The added text also provides for a phase-in period between March 31, 2004, and August 31, 2006. The added test also provides for additional compensation to certain state employees in the form of a one-time recruitment or retention payment not to exceed $5,000.

CONFERENCE COMMITTEE REPORT FORM

03 JUN -1 AM 4:13

Austin, Texas

5/31/03

Date

Honorable David Dewhurst
President of the Senate

Honorable Tom Craddick
Speaker of the House of Representatives

Sirs:

We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on HB 3442 have had the same under consideration, and beg to report it back with the recommendation that it do pass in the form and text hereto attached.

AVERITT

PICKETT

STAPLES

DAVIS, JOHN

DUNCAN

ISETT

BIVINS

McCLENDON

BARRIENTOS On the part of the Senate

HUPP On the part of the House

Note to Conference Committee Clerk:

Please type the names of the members of the Conference Committee under the lines provided for signature. Those members desiring to sign the report should sign each of the six copies. Attach a copy of the Conference Committee Report and a Section by Section side by side comparison to each of the six reporting forms. The original and two copies are filed in house of origin of the bill, and three copies in the other house.

CONFERENCE COMMITTEE REPORT

3rd Printing

H.B. No. 3442

A BILL TO BE ENTITLED

AN ACT

relating to certain expenditures and charges of certain governmental entities.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. REDUCTION OF EXPENDITURES AND IMPOSITION OF CHARGES GENERALLY. (a) This section applies to any state agency that receives an appropriation under Article VI of the General Appropriations Act.

(b) Notwithstanding any other statute of this state, each state agency to which this section applies is authorized to reduce or recover expenditures by:

(1) consolidating any reports or publications the agency is required to make and filing or delivering any of those reports or publications exclusively by electronic means;

(2) extending the effective period of any license, permit, or registration the agency grants or administers;

(3) entering into a contract with another governmental entity or with a private vendor to carry out any of the agency's duties;

(4) adopting additional eligibility requirements for persons who receive benefits under any law the agency administers to ensure that those benefits are received by the most deserving persons consistent with the purposes for which the benefits are provided; and

[redacted]

(5) providing that any communication between the agency and another person and any document required to be delivered to or by the agency, including any application, notice, billing statement, receipt, or certificate, may be made or delivered by electronic mail or through the Internet.

SECTION 2. TEXAS ANIMAL HEALTH COMMISSION; DUTIES REGARDING RIDING STABLES. (a) The Texas Animal Health Commission shall reduce its expenditures of state money related to regulating equine riding stables.

(b) Chapter 2053, Occupations Code, is repealed.

SECTION 3. ADMINISTRATIVE HEARINGS OF RAILROAD COMMISSION OF TEXAS. Section 102.006, Utilities Code, is amended to read as follows:

Sec. 102.006. [~~POWERS AND DUTIES OF STATE OFFICE OF~~] ADMINISTRATIVE HEARINGS IN CONTESTED CASES. (a) The railroad commission by rule shall provide for administrative hearings in contested cases to be conducted by one or more members of the railroad commission, by railroad commission hearings examiners, or by the [~~The~~] utility division of the State Office of Administrative Hearings. The rules must provide for a railroad commission hearings examiner or the utility division of the State Office of Administrative Hearings to [~~shall~~] conduct each hearing in a contested case that is not conducted by one or more members of the railroad commission. A hearing must be conducted in accordance with the rules and procedures adopted by the railroad commission.

(b) The railroad commission may delegate to a railroad commission hearings examiner or to the utility division of the

State Office of Administrative Hearings the authority to make a final decision and to issue findings of fact, conclusions of law, and other necessary orders in a proceeding in which there is not a contested issue of fact or law.

(c) The railroad commission by rule shall define the procedures by which it delegates final decision-making authority under Subsection (b) to a railroad commission hearings examiner or to the utility division of the State Office of Administrative Hearings.

(d) For purposes of judicial review, the [~~an administrative law judge's~~] final decision of a railroad commission hearings examiner or an administrative law judge of the State Office of Administrative Hearings in a matter delegated under Subsection (b) has the same effect as a final decision of the railroad commission unless a member of the commission requests formal review of the decision.

(e) The State Office of Administrative Hearings shall charge the railroad commission a fixed annual rate for hearings conducted by the office under this section only if the legislature appropriates money for that purpose. If the legislature does not appropriate money for the payment of a fixed annual rate under this section, the State Office of Administrative Hearings shall charge the railroad commission an hourly rate of not more than $90 per hour for hearings conducted by the office under this section.

SECTION 4. TEXAS DEPARTMENT OF AGRICULTURE. (a) Section 146.021, Agriculture Code, is amended to read as follows:

Sec. 146.021. DEPARTMENT FACILITIES. The department may

receive and hold for processing animals transported in international trade and may establish and collect reasonable fees for yardage, maintenance, feed, medical care, and other necessary expenses incurred in the course of processing those animals. Notwithstanding any other law, the department may use any portion of fees collected under this section that remains after spending the proceeds of the fees to meet other necessary expenses incurred under this section for expenses related to maintenance of or repairs to department facilities.

(b) Section 13.101(a), Agriculture Code, is amended to read as follows:

(a) At least once every four [~~three~~] years, or more often as required by the department, a weight or measure shall be inspected and tested for correctness by a sealer if it:

(1) is kept for sale, sold, or used by a proprietor, agent, lessee, or employee in proving the weight or measure, including the size, quantity, extent, or area, of any item; or

(2) is purchased, offered, or submitted by a proprietor, agent, lessee, or employee for sale, hire, or award.

(c) Section 9(d), Chapter 1033, Acts of the 71st Legislature, Regular Session, 1989 (Article 8614, Vernon's Texas Civil Statutes), is repealed.

(d) This section takes effect September 1, 2003.

SECTION 5. ANIMAL HEALTH COMMISSION. (a) Subchapter C, Chapter 161, Agriculture Code, is amended by adding Section 161.060 to read as follows:

Sec. 161.060. INSPECTION FEES. The commission may charge a fee, as provided by commission rule, for an inspection made by the commission.

(b) This section takes effect September 1, 2003.

SECTION 6. TEXAS COMMISSION ON ENVIRONMENTAL QUALITY. (a) Section 5.701, Water Code, is amended by adding Subsection (r) to read as follows:

(r) The fee for processing a request for an expedited letter from the executive director stating the total depth of surface casing needed during the drilling of wells to protect usable ground waters in the state and required for the processing of certain permits from the Railroad Commission of Texas may not exceed $75.

(b) Section 26.35731(c), Water Code, is amended to read as follows:

(c) Not later than the 90th day after the date on which the commission receives a completed application for reimbursement from the petroleum storage tank remediation account, the commission shall send a fund payment report to the owner or operator of a petroleum storage tank system that is seeking reimbursement, if sufficient funds are available to make the payment.

(d) This section takes effect September 1, 2003.

SECTION 7. TEXAS PARKS AND WILDLIFE DEPARTMENT FEES. (a) Section 11.032, Parks and Wildlife Code, is amended by amending Subsection (b) and adding Subsection (c) to read as follows:

(b) The department shall deposit to the credit of the game, fish, and water safety account all revenue, less allowable costs,

from the following sources:

(1) all types of fishing licenses and stamps and shrimping licenses, except as provided by Section 77.120;

(2) all types of hunting licenses and stamps;

(3) trapping licenses and other licenses relating to the taking, propagation, and sale of fur-bearing animals or their pelts;

(4) sale of marl, sand, gravel, shell, and mudshell;

(5) oyster bed rentals and permits;

(6) federal funds received for fish and wildlife research, management, development and conservation, resource protection, and law enforcement, unless the funds are received for the specific purposes of Subchapter F, Chapter 77;

(7) sale of property, less advertising costs, purchased from this account or a special fund or account that is now part of this account;

(8) fines and penalties collected for violations of a law pertaining to the protection and conservation of wild birds, wild fowl, wild animals, fish, shrimp, oysters, game birds and animals, fur-bearing animals, alligators, and any other wildlife resources of this state;

(9) sale of rough fish by the department;

(10) fees for importation permits;

(11) fees from supplying fish for or placing fish in water located on private property;

(12) sale of seized pelts;

(13) sale or lease of grazing rights to and the

products from game preserves, sanctuaries, and management areas;

(14) contracts for the removal of fur-bearing animals and reptiles from wildlife management areas;

(15) vessel [~~motorboat~~] registration fees;

(16) vessel [~~motorboat~~] manufacturer or dealer licensing fees [~~registration fee~~];

(17) fines or penalties imposed by a court for violation of water safety laws contained in Chapter 31 of this code;

(18) alligator hunter's or alligator buyer's licenses;

(19) sale of alligators or any part of an alligator by the department;

(20) fees and revenue collected under Section 11.027(b) or (c) of this code that are associated with the conservation of fish and wildlife; [~~and~~]

(21) any other source provided by law; and

(22) vessel and outboard motor titling fees.

(c) Not later than the 10th day of each month the department shall transfer 15 percent of all amounts collected during the previous month from sources described by Subsection (b)(15), (16), or (22) to the state parks account.

(b) This section takes effect September 1, 2003.

SECTION 8. TEXAS PARKS AND WILDLIFE DEPARTMENT REGULATION OF MARINE BUSINESSES. (a) Section 31.003, Parks and Wildlife Code, is amended by amending Subdivision (7) and adding Subdivision (16) to read as follows:

(7) "Dealer" means a person [~~customarily~~] engaged in the business of buying, selling, selling on consignment, displaying

for sale, or exchanging at least five vessels, motorboats, or outboard motors during a calendar year at an established or permanent place of business in this state [~~and that at each place of business there is a sign conspicuously displayed showing the name of the dealership so that it may be located by the public and sufficient space to maintain an office, service area, and display of products~~].

(16) "Distributor" means a person who offers for sale, sells, or processes for distribution new boats or outboard motors to dealers in this state.

(b) Subchapter A, Chapter 31, Parks and Wildlife Code, is amended by adding Section 31.007 to read as follows:

Sec. 31.007. DEALER REQUIREMENTS. A dealer shall:

(1) display in each of the dealer's places of business a sign that:

(A) is conspicuous to the public; and

(B) shows the name of the dealership; and

(2) operate in a space sufficient to maintain an office, service area, and display of products.

(c) Section 31.021, Parks and Wildlife Code, is amended to read as follows:

Sec. 31.021. REQUIRED NUMBERING. (a) Each [~~undocumented~~] vessel on the water of this state shall be numbered in accordance with the provisions of this chapter unless specifically exempted. The numbering system shall be in accord with the Federal Boating Act of 1958 and subsequent federal legislation.

(b) No person may operate or give permission for the

operation of any vessel or may dock, moor, or store a vessel owned by the person on the water of this state unless:

(1) the vessel is numbered as required by this chapter;

(2) the certificate of number awarded to the vessel is in full force and effect; and

(3) the identifying number set forth in the certificate is properly displayed on each side of the bow of the vessel as required by this chapter.

(d) Section 31.032, Parks and Wildlife Code, is amended to read as follows:

Sec. 31.032. NUMBERING ON BOW. (a) The owner of a vessel shall paint on or attach to each side of the vessel near the bow the identification number and a validation decal in the manner prescribed by the department. The number shall read from left to right and shall be of block characters of good proportion of not less than three inches in height. The numbers shall be of a color which will contrast with the hull material of the vessel and so maintained as to be clearly visible and legible.

(b) The owner of a vessel required to be numbered under this subchapter and documented by the United States Coast Guard is not required to attach an identification number as required by Subsection (a).

(c) The commission shall adopt rules for the placement of the validation decal in an alternate location for antique boats. In this subsection, "antique boat" means a boat that:

(1) is used primarily for recreational purposes; and

(2) was manufactured before 1968.

(e) Section 31.039, Parks and Wildlife Code, is amended to read as follows:

Sec. 31.039. PUBLIC RECORDS; FEES. (a) All ownership records of the department made or kept under this chapter are public records.

(b) The commission may by rule charge a fee for access to ownership records and other records made or kept under this chapter.

(f) Section 31.041, Parks and Wildlife Code, is amended to read as follows:

Sec. 31.041. DEALER'S, DISTRIBUTOR'S, AND MANUFACTURER'S LICENSE [~~NUMBER~~]. (a) A person may not engage in business in this state as a dealer, distributor, or manufacturer unless the person holds a license issued under this section. A dealer must have a license for each place of business owned and operated by the person.

(b) The commission shall establish the form and manner for display of a license issued under this section.

(c) The department shall issue a dealer, distributor, or manufacturer number to each dealer, distributor, or manufacturer licensed under this section in the manner provided by Section 31.031(b).

(d) A dealer, distributor, or manufacturer of vessels in this state may use the [~~obtain a~~] dealer's, distributor's, or [~~and~~] manufacturer's number for vessels the dealer, distributor, or manufacturer wishes to show, demonstrate, or test on the water of this state instead of securing a certificate of number for each

vessel. The number shall be attached to any vessel that the dealer, distributor, or manufacturer sends temporarily on the water. For purposes of this subsection, "show, demonstrate, or test" does not include the use of a vessel for recreational purposes or for participation in a contest or event.

(e) [~~(b)~~] The application for a license under this section [~~number~~] must state that the applicant is a dealer, distributor, or manufacturer within the meaning of this chapter, and the facts stated on the application must be sworn before an officer authorized to administer oaths. An [~~The~~] application submitted by a dealer must be accompanied by photographs of the business sufficient to show any sign the business is required to display and the extent of the space the business is required to maintain. The application must also be accompanied by a copy of the tax permit of the dealer, distributor, or manufacturer issued by the comptroller under Chapter 151, Tax Code, if the dealer, distributor, or manufacturer has a tax permit. The two-year fee for a dealer's, distributor's, or [~~and~~] manufacturer's number is $500 [~~$45 or an amount set by the commission, whichever amount is more~~]. A license [~~No number~~] may not be issued until the provisions of this section have been satisfied.

(f) [~~(c)~~] A dealer, distributor, or manufacturer holding a dealer's, distributor's, or [~~and~~] manufacturer's license [~~number~~] may issue a reasonable temporary facsimile of the number issued under Subsection (c), which may be used by any authorized person. A person purchasing a vessel may use the dealer's number for a period not to exceed 15 days prior to filing an application for a

certificate of number. The form of the facsimile and the manner of display of the number shall be prescribed by the department.

(g) [~~(d)~~] A dealer, distributor, or manufacturer holding a dealer's, distributor's, or [~~and~~] manufacturer's license [~~number~~] may transfer a certificate of number or a certificate of title to a vessel or outboard motor without securing a certificate of number or certificate of title in the dealer's, distributor's, or manufacturer's name if the vessel or outboard motor is sold in the normal course of the dealer's, distributor's, or manufacturer's business. [~~Any other person transferring a vessel or outboard motor must secure a certificate of number or certificate of title in the person's name before transferring the certificate of number or the certificate of title.~~]

(g) Subchapter B, Chapter 31, Parks and Wildlife Code, is amended by adding Sections 31.0411, 31.0412, and 31.0413 to read as follows:

Sec. 31.0411. TERM OF LICENSE; TRANSFER. (a) Except as provided by Subsection (b), a license issued under Section 31.041:

(1) is valid for two years from the date of issuance; and

(2) may not be transferred to another person.

(b) A license issued under Section 31.041 in the name of a business remains valid for the business location specified on the license if a change of ownership or business name occurs.

(c) A license issued under Section 31.041 may be transferred to a new address if:

(1) a business moves to another location; and

(2) a change of ownership has not occurred.

Sec. 31.0412. LICENSING RULES. The commission may adopt rules regarding licenses issued under Section 31.041, including rules:

(1) regarding license transfer procedures;

(2) prescribing application forms;

(3) regarding application and renewal procedures;

(4) prescribing reporting and recordkeeping requirements for license holders; and

(5) setting fees to be charged for:

(A) a transferred license; or

(B) a replacement license.

Sec. 31.0413. EXEMPTION FROM DEALER LICENSING REQUIREMENTS. The dealer licensing provisions of this subchapter do not apply to the sale of a canoe, kayak, punt, rowboat, rubber raft, paddleboat, or other vessel that is less than 12 feet in length and has a horsepower rating of five horsepower or less or to the sale of an outboard motor with a manufacturer's rating of five horsepower or less.

(h) Section 31.042(b), Parks and Wildlife Code, is amended to read as follows:

(b) Causes for cancellation of certificates and voiding of numbers include:

(1) surrender of the certificate for cancellation;

(2) issuance of a new number for the same vessel;

(3) [~~issuance of a marine document by the Bureau of Customs for the same vessel;~~

[~~(4)~~] false or fraudulent certification in an application for number;

(4) [~~(5)~~] failure to pay the prescribed fee; and

(5) [~~(6)~~] dismantling, destruction, or other change in the form or character of the vessel or outboard motor so that it is no longer correctly described in the certificate or it no longer meets the definition of a vessel or outboard motor.

(i) Subchapter B, Chapter 31, Parks and Wildlife Code, is amended by adding Section 31.044 to read as follows:

Sec. 31.044. INSPECTIONS. A dealer, distributor, or manufacturer may not refuse to allow the department or a peace officer to inspect a vessel, outboard motor, or records relating to the possession, origination, ownership, or transfer of a vessel or outboard motor at a dealership or distributor's or manufacturer's place of business during normal business hours.

(j) Subchapter B-1, Chapter 31, Parks and Wildlife Code, is amended by adding Section 31.0465 to read as follows:

Sec. 31.0465. APPEAL REGARDING CERTIFICATE OF TITLE; BOND; RULES. (a) An applicant for a certificate of title under Section 31.046 may appeal the department's refusal to issue the title by filing a bond with the department as provided by this section.

(b) A bond filed under this section must be:

(1) in the form prescribed by the department;

(2) executed by the applicant;

(3) issued by a person authorized to act as a surety business in this state;

(4) in an amount equal to 1-1/2 times the value of the

vessel or outboard motor as determined by the department; and

(5) conditioned to indemnify all prior owners and lienholders and all subsequent purchasers of the vessel or outboard motor or persons who acquire a security interest in the vessel or outboard motor, and their successors in interest, against any expense, loss, or damage, including reasonable attorney's fees, resulting from:

(A) the issuance of the certificate of title for the vessel or outboard motor; or

(B) a defect in or undisclosed security interest in the right, title, or interest of the applicant to or in the vessel or outboard motor.

(c) The department may issue the certificate of title to the person filing the bond if the applicant proves to the satisfaction of the department that:

(1) the vessel or outboard motor is not stolen; and

(2) issuance of a certificate of title would not defraud the owner or a lienholder of the vessel or outboard motor.

(d) A person described by Subsection (b)(5) has a right of action to recover on the bond for a breach of a condition of the bond described by Subsection (b)(5). The aggregate liability of the surety to all persons may not exceed the amount of the bond.

(e) A bond filed under this section expires on the third anniversary of the date the bond became effective. The department shall return an expired bond to the person who filed the bond unless the department has been notified of a pending action to recover on the bond.

(f) On return of a bond under Subsection (e), the department shall issue a certificate of title to the person to whom the bond is returned.

(g) In addition to the situation described by Subsection (c), the commission by rule may define acceptable situations in which certificates of title may be issued after the filing of a bond under this section.

(k) Section 31.049(c), Parks and Wildlife Code, is amended to read as follows:

(c) If there is a lien on the vessel or outboard motor, the original certificate of title shall be sent to the first lienholder[~~, a duplicate original certificate shall be sent to the owner,~~] and a copy shall be retained by the department.

(l) Section 31.053, Parks and Wildlife Code, is amended by adding Subsection (f) to read as follows:

(f) A person who is not licensed as a dealer, distributor, or manufacturer under this chapter must obtain a certificate of number or certificate of title to a vessel or outboard motor in the person's name before transferring the certificate of number or certificate of title.

(m) Section 31.127(a), Parks and Wildlife Code, is amended to read as follows:

(a) A person who violates or fails to comply with any provision of this chapter, or who violates or fails to comply with a proclamation of the commission entered under this chapter or a city ordinance or order of a commissioners court or a political subdivision of the state made or entered under this chapter,

commits an offense that is a Class C Parks and Wildlife Code misdemeanor.

(n) Not later than January 1, 2004, the Parks and Wildlife Commission shall adopt any rules necessary to implement Subsections (a)-(l) of this section.

(o) A person is not required to be licensed under Section 31.041, Parks and Wildlife Code, as amended by this section, until March 1, 2004. Before that date, the person is governed by the law as it existed immediately before the effective date of this section, and that law is continued in effect for that purpose.

(p) This section takes effect September 1, 2003.

SECTION 9. TEXAS PARKS AND WILDLIFE DEPARTMENT: FRESHWATER FISHING STAMP. (a) Chapter 43, Parks and Wildlife Code, is amended by adding Subchapter U to read as follows:

SUBCHAPTER U. FRESHWATER FISHING STAMP

Sec. 43.801. DEFINITION. In this subchapter, "fresh water" has the meaning provided by Section 66.001.

Sec. 43.802. FRESHWATER FISHING STAMP REQUIRED. (a) Except as provided by Subsection (b) or (c), no person may engage in fishing in fresh water for sporting purposes in this state unless the person has acquired a freshwater fishing stamp issued to the person by the department. The commission by rule may adopt requirements relating to possessing a freshwater fishing stamp required by this section.

(b) A person who is exempted from obtaining a fishing license under Chapter 46 is not required to obtain a freshwater fishing stamp.

(c) The commission by rule may exempt a person from the freshwater fishing stamp requirement of this section.

Sec. 43.803. FISHING LICENSE REQUIRED. The acquisition of a freshwater fishing stamp does not authorize a person to fish in fresh water for sporting purposes without having acquired a fishing license as provided by Chapter 46. The acquisition of a freshwater fishing stamp does not authorize a person to fish at any time or by any means not otherwise authorized by this code.

Sec. 43.804. DESIGN AND ISSUANCE OF STAMPS. (a) The department may issue a freshwater fishing stamp to any person on the payment to the department of $5. Except as provided by Subsection (e), a stamp must be signed on its face by the person using it for the stamp to be valid for fishing purposes.

(b) The department may issue a collectible freshwater fishing stamp to any person on the payment to the department of $5. A collectible freshwater fishing stamp does not authorize a person to fish and is not valid for fishing purposes.

(c) The commission by rule shall prescribe the form, design, and manner of issuance of the freshwater fishing stamp and the collectible freshwater fishing stamp. The department retains all reproduction rights to the design of the freshwater fishing stamp and the collectible freshwater fishing stamp.

(d) The commission may contract with and pay a person for designing and producing the freshwater fishing stamp or the collectible freshwater fishing stamp.

(e) The commission by rule may prescribe alternate requirements for identifying the purchaser of a freshwater fishing

stamp issued in an automated manner.

Sec. 43.805. DISPOSITION OF STAMP FEES. (a) After deduction of any collection fee, the net receipts from freshwater fishing stamp and collectable freshwater fishing stamp sales shall be sent to the department.

(b) The net receipts from freshwater fishing stamp sales may be spent only for:

(1) the repair, maintenance, renovation, or replacement of freshwater fish hatcheries in this state; or

(2) the purchase of game fish that are stocked into the public water of this state.

(c) The net receipts from collectible freshwater fishing stamp sales may be spent only for the restoration, enhancement, or management of freshwater fish habitats.

Sec. 43.806. EXPIRATION OF STAMP. (a) Except as provided by Subsection (b) or (c), a freshwater fishing stamp is valid for fishing only during the yearly period for which the stamp is issued, without regard to the date on which the stamp is acquired. Each yearly period begins on September 1 of the year in which the stamp is issued or another date set by the commission and extends through August 31 of the next year or another date set by the commission. The commission by rule may set the amount of a stamp fee for a stamp issued during a transition period at an amount lower than prescribed in this subchapter and provide for a stamp term for a transition period that is shorter or longer than one year.

(b) A freshwater fishing stamp issued before September 1 or another date set by the commission that does not expire until August

31 of the next year or another date set by the commission is valid from the date of issuance through August 31 of the next year or another date set by the commission.

(c) A freshwater fishing stamp issued in conjunction with a license issued under Section 46.005 or 46.0051 expires on the later of the license expiration date or the date printed on the stamp.

Sec. 43.807. REFUSAL TO SHOW STAMP. A person fishing in fresh water for sporting purposes who refuses on demand of any game management officer or peace officer to show a freshwater fishing stamp or proof that the person is exempt under Section 43.802(b) or a rule adopted under that section is presumed to be in violation of Section 43.802.

Sec. 43.808. PENALTY. A person who violates Section 43.802 is guilty of a Class C Parks and Wildlife Code misdemeanor.

Sec. 43.809. EXPIRATION OF SUBCHAPTER. This subchapter expires September 1, 2014.

(b) Subchapters N and Q, Chapter 43, Parks and Wildlife Code, are repealed.

(c) This section takes effect September 1, 2004.

SECTION 10. TRANSFER OF RAILROAD COMMISSION OF TEXAS FUNCTIONS RELATED TO QUARRY AND PIT SAFETY. (a) On September 1, 2003:

(1) all powers, duties, functions, and activities performed by the Railroad Commission of Texas under Chapter 133, Natural Resources Code, immediately before that date are transferred to the Texas Department of Transportation;

(2) all employees of the Railroad Commission of Texas

1 whose primary duties relate to the implementation of Chapter 133,
2 Natural Resources Code, become employees of the Texas Department of
3 Transportation;
4 (3) a rule, form, order, or procedure adopted by the
5 Railroad Commission of Texas for the implementation or enforcement
6 of Chapter 133, Natural Resources Code, is a rule, form, order, or
7 procedure of the Texas Department of Transportation and remains in
8 effect until changed by the Texas Department of Transportation;
9 (4) a reference in Chapter 133, Natural Resources
10 Code, to the Railroad Commission of Texas means the Texas
11 Department of Transportation;
12 (5) a permit or certification in effect under Chapter
13 133, Natural Resources Code, that was issued by the Railroad
14 Commission of Texas is continued in effect as a permit or
15 certification issued by the Texas Department of Transportation; and
16 (6) a complaint, investigation, or other proceeding
17 under Chapter 133, Natural Resources Code, pending before the
18 Railroad Commission of Texas is transferred without change in
19 status to the Texas Department of Transportation.
20 (b) This section takes effect September 1, 2003.

SECTION 11. RAILROAD COMMISSION OF TEXAS FUNCTIONS RELATED TO RAILROAD SAFETY. (a) Article 6448a, Revised Statutes, is amended to read as follows:

Art. 6448a. IMPLEMENTATION OF FEDERAL RAILROAD SAFETY ACT OF 1970

Sec. 1. The Railroad Commission of Texas is hereby authorized to perform any act and issue any rules and orders as permitted by the Federal Railroad Safety Act of 1970 (45 U.S.C.A. 431 et seq.).

Sec. 2. (a) The Railroad Commission of Texas by rule shall adopt reasonable fees to be assessed annually against railroads operating within the state.

(b) The commission by rule shall establish the method by which the fees are calculated and assessed.

(c) The total amount of fees estimated to be collected by rules adopted by the commission under this section may not exceed the amount estimated by the commission to be necessary to recover the costs of administering the commission's rail safety program.

(d) In adopting a fee structure, the commission may consider the gross ton miles for railroad operations within the State of Texas for each railroad operating in the state to provide for the equitable allocation among railroads of the cost of administering the commission's rail safety program.

(e) A fee collected under this section shall be deposited to the credit of the general revenue fund to be used for the rail safety program.

(b) This section takes effect on September 1, 2003.

SECTION 12. RAILROAD COMMISSION OF TEXAS FUNCTIONS RELATED TO PIPELINES. (a) Subchapter E, Chapter 121, Utilities Code, is amended by adding Section 121.211 to read as follows:

Sec. 121.211. PIPELINE SAFETY FEES. (a) The railroad commission by rule may adopt an inspection fee to be assessed annually against operators of natural gas distribution pipelines and their pipeline facilities and natural gas master metered pipelines and their pipeline facilities subject to this chapter.

(b) The railroad commission by rule shall establish the method by which the fee is calculated and assessed. In adopting a fee structure, the railroad commission may consider any factors necessary to provide for the equitable allocation among operators of the costs of administering the railroad commission's pipeline safety program under this chapter.

(c) The total amount of fees estimated to be collected under rules adopted by the railroad commission under this section may not exceed the amount estimated by the railroad commission to be necessary to recover the costs of administering the railroad commission's pipeline safety program under this chapter, excluding costs that are fully funded by federal sources.

(d) The railroad commission may assess each investor-owned and each municipally owned natural gas distribution system subject to this chapter an annual inspection fee not to exceed 50 cents for each service line reported by the system on the Distribution Annual Report, Form RSPA F7100.1-1, due on March 15 of each year. The fee is due March 15 of each year.

(e) The railroad commission may assess each operator of a natural gas master metered system subject to this chapter an annual inspection fee not to exceed $100 for each master metered system. The fee is due June 30 of each year.

