

By: _____

____.B. No. _____

A BILL TO BE ENTITLED

1 AN ACT
2 relating to financial assistance provided and programs
3 administered by the Texas Water Development Board.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Chapter 15, Water Code, is amended by adding
6 Subchapter H-1 to read as follows:

7 SUBCHAPTER H-1. WATER FOR TEXAS FUND

8 Sec. 15.501. DEFINITION. In this subchapter, "fund" means
9 the water for Texas fund.

10 Sec. 15.502. FUND. (a) The water for Texas fund is a
11 special fund in the state treasury outside the general revenue
12 fund. The fund is administered by the board. The fund is not
13 subject to legislative appropriation.

14 (b) The board may use the fund only to disburse money to
15 another fund or account administered by the board, including a fund
16 or account established by this chapter.

17 (c) The board has legal title to money and investments in
18 the fund.

19 (d) The comptroller may not use the fund to certify under
20 Section 49a, Article III, Texas Constitution, that an amount
21 appropriated by a bill is with the amount estimated to be available
22 in the affected funds.

23 (e) Money in the fund may be used only as provided by this
24 subchapter.

1 (f) The fund consists of:

2 (1) money transferred or deposited to the credit of
3 the fund by law, including money from any source transferred or
4 deposited to the credit of the fund at the board's discretion as
5 authorized by law;

6 (2) any other revenue that the legislature by statute
7 dedicates for deposit to the credit of the fund;

8 (3) investment earnings and interest earned on amounts
9 credited to the fund;

10 (4) money from gifts, grants, or donations to the
11 fund; and

12 (5) the redeposit of money disbursed from the fund.

13 (g) The board may establish separate accounts in the fund as
14 necessary or convenient to administer the fund.

15 Sec. 15.503. MANAGEMENT AND INVESTMENT OF FUND. (a) Money
16 in the fund shall be invested as determined by the board. The fund
17 may be invested with the state treasury pool.

18 (b) The fund and any accounts established in the fund shall
19 be kept and maintained by or at the direction of the board.

20 (c) At the direction of the board, the fund and any accounts
21 established in the fund may be managed by the comptroller or a
22 corporate trustee that is a trust company or a bank that has the
23 powers of a trust company for and on behalf of the board and pending
24 their use for the purposes provided by this subchapter may be
25 invested as provided by an order, resolution, or rule of the board.

26 (d) The comptroller or corporate trustee shall manage the
27 fund in strict accordance with this subchapter and the orders,

1 resolutions, and rules of the board.

2 Sec. 15.504. USE OF FUND. (a) The board may make
3 disbursements from the fund to another fund or account administered
4 by the board, including a fund or account established by this
5 chapter, in the amounts the board determines necessary. Legislative
6 appropriation is not required for the board to disburse money from
7 the fund.

8 (b) The board shall ensure that a portion of the money
9 disbursed from the fund is used for:

10 (1) water infrastructure projects for:

11 (A) rural political subdivisions, as defined by
12 Section 15.992; and

13 (B) municipalities with a population of less than
14 150,000; and

15 (2) projects to develop new water supply sources.

16 (c) Projects funded under Subsection (b)(2) must be
17 designed to develop water supply sources not currently available in
18 this state. A project may include:

19 (1) acquisition of water rights from another state;

20 (2) development of infrastructure to transport water
21 from another state;

22 (3) a desalination project, including marine and
23 brackish water desalination;

24 (4) a produced water treatment plant; and

25 (5) research into new technology that may lead to the
26 development of a significant new water supply source, as determined
27 by the board based on the amount of water the technology may

1 produce.

2 (d) Money disbursed from the fund for the purposes described
3 by Subsection (b) may be disbursed to other funds or accounts to be
4 used to provide zero interest loans, negative interest loans, loan
5 forgiveness, or grants for any purpose described by Subsection (b)
6 under criteria developed by the board.

7 Sec. 15.505. REDEPOSIT OF MONEY PREVIOUSLY DISBURSED. The
8 board may restore to the fund money disbursed from the fund and
9 deposited to the credit of another fund or account. Legislative
10 appropriation is not required for the board to restore money to the
11 fund.

12 Sec. 15.506. ADVISORY COMMITTEE. The State Water
13 Implementation Fund for Texas Advisory Committee established under
14 Section 15.438:

15 (1) shall submit comments and recommendations to the
16 board regarding the use of money in the fund for use by the board in
17 adopting rules under Section 15.507 and in adopting policies and
18 procedures under Section 15.508;

19 (2) shall review the overall operation, function, and
20 structure of the fund at least semiannually and may provide
21 comments and recommendations to the board on any matter; and

22 (3) may adopt rules, procedures, and policies as
23 needed to administer this section and implement its
24 responsibilities.

25 Sec. 15.507. RULES. The board may adopt rules providing
26 for the use of money in the fund that are consistent with this
27 subchapter.

1 Sec. 15.508. POLICIES AND PROCEDURES TO MITIGATE OR
2 MINIMIZE ADVERSE EFFECTS OF CERTAIN FEDERAL LAWS. The board shall
3 adopt, and may amend from time to time at the board's discretion,
4 policies and procedures for the purpose of mitigating or minimizing
5 the adverse effects, if any, of federal laws and regulations
6 relating to income taxes, arbitrage, rebates, and related matters
7 that may restrict the board's ability to freely invest all or part
8 of the fund or to receive and retain all the earnings from the fund.

9 Sec. 15.509. NEW WATER SUPPLY INITIATIVE. The board shall
10 undertake to acquire through projects funded under Section
11 15.504(b)(2) seven million acre-feet of new water supplies from
12 sources not previously available in this state by December 31,
13 2033.

14 SECTION 2. Section 15.994(c), Water Code, is amended to
15 read as follows:

16 (c) The board may use money in the fund to contract for
17 outreach, financial, planning, and technical assistance to assist
18 rural political subdivisions [~~in obtaining and using financing from~~
19 ~~any source~~] for a purpose described by this section.

20 SECTION 3. Section 16.0121, Water Code, is amended by
21 adding Subsections (k) and (l) to read as follows:

22 (k) The board by rule shall establish a program to provide
23 technical assistance to retail public utilities in conducting water
24 audits required under Subsections (b) and (b-1) and in applying for
25 financial assistance from the board to mitigate the utility
26 system's water loss. Rules adopted under this section must provide
27 for the prioritization of technical assistance to retail public

1 utilities based on:

2 (1) water loss audits submitted to the board;

3 (2) the population served by the utility; and

4 (3) the integrity of the utility's system.

5 (1) The board shall submit to the legislature every fifth
6 year a water loss report that:

7 (1) summarizes the information compiled under
8 Subsection (f);

9 (2) summarizes the measures taken by retail public
10 utilities to reduce water loss; and

11 (3) identifies the retail public utilities
12 participating in the program established under Subsection (k) and
13 details the use of financial assistance provided under that
14 subsection.

15 SECTION 4. (a) Except as otherwise provided by this Act,
16 this Act takes effect September 1, 2023.

17 (b) Section 1 of this Act takes effect January 1, 2024, but
18 only if the constitutional amendment proposed by the 88th
19 Legislature, Regular Session, 2023, creating the water for Texas
20 fund to assist in financing water projects in this state is approved
21 by the voters. If that constitutional amendment is not approved by
22 the voters, Section 1 of this Act has no effect.