

Item 89th Legislative Interim Charges – HNRC & SWARA

With all that has transpired since the end of the 89th Legislative Session (Regular & Special), it is clear that this will be a very busy Interim related to groundwater management. There have been no Senate Water, Agriculture, and Rural Affairs (SWARA) Committee meetings to date, but two (2) House Natural Resources Committee (HNRC) hearings have been held since the end of the Regular Session in June 2025.

Attached are the highlighted versions of both HNRC and SWARA interim charges addressing groundwater management. Also attached is the Texas Water Association (TWA) Legislative Committee agenda for April 1, 2026. Highlighted are the topics TWA members deemed important enough for the committee to review and address.

NATURAL RESOURCES

1. **Monitoring:** Monitor the implementation and associated rulemaking of all legislation passed by the Committee and enacted by the 89th Legislature to ensure that legislative purposes are properly implemented, including the following:
 - HJR 7, proposing a constitutional amendment to dedicate a portion of the revenue derived from state sales and use taxes to the Texas water fund and to provide for the allocation and use of that revenue;
 - HB 2078, relating to the joint planning of desired future conditions in groundwater management areas;
 - SB 7, relating to the oversight and financing of certain water infrastructure matters under the jurisdiction of the Texas Water Development Board; and
 - SB 1169, relating to the provision of water or sewer service by public entities operating jointly or concurrently.

2. **Groundwater Management:** Study groundwater regulation and make recommendations to ensure groundwater management is adequately focused on protecting the long-term viability of the state's aquifers. Specifically address:
 - If desired future conditions provide sufficient protection of groundwater resources, and whether impediments to achieving desired future conditions exist;
 - The adequacy of groundwater conservation districts' authority to address impacts from large-scale groundwater production projects, including export projects;
 - The need for increased investment in groundwater data and modeling tools to support advanced planning, decision-making, and management; and
 - How groundwater production in unregulated portions of the state impacts the aquifer management efforts of existing groundwater conservation districts.

3. **Innovative Water Supply Strategies:** Study the feasibility of the various project types eligible under the New Water Supply for Texas Fund. Identify project impediments and strategies to increase their implementation and contribution to the state's overall water supply.

4. **Brackish Groundwater Production:** Monitor the status of brackish groundwater production zone (BGPZ) designations by the Texas Water Development Board and the development of brackish groundwater projects within designated BGPZs. Study the adequacy of scientific understanding of the use and development of brackish aquifers, including a review of current regulatory measures and monitoring requirements to encourage the use of brackish groundwater while ensuring that fresh groundwater resources are preserved and protected.

5. **Data Center Water Use and Conservation:** Examine the total water usage of data center operations in Texas, including direct and indirect uses. Evaluate regulatory, permitting, and infrastructure considerations for water-efficient data center development, particularly in water-stressed regions. Consider policy options to optimize water resources and enhance water stewardship in the data center sector.
6. **Program Capacity:** Assess the capacity of existing state and federal water infrastructure financial assistance programs, including the State Water Implementation Fund for Texas. Evaluate strategies to leverage the dedicated revenue stream established by Proposition 4 (HJR 7, 89th Regular Session) to meet identified capital needs and develop recommendations to mitigate any possible short-term funding shortfalls.
7. **Regional Water Planning:** Study the state and regional water planning process, data used to project long-term water needs and available water supplies, criteria used to adopt water supply projects and management strategies, and progress made to address water supply deficits described within the most recent state water plan. Make recommendations to improve the state and regional water planning process.
8. **Rio Grande Compact:** Evaluate the impact of groundwater pumping in southern New Mexico on the availability of surface water supply in the El Paso region. Study the history and merit of claims made by the State of Texas arising from the 1938 Rio Grande Compact and evaluate the Compact Decree pending before the U.S. Supreme Court. Determine if the Compact Decree fairly provides for Texas to receive from New Mexico its equitable apportionment of water. Identify any additional areas of dispute arising from the Rio Grande Compact left unresolved by the Compact Decree.
9. **Agency Oversight:** Pursuant to the broad oversight responsibilities granted to the Committee under Section 301.014, Government Code, and the House Rules of Procedure, monitor the agencies under the Committee’s jurisdiction, including for fraud, waste, and abuse, where applicable. The jurisdiction of the Natural Resources Committee includes the following agencies:
 - The Texas Commission on Environmental Quality as it relates to the regulation of water resources;
 - The Office of Canadian River Compact Commissioner for Texas;
 - The Office of Pecos River Compact Commissioner for Texas;
 - The Office of Red River Compact Commissioner for Texas;
 - The Office of Rio Grande Compact Commissioner for Texas;
 - The Office of Sabine River Compact Commissioners for Texas;
 - The Southwestern States Water Commission; and
 - The Texas Water Development Board.

