

BILL ANALYSIS

C.S.H.J.R. 137
By: Ritter
Natural Resources
Committee Report (Substituted)

BACKGROUND AND PURPOSE

In 1997, the voters approved the creation of Texas Water Development Fund II (Fund II) which consolidated existing authorizations. This was accomplished through S.B. 1 and S.J.R. 17 of the 75th Legislative Session. The Texas Water Development Board (TWDB) is authorized to issue general obligation debt for the Fund II and has approximately \$1.1 billion, including current commitments, of remaining authority. The Fund II is used for self-supporting water financial assistance accounts, which loan the proceeds of the TWDB-issued bonds with the expectation that the repaid loans will pay the debt incurred by the TWDB and nonself-supporting program, which consists of the state participation account and the water infrastructure fund. Debt issued under the state water plan draws upon that authority. Based on the projected debt issuance for the state water plan and ongoing Fund II program debt, approximately \$266 million of current authority is projected to remain available by the end of fiscal year 2011.

C.S.H.J.R. 137 proposes an amendment to the Texas Constitution to authorize the TWDB to issue, in addition to the bonds authorized by other provisions of the Texas Constitution, general obligation bonds, at its determination and on a continuing basis, for one or more accounts of the Fund II in amounts such that the aggregate principal amount of such bonds issued by the board that are outstanding at any time does not exceed \$6 billion.

RULEMAKING AUTHORITY

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

ANALYSIS

SECTION 1. Amends Article III, Texas Constitution, by adding Section 49-d-11 as follows:

Section 49-d-11. Subsection (a) Authorizes the Texas water Development Board (TWDB), at its determination and on a continuing basis, to issue general obligation bonds for one or more accounts of the Texas Water Development Board Fund II in amounts such that the outstanding aggregate principal amount of these bonds does not exceed \$6 billion at any time.

Subsection (b) Applies Section 49-d-8 of this article to the bonds authorized by Section 49-d-11. Provides that the limitation in Section 49-d-8 that the TWDB may not issue bonds in excess of the aggregate principal amount of previously authorized bonds, does not apply.

Subsection (c) Provides that the limitation on the percentage of state participation in any single project does not apply to a project funded with the proceeds of bonds issued under this section or Section 49-d-8 of this article.

SECTION 2. Provides for the effective date of this Act. Sets forth the required language for the ballot.

EFFECTIVE DATE

Requires that this proposed constitutional amendment must be submitted to the voters at an election to be held November 8, 2011. Sets out the required ballot language for the constitutional

amendment as "The constitutional amendment providing for the issuance of additional general obligation bonds by the Texas Water Development Board in an amount not to exceed \$6 billion at any time outstanding."

COMPARISON OF ORIGINAL TO SUBSTITUTE

The substitute omits a provision regarding funding the state water plan, whereas the original bill contained language requiring the legislature, if the legislature requires the Texas Water Development Board (TWDB) to adopt a state water plan, by general law to impose one or more fees, the proceeds of which must be deposited to the credit of a special fund in the state treasury to be known as the State Water Implementation Fund for Texas (SWIFFT).

The substitute omits a provision relating to the appropriation and use of money deposited to the SWIFFT, whereas the original bill authorized money deposited to the credit of the SWIFFT and interest earned on the investment of money in the SWIFFT to be appropriated only to the TWDB and used only to fund projects included in the state water plan.

The substitute omits a temporary provision relating to the contingency of certain proposed constitutional amendments, whereas the original bill authorized the issuance of additional general obligation bonds by the TWDB in an amount not to exceed \$6 billion by a constitutional amendment proposed by the 82nd Legislature, Regular Session, 2011, only if the constitutional amendment proposed by the 82nd Legislature, Regular Session, 2011, requiring the legislature to provide for the imposition of one or more fees to fund projects included in the state water plan became effective. The substitute omits the expiration date of this temporary provision.

The substitute differs from the original by setting out the required ballot language for the constitutional amendment as "The constitutional amendment providing for the issuance of additional general obligation bonds by the Texas Water Development Board in an amount not to exceed \$6 billion at any time outstanding," whereas the original set out the ballot language as "The constitutional amendment authorizing the issuance of additional general obligation bonds by the Texas Water Development Board in an amount not to exceed \$6 billion."