

BILL ANALYSIS

Senate Research Center
82R29839 E

C.S.H.B. 2004
By: Bonnen (Jackson)
Government Organization
5/18/2011
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Petrochemical manufacturing in the Brazosport area of southern Brazoria County creates more than 8,000 direct jobs. According to Dr. Ray Perryman's August 2005 report for Governor Perry's Cluster Initiative, "because (1) refining and petrochemicals are capital-intensive and are high value-added industries, and (2) Texas has the capacity to supply many of the input requirements through multiple rounds of production, these industries generate the highest spinoff or "multiplier" effects observed in the state. This phenomenon is especially present with respect to employment, as the highly technological nature of petroleum-related manufacturing is such that output per worker is extremely high. Measured in current dollars, overall output per worker in Texas is approximately \$86,289, while in the Refining and Petrochemicals Cluster, the corresponding value is \$465,037."

A continuous and economical supply of freshwater is critical to the viability of this petrochemical manufacturing in Brazoria County both in the short term and long term. The frequency of freshwater shortages continues to increase, impacting this production and neighboring communities who depend on the Brazos River for surface water. The move to surface water by the Brazosport communities began more than 20 years ago to avoid the affects of subsidence. In addition to the community impact, the lack of sufficient freshwater supply could result in reduced manufacturing, costing thousands of jobs in the short term. This would also reduce the viability of the area for future investments.

Although measures such as water conservation, reuse, protection of water rights, and a saltwater barrier are being pursued, the most significant tactic to ensure uninterrupted supply of freshwater would be the construction of an additional reservoir that would take supply from the Brazos River. Such a reservoir is in the Region H Plan and is supported by Brazoria County and entities within Brazoria County. The reservoir would optimize water capture at Dow Chemical Company's intake location, which is the last intake point before this fresh water is lost into the Gulf of Mexico, and store it for use when there is no water flowing in this lowest reach of the river. There are no bays or estuaries connected to the Brazos River.

This bill requires the Texas Board of Criminal Justice (TBCJ) to sell at a minimum fair market value established by the commissioner of the General Land Office approximately 2,200 acres of unimproved property located in Brazoria County.

The General Land Office would negotiate and close the transaction through a sealed bid public auction process provided for in Section 31.158 (Real Estate Transactions Authorized by Legislature), Natural Resources Code.

The Dow Chemical Company owns the adjacent tract and would like to construct a reservoir on the tract currently owned by the TBCJ to provide water to Dow, other industry customers, and regional municipalities.

C.S.H.B. 2004 amends current law relating to the sale of certain state property in Brazoria County by the Texas Board of Criminal Justice.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. (a) Requires the Texas Board of Criminal Justice (TBCJ), not later than December 31, 2011, to exchange the real property described by Subsection (c) of this section.

(b) Requires TBCJ to sell the property as provided by Section 496.0021 (Sale of Department Real Property), Government Code. Requires the General Land Office to negotiate and close a transaction involving the real property described by this section on behalf of TBCJ using the procedures under Section 31.158 (Real Estate Transactions Authorized by Legislature), Natural Resources Code. Requires that the sale exclude the mineral interests in and under the property, and requires that the deed contain a provision expressly reserving the state's interest in and right to remove all oil, gas, and other minerals in and under the real property described in Subsection (c) of this section.

(c) Requires TBCJ to sell the real property described in this section.

SECTION 2. Effective date: upon passage or September 1, 2011.