(f) The railroad commission may assess a late payment penalty of 10 percent of the total assessment due under Subsection (d) or (e) that is not paid within 30 days after the annual due date established by the applicable subsection.

(g) Each investor-owned and municipally owned natural gas distribution company and each natural gas master meter operator shall recover as a surcharge to its existing rates the amounts paid to the railroad commission under this section. Amounts collected under this subsection by an investor-owned natural gas distribution company shall not be included in the revenue or gross receipts of the company for the purpose of calculating municipal franchise fees or any tax imposed under Subchapter B, Chapter 182, Tax Code, or under Chapter 122. Those amounts are not subject to a sales and use tax imposed by Chapter 151, Tax Code, or Chapters 321 through 327, Tax Code.

(h) A fee collected under this section shall be deposited to the credit of the general revenue fund to be used for the pipeline safety program.

(b) This section takes effect September 1, 2003.

SECTION 13. SOIL AND WATER CONSERVATION BOARD. (a) Section 201.011, Agriculture Code, is amended to read as follows:

Sec. 201.011. COMPOSITION. The State Soil and Water Conservation Board is a state agency composed of seven [~~five~~] members as follows:

(1) [~~, with~~] one member elected from each of the state districts in accordance with this subchapter; and

(2) two members appointed by the governor, each of whom is:

(A) actively engaged in the business of farming, animal husbandry, or other business related to agriculture and who wholly or partly owns or leases land used in connection with that

business; and

(B) not a member of the board of directors of a conservation district.

(b) Section 201.015(b), Agriculture Code, is amended to read as follows:

(b) The term of office of an elected [a] member of the state board begins on the day after the day on which the member was elected. The term of one member appointed by the governor expires February 1 of each odd-numbered year, and the term of the other member appointed by the governor expires February 1 of each even-numbered year.

(c) Section 201.016, Agriculture Code, is amended to read as follows:

Sec. 201.016. VACANCY. Vacancies on the state board for state district positions are filled by election in the manner provided by this subchapter for an unexpired term or for a full term.

(d) Subchapter B, Chapter 201, Agriculture Code, is amended by adding Sections 201.028 and 201.029 to read as follows:

Sec. 201.028. SEMIANNUAL REPORT. Not later than January 1 and July 1 of each year, the state board shall prepare and deliver a report to the governor, the lieutenant governor, and the speaker of the house of representatives relating to the status of the board's budget areas of responsibility assigned to the board, including outreach programs, grants made and received, federal funding applied for and received, special projects, and oversight of water conservation district activities.

Sec. 201.029. MANAGEMENT AUDIT. Not later than March 1, 2004, the state auditor, in coordination with the Legislative Budget Board, shall conduct a management audit of the State Soil and Water Conservation Board and deliver the audit report to the governor, the lieutenant governor, and the speaker of the house of representatives. The audit shall include an evaluation of the administrative budget for the board. This section expires April 1, 2004.

(e) Sections 203.011-203.013, Agriculture Code, are amended to read as follows:

Sec. 203.011. AUTHORITY OF BOARD. The board has jurisdiction over and shall administer the brush control program under this chapter with the assistance of local districts.

Sec. 203.012. RULES. The board shall adopt, after consulting with local districts, reasonable rules that are necessary to carry out this chapter.

Sec. 203.013. AUTHORITY OF DISTRICTS. Each district [~~in which all or part of a critical area is located~~] may carry out the responsibilities provided by Subchapter D of this code as delegated by the board [~~in that critical area~~].

A (f) Section 203.016, Agriculture Code, is amended to read as follows:

Sec. 203.016. CONSULTATION. The board shall consult with:

(1) the department in regard to the effects of the brush control program on agriculture;

(2) the Texas Water Development Board in regard to the effects of the brush control program on water quantity; and

(3) the Parks and Wildlife Department in regard to the effects of the brush control program on fish and wildlife.

(g) Section 203.051, Agriculture Code, is amended to read as follows:

Sec. 203.051. STATE PLAN. The board shall prepare and adopt a state brush control plan that shall:

(1) include a comprehensive strategy for managing brush in all areas of the state where brush is contributing to a substantial water conservation problem; and

(2) rank [~~designate~~] areas [~~of critical need~~] in the state in need of a [~~which to implement the~~] brush control program.

(h) Sections 203.052(b), (c), and (d), Agriculture Code, are amended to read as follows:

(b) Not less than 30 days before the date the hearing is to be held, the board shall mail written notice of the hearing to each district in the state. The notice must:

(1) include the date and place for holding the hearing;

(2) include instructions for each district to submit comments on the proposed plan; and

(3) [~~must~~] state the purpose for holding the hearing.

(c) At the hearing, representatives of a district and any other person may appear and present testimony including information and suggestions for any changes in the proposed plan. The board shall:

(1) enter any written comments received on the proposed plan into the record of the hearing; and

(2) consider all written comments and testimony before taking final action on the proposed plan.

(d) After the conclusion of the hearing, the board shall consider the testimony including the information and suggestions made at the hearing and in written comments. After [~~and, after~~] making any changes in the proposed plan that it finds necessary, the board shall adopt the plan.

(i) Section 203.053, Agriculture Code, is amended to read as follows:

Sec. 203.053. CRITERIA FOR EVALUATING BRUSH CONTROL [~~DESIGNATING CRITICAL~~] AREAS. (a) In ranking [~~designating critical~~] areas under the plan, the board shall consider:

(1) the location of various brush infestations;

(2) the type and severity of [~~various~~] brush infestations;

(3) the various management methods that may be used to control brush; [~~and~~]

(4) any other criteria that the board considers relevant to assure that the brush control program can be most effectively, efficiently, and economically implemented; and

(5) the amount of water produced by a project and the severity of water shortage in the areas.

(b) In ranking [~~designating critical~~] areas, the board shall give priority to areas with the most critical water conservation needs and in which brush control and revegetation projects will be most likely to produce substantial water conservation.

(j) Section 203.055, Agriculture Code, is amended to read as follows:

Sec. 203.055. APPROVED METHODS FOR BRUSH CONTROL. (a) The board shall study and must approve all methods used to control brush under this Act considering the overall impact the project will have [~~within critical areas~~].

(b) The board may approve a method for use under the cost-sharing program provided by Subchapter E of this chapter if the board finds that the proposed method:

(1) has proven to be an effective and efficient method for controlling brush;

(2) is cost efficient;

(3) will have a beneficial impact on the development of water sources and wildlife habitat;

(4) will maintain topsoil to prevent erosion or silting of any river or stream; and

(5) will allow the revegetation of the area after the brush is removed with plants that are beneficial to stream flows, groundwater levels, livestock, and wildlife.

(k) Section 203.101, Agriculture Code, is amended to read as follows:

Sec. 203.101. GENERAL AUTHORITY. Each district may administer the aspects of the brush control program [~~within any critical area~~] located within the jurisdiction of that district.

(l) Section 203.154, Agriculture Code, is amended by amending Subsections (a) and (c) and by adding Subsections (d) and (e) to read as follows:

(a) Not more than 70 [~~80~~] percent of the total cost of a single brush control project may be made available as the state's

1 share in cost sharing.

2 (c) The board may grant an exception to Subsection (b) of
3 this section if the board finds that joint participation of the
4 state brush control program and any federal brush control program
5 will:

6 (1) enhance the efficiency and effectiveness of a
7 project; [~~and~~]

8 (2) lessen the state's financial commitment to the
9 project; and

10 (3) not exceed 80 percent of the total cost of the
11 project.

12 (d) A political subdivision of this state is eligible for
13 cost sharing under the brush control program as long as the state's
14 share does not exceed 50 percent of any one project.

18 A (e) Notwithstanding any other provision of this section, 100
19 A percent of the total costs of a single project on public lands
20 A may be made available as the state's share in cost sharing.

15 (m) Sections 203.156-203.158, Agriculture Code, are amended
16 to read as follows:
17 Sec. 203.156. APPLICATION FOR COST SHARING. A person,
18 including a political subdivision of this state, who desires to
19 participate with the state in a brush control project and to obtain
20 cost-sharing participation by the state shall file an application
21 with the district board in the district in which the land on which
22 the project is to be accomplished is located. The application must
23 be in the form provided by board rules.
24 Sec. 203.157. CONSIDERATIONS IN PASSING ON APPLICATION. In
25 passing on an application for cost sharing, the board shall
26 consider:
27 (1) the location of [~~whether~~] the project [~~is to be~~

~~carried out in a critical area~~];

(2) the method of control that is to be used by the project applicant;

(3) the plans for revegetation;

(4) the total cost of the project;

(5) the amount of land to be included in the project;

(6) whether the applicant for the project is financially able to provide his share of the money for the project;

(7) the cost-share percentage, if an applicant agrees to a higher degree of financial commitment;

(8) any comments and recommendations submitted by a local district, the department, the Texas Water Development Board, or [~~of~~] the Parks and Wildlife Department; and

(9) any other pertinent information considered necessary by the board.

Sec. 203.158. APPROVAL OF APPLICATION. The board may approve an application if, after considering the factors listed in Section 203.157 of this code and any other relevant factors, the board finds:

(1) the owner of the land fully agrees to cooperate in the project;

(2) the method of eradication is a method approved by the board under Section 203.055 of this code; and

(3) the project ranks higher than other projects submitted in accordance with [~~is to be carried out in a critical area designated under~~] the board's plan.

(n) Sections 203.159(a) and (c), Agriculture Code, are

amended to read as follows:

(a) If the demand for funds under the cost-sharing program is greater than funds available, the board shall [~~may~~] establish priorities favoring the areas with the most critical water conservation needs and projects that will be most likely to produce substantial water conservation.

(c) The board shall consider quantity of stream flows, the quantity of groundwater, and the amount of [~~land dedicated to the project that will produce significant~~] water conservation from the eradication of brush each to be [~~is~~] a priority.

(o) Sections 203.001(5) and 203.155, Agriculture Code, are repealed.

(p) In making initial appointments to the State Soil and Water Conservation Board under Section 201.011, Agriculture Code, as amended by this section, the governor shall designate one member to serve a term expiring February 1, 2004, and the other member to serve a term expiring February 1, 2005.

(q) The State Soil and Water Conservation Board shall prepare and deliver the first report required by Section 201.028, Agriculture Code, as added by this section, not later than January 1, 2004.

(r) This section takes effect September 1, 2003.

[redacted]

SECTION 14. IMPOSITION OF CERTAIN FEES. (a) Subchapter B, Chapter 1052, Occupations Code, is amended by adding Section 1052.0541 to read as follows:

Sec. 1052.0541. FEE INCREASE. (a) The fee for the issuance of a certificate of registration under this chapter and the fee for the renewal of a certificate of registration under this chapter is increased by $200.

(b) Of each fee increase collected, $50 shall be deposited in the foundation school fund and $150 shall be deposited in the general revenue fund.

(b) Subchapter B, Chapter 1053, Occupations Code, is amended by adding Section 1053.0521 to read as follows:

Sec. 1053.0521. FEE INCREASE. (a) The fee for the issuance of a certificate of registration under this chapter and the fee for the renewal of a certificate of registration under this chapter is increased by $200.

(b) Of each fee increase collected, $50 shall be deposited in the foundation school fund and $150 shall be deposited in the general revenue fund.

(c) Subchapter D, Chapter 1071, Occupations Code, is amended by adding Section 1071.1521 to read as follows:

Sec. 1071.1521. FEE INCREASE. (a) The fee for the issuance of a certificate of registration to a registered professional land surveyor under this chapter and the fee for the renewal of a certificate of registration for a registered professional land surveyor under this chapter is increased by $200.

(b) Of each fee increase collected, $50 shall be deposited in the foundation school fund and $150 shall be deposited in the general revenue fund.

(c) This section does not apply to state agency employees who are employed by the state as land surveyors.

(d) Subchapter B, Chapter 1152, Occupations Code, is amended by adding Section 1152.053 to read as follows:

1 Sec. 1152.053. FEE INCREASE. (a) The fee for the
2 registration of a person under this chapter and the fee for the
3 renewal of a registration under this chapter is increased by $200.
4 (b) Of each fee increase collected, $50 shall be deposited in
5 the foundation school fund and $150 shall be deposited in the
6 general revenue fund.
7 (e) The change in law made by this section applies only to
8 the issuance or renewal of a certificate of registration under
9 Chapter 1052, 1053, or 1071, Occupations Code, or the issuance or
10 renewal of a registration under Chapter 1152, Occupations Code, on
11 or after the effective date of this article. A certificate of
12 registration or registration issued or renewed before the effective
13 date of this section is governed by the law in effect on the date
14 of the issuance or renewal, and the former law is continued in
15 effect for that purpose.

SECTION 15. STATE AGENCY HUMAN RESOURCES STAFFING AND

1 FUNCTIONS. (a) Subtitle B, Title 6, Government Code, is amended by
2 adding Chapter 670 to read as follows:
3 CHAPTER 670. HUMAN RESOURCES STAFFING AND FUNCTIONS
4 Sec. 670.001. DEFINITIONS. In this chapter:
5 (1) "Human resources employee" does not include an
6 employee whose primary job function is enforcement of Title VI or
7 Title VII of the Civil Rights Act of 1964.
8 (2) "State agency" means a department, commission,
9 board, office, authority, council, or other governmental entity in
10 the executive branch of government that is created by the
11 constitution or a statute of this state and has authority not
12 limited to a geographical portion of the state. The term does not
13 include a university system or institution of higher education as
14 defined by Section 61.003, Education Code.
15 Sec. 670.002. HUMAN RESOURCES STAFFING FOR LARGE STATE
16 AGENCIES. A state agency with 500 or more full-time equivalent
17 employees shall adjust the agency's human resources staff to
18 achieve a human resources employee-to-staff ratio of not more than
19 one human resources employee for every 85 staff members.
20 Sec. 670.003. HUMAN RESOURCES STAFFING FOR MEDIUM-SIZED AND
21 SMALL STATE AGENCIES; OUTSOURCING. (a) The State Council on
22 Competitive Government shall determine the cost-effectiveness of
23 consolidating the human resources functions of or contracting with
24 private entities to perform the human resources functions of state
25 agencies that employ fewer than 500 full-time equivalent employees.

(b) If the council determines that contracting with private entities is cost-effective, the council shall issue a request for proposals for vendors to perform the human resources functions of the agencies.

(c) The council shall determine which human resources functions are subject to the contract and which functions the agency may select to perform itself.

(d) Each agency shall pay for the contracts for human resources functions out of the agency's human resources budget.

(b) [redacted] Not later than January 1, 2004, each state agency with 500 or more full-time equivalent employees shall comply with the human resources employee-to-staff ratio requirements in Section 670.002, Government Code, as added by this [redacted] section.

(c) [redacted] Not later than January 1, 2004, the State Council on Competitive Government shall conduct an initial feasibility study to determine the cost-effectiveness of consolidating the human resources functions of or contracting with private entities to perform human resources functions of state agencies under Section 670.003, Government Code, as added by this [redacted] section.

[redacted]

[redacted]

SECTION 16. AGENCY STAFFING AND PRODUCTIVITY. (a) Effective September 1, 2003, Section 651.004, Government Code, is amended by adding Subsections (c-1) and (d) to read as follows:

(c-1) A state agency in the executive branch of state government that employs more than 100 full-time equivalent employees may not, after March 31, 2004, employ more than one full-time equivalent employee in a management position for every eight full-time equivalent employees that the agency employs in nonmanagerial staff positions. This subsection expires September 1, 2005.

(d) A state agency that believes that the minimum management-to-staff ratios required by this section are inappropriate for that agency may appeal to the Legislative Budget Board. The Legislative Budget Board by rule shall adopt appeal procedures.

(b) Effective September 1, 2004, Section 651.004, Government Code, is amended by adding Subsection (c-2) to read as follows:

(c-2) A state agency in the executive branch of state government that employs more than 100 full-time equivalent employees may not, after August 31, 2005, employ more than one full-time equivalent employee in a management position for every nine full-time equivalent employees that the agency employs in

nonmanagerial staff positions. This subsection expires September 1, 2006.

(c) Effective September 1, 2005, Section 651.004, Government Code, is amended by adding Subsection (c-3) to read as follows:

(c-3) A state agency in the executive branch of state government that employs more than 100 full-time equivalent employees may not, after August 31, 2006, employ more than one full-time equivalent employee in a management position for every 10 full-time equivalent employees that the agency employs in nonmanagerial staff positions. This subsection expires September 1, 2007.

(d) Effective September 1, 2006, Section 651.004, Government Code, is amended by adding Subsection (c) to read as follows:

(c) A state agency in the executive branch of state government that employs more than 100 full-time equivalent employees may not employ more than one full-time equivalent employee in a management position for every 11 full-time equivalent employees that the agency employs in nonmanagerial staff positions.

(e) A state agency in the executive branch of government shall achieve the management-to-staff ratio required by Subsection (c), Section 651.004, Government Code, as added by this section, not later than August 31, 2007.

(f) Subchapter K, Chapter 659, Government Code, is amended by adding Section 659.262 to read as follows:

Sec. 659.262. ADDITIONAL COMPENSATION FOR CERTAIN CLASSIFIED STATE EMPLOYEES. (a) In this section, "state agency" means an agency of any branch of state government that employs individuals who are classified under Chapter 654.

(b) To enhance the recruitment of competent personnel for certain classified employee positions, a state agency may provide to a state employee, at the time of the employee's hiring for a classified position, additional compensation in the form of a one-time recruitment payment not to exceed $5,000. If the employee discontinues employment with the state agency for any reason less than three months after the date of receiving the recruitment payment, the employee shall refund to the state agency the full amount of the recruitment payment. If the employee discontinues employment with the state agency for any reason three months or longer but less than 12 months after the date of receiving the recruitment payment, the employee shall refund to the state agency an amount computed by:

(1) subtracting from 12 months the number of complete calendar months the employee worked after the date of receiving the recruitment payment;

(2) dividing the number of months computed under Subdivision (1) by 12 months; and

(3) multiplying the fraction computed under Subdivision (2) by the amount of the recruitment payment.

(c) To enhance the retention of employees who are employed in

1 certain classified positions that are identified by the chief
2 administrator of a state agency as essential for the state agency's
3 operations, a state agency may enter into a deferred compensation
4 contract with a classified employee to provide to the employee a
5 one-time additional compensation payment not to exceed $5,000 to be
6 added to the employee's salary payment the month after the
7 conclusion of the 12-month period of service under the deferred
8 compensation contract.
9 (d) To be eligible to enter into a contract for deferred
10 compensation under Subsection (c), a state employee must have
11 already completed at least 12 months of service in a classified
12 position.
13 (e) The chief administrator of a state agency shall determine
14 whether additional compensation is necessary under this section on
15 a case-by-case basis, considering:
16 (1) the criticality of the employee position in the
17 operations of the state agency;
18 (2) evidence of high turnover rates among employees
19 filling the position or an extended period during which the
20 position is or has in the past been vacant;
21 (3) evidence of a shortage of employees qualified to
22 fill the position or a shortage of qualified applicants; and
23 (4) other relevant factors.
24 (f) Before an agency provides or enters into a contract to
25 provide additional compensation to an employee under this section,

1 the chief administrator of the state agency must certify to the
2 comptroller in writing the reasons why the additional compensation
3 is necessary.
4 (g) Additional compensation paid to an employee under this
5 section is specifically exempted from any limitation on salary or
6 salary increases prescribed by this chapter.
7 (g) Subsection (b), Section 656.048, Government Code, is
8 repealed.

[redacted]

SECTION 17. Sections 81.116(b) and (d), Natural Resources Code, are amended to read as follows:

(b) The fee is in addition to, and independent of any liability for, the taxes imposed under Section 81.111 of this code and Chapter 202, Tax Code.

(d) The comptroller shall suspend collection of the fee in the manner provided by Section 91.111 of this code. The exemptions and reductions set out in Sections 202.052, 202.054, 202.056, 202.057, and 202.059, Tax Code, do not affect the fee imposed by this section.

SECTION 18. Sections 81.117(b) and (d), Natural Resources Code, are amended to read as follows:

(b) The fee is in addition to, and independent of any liability for, the tax imposed under Section 201.052, Tax Code.

(d) The comptroller shall suspend collection of the fee in the manner provided by Section 91.111 of this code. The exemptions and reductions set out in Sections 201.053, 201.057, and 201.058, Tax Code, do not affect the fee imposed by this section.

SECTION 19. WATER POLLUTION AND CONSERVATION PROGRAMS ADMINISTERED BY THE TEXAS WATER DEVELOPMENT BOARD. (a) Section 15.602, Water Code, is amended by adding Subdivision (5-a) to read as follows:

(5-a) "Eligible lending institution" means a financial institution that makes commercial loans, is either a depository of state funds or an institution of the Farm Credit System headquartered in this state, agrees to participate in a linked deposit program established under Section 15.611 and to provide collateral equal to the amount of linked deposits placed with it, and meets any other requirements established by board rule.

(b) Section 15.603, Water Code, is amended by adding Subsection (i) to read as follows:

(i) In addition to authorized purposes under Subsection (a), the revolving fund is held by the board to provide linked deposits to eligible financial institutions for loans to persons for nonpoint source pollution control projects.

(c) Subsection (a), Section 15.604, Water Code, is amended to read as follows:

(a) The board may use the revolving fund for financial assistance only as provided by the federal act:

(1) to make loans, on the conditions that:

(A) those loans are made at or below market interest rates, including interest-free loans, at terms not to exceed 20 years;

(B) principal and interest payments will begin not later than one year after completion of any treatment works and all loans will be fully amortized not later than 20 years after completion of the treatment works;

(C) the recipient of a loan will establish a dedicated source of revenue for repayment of loans; and

(D) the revolving fund will be credited with all payments of principal of and interest on all loans;

(2) to buy or refinance the debt obligation of political subdivisions at or below market rates if the debt obligations were incurred after March 7, 1985;

(3) to guarantee or purchase insurance for political subdivisions if the guarantee or insurance would improve access to market credit or reduce interest rates;

(4) as a source of revenue or security for the payment of principal and interest on bonds issued by the state if the proceeds of the sale of those bonds will be deposited in the revolving fund;

(5) to provide loan guarantees to similar revolving funds established by municipalities or intermunicipal agencies;

(6) to earn interest on revolving fund accounts;

(7) for the reasonable costs of administering the revolving fund and conducting activities provided for by Title VI of the federal act, except that those amounts may not exceed the amount authorized under Title VI of the federal act;

(8) to provide financial assistance to persons for a nonpoint source pollution control project under Section 319 of the federal act or for an estuary management project under Section 320 of the federal act; [~~and~~]

(9) for other purposes as provided by the federal act; and

(10) to provide linked deposits to eligible lending institutions for loans to persons for nonpoint source pollution control projects.

(d) Subchapter J, Chapter 15, Water Code, is amended by adding Sections 15.610 through 15.618 to read as follows:

Sec. 15.610. LINKED DEPOSIT. A linked deposit is a deposit governed by a written deposit agreement between the board and an eligible lending institution that provides that:

(1) the eligible lending institution pay interest on the deposit at a rate determined by the board;

(2) the state not withdraw any part of the deposit before the expiration of a period set by a written advance notice of the intention to withdraw; and

(3) the eligible lending institution agree to lend the value of the deposit to a person at a maximum rate that is the rate paid by the eligible lending institution to the board plus a maximum of four percent.

Sec. 15.611. LINKED DEPOSIT PROGRAM. (a) The board by rule may establish a nonpoint source pollution control linked deposit program in accordance with this subchapter.

(b) An eligible lending institution may participate in the program established under this section as provided by this subchapter.

Sec. 15.612. APPLICATION BY ELIGIBLE LENDING INSTITUTIONS TO PARTICIPATE IN LINKED DEPOSIT PROGRAM. To participate in the nonpoint source pollution control linked deposit program, an eligible lending institution must:

(1) solicit loan applications, which must contain a description of a proposed nonpoint source pollution control project;

(2) review applications to determine if applicants are

eligible and creditworthy; and

(3) submit the applications of eligible and creditworthy applicants to the executive administrator with a certification:

(A) of the interest rate applicable to each applicant by the eligible lending institution; and

(B) of the proposed project by the appropriate person as required by Section 15.613.

Sec. 15.613. CERTIFICATION OF PROJECT. (a) An eligible lending institution must obtain from a director of a soil and water conservation district certification of an agricultural or silvicultural nonpoint source pollution control project proposed for the district. The certification must state that:

(1) the applicant of the proposed project has a water quality management plan certified by the State Soil and Water Conservation Board; and

(2) the project furthers or implements the plan.

(b) An eligible lending institution must obtain from the executive director certification of a proposed nonpoint source pollution control project that is not an agricultural or silvicultural nonpoint source pollution control project. The certification must state that the applicant's proposed project implements the state's nonpoint source pollution management plan.

Sec. 15.614. APPROVAL OR REJECTION OF APPLICATION. The board may approve or reject an application of an eligible lending institution to participate in the program. The board may delegate its authority to approve or reject an application to the executive administrator.

Sec. 15.615. DEPOSIT AGREEMENT. If the board approves an application of an eligible lending institution, the board and the eligible lending institution shall enter into a written deposit

agreement. The agreement shall contain the conditions on which the linked deposit is made. On execution of the agreement, the board shall place a linked deposit from the revolving fund with the eligible lending institution in accordance with the agreement. A delay in payment or a default on a loan by an applicant does not affect the validity of the deposit agreement.

Sec. 15.616. COMPLIANCE. (a) On accepting a linked deposit, an eligible lending institution must lend money to an approved applicant in accordance with the deposit agreement and this subchapter. The eligible lending institution shall forward a compliance report to the board in accordance with board rules. The board shall adopt rules regarding the compliance report.

(b) The board shall monitor compliance with this subchapter and inform the comptroller of noncompliance on the part of an eligible lending institution.

Sec. 15.617. STATE LIABILITY PROHIBITED. The state is not liable to an eligible lending institution for payment of the principal, interest, or any late charges on a loan made to an approved applicant. A linked deposit is not an extension of the state's credit within the meaning of any state constitutional prohibition.

Sec. 15.618. LIMITATIONS ON PROGRAM. (a) The maximum amount of a loan under the linked deposit program is $250,000.

(b) The board may withdraw linked deposits from an eligible lending institution if the institution ceases to be either a state depository or a Farm Credit System institution headquartered in this state.

(e) Subdivisions (3) through (6), Section 17.871, Water Code, are amended to read as follows:

(3) "Eligible lending institution" means a financial institution that makes commercial loans, is either a depository of

state funds or an institution of the Farm Credit System headquartered in this state, agrees to participate in a linked deposit program established under Section 17.905 and to provide collateral equal to the amount of linked deposits placed with it, and meets any other requirements established by board rule [~~"Conservation loan" means a loan from the board to a borrower district or from a lender district to an individual borrower~~].

(4) "Fund" means the agricultural water conservation fund authorized by Section 50-d, Article III, of the Texas Constitution.

(5) "Person" means an individual, corporation, partnership, association, or other legal entity that is not a political subdivision [~~"Individual borrower" means a person who receives or is eligible to receive a conservation loan from a lender district~~].

(6) "Political subdivision" includes a district or authority created under Section 52, Article III, or Section 59, Article XVI, of the Texas Constitution, a municipality, a county, an institution of higher education as defined by Section 61.003, Education Code, any interstate compact commission to which the state is a party, and any nonprofit water supply corporation created and operating under Chapter 67 [~~"Lender district" means a political subdivision, including a soil and water conservation district under Chapter 201, Agriculture Code, a groundwater conservation district created under Article XVI, Section 59, of the Texas Constitution, or a district or authority created under Article III, Section 52(b)(1), or Article XVI, Section 59, of the Texas Constitution authorized to supply water for irrigation purposes, that is eligible to receive or that receives a loan from the board for the purpose of making conservation loans to individual borrowers~~].

(f) Subsections (c) and (d), Section 17.879, Water Code, are amended to read as follows:

(c) By rule or in the resolution or order authorizing issuance of bonds or other resolution or order of the board, the board may establish an interest and sinking fund and may establish accounts in the funds, including an interest and sinking account, and may transfer money among the funds and accounts [~~fund~~].

(d) The board may invest and reinvest money in the fund, the interest and sinking fund, and any account therein in any obligations or securities as provided by bond resolutions, [~~and~~] orders of the board, and Section 404.024, Government Code.

(g) Subsection (a), Section 17.880, Water Code, is amended to read as follows:

(a) Loans, bonds of political subdivisions [~~borrower districts or lender districts~~], and other obligations owned by the state and deposited in the fund or in the interest and sinking fund are considered to be securities under this subchapter.

(h) Subsection (b), Section 17.881, Water Code, is amended to read as follows:

(b) The board shall sell the loans or bonds of political subdivisions [~~borrower districts or lender districts~~] at the price and under the terms that it determines to be reasonable.

