1. **Purpose.** This change transmittal provides the page(s) that reflect changes and additions to the Texas Natural Resource Conservation Commission (commission) Volume of Permanent Rules.

2. **Explanation of Change.** On March 8, 2000, the commission adopted amendments to §12.3, concerning Penalty and Interest on Delinquent Fees. The amendments are adopted without changes to the proposed text as published in the December 31, 1999 issue of the *Texas Register* (24 TexReg 11897) and will not be republished.

3. **Effect of Change.** The commission adopts amendments to §12.3 to be consistent with the amended Texas Tax Code, §111.060 and §111.061. The amendments establish a variable interest rate, based on the prime rate plus one percent, in accordance with provisions of Senate Bill (SB) 1321 effective January 1, 2000. Section 12.3 was established to provide uniform and consistent requirements for the assessment of penalties and interest for the late payment of fees owed the state under the commission’s jurisdiction as required by Texas Water Code, §5.235. By establishing centralized provisions in §12.3, any further changes in the Tax Code would require that the agency amend only one section of its rules. SB 1321 and Texas Tax Code, §111.060 and §111.061, establish a variable interest rate, based on the prime rate plus one percent, effective January 1, 2000.

Section 12.3 is amended by deleting the existing language in subsection (c) “The yearly interest rate on all delinquent fees required under this title is 12%” and replacing it with “The yearly rate on all delinquent fees required under this title is the prime rate plus 1.0% as published in the Wall Street Journal on the first day of each calendar year that is not a Saturday, Sunday, or legal holiday.”