

AN ACT

relating to the composition and use of money in the flood infrastructure fund.

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

SECTION 1. Section 15.001, Water Code, is amended by adding Subdivision (14) to read as follows:

(14) "Rural political subdivision" means:

(A) a nonprofit water supply or sewer service corporation created and operating under Chapter 67 of this code or a district or authority created under Section 52, Article III, or Section 59, Article XVI, Texas Constitution, no part of the service area of which is located in an urban area with a population of more than 50,000;

(B) a municipality:

(i) with a population of 10,000 or less no part of the service area of which is located in an urban area with a population of 50,000 or more; or

(ii) located wholly in a county in which no urban area has a population of more than 50,000;

(C) a county in which no urban area has a population of more than 50,000; or

(D) an entity that:

(i) is a nonprofit water supply or sewer service corporation created and operating under Chapter 67 of this

1 code, a district or authority created under Section 52, Article  
2 III, or Section 59, Article XVI, Texas Constitution, municipality,  
3 county, or other political subdivision of the state, or an  
4 interstate compact commission to which the state is a party; and

5 (ii) demonstrates in a manner satisfactory  
6 to the board that the entity is rural or the area to be served by the  
7 project is a wholly rural area despite not otherwise qualifying  
8 under Paragraph (A), (B), or (C).

9 SECTION 2. Section 15.534, Water Code, is amended by  
10 amending Subsection (a) and adding Subsections (c) and (d) to read  
11 as follows:

12 (a) The board may use the infrastructure fund only:

13 (1) to make a loan to an eligible political  
14 subdivision at or below market interest rates for a flood project;

15 (2) to make a grant or loan at or below market interest  
16 rates to an eligible political subdivision for a flood project to  
17 serve a rural political subdivision [~~an area outside of a~~  
18 ~~metropolitan statistical area~~] in order to ensure that the flood  
19 project is implemented;

20 (3) to make a loan at or below market interest rates  
21 for planning and design costs, permitting costs, and other costs  
22 associated with state or federal regulatory activities with respect  
23 to a flood project;

24 (4) to make a grant to an eligible political  
25 subdivision to provide matching funds to enable the eligible  
26 political subdivision to participate in a federal program for a  
27 flood project;

1           (5) to make a grant to an eligible political  
2 subdivision for a flood project if the board determines that the  
3 eligible political subdivision does not have the ability to repay a  
4 loan;

5           (6) as a source of revenue or security for the payment  
6 of principal and interest on bonds issued by the board if the  
7 proceeds of the sale of the bonds will be deposited in the  
8 infrastructure fund;

9           (7) to pay the necessary and reasonable expenses of  
10 the board in administering the infrastructure fund; and

11           (8) to make transfers to the research and planning  
12 fund created under Section 15.402 [~~of this chapter~~].

13           (c) Except as provided by Subsections (a)(6)-(8), after the  
14 adoption of the initial state flood plan, the board may use the  
15 infrastructure fund to provide financing only for flood projects  
16 included in the state flood plan.

17           (d) Money from the infrastructure fund may be awarded to  
18 several eligible political subdivisions for a single flood project.

19           SECTION 3. Section 16.454(j), Water Code, is amended to  
20 read as follows:

21           (j) This section expires September 1, 2031. The remaining  
22 balance of the account on that date is transferred to the flood  
23 infrastructure fund [~~plan implementation account~~].

24           SECTION 4. (a) The following provisions of the Water Code  
25 are repealed:

26           (1) Section 15.531(4);

27           (2) Section 15.5341;

1           (3) Section 15.992(4); and

2           (4) Section 16.4545.

3           (b) The following provisions of Chapter 947 (S.B. 7), Acts  
4 of the 86th Legislature, Regular Session, 2019, are repealed:

5           (1) Section 2.03; and

6           (2) Section 3.06.

7           SECTION 5. This Act takes effect September 1, 2023.

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President of the Senate

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Speaker of the House

I certify that H.B. No. 3582 was passed by the House on April 14, 2023, by the following vote: Yeas 140, Nays 3, 2 present, not voting.

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Chief Clerk of the House

I certify that H.B. No. 3582 was passed by the Senate on May 17, 2023, by the following vote: Yeas 31, Nays 0.

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Secretary of the Senate

APPROVED: \_\_\_\_\_

Date

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Governor