(i) Section 17.883, Water Code, is amended to read as follows:

Sec. 17.883. BOND REVIEW BOARD. Bonds may not be issued under this subchapter unless the issuance of the bonds has been reviewed and approved by the bond review board. Prior to issuance of bonds, the board shall estimate demand for [~~agricultural water~~] conservation programs or projects [~~loans~~] based on a survey of [~~districts~~] eligible participants [~~to participate~~] in the program. A summary of this information shall be furnished to the bond review

board.

(j) Section 17.894, Water Code, is amended to read as follows:

Sec. 17.894. BOND ENHANCEMENT AGREEMENTS; PAYMENT OF EXPENSES. (a) The board at any time and from time to time may enter into one or more bond enhancement agreements that the board determines to be necessary or appropriate to place the obligation of the board, as represented by the bonds, in whole or in part, on the interest rate, currency, cash flow, or other basis desired by the board. A bond enhancement agreement is an agreement for professional services and shall contain the terms and conditions and be for the period that the board approves.

(b) The fees and expenses of the board in connection with the issuance of the bonds and the providing of financial assistance to political subdivisions may be paid from money in the fund, provided that any payments due from the board under a bond enhancement agreement, other than fees and expenses, that relate to the payment of debt service on the bonds constitute payments of principal of and interest on the bonds.

(c) Bond enhancement agreements may include, on terms and conditions approved by the board, interest rate swap agreements; currency swap agreements; forward payment conversion agreements; agreements providing for payments based on levels of or changes in interest rates or currency exchange rates; agreements to exchange cash flows or a series of payments; agreements, including options, puts, or calls, to hedge payment, currency, rate, spread, or other exposure; or other agreements that further enhance the marketability, security, or creditworthiness of water financial assistance bonds [~~USE OF FUND. (a) The board may use money in the fund to make conservation loans directly to borrower districts, to make loans to lender districts, and to pay the cost of bond~~

~~issuance.~~

[~~(b) The board may use money in the fund:~~

[~~(1) to make loans to political subdivisions other than lender districts for agricultural water conservation projects;~~

[~~(2) to make grants to political subdivisions for agricultural water conservation projects as provided by legislative appropriation; or~~

[~~(3) to make grants to a state agency for the funding of any agricultural water conservation program of that agency, including a program in which the state agency provides funding to a political subdivision or a person for agricultural water conservation, as provided by legislative appropriation~~].

(k) Section 17.895, Water Code, is amended to read as follows:

Sec. 17.895. SOURCES OF ASSETS. The fund is composed of:

(1) money and assets, including bond proceeds, attributable to the bonds;

(2) investment income earned on money on deposit in the fund and depository interest earned on money on deposit in the state treasury;

(3) money appropriated by the legislature;

(4) repayments of principal and interest on loans made under this subchapter;

(5) administrative fees charged by the board under the bond program; and

(6) any other funds, regardless of their source, that the board directs be deposited to the credit of the fund

[~~CONSERVATION LOANS. (a) This section applies only to a conservation loan from a lender district that is:~~

[~~(1) a soil and water conservation district under~~

~~Chapter 201, Agriculture Code,~~

[~~(2) a groundwater conservation district created under Section 59, Article XVI, Texas Constitution, or~~

[~~(3) a district or authority created under Section 52(b)(1), Article III, or Section 59, Article XVI, Texas Constitution.~~

[~~(b) The board or a lender district may make conservation loans for capital equipment or materials, labor, preparation costs, and installation costs.~~

[~~(1) to improve water use efficiency of water delivery and application on existing irrigation systems,~~

[~~(2) for preparing irrigated land to be converted to dryland conditions, and~~

[~~(3) for preparing dryland for more efficient use of natural precipitation.~~

[~~(c) Conservation loans for the purposes listed in Subsection (b) may be made by lender districts to individual borrowers for use on private property or by the board to borrower districts.~~

[~~(d) The board may make conservation loans to borrower districts for the cost of purchasing and installing devices, on public or private property, designed to indicate the amount of water withdrawn for irrigation purposes.~~

[~~(e) For purposes of this section, the board or lender districts may seek the advice of the Department of Agriculture regarding the feasibility of a project for which a conservation loan is sought~~].

(1) Section 17.896, Water Code, is amended to read as follows:

Sec. 17.896. <u>REPAYMENT PROCEEDS. The board shall designate a transfer of repayment of principal and interest on a loan made</u>

under this subchapter to the fund, the interest and sinking fund, or any account in the funds [~~INTEREST RATES AND FEES. (a) The board shall establish the rate of interest it charges for loans to lender districts or for conservation loans to borrower districts.~~

[~~(b) A lender district may charge individual borrowers an interest rate not to exceed the interest rate the lender district is charged by the board, plus one percent for administrative expenses.~~

[~~(c) A lender district may charge individual borrowers a one-time application fee in an amount determined by the board to cover costs of processing loan applications~~].

(m) Section 17.897, Water Code, is amended to read as follows:

Sec. 17.897. CONSERVATION PROGRAM. (a) A conservation program is:

(1) an agricultural water conservation technical assistance program, including a program for an on-farm soil and water conservation plan developed jointly by a landowner, an operator, and a local soil and water conservation district as provided by Subchapter H, Chapter 201, Agriculture Code;

(2) a research, demonstration, technology transfer, or educational program relating to agricultural water use and conservation;

(3) a precipitation enhancement program in an area of the state where the program, in the board's judgment, would be most effective; and

(4) any other agricultural water conservation program defined by board rule.

(b) The costs of a conservation program eligible for financial assistance under Section 17.899 are the costs of the capital equipment, materials, labor, preparation, installation, or administration directly associated with implementing and

completing the program [~~APPLICATION. A lender district that desires to obtain loans or a borrower district that desires to obtain conservation loans under this subchapter shall file with the executive administrator an application in the manner and in the form provided by board rules~~].

(n) Section 17.898, Water Code, is amended to read as follows:

Sec. 17.898. CONSERVATION PROJECT. (a) A conservation project is a project that:

(1) improves water use efficiency of water delivery and application on existing irrigation systems;

(2) prepares irrigated land for conversion to dryland conditions;

(3) prepares dryland for more efficient use of natural precipitation;

(4) purchases and installs on public or private property devices designed to indicate the amount of water withdrawn for irrigation purposes;

(5) prepares and maintains land to be used for brush control activities in areas of the state where those activities in the board's judgment would be most effective, including activities conducted under Chapter 203, Agriculture Code; or

(6) implements any other agricultural water conservation project defined by board rule.

(b) The costs of a conservation project eligible for financial assistance under Section 17.899 are the costs of the capital equipment, materials, labor, preparation, installation, or administration directly associated with implementing and completing the project [~~CONSIDERATIONS IN PASSING ON AN APPLICATION. (a) In passing on an application from a lender district, the board shall consider the lender district's ability to~~

~~manage a loan program, ability to repay any loan defaults, and overall conservation program.~~

[~~(b) In passing on an application from a borrower district, the board shall consider the ability of the borrower district to repay the conservation loan and whether the conservation loan will further water conservation~~].

(o) Section 17.899, Water Code, is amended to read as follows:

Sec. 17.899. ELIGIBLE FUND USES. (a) Money in the fund, excluding money in the interest and sinking fund, may be used by the board to:

(1) provide a grant to a state agency to fund a conservation program or conservation project, including a conservation program that provides funding to a political subdivision or person for a conservation project;

(2) provide a grant or loan to a political subdivision for a conservation program or conservation project;

(3) provide a linked deposit to an eligible financial institution for a loan to a person for a conservation project;

(4) pay for a board conservation program;

(5) make a transfer to the interest and sinking fund;

(6) pay the costs of a bond issuance; and

(7) pay for a board expense in administering the agricultural water conservation program under this subchapter.

(b) Money in the interest and sinking fund may be used for the payment of bonds or, to the extent there are funds in excess of bond payment requirements, for transfers to the fund, or any other account in the funds [~~APPROVAL OF APPLICATIONS. (a) The board may approve an application if, after considering the factors in Section 17.898 and other relevant factors, the board finds that:~~

[~~(1) the public interest would be served in granting~~

~~the application,~~

[~~(2) a lender district has the ability to make conservation loans, manage a conservation loan program, and repay the loan to the board,~~

[~~(3) a borrower district has the ability to repay the conservation loan, and~~

[~~(4) granting the application will further water conservation in the state.~~

[~~(b) The board by rule may delegate to the executive administrator the authority to approve an application based on the considerations in Section 17.898 and on the findings in Subsection (a)~~].

(p) Section 17.900, Water Code, is amended to read as follows:

Sec. 17.900. GRANT TO STATE AGENCY. (a) A state agency seeking a grant for a conservation program or conservation project must file an application with the board.

(b) In reviewing an application for a grant, the board shall consider:

(1) the commitment of the state agency to water conservation; and

(2) the benefits that will be gained by making the grant.

(c) To approve the grant, the board must find that:

(1) the grant funds will supplement rather than replace money of the state agency;

(2) the public interest is served by providing the grant; and

(3) the grant will further water conservation in the state.

(d) If a state agency is applying for funds that have been

provided by legislative appropriation for that state agency, the board shall review the application according to the terms of the legislative appropriation. To approve the grant, the board must make the determination required by the legislative language.

(e) The board may make money available to a state agency in any manner that it considers feasible, including a grant agreement with the state agency [~~METHODS OF MAKING LOANS AND ENFORCING OBLIGATIONS. (a) The board may make financial assistance available to lender or borrower districts in any manner that it considers economically feasible, including purchase of bonds or securities of the lender or borrower district, or by entering into a contract with the lender or borrower district. The board shall not purchase bonds or securities that have not been approved by the attorney general and registered by the comptroller.~~

[~~(b) In the event of default in payment of the principal of or interest on bonds or securities purchased by the board or any other default as defined in the proceedings or indentures authorizing the issuance of the bonds or the default of any of the terms of a contract, the attorney general shall institute legal proceedings by mandamus or other legal remedies to compel the lender or borrower district or its officers, agents, and employees to cure the default by performing those duties which they are legally obligated to perform. These proceedings shall be brought and venue shall be in a district court in Travis County.~~

[~~(c) This section is cumulative of any other rights or remedies to which the board may be entitled~~].

(q) Section 17.901, Water Code, is amended to read as follows:

Sec. 17.901. GRANT OR LOAN TO POLITICAL SUBDIVISION. The board may make a grant or loan to a political subdivision for a conservation program or conservation project. A political

subdivision seeking a grant or loan must file an application with the board [~~DEFAULT AND FORECLOSURE BY LENDER DISTRICTS. (a) In the event of a default in payment of a conservation loan made by a lender district or the failure of an individual borrower to perform any of the terms or conditions of the conservation loan agreement, the lender district shall pursue all remedies available under law, including without limitation foreclosure under the conservation loan agreement and liquidation of any collateral provided under the conservation loan agreement. The lender district shall sell the collateral on terms and subject to procedures that it follows in liquidating other collateral.~~

[~~(b) Foreclosure under a conservation loan agreement shall be accomplished in the manner provided by law for foreclosure of similar loan agreements made by private lending institutions and by the conservation loan agreement.~~

[~~(c) The state guarantees to each lender district that in the event an individual borrower defaults on a conservation loan made by the lender district with money from this program, the state will assume 50 percent of the amount that remains due and payable under the default after all collateral for the conservation loan is liquidated.~~

[~~(d) The state is entitled to recover its pro rata share of any money recovered on a defaulted conservation loan on which the state has assumed liability under Subsection (c)~~].

(r) Section 17.902, Water Code, is amended to read as follows:

Sec. 17.902. REVIEW OF APPLICATION FOR AND APPROVAL OF GRANT. (a) In reviewing an application by a political subdivision for a grant, the board shall consider:

(1) the degree to which the political subdivision has used other available resources to finance the use for which the

application is being made;

(2) the willingness and ability of the political subdivision to raise revenue;

(3) the commitment of the political subdivision to water conservation; and

(4) the benefits that will be gained by making the grant.

(b) To approve a grant to a political subdivision, the board must find that:

(1) the grant funds will supplement rather than replace money of the political subdivision;

(2) the public interest is served by providing the grant; and

(3) the grant will further water conservation in the state [~~AUTHORITY OF DISTRICTS. A lender or borrower district may borrow and lend money for the purposes of this subchapter and may adopt necessary rules to carry out this subchapter~~].

(s) Subchapter J, Chapter 17, Water Code, is amended by adding Sections 17.9021 and 17.9022 to read as follows:

Sec. 17.9021. APPLICATION FOR AND APPROVAL OF LOAN. (a) In reviewing an application by a political subdivision for a loan, the board shall consider the ability of the political subdivision to repay the loan and whether the loan will further water conservation in this state.

(b) To approve a loan to a political subdivision, the board must determine that:

(1) the public interest is served by providing the loan;

(2) the political subdivision has the ability to repay the loan; and

(3) the loan will further water conservation in the

state.

(c) The board by rule shall establish the rate of interest it charges for a loan to a political subdivision.

Sec. 17.9022. FINANCING OF GRANT OR LOAN FOR POLITICAL SUBDIVISION; DEFAULT; VENUE. (a) The board may make a loan or grant available to a political subdivision in any manner the board considers economically feasible, including purchase of bonds or securities of the political subdivision or execution of a loan or grant agreement with the political subdivision. The board may not purchase bonds or securities that have not been approved by the attorney general and registered by the comptroller.

(b) In the event of a default in payment of the principal of or interest on bonds or securities purchased by the board, or any other default as defined in the proceedings or indentures authorizing the issuance of bonds, or a default of any of the terms of a loan agreement, the attorney general shall seek a writ of mandamus or other legal remedy to compel the political subdivision or its officers, agents, and employees to cure the default by performing the duties they are legally obligated to perform. The proceedings shall be brought and venue is in a district court in Travis County. This subsection is cumulative of any other rights or remedies to which the board may be entitled.

(t) Section 17.903, Water Code, is amended to read as follows:

Sec. 17.903. CONTRACT AUTHORITY. (a) A political subdivision may borrow money for the purposes of this subchapter and may adopt necessary rules to carry out this subchapter [~~RULES AND CONTRACTS. (a) The board shall adopt rules necessary to carry out this subchapter. The board by rule shall identify methods to be used by lender districts to ensure the financial integrity of a loan to an individual borrower, including an irrevocable letter of~~

~~credit or a lien on property in excess of value of improvements~~].

(b) [~~The board by rule may establish:~~

[~~(1) procedures for applying for a loan or grant under Section 17.894(b);~~

[~~(2) procedures for considering and approving applications and for making loans or grants under Section 17.894(b); and~~

[~~(3) the rate of interest the board charges, if any, for loans under Section 17.894(b).~~

[~~(c)~~] The board shall have the power to enter into any contracts to carry out the provisions of this subchapter.

(u) Subchapter J, Chapter 17, Water Code, is amended by adding Sections 17.904 through 17.912 to read as follows:

Sec. 17.904. LINKED DEPOSIT. A linked deposit is a deposit governed by a written deposit agreement between the board and an eligible lending institution that provides that:

(1) the eligible lending institution pay interest on the deposit at a rate determined by the board;

(2) the state not withdraw any part of the deposit before the expiration of a period set by a written advance notice of the intention to withdraw; and

(3) the eligible lending institution agree to lend the value of the deposit to a person at a maximum rate that is the rate paid by the eligible lending institution to the board plus a maximum of four percent.

Sec. 17.905. LINKED DEPOSIT PROGRAM. (a) The board by rule may establish an agricultural water conservation linked deposit program in accordance with this subchapter.

(b) An eligible lending institution may participate in the program established under this section as provided by this subchapter.

Sec. 17.906. APPLICATION BY ELIGIBLE LENDING INSTITUTIONS TO PARTICIPATE IN LINKED DEPOSIT PROGRAM. To participate in the agricultural water conservation linked deposit program, an eligible lending institution must:

(1) solicit loan applications, which must contain a description of an agricultural water conservation project;

(2) review applications to determine if applicants are eligible and creditworthy; and

(3) submit the applications of eligible and creditworthy applicants to the executive administrator with a certification:

(A) of the interest rate applicable to each applicant by the eligible lending institution; and

(B) of the soil and water conservation district in which an applicant is located by a director of the district that states that:

(i) the applicant of the proposed project has a soil and water conservation plan approved by the district; and

(ii) the project furthers or implements the plan.

Sec. 17.907. APPROVAL OR REJECTION OF APPLICATION. The board may approve or reject an application of an eligible lending institution to participate in the program. The board may delegate its authority to approve or reject applications to the executive administrator.

Sec. 17.908. DEPOSIT AGREEMENT. If the board approves an application of an eligible lending institution, the board and the eligible lending institution shall enter into a written deposit agreement. The agreement shall contain the conditions on which the linked deposit is made. On execution of the agreement, the board shall place a linked deposit from the fund with the eligible lending

institution in accordance with the agreement. A delay in payment or a default on a loan by an applicant does not affect the validity of the deposit agreement.

Sec. 17.909. COMPLIANCE. (a) On accepting a linked deposit, an eligible lending institution must lend money to an approved applicant in accordance with the deposit agreement and this subchapter. The eligible lending institution shall forward a compliance report to the board in accordance with board rules. The board shall adopt rules regarding the compliance report.

(b) The board shall monitor compliance with this subchapter and inform the comptroller of noncompliance on the part of an eligible lending institution.

Sec. 17.910. STATE LIABILITY PROHIBITED. The state is not liable to an eligible lending institution for payment of the principal, interest, or any late charges on a loan made to an approved applicant. A linked deposit is not an extension of the state's credit within the meaning of any state constitutional prohibition.

Sec. 17.911. LIMITATIONS ON PROGRAM. (a) The maximum amount of a loan under the linked deposit program is $250,000.

(b) The board may withdraw linked deposits from an eligible lending institution if the institution ceases to be either a state depository or a Farm Credit System institution headquartered in this state.

Sec. 17.912. RULES. The board shall adopt rules necessary to carry out this subchapter. Applications shall be in the form and manner as provided by board rules.

(v) The agricultural trust fund and the agricultural soil and water conservation fund are abolished and all assets of those funds are transferred to the agricultural water conservation fund.

(w) The following provisions of the Water Code are repealed:

(1) Subchapters G, H, and I, Chapter 15; and

(2) Subdivision (2), Section 17.871, Subdivision (7), Section 17.871, and Section 17.8955.

(x) The Texas Water Development Board shall continue to administer a loan made before September 1, 2003, under the pilot program for low-interest loans for agricultural water conservation equipment until the loan is fully repaid. Subchapter I, Chapter 15, Water Code, is continued in effect for the limited purpose of allowing the board to administer those loans and to pursue remedies if a loan recipient defaults on a loan or otherwise violates the terms of the loan or of any loan guarantee instrument.

(y) The Texas Water Development Board shall continue to administer a conservation loan made before September 1, 2003, under Subchapter J, Chapter 17, Water Code. Subchapter J, Chapter 17, Water Code, as it existed immediately before September 1, 2003, is continued in effect for the limited purpose of allowing the board to administer those loans and to pursue remedies if a loan recipient defaults on a loan or otherwise violates the terms of the loan or of any loan guarantee.

(z) This section takes effect September 1, 2003.

SECTION 20. (a) In this section, "district" shall mean the Hudspeth County Underground Water Conservation District No. 1.

(b) In order to reduce property taxes for the residents of Hudspeth County, Texas, and to reduce the expenditures of the district by excluding territory from the district that overlies aquifers not regulated by the district, the boundaries of the district are modified to include only the territory contained in the following described area:

BEGINNING at the northwest corner of Section 3, Block A, University, Hudspeth County, Texas, and being a point in the state line between Texas and New Mexico, for the northwest corner of the survey;

THENCE south with the west boundary line of Section 3, Block A, University, to its southwest corner;

THENCE east with the south boundary line of Section 3, Block A, University, to its southeast corner, which point is also the northeast corner of Section 10, Block A, University;

THENCE south with the west boundary line of Section 11, Block A, University, to its southwest corner;

THENCE east with the south boundary line of Section 11, Block A, University, and continuing east with the south boundary line of Section 12, Block A, University, to the southeast corner of Section 12, Block A, University;

THENCE south with the east boundary of Section 13, Block A, University, to the southeast corner of Section 13, Block A, University, which point is also the northeast corner of Section 24, Block A, University;

THENCE east with the north boundary line of Section 19, Block B, University, and continuing east with the north boundary line of Section 20, Block B, University, to the northeast corner of Section 20, Block B, University;

THENCE south with the east boundary line of Section 20, Block B, University, to the southeast corner of Section 20, Block B, University, which point is also the northeast corner of Section 29, Block B; University;

THENCE east with the north boundary line of Section 28, Block B, University, to the northeast corner of Section 28, Block B, University, which point is also the southeast corner of Section 21, Block B, University;

THENCE south with east boundary line of Section 28, Block B, University, to the southeast corner of Section 28, Block B, University, which point is also the northeast corner of Section 33, Block B, University;

THENCE east with the north boundary line of Section 34, Block B, University, and continuing east with the north boundary line of Section 35, Block B, University, to the northeast corner of Section 35, Block B, University;

THENCE south with east boundary line of Section 35, Block B, University, to its southeast corner, which point is also the northeast corner of Section 38, Block B, University;

THENCE east with the north boundary line of Section 37, Block B, University, and continuing east with the north boundary line of Section 48, Block C, University, to its northeast corner, which point is also the northwest corner of Section 47, Block C, University;

THENCE south with the east boundary line of Section 48, Block C, University, to its southeast corner;

THENCE east with the north boundary line of Section 50, Block C, University, to its northeast corner;

THENCE south with the east boundary line of Section 50, Block C, University, to its southeast corner;

THENCE east with the north boundary line of Section 4, Block D, University, and continuing east along the north boundary line of Section 3, Block D, University, to the northeast corner of Section 3;

THENCE south with the east boundary line of Section 3, Block D, University, to its southeast corner;

THENCE east with the north boundary line of Section 11, Block D, University, and continuing east along the north boundary line of Section 12, Block D, University, to its northeast corner;

THENCE south with the east boundary line of Section 12, Block D, University, to its southeast corner;

THENCE east with the north boundary line of Section 18, Block 72, Township 2, T & P, to its northeast corner;

THENCE south with the east boundary line of Section 18, Block 72, Township 2, T & P, to its southeast corner;

THENCE east with the north boundary line of Section 20, Block 72, Township 2, T & P, and continuing east along the north boundary line of Section 21, Block 72, Township 2, T & P, to the northeast corner of Section 21;

THENCE south with the east boundary line of Section 21, Block 72, Township 2, T & P, to its southeast corner;

THENCE east with the north boundary line of Section 27, Block 72, Township 2, T & P, and continuing east with the north boundary lines of Sections 26 and 25, Block 72, Township 2, T & P, and Section 30, Block 71, Township 2, T & P, to the northeast corner of Section 30;

THENCE south with the east boundary line of Section 30, Block 71, Township 2, T & P, to its southeast corner;

THENCE east with the north boundary line of Section 32, Block 71, Township 2, T & P, and continuing east with the north boundary line of Section 33, Block 71, Township 2, T & P, to the northeast corner of Section 33;

THENCE south with the east boundary line of Section 33, Block 71, Township 2, T & P, to its southeast

corner;

THENCE east with the north boundary line of Section 39, Block 71, Township 2, T & P, to the northeast corner of Section 39;

THENCE south with the east boundary line of Section 39, Block 71, Township 2, T & P, to its southeast corner;

THENCE east with the north boundary line of Section 47, Block 71, Township 2, T & P, to the northeast corner of Section 47;

THENCE south with the east boundary line of Section 47, Block 71, Township 2, T & P, to the southeast corner of Section 47;

THENCE east with the south boundary line of Section 48, Block 71, Township 2, T & P, and continuing east with the south boundary line of Section 43, Block 70, Township 2, T & P, to the southeast corner of Section 43;

THENCE south with the east boundary lines of Section 7, Block JKL, P. S. L., and Section 6, Block K, University, to the southeast corner of Section 6;

THENCE east with the north boundary line of Section 8, Block K, University, and continuing east with the north boundary line of Section 9, Block K, University, to the northeast corner of Section 9;

THENCE south with the east boundary line of Section 9, Block K, University, to its southeast corner;

THENCE east with the north boundary line of Section 15, Block K, University, to its northeast corner;

THENCE south with the east boundary line of Section 15, Block K, University, and continuing south with the east boundary line of Section 22, Block K, University, to the southeast corner of Section 22;

THENCE east with the north boundary line of Section 26, Block K, University, to its northeast corner;

THENCE south with the east boundary line of Section 26, Block K, University, to its southeast corner;

THENCE east with the north boundary line of Section 36, Block K, University, to its northeast corner;

THENCE south with the east boundary line of Section 36, Block K, University, to its southeast corner;

THENCE east with the north boundary line of Section 42, Block L, University, to its northeast corner;

THENCE south with the east boundary line of Section 42, Block L, University, and continuing south with the east boundary line of Section 43, Block L, University, to the southeast corner of Section 43;

THENCE east with the north boundary line of Section 5, Block N, University, and continuing east with the north boundary line of Section 4, Block N, University, to the northeast corner of Section 4;

THENCE south with the east boundary line of Section 4, Block N, University, to its southeast corner;

THENCE east with the north boundary line of Section 22, Block N, University, to its northeast corner;

THENCE south with the east boundary line of Section 22, Block N, University, to its southeast corner;

THENCE east with the north boundary line of Section 26, Block N, University, and continuing east with the north boundary line of Section 25, Block N, University, to the northeast corner of Section 25;

THENCE south with the east boundary line of Section 25, Block N, University, to its southeast corner;

THENCE east with the north boundary line of Section 19, Block 68, Township 4, T & P, to its northeast corner;

THENCE south with the east boundary line of Section 19, Block 68, Township 4, T & P, to its southeast corner;

THENCE east with the north boundary line of Section 29, Block 68, Township 4, T & P, and continuing east with the north boundary line of Section 28, Block 68, Township 4, T &P, to the northeast corner of Section 28;

THENCE south with the east boundary line of Section 28, Block 68, Township 4, T & P, to its southeast corner;

THENCE east with the south boundary line of Section 27, Block 68, Township 4, T & P, and continuing east with the south boundary lines of Sections 26 and 25, Block 68, Township 4, T & P, to the intersection of the south boundary line of Section 25, Block 68, Township 4, T & P, with the east boundary line of Section 3, Block 30, P. S. L.;

THENCE south with the east boundary line of Section 3, Block 30, P. S. L., to its southeast corner;

THENCE east with the south boundary line of Section 2, Block 30, P. S. L., and continuing east with the south boundary lines of Section 1, Block 30, P. S. L., and Sections 5, 4, 3, and 2, Block 31, P. S. L., to the southeast corner of Section 2;

THENCE north with the east boundary line of Section 2, Block 31, P. S. L., and continuing north with the east boundary lines of Sections 26, 23, 14, 11, 2, Block 67, Township 4, T & P, and Sections 46, 37, 34, 25, 22, 13, 10, 5, Block 67, Township 3, T & P;

THENCE continuing north with the east boundary lines of Sections 43, 34, 33, 24, 23, 14, 11, 2, Block 67, Township 2, T & P, and Sections 47, 38, 35, 26, 23, 14, 11, 2, Block 67, Township 1, T & P, to the northeast corner of Section 2, being a point in the Texas - New Mexico State line forming the north boundary line of Hudspeth County, Texas;

THENCE west with the Texas-New Mexico State Line to the Point of Beginning.

(c) The legislature finds that the boundaries and field notes of the district under Subsection (b) form a closure. If a mistake is made in the field notes or in copying the field notes in the legislative process, the mistake does not affect in any way:

(1) the organization, existence, or validity of the district;

(2) the right of the district to impose taxes; or

(3) the legality or operation of the district or the board.

(d) As a result of the change to the boundaries of the district made by Subsection (b) or if otherwise required by law, the board may:

(1) adjust the precinct boundaries for the election of directors as necessary to provide for proper representation of the residents of the district; and

1 (2) call and hold election under Chapter 36, Water Code, or other law to ensure
2 the lawful representation and taxation of the residents of the district.

23 SECTION 21. EFFECTIVE DATE. This Act takes effect
24 immediately if it receives a vote of two-thirds of all the members
25 elected to each house, as provided by Section 39, Article III, Texas
26 Constitution. If this Act does not receive the vote necessary for
27 immediate effect, this Act takes effect September 1, 2003.