Water, Agriculture, and Rural Affairs Committee

- **Assessing the Water Demands of Energy-Intensive Technologies:** Examine the current water consumption rates for high-consumption cooling technologies, including data centers. Make recommendations to improve transparency for local water providers and ensure industrial growth does not compromise the affordability of water for Texas residents and agricultural producers.
- **Safeguarding the Texas Livestock Industry:** Examine the state's preparedness and response strategies regarding the New World Screwworm (NWS). Evaluate the effectiveness of current surveillance, monitoring, and control efforts by the Texas Animal Health Commission and partner agencies to prevent reintroduction of NWS into Texas. Make recommendations to strengthen biosecurity protocols, improve coordination with federal and international partners, and ensure the long-term protection of the Texas livestock industry and wildlife populations.
- **Prioritizing Utility Revenue for Infrastructure Maintenance:** Study the practice of large municipalities transferring revenue from water and wastewater utilities to general funds. Assess the impact of such transfers on delays in projects, infrastructure maintenance backlogs, and water loss mitigation. Make recommendations to limit the percentage of utility revenue available for transfer and ensure ratepayer funds are dedicated exclusively to the sustainability and security of Texas water systems.
- **Evaluating Desalination Viability and Regulatory Efficiency:** Inventory existing facilities and review the permitting framework across relevant state agencies to improve efficiency. Assess the practicality of desalination in high-feasibility regions and identify opportunities for local-level implementation. Make recommendations to streamline the regulatory process.

TWA Legislative Committee Agenda

April 1, 2026 – 10am

LCRA Dachau Center

3505 Montopolis Dr., Austin, TX 78744

1. Welcome and introductions
2. Overview of Committee and adoption of Committee rules and procedures (see Appendix A)
3. **Discussion of potential Committee and Subcommittee issues** (see Appendix B for a full list of proposed issues submitted by Committee members; the summary of issues listed below and the full list of issues listed in Appendix B do not represent any official position of TWA)
 - a. Initial list of potential subcommittees for consideration:
 - i. **State Water Planning**
 - Permitting consistency
 - RWPG Membership
 - Strategies and infeasibility assessments
 - Interregional conflicts
 - Socioeconomic analyses of water shortage impacts
 - “Region T” concepts and the use of the interregional planning council
 - ii. **Groundwater Export and Large-Scale Production**
 - Defining export and large-scale production
 - Addressing export / large-scale production permit requirements
 - GCD authority related to:
 - Denying permits
 - Requiring a demonstration of need
 - Prioritizing use
 - Use of transport fees
 - iii. **Joint Planning, DFC Management and Achievement, Production Caps, and Sustainability**
 - Stakeholder participation in joint planning
 - GCD requirements related to demonstrating achievement of the DFC
 - Production caps and curtailment
 - Incentivizing conservation
 - Considerations of TERS, sustainability, and long-term viability of the aquifer
 - iv. **Data Centers**
 - Water use and cooling technologies
 - Tools available to water providers
 - b. Straightforward issues for up or down votes for support or initiate in Fall (no need for subcommittee)
 - c. Discussion of other submitted topics
 - d. Additional issues for discussion, if any
4. Next Steps: Electronic vote, subcommittees, and future meetings
5. Other business

Thank you to our lunch sponsors!

**Guadalupe-Blanco River Authority, Lloyd Gosselink Rochelle & Townsend, P.C., Prairielands
Groundwater Conservation District, Stacey Reese Law, PLLC, Texas Business Leadership Council**

Appendix B: List of Issues Submitted by TWA Legislative Committee Members

The issues listed below were submitted by Committee members in response to the initial issues survey. They do not represent any official position of TWA and are listed only to support discussions during the April 1, 2026 meeting of the Committee.

