

By: Perry

S.B. No. 837

A BILL TO BE ENTITLED

AN ACT

relating to financial assistance provided and programs administered by the Texas Water Development Board.

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

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

SUBCHAPTER H-1. WATER FOR TEXAS FUND

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

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

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

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

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

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