House Bill 3442
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION	SENATE VERSION	CONFERENCE
SECTION 1. REDUCTION OF EXPENDITURES AND IMPOSITION OF CHARGES GENERALLY. (a) Provides that this section applies to any state agency that receives an appropriation under Article VI of the General Appropriations Act.	SECTION 1. (a) Same as House version.	SECTION 1. (a) Same as House version.
(b) Provides that notwithstanding any other statute of this state, each state agency to which this section applies is authorized to reduce or recover expenditures by taking certain measures.	SECTION 1. (b) (6) Deleted.	SECTION 1. (b) Same as Senate version.
SECTION 2. TEXAS ANIMAL HEALTH COMMISSION; DUTIES REGARDING RIDING STABLES. (a) Requires the Texas Animal Health Commission to reduce its expenditures of state money related to regulating equine riding stables. (b) Repealer: Chapter 2053 (Riding Stables), Occupations Code.	SECTION 2. Same as House Version	SECTION 2. Same as House Version.
SECTION 3. ADMINISTRATIVE HEARINGS OF RAILROAD COMMISSION OF TEXAS. Amends Section 102.006, Utilities Code, as follows: Sec. 102.006. New heading: ADMINISTRATIVE HEARINGS IN CONTESTED CASES.	SECTION 3. Same as House Version	SECTION 3. Same as House Version

HOUSE VERSION

(a) Requires the railroad commission (RRC) by rule to provide for administrative hearings in contested cases to be conducted by one or more members of the railroad commission, by RRC hearings examiners, or by the utility division of the State Office of Administrative Hearings (SOAH). Requires the rules to provide for a railroad commission hearings examiner or the utility division of SOAH to conduct each hearing in a contested case that is not conducted by one or more RRC members.

(b) Authorizes RRC to delegate to a RRC hearings examiner or to the utility division of SOAH the authority to make a final decision and to issue findings of fact, conclusions of law, and other necessary orders in a proceeding in which there is not a contested issue of fact or law.

(c) Requires RRC by rule to define the procedures by which it delegates final decision-making authority under Subsection (b) to a railroad commission hearings examiner or to the utility division of SOAH.

(d) Provides that for purposes of judicial review, the final decision, rather than administrative law judge's decision, of a railroad commission hearings examiner or an administrative law judge of SOAH in a matter delegated under Subsection (b) has the same effect as a final decision of RRC unless a member of the commission requests formal review of the

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decision.		
(e) Requires SOAH to charge RRC a fixed annual rate for hearings conducted by the office under this section only if the legislature appropriates money for that purpose. Provides that if the legislature does not appropriate money for the payment of a fixed annual rate under this section, SOAH must charge RRC an hourly rate of not more than $90 per hour for hearings conducted by the office under this section.		
SECTION 4. No equivalent provision.	SECTION 4. TEXAS DEPARTMENT OF AGRICULTURE. (a) Amends Section 146.021, Agriculture Code, to authorize the Texas Department of Agriculture (TDA), notwithstanding any other law, to use any portion of fees collected under this section that remains after spending the proceeds of the fees to meet other necessary expenses incurred under this section for expenses related to maintenance of or repairs to TDA facilities. (b) Amends Section 13.101(a), Agriculture Code, to decrease the frequency with which TDA is required to inspect and test a weight or measure for correctness by a sealer from every three years to every four years, under certain circumstances.	SECTION 4. Same as Senate Version.

HOUSE VERSION	SENATE VERSION	CONFERENCE
	(c) Repealer: Article 8614 (Sales of Certain Fuel Mixtures), V.T.C.S. (d) Effective date of this section: September 1, 2003.	
No equivalent provision.	SECTION 5. ANIMAL HEALTH COMMISSION. (a) Amends Subchapter C, Chapter 161, Agricultural Code, by adding Section 161.060, as follows: Sec. 161.060. INSPECTION FEES. Authorizes the Animal Health Commission (TAHC) to charge a fee, as provided by TAHC rule, for an inspection made by TAHC. (b) Effective date of this section: September 1, 2003.	SECTION 5. Same as Senate version.
No equivalent provision.	SECTION 7. TEXAS COMMISSION ON ENVIRONMENTAL QUALITY. (a) Amends Section 5.701, Water Code, by adding Subsection (r), as follows: (r) Prohibits the fee for processing a request for an expedited letter from the executive director of the Texas Commission on Environmental Quality (TCEQ) stating the total depth of surface casing needed during the drilling of wells to protect usable ground waters in the state and required	SECTION 6. (a) Same as Senate version SECTION 7 (a).

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	for the processing of certain permits from the Railroad Commission of Texas from exceeding $75.	
	(b) Amends Section 26.351(f), Water Code, to require a corrective action plan for sites found under Subdivision (2), to be initiated and proceeding according to the requirements and deadlines in the approved plan no later than March 1, 2005, rather than March 1, 2004.	No equivalent provision.
	(c) Amends Section 26.3573(r), Water Code, to prohibit the petroleum storage tank remediation account from being used to reimburse any person for corrective action performed after September 1, 2006, rather than September 1, 2005.	No equivalent provision.
	(d) Amends Section 26.3573(s), Water Code, to prohibit the petroleum storage tank remediation account from being used to reimburse any person for corrective action contained in a reimbursement claim filed with TCEQ after March 1, 2007, rather than March 1, 2006.	No equivalent provision.
	(e) Amends Section 26.35731(c), Water Code, to require TCEQ, not later than the 90th day after the date on which TCEQ receives a completed application for reimbursement from the petroleum storage tank remediation account, to send a fund payment report to the owner or operator of a petroleum storage tank system that is seeking reimbursement, if	

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	sufficient funds are available to make the payment.	(c) Same as Senate version (e).
	(f) Effective date of this section: September 1, 2003.	
		(d) Same as Senate version (f).
No equivalent provision.	SECTION 8. TEXAS PARKS AND WILDLIFE DEPARTMENT FEES. (a) Amends Section 11.032, Parks and Wildlife Code, by amending Subsection (b) and adding Subsection (c), as follows:	SECTION 7. Same as Senate version SECTION 8.
	(b) Requires the Texas Parks and Wildlife Department (TPWD) to deposit to the credit of the game, fish, and water safety account all revenue, less allowable costs, from certain sources, including vessel registration fees, rather than motorboat registration fees; vessel, rather than motorboat, manufacturer or dealer licensing fees, rather than registration fees; and vessel and outboard motor titling fees. Makes nonsubstantive changes.	
	(c) Requires TPWD, not later than the 10th day of each month, to transfer 15 percent of all amounts collected during	

HOUSE VERSION	SENATE VERSION	CONFERENCE
	the previous month from sources described by Subsection(b)(15), (16), or (22) to the state parks account. (b) Effective date of this section: September 1, 2003.	
No equivalent provision.	SECTION 9. TEXAS PARKS AND WILDLIFE DEPARTMENT REGULATION OF MARINE BUSINESSES. (a) Amends Section 31.003, Parks and Wildlife Code, by amending Subdivision (7) and adding Subdivision (16), as follows: (7) Redefines "dealer." (16) Defines "distributor." (b) Amends Subchapter A, Chapter 31, Parks and Wildlife Code, by adding Section 31.007, as follows: Sec. 31.007. DEALER REQUIREMENTS. Requires a dealer to display in each of the dealer's places of business a sign that contains certain information and to operate in a space sufficient to maintain an office, service area, and display of products. (c) Amends Section 31.021, Parks and Wildlife Code, as follow: Sec. 31.021. REQUIRED NUMBERING. (a) Deletes from	SECTION 8. Same as Senate version SECTION 9 .

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	the requirement that each vessel on the water be numbered in accordance with the provisions, the specification that the vessel be documented. (b) Specifies that the identifying number set forth in the certificate properly displayed on each side of the bow of the vessel is as required by this chapter. (d) Amends Section 31.032, Parks and Wildlife Code, as follows: Sec. 31.032. NUMBERING ON BOW. (a) Creates this subsection from existing text. Specifies that the owner of a vessel is required to paint on or attach to each side of the vessel near the bow, the identification number and a validation decal in the manner prescribed by TPWD. (b) Provides that the owner of a vessel required to be numbered under this subchapter and documented by the United States Coast Guard is not required to attach an identification number as required by Subsection (a). (c) Requires the Parks and Wildlife Commission (commission) to adopt rules for the placement of the validation decal in an alternative location for antique boats. Defines "antique boat." (e) Amends Section 31.039, Parks and Wildlife Code, as follows: Sec. 31.039. PUBLIC RECORDS; FEES. (a) Creates this	

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	subsection from existing text. (b) Authorizes the commission, by rule, to charge a fee for access to ownership records and other records made or kept under this chapter. (f) Amends Section 31.041, Parks and Wildlife Code, as follows: Sec. 31.041. New heading: DEALER'S, DISTRIBUTOR'S, AND MANUFACTURER'S LICENSE. (a) Prohibits a person from engaging in business in this state as a dealer, distributor, or manufacturer, unless the person holds a license issued under this section. Requires a dealer to have a license for each place of business owned and operated by the person. (b) Requires the commission to establish the form and manner for a display of a license issued under this section. (c) Requires TPWD to issue a dealer, distributor, or manufacturer number to each dealer, distributor, or manufacturer licensed under this section in the manner provided by Section 31.031(b) (Numbering Pattern). (d) Creates this section from existing text. Includes a distributor, along with a dealer or manufacturer of vessels in this state as authorized to use, rather than obtain, the dealer's, distributor's, or manufacturer's number for vessels the dealer, distributor, or manufacturer wishes to show, demonstrate, or test on the water of this state instead of securing a certificate of number for each vessel. Provides that, for purposes of this subsection, "show, demonstrate, or test" does not include the use of a vessel for recreational purposes or for participation in	

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	a contest for event. Makes a conforming change.	
	(e) Redesignates this subsection from Subsection (b). Requires that the application for a license, rather than a number, under this section to state certain information. Requires an application submitted by a dealer to be accompanied by certain documents. Provides that the two-year fee for a dealer's, distributor's, or manufacturer's number is $500, rather than $45 or an amount set by the commission. Prohibits a license, rather than a number, from being issued until the provisions of this section have been satisfied. Makes conforming changes.	
	(f) Redesignates this subsection from Subsection (c). Includes a reference to Subsection (c). Requires the form of the facsimile and the manner of display of the number to be prescribed by TPWD. Makes conforming changes.	
	(g) Redesignates this subsection from Subsection (d). Deletes text referring to transferring a vessel or outboard motor. Makes conforming changes.	
	(g) Amends Subchapter B, Chapter 31, Parks and Wildlife Code, by adding Sections 31.0411, 31.0412, and 31.0413, as follows:	
	Sec. 31.0411. TERM OF LICENSE; TRANSFER. (a) Provides that except as provided by Subsection (b), a license issued under Section 31.041 is valid for two years from the date of issuance and is prohibited from being transferred to another person.	
	(b) Provides that a license issued under Section 31.041 in the	

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name of a business remains valid for the business location specified on the license if a change of ownership or business name occurs.

(c) Authorizes a license issued under Section 31.041 to be transferred to a new address under certain circumstances.

Sec. 31.0412. LICENSING RULES. Authorizes the commission to adopt rules regarding licenses issued under Section 31.041, including certain rules regulating certain activities.

Sec. 31.0413. EXEMPTION FROM DEALER LICENSING REQUIREMENTS. Provides that the dealer licensing provisions of this subchapter do not apply to the sale of a canoe, kayak, punt, rowboat, rubber raft, paddle boat, or other vessel that is less than 12 feet in length and has a horsepower rating of five or less, or to the sale of an outboard motor with a manufacturer's rating of five horsepower or less.

(h) Amends Section 31.042(b), Parks and Wildlife Code, to delete as a cause for cancellation of certificates and voiding of numbers, the issuance of a marine document by the Bureau of Customs for the same vessel. Makes nonsubstantive changes.

(i) Amends Subchapter B, Chapter 31, Parks and Wildlife Code, by adding Section 31.044, as follows:

Sec. 31.044. INSPECTIONS. Prohibits a dealer, distributor, or manufacturer from refusing to allow TPWD or a peace officer to inspect a vessel, outboard motor, or records relating to the possession, origination, ownership, or transfer of a

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	vessel or outboard motor at a dealership or distributor's or manufacturer's place of business during normal business hours. (j) Amends Subchapter B-1, Chapter 31, Parks and Wildlife Code, by adding Section 31.0465, as follows: Sec. 31.0465. APPEAL REGARDING CERTIFICATE OF TITLE; BOND; RULES. (a) Authorizes an applicant for a certificate of title under Section 31.046 (Application for Certificate of Title) to appeal TPWD's refusal to issue the title by filing a bond with TPWD as provided by this section. (b) Requires a bond filed under this section to meet certain criteria. (c) Authorizes TPWD to issue the certificate of title to the person filing the bond if the applicant proves that the vessel or outboard motor is not stolen and that issuance of a certificate of title would not defraud the owner or a lienholder of the vessel or outboard motor, to TPWD's satisfaction. (d) Provides that a person described by Subsection (b)(5) has a right of action to recover on the bond for a breach of condition of the bond described by Subsection (b)(5). Prohibits the aggregate liability of the surety to all persons from exceeding the amount of the bond. (e) Provides that a bond filed under this section expires on the third anniversary of the date the bond became effective. Requires TPWD to return an expired bond to the person who filed the bond unless TPWD has been notified of a pending action to recover on the bond.	

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	(f) Requires TPWD, on return of a bond under Subsection (e), to issue a certificate of title to the person to whom the bond is returned.	
	(g) Authorizes the commission, in addition to the situation described by Subsection (c), by rule, to define acceptable situations in which certificates of title are authorized to be issued after filing a bond under this section.	
	(k) Amends Section 31.049(c), Parks and Wildlife Code, to delete text referring to a duplicate original certificate.	
	(l) Amends Section 31.053, Parks and Wildlife Code, by adding Subsection (f) to require a person who is not licensed as a dealer, distributor, or manufacturer under this chapter to obtain a certificate or number or certificate of title to a vessel or outboard motor in the person's name before transferring the certificate of number or certificate of title.	
	(m) Amends Section 31.127(a), Parks and Wildlife Code, to include in the list of actions that constitute committing an offense that is a Class C Parks and Wildlife Code misdemeanor, a person who violates or fails to comply with a proclamation of the commission entered under this chapter or a city ordinance or order of a commissioners court or a political subdivision of the state made or entered under this chapter.	
	(n) Requires the commission, not later than January 1, 2004, to adopt any rules necessary to implement Subsections (a) - (l) of this section.	
	(o) Makes application of Section 31.041, Parks and Wildlife	

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	Code this Act prospective to March 1, 2004. (p) Effective date of this section: September 1, 2003.	
No equivalent provision.	SECTION 10. TEXAS PARKS AND WILDLIFE DEPARTMENT: FRESHWATER FISHING STAMP. (a) Amends Chapter 43, Parks and Wildlife Code, by adding Subchapter U, as follows: SUBCHAPTER U. FRESHWATER FISHING STAMP Sec. 43.801. DEFINITION. Defines "fresh water." Sec. 43.082. FRESHWATER FISHING STAMP REQUIRED. (a) Provides that, except as provided by Subsection (b) or (c), no person is authorized to engage in fishing in fresh water for sporting purposes in this state unless the person has acquired a freshwater fishing stamp issued to the person by TPWD. Authorizes the commission, by rule, to adopt requirements relating to possessing a freshwater fishing stamp required by this section. (b) Provides that a person who is exempted from obtaining a fishing license under Chapter 46 (Fishing Licenses) is not required to obtain a freshwater fishing stamp. (c) Authorizes the commission, by rule, to exempt a person from the freshwater fishing stamp requirement of this section. Sec. 43.803. FISHING LICENSE REQUIRED. Provides that the acquisition of a freshwater fishing stamp does not authorize a person to fish in fresh water for sporting purposes	SECTION 9. Same as Senate version SECTION 10.

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	without having acquired a fishing license as provided by Chapter 46 (Fishing Licenses). Provides that the acquisition of a freshwater fishing stamp does not authorize a person to fish at any time or by any means not otherwise authorized by this code. Sec. 43.804. DESIGN AND ISSUANCE OF STAMPS. (a) Authorizes TPWD to issue a freshwater fishing stamp to any person on the payment to TPWD of $5. Requires a stamp, except as provided by Subsection (e), to be signed on its face by the person using it, for the stamp to be valid for fishing purposes. (b) Authorizes TPWD to issue a collectible freshwater fishing stamp to any person who pays TPWD $5. Provides that a collectible freshwater fishing stamp does not authorize a person to fish and is not valid for fishing purposes. (c) Requires the commission, by rule, to prescribe the form, design, and manner of issuance of the freshwater fishing stamp and the collectible freshwater fishing stamp. Provides that TPWD retains all reproduction rights to the design of the freshwater fishing stamp and the collectible freshwater fishing stamp. (d) Authorizes the commission to contract with and pay a person for designing and producing the freshwater fishing stamp or the collectible freshwater fishing stamp. (e) Authorizes the commission, by rule, to prescribe alternate requirements for identifying the purchaser of a freshwater fishing stamp issued in an automated manner.	

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Sec. 43.805. DISPOSITION OF STAMP FEES. (a) Requires the net receipts from freshwater fishing stamp and collectible freshwater fishing stamp sales, after deduction of any collection fee, to be sent to TPWD.

(b) Authorizes the net receipts from freshwater fishing stamp sales to be spent only for certain purposes.

(c) Authorizes the net receipts from collectible freshwater fishing stamp sales to be spent only for certain purposes.

Sec. 43.806. EXPIRATION OF STAMP. (a) Provides that a freshwater fishing stamp, except as provided by Subsection (b) or (c), is valid for fishing only during the yearly period for which the stamp is issue, without regard to the date on which the stamp was acquired. Provides that each yearly period begins on September 1 of the year in which the stamp is issued or another date set by the commission. Authorizes the commission, by rule, to set the amount of a stamp fee for a stamp issued during a transition period at an amount lower than prescribed in this subchapter and provide for a stamp term for a transition period that is shorter or longer than one year.

(b) Provides that a freshwater fishing stamp issued before September 1, or another date set by the commission, that does not expire until August 31 of the next year, or another date set by the commission, is valid from the date of issuance through August 31 of the next year, or another date set by the commission.

(c) Provides that a freshwater fishing stamp issued in

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	conjunction with a license issued under Section 46.005 or 46.0051 expires on the later of the license expiration date or the date printed on the stamp. Sec. 43.807. REFUSAL TO SHOW STAMP. Provides that a person fishing in fresh water for sporting purposes who refuses on demand of any game management officer or peace officer to show a freshwater fishing stamp or proof that the person is exempt under Section 43.802(b), or a rule adopted under that section, is presumed to be in violation of Section 43.802. Sec. 43.808. PENALTY. Provides that a person who violates Section 43.802 is guilty of a Class C Parks and Wildlife misdemeanor. Sec. 43.809. EXPIRATION OF SUBCHAPTER. Provides that this subchapter expires September 1, 2014. (b) Repealer: Subchapters N (Freshwater Trout Stamp) and Q (Muzzleloader Hunting Stamp), Parks and Wildlife Code. (c) Effective date of this section: September 1, 2004.	
SECTION 11. No equivalent provision.	SECTION 11. TRANSFER OF RAILROAD COMMISSION OF TEXAS FUNCTIONS RELATED TO QUARRY AND PIT SAFETY. (a) Provides that on September 1, 2003 (1) All powers, duties, functions, and activities performed by the Railroad Commission (RRC) of Texas under Chapter 133, Natural Resources Code, immediately before that date are	SECTION 10. Same as Senate version SECTION 11.

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	transferred to the Texas Department of Transportation (TxDOT); (2) All employees of the RRC whose primary duties relate to the implementation of Chapter 133, Natural Resources Code, become TxDOT employees; (3) A rule, form, order, or procedure adopted by RRC for the implementation or enforcement of Chapter 133, Natural Resources Code, is a rule form order or procedure of TxDOT and remains in effect until changed by TxDOT; (4) A reference in Chapter 133, Natural Resources Code, to RRC means TxDOT; (5) A permit or certification in effect under Chapter 133, Natural Resources Code, that was issued by RRC is continued in effect as a permit or certification issued by TxDOT; and (6) a complaint, investigation, or other proceeding under Chapter 133, Natural Resources Code, pending before the RRC is transferred without change in status to TxDOT. (b) Effective date of this section: September 1, 2003.	
SECTION 12. No equivalent provision.	SECTION 12. RAILROAD COMMISSION OF TEXAS FUNCTIONS RELATED TO RAILROAD SAFETY. (a) Amends Article 6448a, V.T.C.S., as follows: Art. 6448a. New heading: IMPLEMENTATION OF FEDERAL RAILROAD SAFETY ACT OF 1970. Sec. 1. Creates this section from existing text.	SECTION 11. Same as Senate version SECTION 12.

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	Sec. 2. (a) Requires RRC by rule to adopt reasonable fees to be assessed annually against railroads operating within the state. (b) Requires RRC by rule to establish the method by which fees are calculated and assessed. (c) Prohibits the total amount of fees estimated to be collected by rule adopted by RRC under this section from exceeding the amount estimated by RRC to be necessary to recover the costs of administering RRC's rail safety program. (d) Authorizes RRC, in adopting a fee structure, to consider the gross ton miles for railroad operations within the state for each railroad operating in the state, to provide for the equitable allocation among railroads of the cost of administering RRC's rail safety program. (e) Requires a fee collected under this section to be deposited to the credit of the general revenue fund to be used for the rail safety program. (b) Effective date for this section: September 1, 2003.	
No equivalent provision.	SECTION 13. RAILROAD COMMISSION OF TEXAS FUNCTIONS RELATED TO PIPELINES. (a) Amends Subchapter E, Chapter 121, Utilities Code, by adding Section 121.211, as follow: Sec. 121.211. PIPELINE SAFETY FEES. Authorizes RRC, by rule, to adopt an inspection fee to be assessed annually against operators of natural gas distribution pipelines and their pipeline facilities and natural gas master	SECTION 12. Same as Senate version SECTION 13.

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	metered pipelines and their pipeline facilities subject to this chapter. (b) Authorizes RRC, by rule, to establish the method by which the fee is calculated and assessed. Authorizes RRC, in adopting a fee structure, to consider any factors necessary to provide for the equitable allocation among operators of the cost of administering RRC's pipeline safety program under this chapter. (c) Prohibits the total amount of fees estimated to be collected by rule adopted by RRC under this section from exceeding the amount estimated by RRC to be necessary to recover the costs of administering RRC's pipeline safety program under this chapter, excluding costs that are fully funded by federal sources. (d) Authorizes RRC to assess each investor-owned and each municipally owned natural gas distribution system subject to this chapter an annual inspection fee not to exceed 50 cents for each service line reported by the system on the Distribution annual Report, Form RSPA F7100. 1-1, due on March 15 of each year. Provides that the fee is due on March 15 of each year. (e) Authorizes RRC to assess each operator of a natural gas master metered system subject to this chapter an annual inspection fee not to exceed $100 for each master metered system. Provides that the fee is due June 30 of each year. (f) Authorizes RRC to assess a late payment penalty of 10 percent of the total assessment due under Subsection (d) or (e) that is not paid within 30 days after the annual due date established by the applicable subsection. (g) Requires each investor-owned and municipally owned natural gas distribution company and each natural gas master meter operator to recover as a surcharge to its existing rates the	

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	amounts paid to RRC under this section. Prohibits amounts collected under this subsection by an investor-owned natural gas distribution company from being included in the revenue or gross receipts of the company for the purpose of calculating municipal franchise fees or any tax imposed under Subchapter B, Chapter 182, Tax Code, or under Chapter 122. Provides that those amounts are not subject to a sales and use tax imposed by Chapter 151, Tax Code, or Chapters 321 through 327, Tax Code. (h) Requires a fee to be deposited to the credit of the general revenue fund to be used for the pipeline safety program. (b) Effective date of this section: September 1, 2003.	
No equivalent provision.	SECTION 14. SOIL AND WATER CONSERVATION BOARD. (a) Amends Section 201.011, Agriculture Code, as follows: Sec. 201.011. COMPOSITION. Provides that the State Soil and Water Conservation Board (SWCB) is a state agency composed of seven, rather than five, certain members. (b) Amends Section 201.015(b), Agriculture Code, to provide that the term of office of an elected member of SWCB begins on the day after the day on which the member was elected. Provides that the term of one member appointed by the governor expires February 1 of each odd-numbered year, and the term of the other member appointed by the governor expires February 1 of each even-numbered year. (c) Amends Section 201.016, Agriculture Code, to provide that vacancies on SWCB are filled by election in the manner provide by this subchapter for an unexpired term or for a full term. (d)	SECTION 13. Same as Senate version SECTION 14.

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Amends Subchapter B, Chapter 201, Agriculture Code, by adding Sections 201.028 and 201.029, as follows: Sec. 201.028. SEMIANNUAL REPORT. Requires SWCB, not later than January 1 and July 1 of each year, to prepare and deliver a report to certain elected officials relating to the status of SWCB's budget areas of responsibility assigned to SWCB. Sec. 201.029. MANAGEMENT AUDIT. Requires the state auditor, in coordination with the Legislative Budget Board (LBB), not later than March 1, 2004, to conduct a management audit of SWCB and deliver the audit report to certain elected officials. Requires the audit to include an evaluation of the administrative budget for SWCB. Provides that this section expires April 1, 2004. (e) Amends Sections 203.011-203.013, Agriculture Code, as follows: Sec. 203.011. AUTHORITY OF BOARD. Provides that SWCB has jurisdiction over and is required to administer the brush control program under this chapter with the assistance of local districts. Sec. 203.012. RULES. Requires SWCB, after consulting with local districts, reasonable rules that are necessary to carry out this chapter. Sec. 203.013. AUTHORITY OF DISTRICTS. Deletes text referring to the location of a critical area. (f) Amends Section 203.016, Agriculture Code, to require SWCB to consult the Texas Water Development Board (TWDB) in regard to the brush control program and TDA in regard to the effects to the brush control program on agriculture as well as with TPWD in regard to the effects of the brush control program on fish and wildlife. (g) Amends Section 203.051, Agriculture Code, to require SWCB to prepare and adopt a state brush control plan

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	required to include a comprehensive strategy for managing brush in all areas of the state where brush is contributing to a substantial water conservation problem, and rank, rather than designate, areas in the state in need of a brush control program. Deletes text referring to critical need. (h) Amends Sections 203.052(b), (c), and (d), Agriculture Code, as follows: (b) Includes in the required content of the notice instructions for each district to submit comments on the proposed plan. Makes nonsubstantive changes. (c) Requires SWCB to enter any written comments received on the proposed plan into the record of the hearing and consider all written testimony before taking final action on the proposed plan. (d) Makes a conforming change. (i) Amends Section 203.053, Agriculture Code, as follows: Sec. 203.053. New heading: CRITERIA FOR EVALUATING BRUSH CONTROL AREAS. (a) Requires SWCB, in ranking areas under the plan, to consider the amount of water produced by a project and the severity of water shortage in the areas, as well as other criteria. Makes conforming changes. (b) Makes a conforming change. (j) Amends Section 203.055, Agriculture Code, as follows: Sec. 203.055. APPROVED METHODS FOR BRUSH CONTROL. (a) Makes a conforming change. (b) Authorizes SWCB to approve a method for use under the cost-sharing program provided by Subchapter E of this chapter if SWCB finds that the proposed method will have a beneficial impact on the development of water sources and wildlife habitat and will allow the revegetation of the area after the brush is removed with plants that are beneficial to stream flows, groundwater levels,	

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	livestock, and wildlife, as well as other effects. (k) Amends Section 203.101, Agriculture Code, to make a conforming change. (l) Amends Section 203.154, Agriculture Code, by amending Subsections (a) and (c) and adding Subsection (d) and (e), as follows: (a) Authorizes not more than 70 percent, rather than 80 percent, of the total cost of a single brush control project to be made available as the state's share in cost sharing. (c) Authorizes SWCB to grant an exception to Subsection (b) of this section if SWCB finds that joint participation of the state brush control program and any federal brush control program will not exceed 80 percent of the total cost of the project. (d) Provides that a political subdivision of this state is eligible for cost sharing under this brush control program as long as the state's share does not exceed 50 percent of any one project. (e) Provides that 100 percent of the cost is available as the state's share in cost sharing. (m) Amends Sections 203.156-203.158, Agriculture Code, as follows: Sec. 203.156. APPLICATION FOR COST SHARING. Includes a political subdivision of this state, as a person. Sec. 203.157. CONSIDERATIONS IN PASSING ON APPLICATION. Requires SWCB, in passing on an application for cost sharing, to consider the location of the project and any comments and recommendations submitted by a local district, TWDB, or TPWD, as well as other factors. Sec. 203.158. APPROVAL OF APPLICATION. Authorizes SWCB to approve an application if, after considering the factors listed in Section 203.157 of this code and any other relevant factors, SWCB finds the project ranks higher than other projects submitted in accordance with the board's plan,	

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	as well as other findings. Makes a conforming change. (n) Amends Sections 203.159(a) and (c), Agriculture Code, as follows: (a) Requires, rather than authorizes, SWCB, if the demand for funds under this cost-sharing program is greater than funds available, to establish certain priorities. (c) Requires SWCB to consider quantity of stream flows, the quantity of groundwater, and the amount of water conservation from the eradication of brush each to be a priority. Deletes text referring to dedicated land. (o) Repealer: Sections 203.001(5) (Critical area) and 203.155 (Limit to Critical Areas and Approved Methods), Agriculture Code. (p) Requires the governor, in making initial appointments to SWCB under Section 201.011, Agriculture Code, as amended by this section, to designate one member to serve a term expiring February 1, 2004, and the other member to serve a term expiring February 1, 2005. (q) Requires SWCB to prepare and deliver the first report required by Section 201.028, Agriculture Code, as added by this section, not later than January 1, 2004. (r) Effective date of this section: September 1, 2003.	
SECTION 4. EFFECTIVE DATE. Effective date: upon passage or September 1, 2003.	SECTION 15. Same as House SECTION 4.	SECTION 21. Same as House.
No equivalent provision.	No equivalent provision.	SECTION 14. Amends Subchapter B, Chapter 1052, Occupations Code, by adding Section 1052.0541, as

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		follows:
		Sec. 1052.0541. FEE INCREASE. (a) Provides that the fee for the issuance of a certificate of registration under this chapter and the fee for the renewal of a certificate of registration under this chapter is increased by $200.
		(b) Requires $50 of each fee increase collected to be deposited in the foundation school fund and $150 deposited in the general revenue fund.
		Amends Subchapter B, Chapter 1053, Occupations Code, by adding Section 1053.0521, as follows:
		Sec. 1053.0521. FEE INCREASE. (a) Provides that the fee for the issuance of a certificate of registration under this chapter and the fee for the renewal of a certificate of registration under this chapter is increased by $200.
		(b) Requires $50 of each fee increase collected to be deposited in the foundation school fund and $150 deposited in the

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general revenue fund.

