

## **BILL ANALYSIS**

Senate Research Center  
83R9165 SGA-F

S.B. 1031  
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Intergovernmental Relations  
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As Filed

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

The Harris-Galveston Subsidence District (district) was created in 1975 to control and prevent subsidence within the district by reducing groundwater withdrawals. This goal is achieved through a regulatory plan that requires converting groundwater supplies to alternative water supplies. The legislature created several regional water authorities to aid in the water supply conversion process.

S.B. 1031 updates the district's statute to recognize large aggregate permits. In addition, several administrative changes are made to clarify certain permit exemptions, provide for appointment of an investment officer, and define certain terms.

As proposed, S.B. 1031 amends current law relating to the Harris-Galveston Subsidence District; providing authority to impose a fee.

### **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 8801.001, Special District Local Laws Code, by amending Subdivisions (1-a) and (1-b) and adding Subdivisions (1-c) and (4-c), to define "alternative water supply" and "regional water supplier," and to make nonsubstantive changes.

SECTION 2. Amends Section 8801.0551, Special District Local Laws Code, to provide that a member of the board of the Harris-Galveston Subsidence District (board) (district) who abstains from voting on a particular matter does not count as part of the membership for the purposes of that vote, and a majority of the remaining membership is sufficient for transacting any district business.

SECTION 3. Amends Subchapter B, Chapter 8801, Special District Local Laws, by adding Section 8801.066, as follows:

Sec. 8801.066. INVESTMENT OFFICER. (a) Authorizes the board, notwithstanding Section 2256.005(f) (relating to requiring each investing entity to designate one or more certain persons as an investment officer, and setting forth restrictions and provisions for the investment officer's duties), Government Code, to contract with a person to act as investment officer of the district.

(b) Requires the investment officer to:

(1) not later than the first anniversary of the date the officer takes office or assumes the officer's duties, attend a training session of at least six hours of instruction relating to investment responsibilities under Chapter 2256 (Public Funds Investment), Government Code; and

(2) attend at least four hours of additional investment training within each two-year period after the first year.

(c) Requires that training under this section be from an independent source approved by the board, or a designated investment committee advising the investment officer.

(d) Requires that training under this section include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with Chapter 2256, Government Code.

SECTION 4. Amends Sections 8801.110(c) and (e), Special District Local Laws Code, as follows:

(c) Requires that written notice of a hearing other than a hearing on a permit application be given to certain persons and entities, including to each county, regional water supplier, and municipal government in the district.

(e) Requires that a copy of the notice be provided to each county clerk to be posted in the place where notices are usually posted at the county courthouse of each county in the district.

SECTION 5. Amends Section 8801.115, Special District Local Laws Code, to make a nonsubstantive change.

SECTION 6. Amends Section 8801.117(a), Special District Local Laws Code, to require the board to hold an annual hearing, rather than requiring the board, not later than March 31 of each year, to hold a hearing, to determine the effects of groundwater withdrawal during the preceding calendar year on subsidence in the district.

SECTION 7. Amends Section 8801.151, Special District Local Laws Code, as follows:

Sec. 8801.151. GROUNDWATER WITHDRAWALS SUBJECT TO BOARD RULE.

(a) Creates this subsection from existing text and makes no further change to this subsection.

(b) Authorizes the board to issue permits to drill new wells and authorizes the board, by rule, to provide exemptions from the permit requirements. Requires the district to grant a permit to drill and operate a new well inside a platted subdivision if water service from a retail public utility is not available to the lot where the well is to be located.

(c) Defines "retail public utility" in this section.

SECTION 8. Amends Section 8801.152, Special District Local Laws Code, as follows:

Sec. 8801.152. New heading: CERTAIN GROUNDWATER USES EXEMPT. Provides that the permit requirements, rather than the regulatory provisions, of this chapter (Harris-Galveston Subsidence District) do not apply to a well regulated under Chapter 27 (Injection Wells), Water Code, a well with a casing diameter of less than five inches that serves only a single-family dwelling, and any other well as provided by board rule.

SECTION 9. Amends Sections 8801.155(a) and (c), Special District Local Laws Code, as follows:

(a) Changes a reference to a well owner or operator to a well owner.

(c) Makes conforming changes.

SECTION 10. Amends Section 8801.158(c), Special District Local Laws Code, to require the board to issue a permit to an applicant if, on presentation of adequate proof, the board finds that there is no other adequate and available substitute or supplemental source of alternative water supplies, rather than surface water, at prices competitive with the prices charged by suppliers of alternative water supplies, rather than surface water, in the district, and that compliance with any provision of this chapter or any district rule will result in an arbitrary taking of property or in the practical closing and elimination of a lawful business, occupation, or activity without sufficient corresponding benefit or advantage to the public.

SECTION 11. Amends Section 8801.161(b-1), Special District Local Laws Code, to prohibit the fee under Subsection (a) (relating to requiring the board to collect a permit fee from an applicant, any time the board issues or renews a permit) from exceeding 110 percent of the highest rate that the City of Houston charges for water, rather than surface water, supplied to its customers in the district.

SECTION 12. Amends Section 8801.162, Special District Local Laws Code, as follows:

Sec. 8801.162. ANNUAL REPORT. (a) Creates this subsection from existing text. Requires a well owner who is required to hold a permit, rather than a well owner who holds a permit, under this chapter, before January 31 of each year, to submit to the board a report stating certain information, including the total amount of groundwater withdrawn from the well during the preceding calendar year, rather than during the preceding 12-month period, and the total amount of groundwater withdrawn from the well during each month of the preceding calendar year, rather than during each month of the preceding 12-month period.

(b) Requires a well owner whose well is aggregated with other wells permitted and managed by a regional water supplier, for the purposes of this section, to file the report with the regional water supplier instead of the district. Requires water suppliers to annually submit to the board the report required in Subsection (a) for all wells owned, managed, or permitted by that supplier no later than March 31.

SECTION 13. Repealer: Sections 8801.163(a) (defining "alternative water supply" in this section), Special District Local Laws Code.

SECTION 14. (a) Makes application of Section 8801.0551, Special District Local Laws Code, as amended by this Act, prospective.

(b) Requires an investment officer for the Harris-Galveston Subsidence District who holds that office on the effective date of this Act to attend the training required by Section 8801.066(b)(1), Special District Local Laws Code, as added by this Act, not later than the first anniversary of the effective date of this Act.

SECTION 15. Effective date: upon passage or September 1, 2013.