

## **BILL ANALYSIS**

Senate Research Center  
82R9121 RWG-D

H.B. 3002  
By: Hughes (Elife)  
Natural Resources  
5/10/2011  
Engrossed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Certain water districts with gross receipts under a certain threshold amount during a fiscal period are allowed to file an annual financial review instead of a full audit. Observers note that the cost of a full audit to a district is substantially more than an annual financial review and also note that the gross receipts threshold has not recently been adjusted. The interested parties seek to raise the gross receipts threshold in order to allow additional districts to comply with a financial review instead of the more expensive audit. H.B. 3002 addresses that issue by changing provisions exempting certain water districts from filing a full audit with the executive director of the Texas Commission on Environmental Quality.

H.B. 3002 amends current law relating to certain conservation and reclamation districts exempted from filing a full audit.

[**Note:** While the statutory reference in this bill is to the Texas Natural Resource Conservation Commission (TNRCC), the following amendments affect the Texas Commission on Environmental Quality, as the successor agency to TNRCC.]

### **RULEMAKING AUTHORITY**

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

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 49.198(a), Water Code, to authorize a district to elect to file annual financial reports with the executive director of the Texas Natural Resource Conservation Commission in lieu of the district's compliance with Section 49.191 (Duty to Audit) provided the district had no bonds or other long-term (more than one year) liabilities outstanding during the fiscal period; the district did not have gross receipts from operations, loans, taxes, or contributions in excess of \$250,000, rather than \$100,000, during the fiscal period; and the district's cash and temporary investments were not in excess of \$100,000 at any time during the fiscal period.

SECTION 2. Makes application of Section 49.198(a), Water Code, as amended by this Act, prospective.

SECTION 3. Effective date: upon passage or September 1, 2011.