Amends Subchapter D, Chapter 1071, Occupations Code, by adding Section 1071.1521, as follows:

Sec. 1071.1521. FEE INCREASE. (a) Provides that the fee for the issuance of a certificate of registration to a registered professional land surveyor under this chapter and the fee for the renewal of a certificate of registration for a registered professional land surveyor under this chapter is increased by $200.

(b) Requires $50 of each fee increase collected to be deposited in the foundation school fund and $150 to be deposited in the general revenue fund.

(c) Provides that this section does not apply to state agency employees who are employed by the state as land surveyors.

Amends Subchapter B, Chapter 1152, Occupations Code, by adding Section 1152.053, as follows:

Sec. 1152.053. FEE INCREASE. (a) Provides that

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		the fee for the registration of a person under this chapter and the fee for the renewal of a registration under this chapter is increased by $200. (b) Requires $50 of each fee increase collected to be deposited in the foundation school fund and $150 to be deposited in the general revenue fund. Makes application of this article prospective.
No equivalent provision.	No equivalent provision.	

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		~~the fee for the registration of a person under this chapter and the fee for the renewal of a registration under this chapter is increased by $200.~~
		~~(b) Requires $50 of each fee increase collected to be deposited in the foundation school fund and $150 to be deposited in the general revenue fund.~~
		~~Makes application of this article prospective.~~
No equivalent provision.	No equivalent provision.	SECTION 15.
		(a) Amends Subtitle B, Title 6, Government Code, by adding Chapter 670, as follows:
		CHAPTER 670. HUMAN RESOURCES STAFFING AND FUNCTIONS
		Sec. 670.001. DEFINITION. Defines "state agency."
		Sec. 670.002. HUMAN RESOURCES STAFFING FOR LARGE STATE AGENCIES. Requires a state agency with 500 or more full-time equivalent

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		employees to adjust the agency's human resources staff to achieve a human resources employee-to-staff ratio of not more than one human resources employee for every 85 staff members.
		Sec. 670.003. HUMAN RESOURCES STAFFING FOR MEDIUM-SIZED AND SMALL STATE AGENCIES; OUTSOURCING. (a) Requires the State Council on Competitive Government to determine the cost-effectiveness of consolidating the human resources functions of or contracting with private entities to perform the human resources functions of state agencies that employ fewer than 500 full-time equivalent employees.
		(b) Requires the council to issue a request for proposals for vendors to perform the human resources functions of the agencies, if the council determines that contracting with private entities is cost-effective.
		(c) Requires the council to determine which human resources functions are subject to the contract and which functions the agency may select to perform itself.

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		(d) Requires each agency to pay for the contracts for human resources functions out of the agency's human resources budget.
		(b) Requires each state agency with 500 or more full-time equivalent employees to comply with the human resources employee-to-staff ratio requirements in Section 670.002, Government Code, as added by this article, not later than January 1, 2004.
		(c) Requires the State Council on Competitive Government to conduct an initial feasibility study to determine the cost-effectiveness of consolidating the human resources functions of or contracting with private entities to perform human resources functions of state agencies under Section 670.003, Government Code, as added by this article, not later than January 1, 2004.
No equivalent provision.	No equivalent provision.	SECTION 16.
		(a) Provides that effective September 1, 2003, Section 651.004, Government Code, is amended by adding Subsections (c-1) and (d), as follows:

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		(c-1) Prohibits a state agency in the executive branch of state government that employs more than 100 full-time equivalent employees, after August 31, 2004, to employ more than one full-time equivalent employee in a management position for every eight full-time equivalent employees that the agency employs in nonmanagerial staff positions. Provides that this subsection expires September 1, 2005. (d) Authorizes a state agency that believes that the minimum management-to-staff ratios required by this section are inappropriate for that agency to appeal to the Legislative Budget Board. Requires the Legislative Budget Board by rule to adopt appeal procedures.
		(b) Provides that effective September 1, 2004, Section 651.004, Government Code, is amended by adding Subsection (c-2) to prohibit a state agency in the executive branch of state government that employs more than 100 full-time equivalent employees, after August 31, 2005, to employ more than one full-time equivalent employee in a management position for every nine full-time equivalent employees that the agency employs in nonmanagerial staff positions. Provides that this subsection expires September 1, 2006.

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		(c) Provides that effective September 1, 2005, Section 651.004, Government Code, is amended by adding Subsection (c-3) to prohibit a state agency in the executive branch of state government that employs more than 100 full-time equivalent employees, after August 31, 2006, to employ more than one full-time equivalent employee in a management position for every 10 full-time equivalent employees that the agency employs in nonmanagerial staff positions. Provides that this subsection expires September 1, 2007.
		(d) Provides that effective September 1, 2006, Section 651.004, Government Code, is amended by adding Subsection (c) to prohibit a state agency in the executive branch of state government that employs more than 100 full-time equivalent employees to employ more than one full-time equivalent employee in a management position for every 11 full-time equivalent employees that the agency employs in nonmanagerial staff positions.
		(e) Requires a state agency in the executive branch of government to achieve the management-to-staff ratio required by Subsection (c), Section 651.004, Government Code, as added by this section, not later than August 31, 2007.
		(f) Amends Subchapter K, Chapter 659,

Note: Page 33 does not exist.

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No equivalent provision.	Senate Floor Amendment #2: Adds: SECTION 17. Amends Sections 81.116 (b) and (d), Natural Resources Code: (b) Establishes that the fee is independent of any liability. (d) Clarifies that exemptions and reductions do not affect the fee imposed by this section.	SECTION 17. Same as Senate version.
No equivalent provision.	Senate Floor Amendment #2 Adds: SECTION 18. Amends Sections 81.117 (b) and (d) Natural Resources Code: (b) Establishes that the fee is independent of any liability. (d) Clarifies that exemptions and reductions do not affect the fee imposed by this section.	SECTION 18. Same as Senate version.
No equivalent provision.	Senate Floor Amendment #4 adds: SECTION 19. (a)Amends Section 15.602, Water Code, by adding Subdivision (5-a), to define "eligible lending institution." (b) Amends Section 15.603, Water Code, by adding Subsection (i), to provide that in addition to authorized purposes under Subsection (a), the revolving fund is held by the Texas Water Development Board (board) to provide linked deposits to eligible financial institutions for loans to persons for nonpoint source pollution control projects. (c) Amends Section 15.604(a), Water Code, to authorize	SECTION 19. Same as Senate version.

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the board to use the revolving fund

for financial assistance only, including to provide linked deposits to eligible lending institutions for loans to

persons for nonpoint source pollution control projects.

(d) Amends Chapter 15J, Water Code, by adding Sections 15.610, 15.611, 15.612, 15.613,

15.614, 15.615, 15.616, 15.617, and 15.618, as follows:

Sec. 15.610. LINKED DEPOSIT. Provides that a linked deposit is a deposit governed by a written

deposit agreement between the board and an eligible lending institution that provides certain directives.

source pollution control linked deposit program in accordance with this subchapter.

(b) Authorizes an eligible lending institution to participate in the program established under this section as

provided by this subchapter.

Sec. 15.612. APPLICATION BY ELIGIBLE LENDING INSTITUTIONS TO PARTICIPATE

IN LINKED DEPOSIT PROGRAM. Requires an eligible lending institution, to participate in the nonpoint

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source pollution control linked deposit program, to follow certain guidelines.

Sec. 15.613. CERTIFICATION OF PROJECT. (a)

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	Requires an eligible lending institution to obtain from a director of a soil and water conservation district certification of an agricultural or silvicultural nonpoint source pollution control project proposed for the district. Requires the certification to state certain information, including that the applicant of the proposed project has a water quality management plan certified by the State Soil and Water Conservation Board. (b) Requires an eligible lending institution to obtain from the executive director certification of a proposed nonpoint source pollution control project that is not an agricultural or silvicultural nonpoint source pollution control project. Requires the certification to state that the applicant's proposed project implements the state's nonpoint source pollution management plan. Sec. 15.614. APPROVAL OR REJECTION OF APPLICATION. Authorizes the board to approve or reject an application of an eligible lending institution to participate in the program. Authorizes the board to delegate its authority to approve or reject an application to the executive director. Sec. 15.615. DEPOSIT AGREEMENT. Requires the board and the eligible lending institution, if the	

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	board approves an application of an eligible lending institution, to enter into a written deposit agreement.	
	Requires the agreement to contain the conditions on which the linked deposit is made. Requires the board,	
	on execution of the agreement, to place a linked deposit from the revolving fund with the eligible lending	
	institution in accordance with the agreement. Provides that a delay in payment or a default on a loan by	
	an applicant does not affect the validity of the deposit agreement.	
	Sec. 15.616. COMPLIANCE. (a) Requires an eligible lending institution, on accepting a linked deposit,	
	to lend money to an approved applicant in accordance with the deposit agreement and this subchapter.	
	Requires the eligible lending institution to forward a compliance report to the board in accordance with	
	board rules. Requires the board to adopt rules regarding the compliance report.	
	(b) Requires the board to monitor compliance with this subchapter and inform the comptroller of	
	noncompliance on the part of an eligible lending institution.	
	Sec. 15.617. STATE LIABILITY PROHIBITED. Provides that the state is not liable to an eligible	
	lending institution for payment of the principal, interest, or any late charges on a loan made to an approved	

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	applicant. Provides that a linked deposit is not an extension of the state's credit within the meaning of any state constitutional prohibition. Sec. 15.618. LIMITATIONS ON PROGRAM. (a) Provides that the maximum amount of a loan under the linked deposit program is $250,000. (b) Authorizes the board to withdraw linked deposits from an eligible lending institution if the institution ceases to be either a state depository or a Farm Credit System institution headquartered in this state. (e) Amends Sections 17.871(3), (4), (5), and (6), Water Code, to define "eligible lending institution," "fund," "person," and "political subdivision." (f) Amends Sections 17.879(c) and (d), Water Code, as follows: (c) Authorizes the board, by rule or in the resolution or order authorizing issuance of bonds or other resolution or order of the board, to establish an interest and sinking fund and to establish accounts in the funds, including an interest and sinking account, and to transfer money among the funds and accounts. (d) Authorizes the board to invest and reinvest money in the fund, the interest and sinking fund, and any	

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account therein in any obligations or securities as provided by bond resolutions, orders of the board, and

Section 404.024, Government Code.

(g) Amends Section 17.880(a), Water Code, to provide that loans, bonds of political

subdivisions, and other obligations owned by the state and deposited in the fund or in the interest and

sinking fund are considered to be securities under this subchapter.

(h) Amends Section 17.881(b), Water Code, to make conforming changes.

(i) Amends Section 17.883, Water Code, as follows:

Sec. 17.883. BOND REVIEW BOARD. Requires the board, prior to issuance of bonds, to estimate

demand for conservation programs or projects, rather than loans, based on a survey of eligible participants

in the program.

(j) Amends Section 17.894, Water Code, as follows:

Sec. 17.894. BOND ENHANCEMENT AGREEMENTS; PAYMENT OF EXPENSES. (a)

Authorizes the board at any time and from time to time to enter into one or more bond enhancement

agreements that the board determines to be necessary or

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	appropriate to place the obligation of the board, as represented by the bonds, in whole or in part, on the interest rate, currency, cash flow, or other basis desired by the board. Provides that a bond enhancement agreement is an agreement for professional services and shall contain the terms and conditions and be for the period that the board approves.	
	(b) Authorizes the fees and expenses of the board in connection with the issuance of the bonds and the providing of financial assistance to political subdivisions to be paid from money in the fund, provided that any payments due from the board under a bond enhancement agreement, other than fees and expenses, that relate to the payment of debt service on the bonds constitute payments of principal of and interest on the bonds.	
	(c) Authorizes bond enhancement agreements to include, on terms and conditions approved by the board, interest rate swap agreements; currency swap agreements; forward payment conversion agreements; agreements providing for payments based on levels of or changes in interest rates or currency exchange rates; agreements to exchange cash flows or a series of	

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payments; agreements, including options, puts, or calls, to hedge payment, currency, rate, spread, or other

exposure; or other agreements that further enhance the marketability, security, or creditworthiness of water

financial assistance bonds.

(k) Amends Section 17.895, Water Code, as follows:

Sec. 17.895. SOURCES OF ASSETS. Provides that the fund is composed of certain monies.

(l) Amends Section 17.896, Water Code, as follows:

Sec. 17.896. REPAYMENT PROCEEDS. Requires the board to designate a transfer of repayment of

principal and interest on a loan made under this subchapter to the fund, the interest and sinking fund, or any

account in the funds.

(m) Amends Section 17.897, Water Code, as follows:

Sec. 17.897. CONSERVATION PROGRAM. (a) Defines "conservation program."

(b) Provides that the costs of a conservation program eligible for financial assistance under Section 17.899

are the costs of the capital equipment, materials, labor, preparation, installation, or administration directly

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associated with implementing and completing the program.

(n) Amends Section 17.898, Water Code, as follows:

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	Sec. 17.898. CONSERVATION PROJECT. (a) Defines "conservation project."	
	(b) Provides that the costs of a conservation project eligible for financial assistance under Section 17.899	
	are the costs of the capital equipment, materials, labor, preparation, installation, or administration directly	
	associated with implementing and completing the project.	
	(o) Amends Section 17.899, Water Code, as follows:	
	Sec. 17.899. ELIGIBLE FUND USES. (a) Authorizes money in the fund, excluding money in the interest	
	and sinking fund, to be used by the board to make certain provisions.	
	(b) Authorizes money in the interest and sinking fund to be used for the payment of bonds or, to the extent	
	there are funds in excess of bond payment requirements, for transfers to the fund, or any other account in	
	the funds.	
	(p) Amends Section 17.900, Water Code, as follows:	
	Sec. 17.900. GRANT TO STATE AGENCY. (a) Requires a state agency seeking a grant for a	
	conservation program or conservation project to file an application	
	with the board.	
	(b) Requires the board, in reviewing an application for a	

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	grant by (1) commitment of state agency to water conservation and (2) benefits gained by making grant. (c)Requires board to find that (1) grants will supplement money of the state agency, (2) public interest is served, and (3) grant will further water conservation. (d) Requires board to review application according to the terms of the legislative appropriation and make determination required by the legislative language.	
	(e) Authorizes the board to make money available to a state agency in any manner that it considers feasible, including a grant agreement with the state agency. (q) Amends Section 17.901, Water Code, as follows: Sec. 17.901. GRANT OR LOAN TO POLITICAL SUBDIVISION. Authorizes the board to make a grant or loan to a political subdivision for a conservation program or conservation project. Requires a political subdivision seeking a grant or loan to file an application with the board. (r) Amends Section 17.902, Water Code, as follows: Sec. 17.902. REVIEW OF APPLICATION FOR AND APPROVAL OF GRANT. (a)Requires the board, in reviewing an application by a political subdivision for a grant, to consider certain factors.	

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	(b) Requires the board, to approve a grant to a political subdivision, to find that certain factors exist. (s) Amends Chapter 17J, Water Code, by adding Sections 17.9021 and 17.9022, as follows: Sec. 17.9021. APPLICATION FOR AND APPROVAL OF LOAN. (a) Requires the board, in reviewing an application by a political subdivision for a loan, to consider the ability of the political subdivision to repay the loan and whether the loan will further water conservation in this state. (b) Requires the board, to approve a loan to a political subdivision, to determine that certain factors exist. (c) Requires the board by rule to establish the rate of interest it charges for a loan to a political subdivision. Sec. 17.9022. FINANCING OF GRANT OR LOAN FOR POLITICAL SUBDIVISION; DEFAULT; VENUE. (a) Authorizes the board to make a loan or grant available to a political subdivision in any manner the board considers economically feasible, including purchase of bonds or securities of the political subdivision or execution of a loan or grant agreement with the political subdivision. Prohibits the board from purchasing bonds or securities that have not been approved by the attorney general and	

HOUSE VERSION	SENATE VERSION	CONFERENCE
	registered by the comptroller. (b) Requires the attorney general, in the event of a default in payment of the principal of or interest on bonds or securities purchased by the board, or any other default as defined in the proceedings or indentures authorizing the issuance of bonds, or a default of any of the terms of a loan agreement, to seek a writ of mandamus or other legal remedy to compel the political subdivision or its officers, agents, and employees to cure the default by performing the duties they are legally obligated to perform. Requires the proceedings to be brought in and provides that venue is in a district court in Travis County. Provides that this subsection is cumulative of any other rights or remedies to which the board may be entitled. (t) Amends Section 17.903, Water Code, as follows: Sec. 17.903. CONTRACT AUTHORITY. (a) Authorizes a political subdivision to borrow money for the purposes of this subchapter and to adopt necessary rules to carry out this subchapter. Requires the board to have the power to enter into any contracts to carry out the provisions of this subchapter. (b) Created from text of existing Subsection (c). Deletes	

HOUSE VERSION	SENATE VERSION	CONFERENCE
	text of existing Subsection (b). (u) Amends Chapter 17J, Water Code, by adding Sections 17.904-17.912, as follows: Sec. 17.904. LINKED DEPOSIT. Provides that a linked deposit is a deposit governed by a written deposit agreement between the board and an eligible lending institution that provides certain criteria. Sec. 17.905. LINKED DEPOSIT PROGRAM. (a) Authorizes the board by rule to establish an agricultural water conservation linked deposit program in accordance with this subchapter. (b) Authorizes an eligible lending institution to participate in the program established under this section as provided by this subchapter. Sec. 17.906. APPLICATION BY ELIGIBLE LENDING INSTITUTIONS TO PARTICIPATE IN LINKED DEPOSIT PROGRAM. Requires an eligible lending institution, to participate in the agricultural water conservation linked deposit program, to perform certain acts. Sec. 17.907. APPROVAL OR REJECTION OF APPLICATION. Authorizes the board to approve or reject an application of an eligible lending institution to participate in the program. Authorizes the board	

HOUSE VERSION	SENATE VERSION	CONFERENCE
	to delegate its authority to approve or reject applications to the executive director.	
	Sec. 17.908. DEPOSIT AGREEMENT. Requires the board and the eligible lending institution, if the	
	board approves an application of an eligible lending institution, to enter into a written deposit agreement.	
	Requires the agreement to contain the conditions on which the linked deposit is made. Requires the board,	
	rather than the comptroller, on execution of the agreement, to place a linked deposit from the fund with the	
	eligible lending institution in accordance with the agreement. Provides that a delay in payment or a default	
	on a loan by an applicant does not affect the validity of the deposit agreement.	
	Sec. 17.909. COMPLIANCE. (a) Requires an eligible lending institution, on accepting a linked deposit,	
	to lend money to an approved applicant in accordance with the deposit agreement and this subchapter.	
	Requires the eligible lending institution to forward a compliance report to the board in accordance with	
	board rules. Requires the board to adopt rules regarding the compliance report.	
	(b) Requires the board to monitor compliance with this subchapter and inform the comptroller of	
	noncompliance on the part of an eligible lending institution.	

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	Sec. 17.910. STATE LIABILITY PROHIBITED. Provides that the state is not liable to an eligible lending institution for payment of the principal, interest, or any late charges on a loan made to an approved applicant. Provides that a linked deposit is not an extension of the state's credit within the meaning of any state constitutional prohibition. Sec. 17.911. LIMITATIONS ON PROGRAM. (a) Provides that the maximum amount of a loan under the linked deposit program is $250,000. (b) Authorizes the board to withdraw linked deposits from an eligible lending institution if the institution ceases to be either a state depository or a Farm Credit System institution headquartered in this state. Sec. 17.912. RULES. Requires the board to adopt rules necessary to carry out this subchapter. Requires applications to be in the form and manner as provided by board rules. (v) Provides that the agricultural trust fund and the agricultural soil and water conservation fund are abolished and all assets of those funds are transferred to the agricultural water conservation fund. (w) Repeals: Chapters 15G, H, and I (Texas Water	

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	Assistance Program); and Sections 17.871(2) (Definitions), 17.871(7) (Definitions), and 17.8955 (Conservation Loans for Brush Control and Precipitation), Water Code.	
	(x) Requires the Texas Water Development Board to continue to administer a loan made before the effective date of this Act under the pilot program for low-interest loans for agricultural water conservation equipment until the loan is fully repaid. Provides that Chapter 15I, Water Code, is continued in effect for the limited purpose of allowing the board to administer those loans and to pursue remedies if a loan recipient defaults on a loan or otherwise violates the terms of the loan or of any loan guarantee instrument.	
	(y) Requires the Texas Water Development Board to continue to administer a conservation loan made before the effective date of this Act under Chapter 17J, Water Code. Provides that Chapter 17J, Water Code, as it existed immediately before the effective date of this Act, is continued in effect for the limited purpose of allowing the board to administer	

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	those loans and to pursue remedies if a loan recipient defaults on a loan or otherwise violates the terms of the loan or of any loan guarantee.	
No equivalent provision.	Senate Floor Amendment #3 adds: SECTION 20. (a) Defines "district to mean the Hudspeth County Underground Conservation District No. 1.	SECTION 20. Same as Senate version.
	(b) In order to reduce property taxes for the residents of Hudspeth County, Texas, and to reduce the expenditures of the district by excluding territory from the district that overlies aquifers not regulated by the district, the boundaries of the district are modified to include only the territory contained in a delineated meets and bounds description set forth in the legislation.	
	(c) Legislative findings related to the description of the district boundaries and field notes forming a closure and that a mistake in the field notes does not affect the district in specified ways.	
	(d) Allows the district board to adjust the precinct boundaries for the election of directors as necessary to provide for proper representation of the residents of the district, and to call and hold an election under Chapter 36, Water Code, or other law to ensure the lawful representation and taxation of the residents of the district.	

F

ENROLLED

H.B. No. 3442

AN ACT

relating to certain expenditures, charges, and other financial matters of certain governmental entities.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. REDUCTION OF EXPENDITURES AND IMPOSITION OF CHARGES GENERALLY. (a) This section applies to any state agency that receives an appropriation under Article VI of the General Appropriations Act.

(b) Notwithstanding any other statute of this state, each state agency to which this section applies is authorized to reduce or recover expenditures by:

(1) consolidating any reports or publications the agency is required to make and filing or delivering any of those reports or publications exclusively by electronic means;

(2) extending the effective period of any license, permit, or registration the agency grants or administers;

(3) entering into a contract with another governmental entity or with a private vendor to carry out any of the agency's duties;

(4) adopting additional eligibility requirements for persons who receive benefits under any law the agency administers to ensure that those benefits are received by the most deserving persons consistent with the purposes for which the benefits are provided; and

(5) providing that any communication between the agency and another person and any document required to be delivered to or by the agency, including any application, notice, billing statement, receipt, or certificate, may be made or delivered by electronic mail or through the Internet.

SECTION 2. TEXAS ANIMAL HEALTH COMMISSION; DUTIES REGARDING RIDING STABLES. (a) The Texas Animal Health Commission shall reduce its expenditures of state money related to regulating equine riding stables.

(b) Chapter 2053, Occupations Code, is repealed.

SECTION 3. ADMINISTRATIVE HEARINGS OF RAILROAD COMMISSION OF TEXAS. Section 102.006, Utilities Code, is amended to read as follows:

Sec. 102.006. [~~POWERS AND DUTIES OF STATE OFFICE OF~~] ADMINISTRATIVE HEARINGS IN CONTESTED CASES. (a) The railroad commission by rule shall provide for administrative hearings in contested cases to be conducted by one or more members of the railroad commission, by railroad commission hearings examiners, or by the [~~The~~] utility division of the State Office of Administrative Hearings. The rules must provide for a railroad commission hearings examiner or the utility division of the State Office of Administrative Hearings to [~~shall~~] conduct each hearing in a contested case that is not conducted by one or more members of the railroad commission. A hearing must be conducted in accordance with the rules and procedures adopted by the railroad commission.

(b) The railroad commission may delegate to a railroad commission hearings examiner or to the utility division of the

State Office of Administrative Hearings the authority to make a final decision and to issue findings of fact, conclusions of law, and other necessary orders in a proceeding in which there is not a contested issue of fact or law.

(c) The railroad commission by rule shall define the procedures by which it delegates final decision-making authority under Subsection (b) to a railroad commission hearings examiner or to the utility division of the State Office of Administrative Hearings.

(d) For purposes of judicial review, the [~~an administrative law judge's~~] final decision of a railroad commission hearings examiner or an administrative law judge of the State Office of Administrative Hearings in a matter delegated under Subsection (b) has the same effect as a final decision of the railroad commission unless a member of the commission requests formal review of the decision.

(e) The State Office of Administrative Hearings shall charge the railroad commission a fixed annual rate for hearings conducted by the office under this section only if the legislature appropriates money for that purpose. If the legislature does not appropriate money for the payment of a fixed annual rate under this section, the State Office of Administrative Hearings shall charge the railroad commission an hourly rate of not more than $90 per hour for hearings conducted by the office under this section.

SECTION 4. TEXAS DEPARTMENT OF AGRICULTURE. (a) Section 146.021, Agriculture Code, is amended to read as follows:

Sec. 146.021. DEPARTMENT FACILITIES. The department may

receive and hold for processing animals transported in international trade and may establish and collect reasonable fees for yardage, maintenance, feed, medical care, and other necessary expenses incurred in the course of processing those animals. Notwithstanding any other law, the department may use any portion of fees collected under this section that remains after spending the proceeds of the fees to meet other necessary expenses incurred under this section for expenses related to maintenance of or repairs to department facilities.

(b) Section 13.101(a), Agriculture Code, is amended to read as follows:

(a) At least once every four [~~three~~] years, or more often as required by the department, a weight or measure shall be inspected and tested for correctness by a sealer if it:

(1) is kept for sale, sold, or used by a proprietor, agent, lessee, or employee in proving the weight or measure, including the size, quantity, extent, or area, of any item; or

(2) is purchased, offered, or submitted by a proprietor, agent, lessee, or employee for sale, hire, or award.

(c) Section 9(d), Chapter 1033, Acts of the 71st Legislature, Regular Session, 1989 (Article 8614, Vernon's Texas Civil Statutes), is repealed.

(d) This section takes effect September 1, 2003.

SECTION 5. ANIMAL HEALTH COMMISSION. (a) Subchapter C, Chapter 161, Agriculture Code, is amended by adding Section 161.060 to read as follows:

Sec. 161.060. INSPECTION FEES. The commission may charge a

fee, as provided by commission rule, for an inspection made by the commission.

(b) This section takes effect September 1, 2003.

SECTION 6. TEXAS COMMISSION ON ENVIRONMENTAL QUALITY. (a) Section 5.701, Water Code, is amended by adding Subsection (r) to read as follows:

(r) The fee for processing a request for an expedited letter from the executive director stating the total depth of surface casing needed during the drilling of wells to protect usable ground waters in the state and required for the processing of certain permits from the Railroad Commission of Texas may not exceed $75.

(b) Section 26.35731(c), Water Code, is amended to read as follows:

(c) Not later than the 90th day after the date on which the commission receives a completed application for reimbursement from the petroleum storage tank remediation account, the commission shall send a fund payment report to the owner or operator of a petroleum storage tank system that is seeking reimbursement, if sufficient funds are available to make the payment.

(d) This section takes effect September 1, 2003.