Issues under Agenda Item 3a:

State Water Planning

1. Eliminate the requirement that projects be "consistent" with the state water plan in permitting decisions
2. Revamp the regional planning process and groups, including requiring that members be water suppliers
3. Require all possible water supply strategies to be in the plan regardless of current perceived need.
4. Include a statewide planning component so that big projects like large desal and interbasin transfers can be included
5. Remove TWDB from subjective interregional conflict identification and resolutions
6. Remove Interregional Planning Council requirements
7. Conduct alternative versions of socioeconomic analyses of impacts of water shortages
8. Remove the requirement for infeasible strategy assessment & amendments

Groundwater Export and Large-Scale Production

9. Clarify how to balance large export project requests to find a middle ground
10. Address export permit requirements, including clarifying what is considered export
11. Expand the list of considerations that apply to export permits and apply this same list of criteria to large-scale production permits in-district
12. Clarify that GCDs are authorized to deny export and large-scale production permits if consideration of the listed statutory factors warrant
13. Require export applicants to provide contracts demonstrating that there is an end user for water to be exported
14. Direct GCDs to define by rule what constitutes "large-scale production" based on best available science of local aquifer conditions and local groundwater uses
15. Prioritize local groundwater use over exports
16. Provide more guidance on the distribution and use of transport fees collected by GCDs

Joint Planning, DFC Management and Achievement, Production Caps, and Sustainability

17. Revisit the joint planning process in terms of how DFCs/MAGs are determined and used and incorporating greater stakeholder participation
18. Evaluate whether to allow opportunity for public comment on the current DFC at the beginning of the 5-year evaluation process (instead of the end), including alternatives the public want investigated

19. Require GCDs to review the efficacy of their rules to accomplish management goals and to achieve the DFC and to consider whether changes are needed to achieve management goals and the DFC
20. Require GCDs to establish a production curtailment process/schedule to govern how and when it will limit production in the situation where curtailments are necessary to ensure achievement of the DFC
21. Require GCDs to establish a cap on total authorized groundwater production (exempt and non-exempt) based on consideration of the MAG and other relevant best available science
22. Instead of setting the MAG as a cap for permitting within a GCD, establish a threshold of 2x or 3x the MAG for reducing/denying a permit or permit amendment
23. Prohibit development of DFCs that include built in curtailments on production
24. Restate that the MAG is a planning tool, not a permit cap
25. Incentivize permittees to conserve groundwater and not pump, or pump less, by prohibiting GCDs from reducing a permittee's permitted production, or not renew a permit for the full amount based upon an argument that the permittee had not produced 100% of the permitted volume in any prior calendar year
26. Review Sec. 36.116, TWC (Regulation of Spacing and Production) to determine if the criteria for adopting spacing and production rules adequately recognizes that any affect on real property rights must be considered
27. Remove TERS from the statutory factors to be considered when establishing DFCs and instead consider the maximum amount of groundwater production that can be sustained over the long term.
28. Better incorporate consideration of the long-term viability of the aquifer into both the establishment of DFCs and into GCD management plans and further ensure that those considerations are appropriately being translated into active management through GCD rules.
29. Add a definition of "sustainable" to Ch. 36 and add the word to 36.108 (d-2) requiring DFCs to balance the highest "sustainable production" level of groundwater and the conservation, preservation... of groundwater... "

Data Centers

30. Data center water usage and reporting

Issues under Agenda Item 3b:

Straightforward issues for up or down votes for support or initiate in Fall (no need for subcommittee)

31. Secure additional funding for SWIFT
32. Secure additional funding for the treatment of emerging contaminants
33. Update water availability models for remaining river basins
34. Update and refine groundwater availability models and provide technical assistance to GMAs for GAM use
35. Establish recurring funding for the GCD data and science grant program

Issues under Agenda Item 3c:

