

BILL ANALYSIS

H.B. 3527
By: Callegari
Natural Resources
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The Texas Water Development Board's (TWDB) State Participation Program enables the agency to take an ownership interest in a portion of a regional project when the local sponsors are unable to assume debt for the full cost of the facility. Under this program, the TWDB may acquire a co-ownership interest in the water rights or property and treatment works. Traditionally, the program has been used to purchase capacity in a proposed reservoir or reservoir expansion that would not otherwise be constructed were the reservoir built only to serve current customer demand, or a new water intake structure that would not otherwise be constructed for future regional use were that structure designed to supply only current wholesale customer contract requirements.

Current state participation statutes allows the TWDB to acquire a new facility, or an interest in a new facility, for the processing of water and wastewater that expands an existing system and results in excess capacity designed to encourage optimum regional development. Statutes also require that the TWDB find that the interest the agency acquires must be in a facility that is to be constructed or reconstructed. TWDB does not have the authorization to acquire an interest in an existing system, or a facility that is not being constructed or reconstructed, even if the acquisition would support optimum regional development. Desalination projects, due to the technology involved, must be operated at, or near, full design capacity in order to achieve cost-effective operational efficiencies. Accordingly, a newly constructed desalination facility will not have excess capacity. Rather, the excess capacity will exist in the existing public water system, often involving surface water treatment and, in some cases, surface water rights. Optimum design of a desalination facility may require state participation in the existing excess capacity of associated surface water facilities.

H.B. 3527 authorizes the TWDB to purchase capacity in existing public water systems, if appropriate, to support regional desalination projects.

RULEMAKING AUTHORITY

It is the Committee's opinion that the bill does not expressly delegate any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

SECTION 1. Amends §16.131, Water Code, to authorize TWDB to use the state participation account of the water development fund to acquire water rights or existing public water systems to encourage optimum regional development of desalination projects.

SECTION 2. Amends §16.135, Water Code, to require that the TWDB affirmatively find, where appropriate, that a facility to be acquired encourages optimum regional development of a desalination project, before acquiring that facility or an interest in that facility.

SECTION 3. Provides the effective date of this Act.

EFFECTIVE DATE

This Act takes effect September 1, 2009.