SECTION 7. TEXAS PARKS AND WILDLIFE DEPARTMENT FEES. (a) Section 11.032, Parks and Wildlife Code, is amended by amending Subsection (b) and adding Subsection (c) to read as follows:

(b) The department shall deposit to the credit of the game, fish, and water safety account all revenue, less allowable costs, from the following sources:

(1) all types of fishing licenses and stamps and

shrimping licenses, except as provided by Section 77.120;

(2) all types of hunting licenses and stamps;

(3) trapping licenses and other licenses relating to the taking, propagation, and sale of fur-bearing animals or their pelts;

(4) sale of marl, sand, gravel, shell, and mudshell;

(5) oyster bed rentals and permits;

(6) federal funds received for fish and wildlife research, management, development and conservation, resource protection, and law enforcement, unless the funds are received for the specific purposes of Subchapter F, Chapter 77;

(7) sale of property, less advertising costs, purchased from this account or a special fund or account that is now part of this account;

(8) fines and penalties collected for violations of a law pertaining to the protection and conservation of wild birds, wild fowl, wild animals, fish, shrimp, oysters, game birds and animals, fur-bearing animals, alligators, and any other wildlife resources of this state;

(9) sale of rough fish by the department;

(10) fees for importation permits;

(11) fees from supplying fish for or placing fish in water located on private property;

(12) sale of seized pelts;

(13) sale or lease of grazing rights to and the products from game preserves, sanctuaries, and management areas;

(14) contracts for the removal of fur-bearing animals

and reptiles from wildlife management areas;

(15) vessel [~~motorboat~~] registration fees;

(16) vessel [~~motorboat~~] manufacturer or dealer licensing fees [~~registration fee~~];

(17) fines or penalties imposed by a court for violation of water safety laws contained in Chapter 31 of this code;

(18) alligator hunter's or alligator buyer's licenses;

(19) sale of alligators or any part of an alligator by the department;

(20) fees and revenue collected under Section 11.027(b) or (c) of this code that are associated with the conservation of fish and wildlife; [~~and~~]

(21) any other source provided by law; and

(22) vessel and outboard motor titling fees.

(c) Not later than the 10th day of each month the department shall transfer 15 percent of all amounts collected during the previous month from sources described by Subsection (b)(15), (16), or (22) to the state parks account.

(b) This section takes effect September 1, 2003.

SECTION 8. TEXAS PARKS AND WILDLIFE DEPARTMENT REGULATION OF MARINE BUSINESSES. (a) Section 31.003, Parks and Wildlife Code, is amended by amending Subdivision (7) and adding Subdivision (16) to read as follows:

(7) "Dealer" means a person [~~customarily~~] engaged in the business of buying, selling, selling on consignment, displaying for sale, or exchanging at least five vessels, motorboats, or outboard motors during a calendar year at an established or

permanent place of business in this state [~~and that at each place of business there is a sign conspicuously displayed showing the name of the dealership so that it may be located by the public and sufficient space to maintain an office, service area, and display of products~~].

(16) "Distributor" means a person who offers for sale, sells, or processes for distribution new boats or outboard motors to dealers in this state.

(b) Subchapter A, Chapter 31, Parks and Wildlife Code, is amended by adding Section 31.007 to read as follows:

Sec. 31.007. DEALER REQUIREMENTS. A dealer shall:

(1) display in each of the dealer's places of business a sign that:

(A) is conspicuous to the public; and

(B) shows the name of the dealership; and

(2) operate in a space sufficient to maintain an office, service area, and display of products.

(c) Section 31.021, Parks and Wildlife Code, is amended to read as follows:

Sec. 31.021. REQUIRED NUMBERING. (a) Each [~~undocumented~~] vessel on the water of this state shall be numbered in accordance with the provisions of this chapter unless specifically exempted. The numbering system shall be in accord with the Federal Boating Act of 1958 and subsequent federal legislation.

(b) No person may operate or give permission for the operation of any vessel or may dock, moor, or store a vessel owned by the person on the water of this state unless:

(1) the vessel is numbered as required by this chapter;

(2) the certificate of number awarded to the vessel is in full force and effect; and

(3) the identifying number set forth in the certificate is properly displayed on each side of the bow of the vessel as required by this chapter.

(d) Section 31.032, Parks and Wildlife Code, is amended to read as follows:

Sec. 31.032. NUMBERING ON BOW. (a) The owner of a vessel shall paint on or attach to each side of the vessel near the bow the identification number and a validation decal in the manner prescribed by the department. The number shall read from left to right and shall be of block characters of good proportion of not less than three inches in height. The numbers shall be of a color which will contrast with the hull material of the vessel and so maintained as to be clearly visible and legible.

(b) The owner of a vessel required to be numbered under this subchapter and documented by the United States Coast Guard is not required to attach an identification number as required by Subsection (a).

(c) The commission shall adopt rules for the placement of the validation decal in an alternate location for antique boats. In this subsection, "antique boat" means a boat that:

(1) is used primarily for recreational purposes; and

(2) was manufactured before 1968.

(e) Section 31.039, Parks and Wildlife Code, is amended to

read as follows:

Sec. 31.039. PUBLIC RECORDS; FEES. (a) All ownership records of the department made or kept under this chapter are public records.

(b) The commission may by rule charge a fee for access to ownership records and other records made or kept under this chapter.

(f) Section 31.041, Parks and Wildlife Code, is amended to read as follows:

Sec. 31.041. DEALER'S, DISTRIBUTOR'S, AND MANUFACTURER'S LICENSE [~~NUMBER~~]. (a) A person may not engage in business in this state as a dealer, distributor, or manufacturer unless the person holds a license issued under this section. A dealer must have a license for each place of business owned and operated by the person.

(b) The commission shall establish the form and manner for display of a license issued under this section.

(c) The department shall issue a dealer, distributor, or manufacturer number to each dealer, distributor, or manufacturer licensed under this section in the manner provided by Section 31.031(b).

(d) A dealer, distributor, or manufacturer of vessels in this state may use the [~~obtain a~~] dealer's, distributor's, or [~~and~~] manufacturer's number for vessels the dealer, distributor, or manufacturer wishes to show, demonstrate, or test on the water of this state instead of securing a certificate of number for each vessel. The number shall be attached to any vessel that the dealer, distributor, or manufacturer sends temporarily on the water. For

purposes of this subsection, "show, demonstrate, or test" does not include the use of a vessel for recreational purposes or for participation in a contest or event.

(e) [~~(b)~~] The application for a license under this section [~~number~~] must state that the applicant is a dealer, distributor, or manufacturer within the meaning of this chapter, and the facts stated on the application must be sworn before an officer authorized to administer oaths. An [~~The~~] application submitted by a dealer must be accompanied by photographs of the business sufficient to show any sign the business is required to display and the extent of the space the business is required to maintain. The application must also be accompanied by a copy of the tax permit of the dealer, distributor, or manufacturer issued by the comptroller under Chapter 151, Tax Code, if the dealer, distributor, or manufacturer has a tax permit. The two-year fee for a dealer's, distributor's, or [~~and~~] manufacturer's number is $500 [~~$45 or an amount set by the commission, whichever amount is more~~]. A license [~~No number~~] may not be issued until the provisions of this section have been satisfied.

(f) [~~(c)~~] A dealer, distributor, or manufacturer holding a dealer's, distributor's, or [~~and~~] manufacturer's license [~~number~~] may issue a reasonable temporary facsimile of the number issued under Subsection (c), which may be used by any authorized person. A person purchasing a vessel may use the dealer's number for a period not to exceed 15 days prior to filing an application for a certificate of number. The form of the facsimile and the manner of display of the number shall be prescribed by the department.

(g) [~~(d)~~] A dealer, distributor, or manufacturer holding a dealer's, distributor's, or [~~and~~] manufacturer's license [~~number~~] may transfer a certificate of number or a certificate of title to a vessel or outboard motor without securing a certificate of number or certificate of title in the dealer's, distributor's, or manufacturer's name if the vessel or outboard motor is sold in the normal course of the dealer's, distributor's, or manufacturer's business. [~~Any other person transferring a vessel or outboard motor must secure a certificate of number or certificate of title in the person's name before transferring the certificate of number or the certificate of title.~~]

(g) Subchapter B, Chapter 31, Parks and Wildlife Code, is amended by adding Sections 31.0411, 31.0412, and 31.0413 to read as follows:

Sec. 31.0411. TERM OF LICENSE; TRANSFER. (a) Except as provided by Subsection (b), a license issued under Section 31.041:

(1) is valid for two years from the date of issuance; and

(2) may not be transferred to another person.

(b) A license issued under Section 31.041 in the name of a business remains valid for the business location specified on the license if a change of ownership or business name occurs.

(c) A license issued under Section 31.041 may be transferred to a new address if:

(1) a business moves to another location; and

(2) a change of ownership has not occurred.

Sec. 31.0412. LICENSING RULES. The commission may adopt

rules regarding licenses issued under Section 31.041, including rules:

(1) regarding license transfer procedures;

(2) prescribing application forms;

(3) regarding application and renewal procedures;

(4) prescribing reporting and recordkeeping requirements for license holders; and

(5) setting fees to be charged for:

(A) a transferred license; or

(B) a replacement license.

Sec. 31.0413. EXEMPTION FROM DEALER LICENSING REQUIREMENTS. The dealer licensing provisions of this subchapter do not apply to the sale of a canoe, kayak, punt, rowboat, rubber raft, paddleboat, or other vessel that is less than 12 feet in length and has a horsepower rating of five horsepower or less or to the sale of an outboard motor with a manufacturer's rating of five horsepower or less.

(h) Section 31.042(b), Parks and Wildlife Code, is amended to read as follows:

(b) Causes for cancellation of certificates and voiding of numbers include:

(1) surrender of the certificate for cancellation;

(2) issuance of a new number for the same vessel;

(3) [~~issuance of a marine document by the Bureau of Customs for the same vessel;~~

[~~(4)~~] false or fraudulent certification in an application for number;

(4) [~~(5)~~] failure to pay the prescribed fee; and

(5) [~~(6)~~] dismantling, destruction, or other change in the form or character of the vessel or outboard motor so that it is no longer correctly described in the certificate or it no longer meets the definition of a vessel or outboard motor.

(i) Subchapter B, Chapter 31, Parks and Wildlife Code, is amended by adding Section 31.044 to read as follows:

Sec. 31.044. INSPECTIONS. A dealer, distributor, or manufacturer may not refuse to allow the department or a peace officer to inspect a vessel, outboard motor, or records relating to the possession, origination, ownership, or transfer of a vessel or outboard motor at a dealership or distributor's or manufacturer's place of business during normal business hours.

(j) Subchapter B-1, Chapter 31, Parks and Wildlife Code, is amended by adding Section 31.0465 to read as follows:

Sec. 31.0465. APPEAL REGARDING CERTIFICATE OF TITLE; BOND; RULES. (a) An applicant for a certificate of title under Section 31.046 may appeal the department's refusal to issue the title by filing a bond with the department as provided by this section.

(b) A bond filed under this section must be:

(1) in the form prescribed by the department;

(2) executed by the applicant;

(3) issued by a person authorized to act as a surety business in this state;

(4) in an amount equal to 1-1/2 times the value of the vessel or outboard motor as determined by the department; and

(5) conditioned to indemnify all prior owners and

lienholders and all subsequent purchasers of the vessel or outboard motor or persons who acquire a security interest in the vessel or outboard motor, and their successors in interest, against any expense, loss, or damage, including reasonable attorney's fees, resulting from:

(A) the issuance of the certificate of title for the vessel or outboard motor; or

(B) a defect in or undisclosed security interest in the right, title, or interest of the applicant to or in the vessel or outboard motor.

(c) The department may issue the certificate of title to the person filing the bond if the applicant proves to the satisfaction of the department that:

(1) the vessel or outboard motor is not stolen; and

(2) issuance of a certificate of title would not defraud the owner or a lienholder of the vessel or outboard motor.

(d) A person described by Subsection (b)(5) has a right of action to recover on the bond for a breach of a condition of the bond described by Subsection (b)(5). The aggregate liability of the surety to all persons may not exceed the amount of the bond.

(e) A bond filed under this section expires on the third anniversary of the date the bond became effective. The department shall return an expired bond to the person who filed the bond unless the department has been notified of a pending action to recover on the bond.

(f) On return of a bond under Subsection (e), the department shall issue a certificate of title to the person to whom the bond is

returned.

(g) In addition to the situation described by Subsection (c), the commission by rule may define acceptable situations in which certificates of title may be issued after the filing of a bond under this section.

(k) Section 31.049(c), Parks and Wildlife Code, is amended to read as follows:

(c) If there is a lien on the vessel or outboard motor, the original certificate of title shall be sent to the first lienholder[~~, a duplicate original certificate shall be sent to the owner,~~] and a copy shall be retained by the department.

(l) Section 31.053, Parks and Wildlife Code, is amended by adding Subsection (f) to read as follows:

(f) A person who is not licensed as a dealer, distributor, or manufacturer under this chapter must obtain a certificate of number or certificate of title to a vessel or outboard motor in the person's name before transferring the certificate of number or certificate of title.

(m) Section 31.127(a), Parks and Wildlife Code, is amended to read as follows:

(a) A person who violates or fails to comply with any provision of this chapter, or who violates or fails to comply with a proclamation of the commission entered under this chapter or a city ordinance or order of a commissioners court or a political subdivision of the state made or entered under this chapter, commits an offense that is a Class C Parks and Wildlife Code misdemeanor.

(n) Not later than January 1, 2004, the Parks and Wildlife Commission shall adopt any rules necessary to implement Subsections (a)-(l) of this section.

(o) A person is not required to be licensed under Section 31.041, Parks and Wildlife Code, as amended by this section, until March 1, 2004. Before that date, the person is governed by the law as it existed immediately before the effective date of this section, and that law is continued in effect for that purpose.

(p) This section takes effect September 1, 2003.

SECTION 9. TEXAS PARKS AND WILDLIFE DEPARTMENT: FRESHWATER FISHING STAMP. (a) Chapter 43, Parks and Wildlife Code, is amended by adding Subchapter U to read as follows:

SUBCHAPTER U. FRESHWATER FISHING STAMP

Sec. 43.801. DEFINITION. In this subchapter, "fresh water" has the meaning provided by Section 66.001.

Sec. 43.802. FRESHWATER FISHING STAMP REQUIRED. (a) Except as provided by Subsection (b) or (c), no person may engage in fishing in fresh water for sporting purposes in this state unless the person has acquired a freshwater fishing stamp issued to the person by the department. The commission by rule may adopt requirements relating to possessing a freshwater fishing stamp required by this section.

(b) A person who is exempted from obtaining a fishing license under Chapter 46 is not required to obtain a freshwater fishing stamp.

(c) The commission by rule may exempt a person from the freshwater fishing stamp requirement of this section.

Sec. 43.803. FISHING LICENSE REQUIRED. The acquisition of a freshwater fishing stamp does not authorize a person to fish in fresh water for sporting purposes without having acquired a fishing license as provided by Chapter 46. The acquisition of a freshwater fishing stamp does not authorize a person to fish at any time or by any means not otherwise authorized by this code.

Sec. 43.804. DESIGN AND ISSUANCE OF STAMPS. (a) The department may issue a freshwater fishing stamp to any person on the payment to the department of $5. Except as provided by Subsection (e), a stamp must be signed on its face by the person using it for the stamp to be valid for fishing purposes.

(b) The department may issue a collectible freshwater fishing stamp to any person on the payment to the department of $5. A collectible freshwater fishing stamp does not authorize a person to fish and is not valid for fishing purposes.

(c) The commission by rule shall prescribe the form, design, and manner of issuance of the freshwater fishing stamp and the collectible freshwater fishing stamp. The department retains all reproduction rights to the design of the freshwater fishing stamp and the collectible freshwater fishing stamp.

(d) The commission may contract with and pay a person for designing and producing the freshwater fishing stamp or the collectible freshwater fishing stamp.

(e) The commission by rule may prescribe alternate requirements for identifying the purchaser of a freshwater fishing stamp issued in an automated manner.

Sec. 43.805. DISPOSITION OF STAMP FEES. (a) After

deduction of any collection fee, the net receipts from freshwater fishing stamp and collectible freshwater fishing stamp sales shall be sent to the department.

(b) The net receipts from freshwater fishing stamp sales may be spent only for:

(1) the repair, maintenance, renovation, or replacement of freshwater fish hatcheries in this state; or

(2) the purchase of game fish that are stocked into the public water of this state.

(c) The net receipts from collectible freshwater fishing stamp sales may be spent only for the restoration, enhancement, or management of freshwater fish habitats.

Sec. 43.806. EXPIRATION OF STAMP. (a) Except as provided by Subsection (b) or (c), a freshwater fishing stamp is valid for fishing only during the yearly period for which the stamp is issued, without regard to the date on which the stamp is acquired. Each yearly period begins on September 1 of the year in which the stamp is issued or another date set by the commission and extends through August 31 of the next year or another date set by the commission. The commission by rule may set the amount of a stamp fee for a stamp issued during a transition period at an amount lower than prescribed in this subchapter and provide for a stamp term for a transition period that is shorter or longer than one year.

(b) A freshwater fishing stamp issued before September 1 or another date set by the commission that does not expire until August 31 of the next year or another date set by the commission is valid from the date of issuance through August 31 of the next year or

another date set by the commission.

(c) A freshwater fishing stamp issued in conjunction with a license issued under Section 46.005 or 46.0051 expires on the later of the license expiration date or the date printed on the stamp.

Sec. 43.807. REFUSAL TO SHOW STAMP. A person fishing in fresh water for sporting purposes who refuses on demand of any game management officer or peace officer to show a freshwater fishing stamp or proof that the person is exempt under Section 43.802(b) or a rule adopted under that section is presumed to be in violation of Section 43.802.

Sec. 43.808. PENALTY. A person who violates Section 43.802 is guilty of a Class C Parks and Wildlife Code misdemeanor.

Sec. 43.809. EXPIRATION OF SUBCHAPTER. This subchapter expires September 1, 2014.

(b) Subchapters N and Q, Chapter 43, Parks and Wildlife Code, are repealed.

(c) This section takes effect September 1, 2004.

SECTION 10. TRANSFER OF RAILROAD COMMISSION OF TEXAS FUNCTIONS RELATED TO QUARRY AND PIT SAFETY. (a) On September 1, 2003:

(1) all powers, duties, functions, and activities performed by the Railroad Commission of Texas under Chapter 133, Natural Resources Code, immediately before that date are transferred to the Texas Department of Transportation;

(2) all employees of the Railroad Commission of Texas whose primary duties relate to the implementation of Chapter 133, Natural Resources Code, become employees of the Texas Department of

Transportation;

(3) a rule, form, order, or procedure adopted by the Railroad Commission of Texas for the implementation or enforcement of Chapter 133, Natural Resources Code, is a rule, form, order, or procedure of the Texas Department of Transportation and remains in effect until changed by the Texas Department of Transportation;

(4) a reference in Chapter 133, Natural Resources Code, to the Railroad Commission of Texas means the Texas Department of Transportation;

(5) a permit or certification in effect under Chapter 133, Natural Resources Code, that was issued by the Railroad Commission of Texas is continued in effect as a permit or certification issued by the Texas Department of Transportation; and

(6) a complaint, investigation, or other proceeding under Chapter 133, Natural Resources Code, pending before the Railroad Commission of Texas is transferred without change in status to the Texas Department of Transportation.

(b) This section takes effect September 1, 2003.

SECTION 11. RAILROAD COMMISSION OF TEXAS FUNCTIONS RELATED TO RAILROAD SAFETY. (a) Article 6448a, Revised Statutes, is amended to read as follows:

Art. 6448a. IMPLEMENTATION OF FEDERAL RAILROAD SAFETY ACT OF 1970

Sec. 1. The Railroad Commission of Texas is hereby authorized to perform any act and issue any rules and orders as permitted by the Federal Railroad Safety Act of 1970 (45 U.S.C.A. 431 et seq.).

Sec. 2. (a) The Railroad Commission of Texas by rule shall adopt reasonable fees to be assessed annually against railroads operating within the state.

(b) The commission by rule shall establish the method by which the fees are calculated and assessed.

(c) The total amount of fees estimated to be collected by rules adopted by the commission under this section may not exceed the amount estimated by the commission to be necessary to recover the costs of administering the commission's rail safety program.

(d) In adopting a fee structure, the commission may consider the gross ton miles for railroad operations within the State of Texas for each railroad operating in the state to provide for the equitable allocation among railroads of the cost of administering the commission's rail safety program.

(e) A fee collected under this section shall be deposited to the credit of the general revenue fund to be used for the rail safety program.

(b) This section takes effect on September 1, 2003.

SECTION 12. RAILROAD COMMISSION OF TEXAS FUNCTIONS RELATED TO PIPELINES. (a) Subchapter E, Chapter 121, Utilities Code, is amended by adding Section 121.211 to read as follows:

Sec. 121.211. PIPELINE SAFETY FEES. (a) The railroad commission by rule may adopt an inspection fee to be assessed annually against operators of natural gas distribution pipelines and their pipeline facilities and natural gas master metered pipelines and their pipeline facilities subject to this chapter.

(b) The railroad commission by rule shall establish the

method by which the fee is calculated and assessed. In adopting a fee structure, the railroad commission may consider any factors necessary to provide for the equitable allocation among operators of the costs of administering the railroad commission's pipeline safety program under this chapter.

(c) The total amount of fees estimated to be collected under rules adopted by the railroad commission under this section may not exceed the amount estimated by the railroad commission to be necessary to recover the costs of administering the railroad commission's pipeline safety program under this chapter, excluding costs that are fully funded by federal sources.

(d) The railroad commission may assess each investor-owned and each municipally owned natural gas distribution system subject to this chapter an annual inspection fee not to exceed 50 cents for each service line reported by the system on the Distribution Annual Report, Form RSPA F7100.1-1, due on March 15 of each year. The fee is due March 15 of each year.

(e) The railroad commission may assess each operator of a natural gas master metered system subject to this chapter an annual inspection fee not to exceed $100 for each master metered system. The fee is due June 30 of each year.

(f) The railroad commission may assess a late payment penalty of 10 percent of the total assessment due under Subsection (d) or (e) that is not paid within 30 days after the annual due date established by the applicable subsection.

(g) Each investor-owned and municipally owned natural gas distribution company and each natural gas master meter operator

shall recover as a surcharge to its existing rates the amounts paid to the railroad commission under this section. Amounts collected under this subsection by an investor-owned natural gas distribution company shall not be included in the revenue or gross receipts of the company for the purpose of calculating municipal franchise fees or any tax imposed under Subchapter B, Chapter 182, Tax Code, or under Chapter 122. Those amounts are not subject to a sales and use tax imposed by Chapter 151, Tax Code, or Chapters 321 through 327, Tax Code.

(h) A fee collected under this section shall be deposited to the credit of the general revenue fund to be used for the pipeline safety program.

(b) This section takes effect September 1, 2003.

SECTION 13. SOIL AND WATER CONSERVATION BOARD. (a) Section 201.011, Agriculture Code, is amended to read as follows:

Sec. 201.011. COMPOSITION. The State Soil and Water Conservation Board is a state agency composed of seven [~~five~~] members as follows:

(1) [~~, with~~] one member elected from each of the state districts in accordance with this subchapter; and

(2) two members appointed by the governor, each of whom is:

(A) actively engaged in the business of farming, animal husbandry, or other business related to agriculture and who wholly or partly owns or leases land used in connection with that business; and

(B) not a member of the board of directors of a

conservation district.

(b) Section 201.015(b), Agriculture Code, is amended to read as follows:

(b) The term of office of an elected [~~a~~] member of the state board begins on the day after the day on which the member was elected. The term of one member appointed by the governor expires February 1 of each odd-numbered year, and the term of the other member appointed by the governor expires February 1 of each even-numbered year.

(c) Section 201.016, Agriculture Code, is amended to read as follows:

Sec. 201.016. VACANCY. Vacancies on the state board for state district positions are filled by election in the manner provided by this subchapter for an unexpired term or for a full term.

(d) Subchapter B, Chapter 201, Agriculture Code, is amended by adding Sections 201.028 and 201.029 to read as follows:

Sec. 201.028. SEMIANNUAL REPORT. Not later than January 1 and July 1 of each year, the state board shall prepare and deliver a report to the governor, the lieutenant governor, and the speaker of the house of representatives relating to the status of the board's budget areas of responsibility assigned to the board, including outreach programs, grants made and received, federal funding applied for and received, special projects, and oversight of water conservation district activities.

Sec. 201.029. MANAGEMENT AUDIT. Not later than March 1, 2004, the state auditor, in coordination with the Legislative

Budget Board, shall conduct a management audit of the State Soil and Water Conservation Board and deliver the audit report to the governor, the lieutenant governor, and the speaker of the house of representatives. The audit shall include an evaluation of the administrative budget for the board. This section expires April 1, 2004.

(e) Sections 203.011-203.013, Agriculture Code, are amended to read as follows:

Sec. 203.011. AUTHORITY OF BOARD. The board has jurisdiction over and shall administer the brush control program under this chapter with the assistance of local districts.

Sec. 203.012. RULES. The board shall adopt, after consulting with local districts, reasonable rules that are necessary to carry out this chapter.

Sec. 203.013. AUTHORITY OF DISTRICTS. Each district [~~in which all or part of a critical area is located~~] may carry out the responsibilities provided by Subchapter D of this code as delegated by the board [~~in that critical area~~].

(f) Section 203.016, Agriculture Code, is amended to read as follows:

Sec. 203.016. CONSULTATION. The board shall consult with:

(1) the department in regard to the effects of the brush control program on agriculture;

(2) the Texas Water Development Board in regard to the effects of the brush control program on water quantity; and

(3) the Parks and Wildlife Department in regard to the effects of the brush control program on fish and wildlife.

(g) Section 203.051, Agriculture Code, is amended to read as follows:

Sec. 203.051. STATE PLAN. The board shall prepare and adopt a state brush control plan that shall:

(1) include a comprehensive strategy for managing brush in all areas of the state where brush is contributing to a substantial water conservation problem; and

(2) rank [~~designate~~] areas [~~of critical need~~] in the state in need of a [~~which to implement the~~] brush control program.

(h) Sections 203.052(b), (c), and (d), Agriculture Code, are amended to read as follows:

(b) Not less than 30 days before the date the hearing is to be held, the board shall mail written notice of the hearing to each district in the state. The notice must:

(1) include the date and place for holding the hearing;

(2) include instructions for each district to submit comments on the proposed plan; and

(3) [~~must~~] state the purpose for holding the hearing.

(c) At the hearing, representatives of a district and any other person may appear and present testimony including information and suggestions for any changes in the proposed plan. The board shall:

(1) enter any written comments received on the proposed plan into the record of the hearing; and

(2) consider all written comments and testimony before taking final action on the proposed plan.

(d) After the conclusion of the hearing, the board shall consider the testimony including the information and suggestions made at the hearing and in written comments. After [~~and, after~~] making any changes in the proposed plan that it finds necessary, the board shall adopt the plan.

(i) Section 203.053, Agriculture Code, is amended to read as follows:

Sec. 203.053. CRITERIA FOR EVALUATING BRUSH CONTROL [~~DESIGNATING CRITICAL~~] AREAS. (a) In ranking [~~designating critical~~] areas under the plan, the board shall consider:

(1) the location of various brush infestations;

(2) the type and severity of [~~various~~] brush infestations;

(3) the various management methods that may be used to control brush; [~~and~~]

(4) any other criteria that the board considers relevant to assure that the brush control program can be most effectively, efficiently, and economically implemented; and

(5) the amount of water produced by a project and the severity of water shortage in the areas.

(b) In ranking [~~designating critical~~] areas, the board shall give priority to areas with the most critical water conservation needs and in which brush control and revegetation projects will be most likely to produce substantial water conservation.

(j) Section 203.055, Agriculture Code, is amended to read as follows:

Sec. 203.055. APPROVED METHODS FOR BRUSH CONTROL. (a) The board shall study and must approve all methods used to control brush under this Act considering the overall impact the project will have [~~within critical areas~~].

(b) The board may approve a method for use under the cost-sharing program provided by Subchapter E of this chapter if the board finds that the proposed method:

(1) has proven to be an effective and efficient method for controlling brush;

(2) is cost efficient;

(3) will have a beneficial impact on the development of water sources and wildlife habitat;

(4) will maintain topsoil to prevent erosion or silting of any river or stream; and

(5) will allow the revegetation of the area after the brush is removed with plants that are beneficial to stream flows, groundwater levels, livestock, and wildlife.

(k) Section 203.101, Agriculture Code, is amended to read as follows:

Sec. 203.101. GENERAL AUTHORITY. Each district may administer the aspects of the brush control program [~~within any critical area~~] located within the jurisdiction of that district.

(l) Section 203.154, Agriculture Code, is amended by amending Subsections (a) and (c) and by adding Subsections (d) and (e) to read as follows:

(a) Not more than 70 [~~80~~] percent of the total cost of a single brush control project may be made available as the state's

share in cost sharing.

(c) The board may grant an exception to Subsection (b) of this section if the board finds that joint participation of the state brush control program and any federal brush control program will:

(1) enhance the efficiency and effectiveness of a project; [~~and~~]

(2) lessen the state's financial commitment to the project; and

(3) not exceed 80 percent of the total cost of the project.

(d) A political subdivision of this state is eligible for cost sharing under the brush control program as long as the state's share does not exceed 50 percent of any one project.