Groundwater Other

36. Review Sec. 36.002, TWC (Purpose) to evaluate whether the Chapter's purpose needs to be updated with any rights recognized by the Texas Supreme Court since 2011
37. Evaluate the need for a process by which GCDs' performance and ability to successfully carry out its purpose is reviewed by the Legislature on a periodic basis
38. Review Sec. 36.113 and 36.1131, TWC (Permits for Wells; Permit Amendments) to determine if the current process and criteria for the approval or denial of a permit is consistent with and protects the real property rights of the applicant and other real property owners that may be affected by the drilling and operation of the proposed well
39. Provide legal support for GCDs when permits are denied
40. Provide for centralized regulation of groundwater, or at least regional regulation based upon area of major aquifers, not county lines
41. Provide for regional groundwater management to require curtailment if neighboring GCD(s) are curtailing
42. Require mitigation for damages due to large-scale production so large-scale permits are not subsidized by other permit holders
43. Address funding for cross-GCD mitigation programs
44. Evaluate and remove any impediments following initial establishment of the brackish groundwater production zone regulatory process and the associated regulatory framework for GCDs to incentivize brackish groundwater production
45. Codify GCD's lack of power to impose moratoria or, if decided they can impose them, legislatively address the process/requirements to do so consistent with other statutorily authorized power to adopt the moratorium
46. Consider utilizing oil and gas tools to address concerns of unreasonable groundwater drainage from neighboring tracts, e.g., forced/compulsory unitization/pooling, etc.
47. Expressly authorize GCDs to develop programs that offer specific conservation incentives such as not pumping, and/or tax abatements for activities like rainwater harvesting and/or installation of managed artificial recharge facilities
48. Clarify that production and transport fees are only payable for groundwater produced during a calendar year, not just the "paper amount" permitted, as an incentive for permittees to not pump water (or pump less water)
49. Include or update the definitions of "conservation," "waste," and "use for a beneficial purpose," including expanding the ability for GCDs to consider amenity pond filling as a factor when evaluating permit applications, like exists within PGMA's
50. Allow GCDs to address retail public utilities with excessive water loss in violation of the authorized allowances for leaks
51. Clarify that requirements for continuous and adequate service do not authorize violations of other law regarding appropriation or permitting of surface water or groundwater, or TCEQ or district rules
52. Fund the joint planning process
53. Address the Supreme Court's decision in Cockrell to ensure protection for groundwater permits

54. Address methods that allow persons denied party status a process to appeal
55. Clarify court authority to assess civil penalties, clarify penalty ranges, allow penalties based on volume of water produced instead of days, and provide for certain injunctive remedies
56. Clarify notice deadlines for certain hearings, including adoption of management plans
57. Address process and timing issues with the contested case process, clarify that legal costs are recoverable, and provide more extensive fact-finding authority for GCD boards similar to TCEQ
58. Review Sec. 36.1025, TWC (Petition to Change Rules) to determine if it may be amended to make it more effective for real property owners to protect their property rights, including an appeal for the denial of a petition
59. Evaluate the need for additional notice requirements to certain real property owners of a permit application that may affect their real property rights
60. Review Sec. 36.066, TWC (Suits) to evaluate whether Subsection (g) provides real property owners a reasonable opportunity to file a suit to protect their constitutional rights
61. Clarify the appeals deadlines for groundwater cases

Other

62. Require disclosure of water rights/water lease information associated with a particular land parcel during land sale transactions
63. Remove the 100,000 population restriction in Texas Government Code, Ch. 2269 to allow the use of design-build for water and wastewater projects for communities of all sizes
64. Streamline the environmental review process for grant-funded drainage projects
65. Ensure that TxDOT integrates drainage design in its transportation planning process
66. Direct an appropriate state agency to evaluate the effectiveness of non-siren flood warning technologies across Texas, with particular emphasis on roadway inundation detection, low water crossing alert systems, and automated physical barriers at high-risk crossings
67. Find a creative solution to require water demands in unincorporated parts of a county to be responsibly met
68. Develop creative financing tools to make it easier for local retail water suppliers to leverage debt to finance projects; oppose limitations on impact fees, debt capacity, etc.
69. Establish dedicated, recurring state funding for acquisition, operation, maintenance, and replacement of flood monitoring infrastructure, including flood warning systems, prioritizing high-risk crossings