(e) Notwithstanding any other provision of this section, 100 percent of the total costs of a single project on public lands may be made available as the state's share in cost sharing.

(m) Sections 203.156-203.158, Agriculture Code, are amended to read as follows:

Sec. 203.156. APPLICATION FOR COST SHARING. A person, including a political subdivision of this state, who desires to participate with the state in a brush control project and to obtain cost-sharing participation by the state shall file an application with the district board in the district in which the land on which the project is to be accomplished is located. The application must be in the form provided by board rules.

Sec. 203.157. CONSIDERATIONS IN PASSING ON APPLICATION. In

passing on an application for cost sharing, the board shall consider:

(1) the location of [~~whether~~] the project [~~is to be carried out in a critical area~~];

(2) the method of control that is to be used by the project applicant;

(3) the plans for revegetation;

(4) the total cost of the project;

(5) the amount of land to be included in the project;

(6) whether the applicant for the project is financially able to provide his share of the money for the project;

(7) the cost-share percentage, if an applicant agrees to a higher degree of financial commitment;

(8) any comments and recommendations submitted by a local district, the department, the Texas Water Development Board, or [~~of~~] the Parks and Wildlife Department; and

(9) any other pertinent information considered necessary by the board.

Sec. 203.158. APPROVAL OF APPLICATION. The board may approve an application if, after considering the factors listed in Section 203.157 of this code and any other relevant factors, the board finds:

(1) the owner of the land fully agrees to cooperate in the project;

(2) the method of eradication is a method approved by the board under Section 203.055 of this code; and

(3) the project ranks higher than other projects

submitted in accordance with [~~is to be carried out in a critical area designated under~~] the board's plan.

(n) Sections 203.159(a) and (c), Agriculture Code, are amended to read as follows:

(a) If the demand for funds under the cost-sharing program is greater than funds available, the board shall [~~may~~] establish priorities favoring the areas with the most critical water conservation needs and projects that will be most likely to produce substantial water conservation.

(c) The board shall consider quantity of stream flows, the quantity of groundwater, and the amount of [~~land dedicated to the project that will produce significant~~] water conservation from the eradication of brush each to be [~~is~~] a priority.

(o) Sections 203.001(5) and 203.155, Agriculture Code, are repealed.

(p) In making initial appointments to the State Soil and Water Conservation Board under Section 201.011, Agriculture Code, as amended by this section, the governor shall designate one member to serve a term expiring February 1, 2004, and the other member to serve a term expiring February 1, 2005.

(q) The State Soil and Water Conservation Board shall prepare and deliver the first report required by Section 201.028, Agriculture Code, as added by this section, not later than January 1, 2004.

(r) This section takes effect September 1, 2003.

SECTION 14. IMPOSITION OF CERTAIN FEES. (a) Subchapter B, Chapter 1052, Occupations Code, is amended by adding Section

1052.0541 to read as follows:

Sec. 1052.0541. FEE INCREASE. (a) The fee for the issuance of a certificate of registration under this chapter and the fee for the renewal of a certificate of registration under this chapter is increased by $200.

(b) Of each fee increase collected, $50 shall be deposited in the foundation school fund and $150 shall be deposited in the general revenue fund.

(b) Subchapter B, Chapter 1053, Occupations Code, is amended by adding Section 1053.0521 to read as follows:

Sec. 1053.0521. FEE INCREASE. (a) The fee for the issuance of a certificate of registration under this chapter and the fee for the renewal of a certificate of registration under this chapter is increased by $200.

(b) Of each fee increase collected, $50 shall be deposited in the foundation school fund and $150 shall be deposited in the general revenue fund.

(c) Subchapter D, Chapter 1071, Occupations Code, is amended by adding Section 1071.1521 to read as follows:

Sec. 1071.1521. FEE INCREASE. (a) The fee for the issuance of a certificate of registration to a registered professional land surveyor under this chapter and the fee for the renewal of a certificate of registration for a registered professional land surveyor under this chapter is increased by $200.

(b) Of each fee increase collected, $50 shall be deposited in the foundation school fund and $150 shall be deposited in the general revenue fund.

(c) This section does not apply to state agency employees who are employed by the state as land surveyors.

(d) Subchapter B, Chapter 1152, Occupations Code, is amended by adding Section 1152.053 to read as follows:

Sec. 1152.053. FEE INCREASE. (a) The fee for the registration of a person under this chapter and the fee for the renewal of a registration under this chapter is increased by $200.

(b) Of each fee increase collected, $50 shall be deposited in the foundation school fund and $150 shall be deposited in the general revenue fund.

(e) The change in law made by this section applies only to the issuance or renewal of a certificate of registration under Chapter 1052, 1053, or 1071, Occupations Code, or the issuance or renewal of a registration under Chapter 1152, Occupations Code, on or after the effective date of this article. A certificate of registration or registration issued or renewed before the effective date of this section is governed by the law in effect on the date of the issuance or renewal, and the former law is continued in effect for that purpose.

SECTION 15. STATE AGENCY HUMAN RESOURCES STAFFING AND FUNCTIONS. (a) Subtitle B, Title 6, Government Code, is amended by adding Chapter 670 to read as follows:

CHAPTER 670. HUMAN RESOURCES STAFFING AND FUNCTIONS

Sec. 670.001. DEFINITIONS. In this chapter:

(1) "Human resources employee" does not include an employee whose primary job function is enforcement of Title VI or Title VII of the Civil Rights Act of 1964.

(2) "State agency" means a department, commission, board, office, authority, council, or other governmental entity in the executive branch of government that is created by the constitution or a statute of this state and has authority not limited to a geographical portion of the state. The term does not include a university system or institution of higher education as defined by Section 61.003, Education Code.

Sec. 670.002. HUMAN RESOURCES STAFFING FOR LARGE STATE AGENCIES. A state agency with 500 or more full-time equivalent employees shall adjust the agency's human resources staff to achieve a human resources employee-to-staff ratio of not more than one human resources employee for every 85 staff members.

Sec. 670.003. HUMAN RESOURCES STAFFING FOR MEDIUM-SIZED AND SMALL STATE AGENCIES; OUTSOURCING. (a) The State Council on Competitive Government shall determine the cost-effectiveness of consolidating the human resources functions of or contracting with private entities to perform the human resources functions of state agencies that employ fewer than 500 full-time equivalent employees.

(b) If the council determines that contracting with private entities is cost-effective, the council shall issue a request for proposals for vendors to perform the human resources functions of the agencies.

(c) The council shall determine which human resources functions are subject to the contract and which functions the agency may select to perform itself.

(d) Each agency shall pay for the contracts for human resources functions out of the agency's human resources budget.

(b) Not later than January 1, 2004, each state agency with 500 or more full-time equivalent employees shall comply with the human resources employee-to-staff ratio requirements in Section 670.002, Government Code, as added by this section.

(c) Not later than January 1, 2004, the State Council on Competitive Government shall conduct an initial feasibility study to determine the cost-effectiveness of consolidating the human resources functions of or contracting with private entities to perform human resources functions of state agencies under Section 670.003, Government Code, as added by this section.

SECTION 16. AGENCY STAFFING AND PRODUCTIVITY. (a) Effective September 1, 2003, Section 651.004, Government Code, is amended by adding Subsections (c-1) and (d) to read as follows:

(c-1) A state agency in the executive branch of state government that employs more than 100 full-time equivalent employees may not, after March 31, 2004, employ more than one full-time equivalent employee in a management position for every eight full-time equivalent employees that the agency employs in nonmanagerial staff positions. This subsection expires September 1, 2005.

(d) A state agency that believes that the minimum management-to-staff ratios required by this section are inappropriate for that agency may appeal to the Legislative Budget Board. The Legislative Budget Board by rule shall adopt appeal procedures.

(b) Effective September 1, 2004, Section 651.004, Government Code, is amended by adding Subsection (c-2) to read as

follows:

(c-2) A state agency in the executive branch of state government that employs more than 100 full-time equivalent employees may not, after August 31, 2005, employ more than one full-time equivalent employee in a management position for every nine full-time equivalent employees that the agency employs in nonmanagerial staff positions. This subsection expires September 1, 2006.

(c) Effective September 1, 2005, Section 651.004, Government Code, is amended by adding Subsection (c-3) to read as follows:

(c-3) A state agency in the executive branch of state government that employs more than 100 full-time equivalent employees may not, after August 31, 2006, employ more than one full-time equivalent employee in a management position for every 10 full-time equivalent employees that the agency employs in nonmanagerial staff positions. This subsection expires September 1, 2007.

(d) Effective September 1, 2006, Section 651.004, Government Code, is amended by adding Subsection (c) to read as follows:

(c) A state agency in the executive branch of state government that employs more than 100 full-time equivalent employees may not employ more than one full-time equivalent employee in a management position for every 11 full-time equivalent employees that the agency employs in nonmanagerial staff positions.

(e) A state agency in the executive branch of government

shall achieve the management-to-staff ratio required by Subsection (c), Section 651.004, Government Code, as added by this section, not later than August 31, 2007.

(f) Subchapter K, Chapter 659, Government Code, is amended by adding Section 659.262 to read as follows:

Sec. 659.262. ADDITIONAL COMPENSATION FOR CERTAIN CLASSIFIED STATE EMPLOYEES. (a) In this section, "state agency" means an agency of any branch of state government that employs individuals who are classified under Chapter 654.

(b) To enhance the recruitment of competent personnel for certain classified employee positions, a state agency may provide to a state employee, at the time of the employee's hiring for a classified position, additional compensation in the form of a one-time recruitment payment not to exceed $5,000. If the employee discontinues employment with the state agency for any reason less than three months after the date of receiving the recruitment payment, the employee shall refund to the state agency the full amount of the recruitment payment. If the employee discontinues employment with the state agency for any reason three months or longer but less than 12 months after the date of receiving the recruitment payment, the employee shall refund to the state agency an amount computed by:

(1) subtracting from 12 months the number of complete calendar months the employee worked after the date of receiving the recruitment payment;

(2) dividing the number of months computed under Subdivision (1) by 12 months; and

(3) multiplying the fraction computed under Subdivision (2) by the amount of the recruitment payment.

(c) To enhance the retention of employees who are employed in certain classified positions that are identified by the chief administrator of a state agency as essential for the state agency's operations, a state agency may enter into a deferred compensation contract with a classified employee to provide to the employee a one-time additional compensation payment not to exceed $5,000 to be added to the employee's salary payment the month after the conclusion of the 12-month period of service under the deferred compensation contract.

(d) To be eligible to enter into a contract for deferred compensation under Subsection (c), a state employee must have already completed at least 12 months of service in a classified position.

(e) The chief administrator of a state agency shall determine whether additional compensation is necessary under this section on a case-by-case basis, considering:

(1) the criticality of the employee position in the operations of the state agency;

(2) evidence of high turnover rates among employees filling the position or an extended period during which the position is or has in the past been vacant;

(3) evidence of a shortage of employees qualified to fill the position or a shortage of qualified applicants; and

(4) other relevant factors.

(f) Before an agency provides or enters into a contract to

provide additional compensation to an employee under this section, the chief administrator of the state agency must certify to the comptroller in writing the reasons why the additional compensation is necessary.

(g) Additional compensation paid to an employee under this section is specifically exempted from any limitation on salary or salary increases prescribed by this chapter.

(g) Subsection (b), Section 656.048, Government Code, is repealed.

SECTION 17. Sections 81.116(b) and (d), Natural Resources Code, are amended to read as follows:

(b) The fee is in addition to, and independent of any liability for, the taxes imposed under Section 81.111 of this code and Chapter 202, Tax Code.

(d) The comptroller shall suspend collection of the fee in the manner provided by Section 91.111 of this code. The exemptions and reductions set out in Sections 202.052, 202.054, 202.056, 202.057, and 202.059, Tax Code, do not affect the fee imposed by this section.

SECTION 18. Sections 81.117(b) and (d), Natural Resources Code, are amended to read as follows:

(b) The fee is in addition to, and independent of any liability for, the tax imposed under Section 201.052, Tax Code.

(d) The comptroller shall suspend collection of the fee in the manner provided by Section 91.111 of this code. The exemptions and reductions set out in Sections 201.053, 201.057, and 201.058, Tax Code, do not affect the fee imposed by this section.

SECTION 19. WATER POLLUTION AND CONSERVATION PROGRAMS ADMINISTERED BY THE TEXAS WATER DEVELOPMENT BOARD. (a) Section 15.602, Water Code, is amended by adding Subdivision (5-a) to read as follows:

(5-a) "Eligible lending institution" means a financial institution that makes commercial loans, is either a depository of state funds or an institution of the Farm Credit System headquartered in this state, agrees to participate in a linked deposit program established under Section 15.611 and to provide collateral equal to the amount of linked deposits placed with it, and meets any other requirements established by board rule.

(b) Section 15.603, Water Code, is amended by adding Subsection (i) to read as follows:

(i) In addition to authorized purposes under Subsection (a), the revolving fund is held by the board to provide linked deposits to eligible financial institutions for loans to persons for nonpoint source pollution control projects.

(c) Subsection (a), Section 15.604, Water Code, is amended to read as follows:

(a) The board may use the revolving fund for financial assistance only as provided by the federal act:

(1) to make loans, on the conditions that:

(A) those loans are made at or below market interest rates, including interest-free loans, at terms not to exceed 20 years;

(B) principal and interest payments will begin

not later than one year after completion of any treatment works and all loans will be fully amortized not later than 20 years after completion of the treatment works;

(C) the recipient of a loan will establish a dedicated source of revenue for repayment of loans; and

(D) the revolving fund will be credited with all payments of principal of and interest on all loans;

(2) to buy or refinance the debt obligation of political subdivisions at or below market rates if the debt obligations were incurred after March 7, 1985;

(3) to guarantee or purchase insurance for political subdivisions if the guarantee or insurance would improve access to market credit or reduce interest rates;

(4) as a source of revenue or security for the payment of principal and interest on bonds issued by the state if the proceeds of the sale of those bonds will be deposited in the revolving fund;

(5) to provide loan guarantees to similar revolving funds established by municipalities or intermunicipal agencies;

(6) to earn interest on revolving fund accounts;

(7) for the reasonable costs of administering the revolving fund and conducting activities provided for by Title VI of the federal act, except that those amounts may not exceed the amount authorized under Title VI of the federal act;

(8) to provide financial assistance to persons for a nonpoint source pollution control project under Section 319 of the federal act or for an estuary management project under Section 320

of the federal act; [~~and~~]

(9) for other purposes as provided by the federal act; and

(10) to provide linked deposits to eligible lending institutions for loans to persons for nonpoint source pollution control projects.

(d) Subchapter J, Chapter 15, Water Code, is amended by adding Sections 15.610 through 15.618 to read as follows:

Sec. 15.610. LINKED DEPOSIT. A linked deposit is a deposit governed by a written deposit agreement between the board and an eligible lending institution that provides that:

(1) the eligible lending institution pay interest on the deposit at a rate determined by the board;

(2) the state not withdraw any part of the deposit before the expiration of a period set by a written advance notice of the intention to withdraw; and

(3) the eligible lending institution agree to lend the value of the deposit to a person at a maximum rate that is the rate paid by the eligible lending institution to the board plus a maximum of four percent.

Sec. 15.611. LINKED DEPOSIT PROGRAM. (a) The board by rule may establish a nonpoint source pollution control linked deposit program in accordance with this subchapter.

(b) An eligible lending institution may participate in the program established under this section as provided by this subchapter.

Sec. 15.612. APPLICATION BY ELIGIBLE LENDING INSTITUTIONS

TO PARTICIPATE IN LINKED DEPOSIT PROGRAM. To participate in the nonpoint source pollution control linked deposit program, an eligible lending institution must:

(1) solicit loan applications, which must contain a description of a proposed nonpoint source pollution control project;

(2) review applications to determine if applicants are eligible and creditworthy; and

(3) submit the applications of eligible and creditworthy applicants to the executive administrator with a certification:

(A) of the interest rate applicable to each applicant by the eligible lending institution; and

(B) of the proposed project by the appropriate person as required by Section 15.613.

Sec. 15.613. CERTIFICATION OF PROJECT. (a) An eligible lending institution must obtain from a director of a soil and water conservation district certification of an agricultural or silvicultural nonpoint source pollution control project proposed for the district. The certification must state that:

(1) the applicant of the proposed project has a water quality management plan certified by the State Soil and Water Conservation Board; and

(2) the project furthers or implements the plan.

(b) An eligible lending institution must obtain from the executive director certification of a proposed nonpoint source pollution control project that is not an agricultural or

silvicultural nonpoint source pollution control project. The certification must state that the applicant's proposed project implements the state's nonpoint source pollution management plan.

Sec. 15.614. APPROVAL OR REJECTION OF APPLICATION. The board may approve or reject an application of an eligible lending institution to participate in the program. The board may delegate its authority to approve or reject an application to the executive administrator.

Sec. 15.615. DEPOSIT AGREEMENT. If the board approves an application of an eligible lending institution, the board and the eligible lending institution shall enter into a written deposit agreement. The agreement shall contain the conditions on which the linked deposit is made. On execution of the agreement, the board shall place a linked deposit from the revolving fund with the eligible lending institution in accordance with the agreement. A delay in payment or a default on a loan by an applicant does not affect the validity of the deposit agreement.

Sec. 15.616. COMPLIANCE. (a) On accepting a linked deposit, an eligible lending institution must lend money to an approved applicant in accordance with the deposit agreement and this subchapter. The eligible lending institution shall forward a compliance report to the board in accordance with board rules. The board shall adopt rules regarding the compliance report.

(b) The board shall monitor compliance with this subchapter and inform the comptroller of noncompliance on the part of an eligible lending institution.

Sec. 15.617. STATE LIABILITY PROHIBITED. The state is not

liable to an eligible lending institution for payment of the principal, interest, or any late charges on a loan made to an approved applicant. A linked deposit is not an extension of the state's credit within the meaning of any state constitutional prohibition.

Sec. 15.618. LIMITATIONS ON PROGRAM. (a) The maximum amount of a loan under the linked deposit program is $250,000.

(b) The board may withdraw linked deposits from an eligible lending institution if the institution ceases to be either a state depository or a Farm Credit System institution headquartered in this state.

(e) Subdivisions (3) through (6), Section 17.871, Water Code, are amended to read as follows:

(3) "Eligible lending institution" means a financial institution that makes commercial loans, is either a depository of state funds or an institution of the Farm Credit System headquartered in this state, agrees to participate in a linked deposit program established under Section 17.905 and to provide collateral equal to the amount of linked deposits placed with it, and meets any other requirements established by board rule [~~"Conservation loan" means a loan from the board to a borrower district or from a lender district to an individual borrower~~].

(4) "Fund" means the agricultural water conservation fund authorized by Section 50-d, Article III, of the Texas Constitution.

(5) "Person" means an individual, corporation, partnership, association, or other legal entity that is not a

political subdivision [~~"Individual borrower" means a person who receives or is eligible to receive a conservation loan from a lender district~~].

(6) "Political subdivision" includes a district or authority created under Section 52, Article III, or Section 59, Article XVI, of the Texas Constitution, a municipality, a county, an institution of higher education as defined by Section 61.003, Education Code, any interstate compact commission to which the state is a party, and any nonprofit water supply corporation created and operating under Chapter 67 [~~"Lender district" means a political subdivision, including a soil and water conservation district under Chapter 201, Agriculture Code, a groundwater conservation district created under Article XVI, Section 59, of the Texas Constitution, or a district or authority created under Article III, Section 52(b)(1), or Article XVI, Section 59, of the Texas Constitution authorized to supply water for irrigation purposes, that is eligible to receive or that receives a loan from the board for the purpose of making conservation loans to individual borrowers~~].

(f) Subsections (c) and (d), Section 17.879, Water Code, are amended to read as follows:

(c) By rule or in the resolution or order authorizing issuance of bonds or other resolution or order of the board, the board may establish an interest and sinking fund and may establish accounts in the funds, including an interest and sinking account, and may transfer money among the funds and accounts [~~fund~~].

(d) The board may invest and reinvest money in the fund, the

interest and sinking fund, and any account therein in any obligations or securities as provided by bond resolutions, [~~and~~] orders of the board, and Section 404.024, Government Code.

(g) Subsection (a), Section 17.880, Water Code, is amended to read as follows:

(a) Loans, bonds of political subdivisions [~~borrower districts or lender districts~~], and other obligations owned by the state and deposited in the fund or in the interest and sinking fund are considered to be securities under this subchapter.

(h) Subsection (b), Section 17.881, Water Code, is amended to read as follows:

(b) The board shall sell the loans or bonds of political subdivisions [~~borrower districts or lender districts~~] at the price and under the terms that it determines to be reasonable.

(i) Section 17.883, Water Code, is amended to read as follows:

Sec. 17.883. BOND REVIEW BOARD. Bonds may not be issued under this subchapter unless the issuance of the bonds has been reviewed and approved by the bond review board. Prior to issuance of bonds, the board shall estimate demand for [~~agricultural water~~] conservation programs or projects [~~loans~~] based on a survey of [~~districts~~] eligible participants [~~to participate~~] in the program. A summary of this information shall be furnished to the bond review board.

(j) Section 17.894, Water Code, is amended to read as follows:

Sec. 17.894. BOND ENHANCEMENT AGREEMENTS; PAYMENT OF

EXPENSES. (a) The board at any time and from time to time may enter into one or more bond enhancement agreements that the board determines to be necessary or appropriate to place the obligation of the board, as represented by the bonds, in whole or in part, on the interest rate, currency, cash flow, or other basis desired by the board. A bond enhancement agreement is an agreement for professional services and shall contain the terms and conditions and be for the period that the board approves.

(b) The fees and expenses of the board in connection with the issuance of the bonds and the providing of financial assistance to political subdivisions may be paid from money in the fund, provided that any payments due from the board under a bond enhancement agreement, other than fees and expenses, that relate to the payment of debt service on the bonds constitute payments of principal of and interest on the bonds.

(c) Bond enhancement agreements may include, on terms and conditions approved by the board, interest rate swap agreements; currency swap agreements; forward payment conversion agreements; agreements providing for payments based on levels of or changes in interest rates or currency exchange rates; agreements to exchange cash flows or a series of payments; agreements, including options, puts, or calls, to hedge payment, currency, rate, spread, or other exposure; or other agreements that further enhance the marketability, security, or creditworthiness of water financial assistance bonds [~~USE OF FUND. (a) The board may use money in the fund to make conservation loans directly to borrower districts, to make loans to lender districts, and to pay the cost of bond~~

~~issuance.~~

[~~(b) The board may use money in the fund:~~

[~~(1) to make loans to political subdivisions other than lender districts for agricultural water conservation projects;~~

[~~(2) to make grants to political subdivisions for agricultural water conservation projects as provided by legislative appropriation; or~~

[~~(3) to make grants to a state agency for the funding of any agricultural water conservation program of that agency, including a program in which the state agency provides funding to a political subdivision or a person for agricultural water conservation, as provided by legislative appropriation~~].

(k) Section 17.895, Water Code, is amended to read as follows:

Sec. 17.895. SOURCES OF ASSETS. The fund is composed of:

(1) money and assets, including bond proceeds, attributable to the bonds;

(2) investment income earned on money on deposit in the fund and depository interest earned on money on deposit in the state treasury;

(3) money appropriated by the legislature;

(4) repayments of principal and interest on loans made under this subchapter;

(5) administrative fees charged by the board under the bond program; and

(6) any other funds, regardless of their source, that

the board directs be deposited to the credit of the fund

[~~CONSERVATION LOANS. (a) This section applies only to a conservation loan from a lender district that is:~~

[~~(1) a soil and water conservation district under Chapter 201, Agriculture Code;~~

[~~(2) a groundwater conservation district created under Section 59, Article XVI, Texas Constitution; or~~

[~~(3) a district or authority created under Section 52(b)(1), Article III, or Section 59, Article XVI, Texas Constitution.~~

[~~(b) The board or a lender district may make conservation loans for capital equipment or materials, labor, preparation costs, and installation costs:~~

[~~(1) to improve water use efficiency of water delivery and application on existing irrigation systems;~~

[~~(2) for preparing irrigated land to be converted to dryland conditions; and~~

[~~(3) for preparing dryland for more efficient use of natural precipitation.~~

[~~(c) Conservation loans for the purposes listed in Subsection (b) may be made by lender districts to individual borrowers for use on private property or by the board to borrower districts.~~

[~~(d) The board may make conservation loans to borrower districts for the cost of purchasing and installing devices, on public or private property, designed to indicate the amount of water withdrawn for irrigation purposes.~~

[~~(c) For purposes of this section, the board or lender districts may seek the advice of the Department of Agriculture regarding the feasibility of a project for which a conservation loan is sought~~].

(l) Section 17.896, Water Code, is amended to read as follows:

Sec. 17.896. REPAYMENT PROCEEDS. The board shall designate a transfer of repayment of principal and interest on a loan made under this subchapter to the fund, the interest and sinking fund, or any account in the funds [~~INTEREST RATES AND FEES. (a) The board shall establish the rate of interest it charges for loans to lender districts or for conservation loans to borrower districts.~~

[~~(b) A lender district may charge individual borrowers an interest rate not to exceed the interest rate the lender district is charged by the board, plus one percent for administrative expenses.~~

[~~(c) A lender district may charge individual borrowers a one-time application fee in an amount determined by the board to cover costs of processing loan applications~~].

(m) Section 17.897, Water Code, is amended to read as follows:

Sec. 17.897. CONSERVATION PROGRAM. (a) A conservation program is:

(1) an agricultural water conservation technical assistance program, including a program for an on-farm soil and water conservation plan developed jointly by a landowner, an operator, and a local soil and water conservation district as provided by Subchapter H, Chapter 201, Agriculture Code;

(2) a research, demonstration, technology transfer, or educational program relating to agricultural water use and conservation;

(3) a precipitation enhancement program in an area of the state where the program, in the board's judgment, would be most effective; and

(4) any other agricultural water conservation program defined by board rule.

(b) The costs of a conservation program eligible for financial assistance under Section 17.899 are the costs of the capital equipment, materials, labor, preparation, installation, or administration directly associated with implementing and completing the program [~~APPLICATION. A lender district that desires to obtain loans or a borrower district that desires to obtain conservation loans under this subchapter shall file with the executive administrator an application in the manner and in the form provided by board rules~~].

(n) Section 17.898, Water Code, is amended to read as follows:

Sec. 17.898. CONSERVATION PROJECT. (a) A conservation project is a project that:

(1) improves water use efficiency of water delivery and application on existing irrigation systems;

(2) prepares irrigated land for conversion to dryland conditions;

(3) prepares dryland for more efficient use of natural precipitation;

(4) purchases and installs on public or private property devices designed to indicate the amount of water withdrawn for irrigation purposes;

(5) prepares and maintains land to be used for brush control activities in areas of the state where those activities in the board's judgment would be most effective, including activities conducted under Chapter 203, Agriculture Code; or

(6) implements any other agricultural water conservation project defined by board rule.

(b) The costs of a conservation project eligible for financial assistance under Section 17.899 are the costs of the capital equipment, materials, labor, preparation, installation, or administration directly associated with implementing and completing the project [~~CONSIDERATIONS IN PASSING ON AN APPLICATION. (a) In passing on an application from a lender district, the board shall consider the lender district's ability to manage a loan program, ability to repay any loan defaults, and overall conservation program.~~

[~~(b) In passing on an application from a borrower district, the board shall consider the ability of the borrower district to repay the conservation loan and whether the conservation loan will further water conservation~~].

(o) Section 17.899, Water Code, is amended to read as follows:

Sec. 17.899. ELIGIBLE FUND USES. (a) Money in the fund, excluding money in the interest and sinking fund, may be used by the board to:

(1) provide a grant to a state agency to fund a conservation program or conservation project, including a conservation program that provides funding to a political subdivision or person for a conservation project;

(2) provide a grant or loan to a political subdivision for a conservation program or conservation project;

(3) provide a linked deposit to an eligible financial institution for a loan to a person for a conservation project;

(4) pay for a board conservation program;

(5) make a transfer to the interest and sinking fund;

(6) pay the costs of a bond issuance; and

(7) pay for a board expense in administering the agricultural water conservation program under this subchapter.

(b) Money in the interest and sinking fund may be used for the payment of bonds or, to the extent there are funds in excess of bond payment requirements, for transfers to the fund, or any other account in the funds [~~APPROVAL OF APPLICATIONS. (a) The board may approve an application if, after considering the factors in Section 17.898 and other relevant factors, the board finds that:~~

[~~(1) the public interest would be served in granting the application;~~

[~~(2) a lender district has the ability to make conservation loans, manage a conservation loan program, and repay the loan to the board;~~

[~~(3) a borrower district has the ability to repay the conservation loan; and~~

[~~(4) granting the application will further water~~

~~conservation in the state.~~

[~~(b) The board by rule may delegate to the executive administrator the authority to approve an application based on the considerations in Section 17.898 and on the findings in Subsection (a)~~].

(p) Section 17.900, Water Code, is amended to read as follows:

Sec. 17.900. GRANT TO STATE AGENCY. (a) A state agency seeking a grant for a conservation program or conservation project must file an application with the board.

(b) In reviewing an application for a grant, the board shall consider:

(1) the commitment of the state agency to water conservation; and

(2) the benefits that will be gained by making the grant.

(c) To approve the grant, the board must find that:

(1) the grant funds will supplement rather than replace money of the state agency;

(2) the public interest is served by providing the grant; and

(3) the grant will further water conservation in the state.

(d) If a state agency is applying for funds that have been provided by legislative appropriation for that state agency, the board shall review the application according to the terms of the legislative appropriation. To approve the grant, the board must

make the determination required by the legislative language.

(e) The board may make money available to a state agency in any manner that it considers feasible, including a grant agreement with the state agency [~~METHODS OF MAKING LOANS AND ENFORCING OBLIGATIONS. (a) The board may make financial assistance available to lender or borrower districts in any manner that it considers economically feasible, including purchase of bonds or securities of the lender or borrower district, or by entering into a contract with the lender or borrower district. The board shall not purchase bonds or securities that have not been approved by the attorney general and registered by the comptroller.~~

[~~(b) In the event of default in payment of the principal of or interest on bonds or securities purchased by the board or any other default as defined in the proceedings or indentures authorizing the issuance of the bonds or the default of any of the terms of a contract, the attorney general shall institute legal proceedings by mandamus or other legal remedies to compel the lender or borrower district or its officers, agents, and employees to cure the default by performing those duties which they are legally obligated to perform. These proceedings shall be brought and venue shall be in a district court in Travis County.~~

[~~(c) This section is cumulative of any other rights or remedies to which the board may be entitled~~].

(q) Section 17.901, Water Code, is amended to read as follows:

Sec. 17.901. GRANT OR LOAN TO POLITICAL SUBDIVISION. The board may make a grant or loan to a political subdivision for a

conservation program or conservation project. A political subdivision seeking a grant or loan must file an application with the board [~~DEFAULT AND FORECLOSURE BY LENDER DISTRICTS. (a) In the event of a default in payment of a conservation loan made by a lender district or the failure of an individual borrower to perform any of the terms or conditions of the conservation loan agreement, the lender district shall pursue all remedies available under law, including without limitation foreclosure under the conservation loan agreement and liquidation of any collateral provided under the conservation loan agreement. The lender district shall sell the collateral on terms and subject to procedures that it follows in liquidating other collateral.~~

[~~(b) Foreclosure under a conservation loan agreement shall be accomplished in the manner provided by law for foreclosure of similar loan agreements made by private lending institutions and by the conservation loan agreement.~~

[~~(c) The state guarantees to each lender district that in the event an individual borrower defaults on a conservation loan made by the lender district with money from this program, the state will assume 50 percent of the amount that remains due and payable under the default after all collateral for the conservation loan is liquidated.~~

[~~(d) The state is entitled to recover its pro rata share of any money recovered on a defaulted conservation loan on which the state has assumed liability under Subsection (c)~~].

(r) Section 17.902, Water Code, is amended to read as follows:

Sec. 17.902. REVIEW OF APPLICATION FOR AND APPROVAL OF GRANT. (a) In reviewing an application by a political subdivision for a grant, the board shall consider:

(1) the degree to which the political subdivision has used other available resources to finance the use for which the application is being made;

(2) the willingness and ability of the political subdivision to raise revenue;

(3) the commitment of the political subdivision to water conservation; and

(4) the benefits that will be gained by making the grant.

(b) To approve a grant to a political subdivision, the board must find that:

(1) the grant funds will supplement rather than replace money of the political subdivision;

(2) the public interest is served by providing the grant; and

(3) the grant will further water conservation in the state [~~AUTHORITY OF DISTRICTS. A lender or borrower district may borrow and lend money for the purposes of this subchapter and may adopt necessary rules to carry out this subchapter~~].

(s) Subchapter J, Chapter 17, Water Code, is amended by adding Sections 17.9021 and 17.9022 to read as follows:

Sec. 17.9021. APPLICATION FOR AND APPROVAL OF LOAN. (a) In reviewing an application by a political subdivision for a loan, the board shall consider the ability of the political

performing the duties they are legally obligated to perform. The proceedings shall be brought and venue is in a district court in Travis County. This subsection is cumulative of any other rights or remedies to which the board may be entitled.

(t) Section 17.903, Water Code, is amended to read as follows:

Sec. 17.903. CONTRACT AUTHORITY. (a) A political subdivision may borrow money for the purposes of this subchapter and may adopt necessary rules to carry out this subchapter [~~RULES AND CONTRACTS. (a) The board shall adopt rules necessary to carry out this subchapter. The board by rule shall identify methods to be used by lender districts to ensure the financial integrity of a loan to an individual borrower, including an irrevocable letter of credit or a lien on property in excess of value of improvements~~].

(b) [~~The board by rule may establish:~~

[~~(1) procedures for applying for a loan or grant under Section 17.894(b);~~

[~~(2) procedures for considering and approving applications and for making loans or grants under Section 17.894(b); and~~

[~~(3) the rate of interest the board charges, if any, for loans under Section 17.894(b).~~

[~~(c)~~] The board shall have the power to enter into any contracts to carry out the provisions of this subchapter.

(u) Subchapter J, Chapter 17, Water Code, is amended by adding Sections 17.904 through 17.912 to read as follows:

Sec. 17.904. LINKED DEPOSIT. A linked deposit is a deposit

governed by a written deposit agreement between the board and an eligible lending institution that provides that:

(1) the eligible lending institution pay interest on the deposit at a rate determined by the board;

(2) the state not withdraw any part of the deposit before the expiration of a period set by a written advance notice of the intention to withdraw; and

(3) the eligible lending institution agree to lend the value of the deposit to a person at a maximum rate that is the rate paid by the eligible lending institution to the board plus a maximum of four percent.

Sec. 17.905. LINKED DEPOSIT PROGRAM. (a) The board by rule may establish an agricultural water conservation linked deposit program in accordance with this subchapter.

(b) An eligible lending institution may participate in the program established under this section as provided by this subchapter.

Sec. 17.906. APPLICATION BY ELIGIBLE LENDING INSTITUTIONS TO PARTICIPATE IN LINKED DEPOSIT PROGRAM. To participate in the agricultural water conservation linked deposit program, an eligible lending institution must:

(1) solicit loan applications, which must contain a description of an agricultural water conservation project;

(2) review applications to determine if applicants are eligible and creditworthy; and

(3) submit the applications of eligible and creditworthy applicants to the executive administrator with a

certification:

(A) of the interest rate applicable to each applicant by the eligible lending institution; and

(B) of the soil and water conservation district in which an applicant is located by a director of the district that states that:

(i) the applicant of the proposed project has a soil and water conservation plan approved by the district; and

(ii) the project furthers or implements the plan.

Sec. 17.907. APPROVAL OR REJECTION OF APPLICATION. The board may approve or reject an application of an eligible lending institution to participate in the program. The board may delegate its authority to approve or reject applications to the executive administrator.

Sec. 17.908. DEPOSIT AGREEMENT. If the board approves an application of an eligible lending institution, the board and the eligible lending institution shall enter into a written deposit agreement. The agreement shall contain the conditions on which the linked deposit is made. On execution of the agreement, the board shall place a linked deposit from the fund with the eligible lending institution in accordance with the agreement. A delay in payment or a default on a loan by an applicant does not affect the validity of the deposit agreement.

Sec. 17.909. COMPLIANCE. (a) On accepting a linked deposit, an eligible lending institution must lend money to an approved applicant in accordance with the deposit agreement and

this subchapter. The eligible lending institution shall forward a compliance report to the board in accordance with board rules. The board shall adopt rules regarding the compliance report.

(b) The board shall monitor compliance with this subchapter and inform the comptroller of noncompliance on the part of an eligible lending institution.

Sec. 17.910. STATE LIABILITY PROHIBITED. The state is not liable to an eligible lending institution for payment of the principal, interest, or any late charges on a loan made to an approved applicant. A linked deposit is not an extension of the state's credit within the meaning of any state constitutional prohibition.

Sec. 17.911. LIMITATIONS ON PROGRAM. (a) The maximum amount of a loan under the linked deposit program is $250,000.

(b) The board may withdraw linked deposits from an eligible lending institution if the institution ceases to be either a state depository or a Farm Credit System institution headquartered in this state.

Sec. 17.912. RULES. The board shall adopt rules necessary to carry out this subchapter. Applications shall be in the form and manner as provided by board rules.

(v) The agricultural trust fund and the agricultural soil and water conservation fund are abolished and all assets of those funds are transferred to the agricultural water conservation fund.

(w) The following provisions of the Water Code are repealed:

(1) Subchapters G, H, and I, Chapter 15; and

(2) Subdivision (2), Section 17.871, Subdivision (7),

Section 17.871, and Section 17.8955.

(x) The Texas Water Development Board shall continue to administer a loan made before September 1, 2003, under the pilot program for low-interest loans for agricultural water conservation equipment until the loan is fully repaid. Subchapter I, Chapter 15, Water Code, is continued in effect for the limited purpose of allowing the board to administer those loans and to pursue remedies if a loan recipient defaults on a loan or otherwise violates the terms of the loan or of any loan guarantee instrument.

(y) The Texas Water Development Board shall continue to administer a conservation loan made before September 1, 2003, under Subchapter J, Chapter 17, Water Code. Subchapter J, Chapter 17, Water Code, as it existed immediately before September 1, 2003, is continued in effect for the limited purpose of allowing the board to administer those loans and to pursue remedies if a loan recipient defaults on a loan or otherwise violates the terms of the loan or of any loan guarantee.

(z) This section takes effect September 1, 2003.

SECTION 20. (a) In this section, "district" shall mean the Hudspeth County Underground Water Conservation District No. 1.

(b) In order to reduce property taxes for the residents of Hudspeth County, Texas, and to reduce the expenditures of the district by excluding territory from the district that overlies aquifers not regulated by the district, the boundaries of the district are modified to include only the territory contained in the following described area:

BEGINNING at the northwest corner of Section 3, Block A,

University, Hudspeth County, Texas, and being a point in the state line between Texas and New Mexico, for the northwest corner of the survey;

THENCE south with the west boundary line of Section 3, Block A, University, to its southwest corner;

THENCE east with the south boundary line of Section 3, Block A, University, to its southeast corner, which point is also the northeast corner of Section 10, Block A, University;

THENCE south with the west boundary line of Section 11, Block A, University, to its southwest corner;

THENCE east with the south boundary line of Section 11, Block A, University, and continuing east with the south boundary line of Section 12, Block A, University, to the southeast corner of Section 12, Block A, University;

THENCE south with the east boundary of Section 13, Block A, University, to the southeast corner of Section 13, Block A, University, which point is also the northeast corner of Section 24, Block A, University;

THENCE east with the north boundary line of Section 19, Block B, University, and continuing east with the north boundary line of Section 20, Block B, University, to the northeast corner of Section 20, Block B, University;

THENCE south with the east boundary line of Section 20, Block B, University, to the southeast corner of Section 20, Block B, University, which point is also the northeast corner of Section 29, Block B; University;

THENCE east with the north boundary line of Section 28, Block B,

University, to the northeast corner of Section 28, Block B, University, which point is also the southeast corner of Section 21, Block B, University;

THENCE south with east boundary line of Section 28, Block B, University, to the southeast corner of Section 28, Block B, University, which point is also the northeast corner of Section 33, Block B, University;

THENCE east with the north boundary line of Section 34, Block B, University, and continuing east with the north boundary line of Section 35, Block B, University, to the northeast corner of Section 35, Block B, University;

THENCE south with east boundary line of Section 35, Block B, University, to its southeast corner, which point is also the northeast corner of Section 38, Block B, University;

THENCE east with the north boundary line of Section 37, Block B, University, and continuing east with the north boundary line of Section 48, Block C, University, to its northeast corner, which point is also the northwest corner of Section 47, Block C, University;

THENCE south with the east boundary line of Section 48, Block C, University, to its southeast corner;

THENCE east with the north boundary line of Section 50, Block C, University, to its northeast corner;

THENCE south with the east boundary line of Section 50, Block C, University, to its southeast corner;

THENCE east with the north boundary line of Section 4, Block D, University, and continuing east along the north boundary line of

Section 3, Block D, University, to the northeast corner of Section 3;

THENCE south with the east boundary line of Section 3, Block D, University, to its southeast corner;

THENCE east with the north boundary line of Section 11, Block D, University, and continuing east along the north boundary line of Section 12, Block D, University, to its northeast corner;

THENCE south with the east boundary line of Section 12, Block D, University, to its southeast corner;

THENCE east with the north boundary line of Section 18, Block 72, Township 2, T & P, to its northeast corner;

THENCE south with the east boundary line of Section 18, Block 72, Township 2, T & P, to its southeast corner;

THENCE east with the north boundary line of Section 20, Block 72, Township 2, T & P, and continuing east along the north boundary line of Section 21, Block 72, Township 2, T & P, to the northeast corner of Section 21;

THENCE south with the east boundary line of Section 21, Block 72, Township 2, T & P, to its southeast corner;

THENCE east with the north boundary line of Section 27, Block 72, Township 2, T & P, and continuing east with the north boundary lines of Sections 26 and 25, Block 72, Township 2, T & P, and Section 30, Block 71, Township 2, T & P, to the northeast corner of Section 30;

THENCE south with the east boundary line of Section 30, Block 71, Township 2, T & P, to its southeast corner;

THENCE east with the north boundary line of Section 32, Block 71, Township 2, T & P, and continuing east with the north boundary line

of Section 33, Block 71, Township 2, T & P, to the northeast corner of Section 33;

THENCE south with the east boundary line of Section 33, Block 71, Township 2, T & P, to its southeast corner;

THENCE east with the north boundary line of Section 39, Block 71, Township 2, T & P, to the northeast corner of Section 39;

THENCE south with the east boundary line of Section 39, Block 71, Township 2, T & P, to its southeast corner;

THENCE east with the north boundary line of Section 47, Block 71, Township 2, T & P, to the northeast corner of Section 47;

THENCE south with the east boundary line of Section 47, Block 71, Township 2, T & P, to the southeast corner of Section 47;

THENCE east with the south boundary line of Section 48, Block 71, Township 2, T & P, and continuing east with the south boundary line of Section 43, Block 70, Township 2, T & P, to the southeast corner of Section 43;

THENCE south with the east boundary lines of Section 7, Block JKL, P.S.L., and Section 6, Block K, University, to the southeast corner of Section 6;

THENCE east with the north boundary line of Section 8, Block K, University, and continuing east with the north boundary line of Section 9, Block K, University, to the northeast corner of Section 9;

THENCE south with the east boundary line of Section 9, Block K, University, to its southeast corner;

THENCE east with the north boundary line of Section 15, Block K, University, to its northeast corner;

THENCE south with the east boundary line of Section 15, Block K, University, and continuing south with the east boundary line of Section 22, Block K, University, to the southeast corner of Section 22;

THENCE east with the north boundary line of Section 26, Block K, University, to its northeast corner;

THENCE south with the east boundary line of Section 26, Block K, University, to its southeast corner;

THENCE east with the north boundary line of Section 36, Block K, University, to its northeast corner;

THENCE south with the east boundary line of Section 36, Block K, University, to its southeast corner;

THENCE east with the north boundary line of Section 42, Block L, University, to its northeast corner;

THENCE south with the east boundary line of Section 42, Block L, University, and continuing south with the east boundary line of Section 43, Block L, University, to the southeast corner of Section 43;

THENCE east with the north boundary line of Section 5, Block N, University, and continuing east with the north boundary line of Section 4, Block N, University, to the northeast corner of Section 4;

THENCE south with the east boundary line of Section 4, Block N, University, to its southeast corner;

THENCE east with the north boundary line of Section 22, Block N, University, to its northeast corner;

THENCE south with the east boundary line of Section 22, Block N,

University, to its southeast corner;

THENCE east with the north boundary line of Section 26, Block N, University, and continuing east with the north boundary line of Section 25, Block N, University, to the northeast corner of Section 25;

THENCE south with the east boundary line of Section 25, Block N, University, to its southeast corner;

THENCE east with the north boundary line of Section 19, Block 68, Township 4, T & P, to its northeast corner;

THENCE south with the east boundary line of Section 19, Block 68, Township 4, T & P, to its southeast corner;

THENCE east with the north boundary line of Section 29, Block 68, Township 4, T & P, and continuing east with the north boundary line of Section 28, Block 68, Township 4, T & P, to the northeast corner of Section 28;

THENCE south with the east boundary line of Section 28, Block 68, Township 4, T & P, to its southeast corner;

THENCE east with the south boundary line of Section 27, Block 68, Township 4, T & P, and continuing east with the south boundary lines of Sections 26 and 25, Block 68, Township 4, T & P, to the intersection of the south boundary line of Section 25, Block 68, Township 4, T & P, with the east boundary line of Section 3, Block 30, P.S.L.;

THENCE south with the east boundary line of Section 3, Block 30, P.S.L., to its southeast corner;

THENCE east with the south boundary line of Section 2, Block 30, P.S.L., and continuing east with the south boundary lines of

Section 1, Block 30, P.S.L., and Sections 5, 4, 3, and 2, Block 31, P.S.L., to the southeast corner of Section 2;

THENCE north with the east boundary line of Section 2, Block 31, P.S.L., and continuing north with the east boundary lines of Sections 26, 23, 14, 11, 2, Block 67, Township 4, T & P, and Sections 46, 37, 34, 25, 22, 13, 10, 5, Block 67, Township 3, T & P;

THENCE continuing north with the east boundary lines of Sections 43, 34, 33, 24, 23, 14, 11, 2, Block 67, Township 2, T & P, and Sections 47, 38, 35, 26, 23, 14, 11, 2, Block 67, Township 1, T & P, to the northeast corner of Section 2, being a point in the Texas-New Mexico State line forming the north boundary line of Hudspeth County, Texas;

THENCE west with the Texas-New Mexico State Line to the Point of Beginning.

(c) The legislature finds that the boundaries and field notes of the district under Subsection (b) form a closure. If a mistake is made in the field notes or in copying the field notes in the legislative process, the mistake does not affect in any way:

(1) the organization, existence, or validity of the district;

(2) the right of the district to impose taxes; or

(3) the legality or operation of the district or the board.

(d) As a result of the change to the boundaries of the district made by Subsection (b) or if otherwise required by law, the board may:

(1) adjust the precinct boundaries for the election of

directors as necessary to provide for proper representation of the residents of the district; and

(2) call and hold election under Chapter 36, Water Code, or other law to ensure the lawful representation and taxation of the residents of the district.

SECTION 21. EFFECTIVE DATE. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2003.

President of the Senate

Speaker of the House

I certify that H.B. No. 3442 was passed by the House on May 10, 2003, by the following vote: Yeas 131, Nays 0, 1 present, not voting; that the House refused to concur in Senate amendments to H.B. No. 3442 on May 30, 2003, and requested the appointment of a conference committee to consider the differences between the two houses; and that the House adopted the conference committee report on H.B. No. 3442 on June 1, 2003, by the following vote: Yeas 144, Nays 1, 1 present, not voting.

Chief Clerk of the House

H.B. No. 3442

I certify that H.B. No. 3442 was passed by the Senate, with amendments, on May 28, 2003, by the following vote: Yeas 31, Nays 0; at the request of the House, the Senate appointed a conference committee to consider the differences between the two houses; and that the Senate adopted the conference committee report on H.B. No. 3442 on June 1, 2003, by a viva-voce vote.

_____

Secretary of the Senate

APPROVED: _____

Date

_____

Governor

President of the Senate | Speaker of the House

I certify that H.B. No. 3442 (1) was passed by the House on May 10 (2), 2003, by the following vote: Yeas 131 (3), Nays 0, 1 present, not voting (4); that the House refused to concur in Senate amendments to H.B. No. 3442 on May 30 (5), 2003, and requested the appointment of a conference committee to consider the differences between the two houses; and that the House adopted the conference committee report on H.B. No. 3442 on June 1 (6), 2003, by the following vote: Yeas 144 (7), Nays 1, 1 present, not voting (8).

Chief Clerk of the House

**** Preparation: CT43;

I certify that H.B. No. 3442 (1) was passed by the Senate, with amendments, on May 28 (2), 2003, by the following vote: Yeas 31 (3), Nays 0 (4); at the request of the House, the Senate appointed a conference committee to consider the differences between the two houses; and that the Senate adopted the conference committee report on H.B. No. 3442 on June 1 (5), 2003, by a viva-voce vote.

Secretary of the Senate

APPROVED:

Date

Governor

**** Preparation: CT77;

CK

78TH LEGISLATURE

COAUTHOR AUTHORIZATION

(please request your coauthors to sign this form in lieu of the front or the back of the original bill)

Bill or Resolution Number HB 3442

Joe C. Pickett — signature of **primary** author

PICKETT — printed name of **primary** author

3/14/03 — Date

PERMISSION TO SIGN HB3442 (bill or resolution #) HAS BEEN GIVEN TO **(check only one of the following)**:

✓ ALL REPRESENTATIVES

____ THE FOLLOWING REPRESENTATIVE(S): _____

I authorize the Chief Clerk to include my name as a coauthor of the legislation indicated above:

A2115 Allen	Date	A2450 Cook, Byron	Date	A2795 Farabee	Date
A2125 Alonzo	Date	A2565 Cook, Robert "Robby"	Date	A2810 Farrar	Date
A2160 Bailey	Date	A2595 Corte	Date	A2840 Flores	Date
A2170 Baxter	Date	A2605 Crabb	Date	A2850 Flynn	Date
A2205 Berman	Date	A2610 Craddick	Date	A2920 Gallego	Date
A2230 Bohac	Date	A2640 Crownover	Date	A2925 Garza	Date
A2250 Bonnen	Date	A2620 Davis, John	Date	A2960 Gattis	Date
A2280 Branch	Date	A2625 Davis, Yvonne	Date	A2945 Geren	Date
A2265 Brown, Betty	Date	A2635 Dawson	Date	A2935 Giddings	Date
A2270 Brown, Fred	Date	A2680 Delisi	Date	A2985 Goodman	Date
A2255 Burnam	Date	A3385 Denny	Date	A2990 Goolsby	Date
A2295 Callegari	Date	A2690 Deshotel	Date	A3010 Griggs	Date
A2290 Campbell	Date	A2705 Driver	Date	A3020 Grusendorf	Date
A2350 Canales	Date	A2665 Dukes	Date	A3045 Guillen	Date
A2300 Capelo	Date	A2660 Dunnam	Date	A3030 Gutierrez	Date
A2490 Casteel	Date	A2650 Dutton	Date	A3035 Haggerty	Date
A2495 Castro	Date	A2770 Edwards	Date	A3050 Hamilton	Date
A2585 Chavez	Date	A2775 Eiland	Date	A2695 Hamric	Date
A2480 Chisum	Date	A2780 Eissler	Date	A3160 Hardcastle	Date
A2525 Christian	Date	A2785 Elkins	Date	A3165 Harper-Brown	Date
A2435 Coleman	Date	A2790 Ellis	Date	A3170 Hartnett	Date

Bill or Resolution Number: HB3442

1/03 1906.PMD

A3180 Heflin	Date	A3715 Madden	Date	A4220 Riddle	Date
A3190 Hegar	Date	A3750 Marchant	Date	A4250 Ritter	Date
A3250 Hilderbran	Date	A2835 Martinez Fischer	Date	A4270 Rodriguez	Date
A3275 Hill	Date	A3665 McCall	Date	A4350 Rose	Date
A3305 Hochberg	Date	A3650 McClendon	Date	A4420 Seaman	Date
A3290 Hodge	Date	A3845 McReynolds	Date	A4525 Smith, Todd	Date
A3325 Homer	Date	A3830 Menendez	Date	A4540 Smith, Wayne	Date
A3320 Hope	Date	A3815 Mercer	Date	A4530 Smithee	Date
A3330 Hopson	Date	A3840 Merritt	Date	A4550 Solis	Date
A3315 Howard	Date	A3835 Miller	Date	A4505 Solomons	Date
A3340 Hughes	Date	A3855 Moreno, Joe	Date	A4560 Stick	Date
A3355 Hunter	Date	A3860 Moreno, Paul	Date	A4570 Swinford	Date
A3360 Hupp	Date	A3870 Morrison	Date	A4585 Talton	Date
A3375 Isett	Date	A3865 Mowery	Date	A4600 Taylor	Date
A3405 Jones, Delwin	Date	A3885 Naishtat	Date	A4605 Telford	Date
A3420 Jones, Elizabeth	Date	A3895 Nixon	Date	A4630 Thompson	Date
A3400 Jones, Jesse	Date	A3900 Noriega	Date	A4650 Truitt	Date
A3475 Keel	Date	A3880 Oliveira	Date	A4685 Turner	Date
A3410 Keffer, Bill	Date	A3886 Olivo	Date	A4695 Uresti	Date
A3480 Keffer, Jim	Date	A4100 Paxton	Date	A4700 Van Arsdale	Date
A3470 King	Date	A4140 Pena	Date	A4800 Villarreal	Date
A3495 Kolkhorst	Date	A4160 Phillips	Date	A4995 West	Date
A3485 Krusee	Date	A4180 Pickett	Date	A5000 Wilson	Date
A3450 Kuempel	Date	A4185 Pitts	Date	A5020 Wise	Date
A3510 Laney	Date	A4200 Puente	Date	A5015 Wohlgemuth	Date
A3540 Laubenberg	Date	A4230 Quintanilla	Date	A4980 Wolens	Date
A3605 Lewis	Date	A4240 Rangel	Date	A4985 Wong	Date
A3620 Luna	Date	A4215 Raymond	Date	A5005 Woolley	Date
A3700 Mabry	Date	A4236 Reyna	Date	A5150 Zedler	Date

H.B. No. 3442 By Joe C. Pickett

A BILL TO BE ENTITLED
AN ACT

relating to statutory authority to reduce appropriations made by the legislature to certain governmental entities.

MAR 14 2003 Filed with the Chief Clerk

MAR 26 2003 Read first time and referred to Committee on Appropriations

MAY 06 2003 Reported ___ favorably [redacted]
(as substituted)

MAY 08 2003 Sent to Committee on (Calendars)
([redacted])

MAY 10 2003 Read second time (comm. subst.) ([redacted]); passed to third reading ([redacted]) by a (non-record vote)
([redacted])

MAY 10 2003 Constitutional rule requiring bills to be read on three several days suspended [redacted]
by [redacted] unanimous consent.

~~MAY 10 2003~~ Read third time ([redacted]), finally passed ([redacted]) by a ([redacted])
MAY 12 2003 (record vote of 131 yeas, 0 nays, 1 present, not voting)

Engrossed

MAY 12 2003 Sent to Senate

Robert Haney
CHIEF CLERK OF THE HOUSE

OTHER HOUSE ACTION:

MAY 12 2003 Received from the House

MAY 12 2003 Read and referred to Committee on FINANCE

Reported favorably

MAY 24 2003 Reported adversely, with favorable Committee Substitute; Committee Substitute read first time

Ordered not printed

Laid before the Senate

MAY 28 2003 Senate and Constitutional Rules to permit consideration suspended by (unanimous consent)
(~~___ yeas, ___~~ nays)

MAY 28 2003 Read second time, amended, and passed to third reading by (~~unanimous consent~~)
(a viva voce vote)
(~~___ yeas, ___~~ nays)

MAY 28 2003 Senate and Constitutional 3 Day Rules suspended by a vote of 31 yeas, 0 nays

MAY 28 2003 Read third time, _____, and passed by (~~a viva voce vote~~)
(31 yeas, 0 nays)

May 28, 2003 Returned to the House

Betty King
SECRETARY OF THE SENATE

OTHER SENATE ACTION:

MAY 2 8 2003 Returned from the Senate (as substituted)
(with amendments)

_____ House concurred in Senate amendments by a (non-record vote)
(record vote of _____ yeas, _____ nays, _____ present, not voting)

MAY 3 0 2003 House refused to concur in Senate amendments and requested the appointment of a conference committee by a (non-record vote) ([redacted] of _____ [redacted] _____ [redacted] _____ [redacted]

MAY 3 0 2003 House conferees appointed: Pickett, Chair; Davis of Harris, Isett, McClendon, Hupp

MAY 30 2003 Senate granted House request. Senate conferees appointed: Averitt, Chair; Staples, Duncan, Bivins, Barrientos

JUN 0 1 2003 Conference committee report adopted ([redacted]) by the House by a ([redacted]e)
(record vote of 144 yeas, 1 nays, 1 present, not voting)

JUN 0 1 2003 Conference committee report adopted ([redacted]) by the Senate by a (viva voce vote)
(re[redacted] of _____ [redacted] _____ [redacted]

03 MAY 29 AM 10:13 03 MAY -7 PM 4:36
HOUSE OF REPRESENTATIVES