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et al.

H.B. No. 3298

A BILL TO BE ENTITLED

1 AN ACT

2 relating to a study conducted by the Texas Water Development Board  
3 regarding the development of a market and conveyance network for  
4 water in this state.

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

6 SECTION 1. LEGISLATIVE FINDINGS. The legislature finds  
7 that:

8 (1) water is a valuable part of the natural capital of  
9 the state, serving vital economic, environmental, and social  
10 purposes;

11 (2) the growing water needs of the state require using  
12 water in an efficient manner and increasing the economic,  
13 environmental, and social productivity of water;

14 (3) the efficient use of water often requires the  
15 reallocation of water entitlements from one water user to another  
16 and the conveyance of water from one geographic location to  
17 another; and

18 (4) improving the efficient use of water in the state  
19 may be promoted by improving the laws regarding water transfers and  
20 markets and by using an integrated network of both natural and  
21 constructed water conveyance infrastructure.

22 SECTION 2. DEFINITION. In this Act, "board" means the  
23 Texas Water Development Board.

24 SECTION 3. STUDY. (a) The board shall conduct a study to

1 evaluate:

2 (1) improvements to:

3 (A) the transfer of water entitlements; and

4 (B) the functioning of statewide and regional  
5 water markets; and

6 (2) the opportunities for and barriers to the  
7 potential establishment of a statewide or regional water grid,  
8 including an integrated network of natural and constructed works,  
9 including pipelines, pumping stations, and reservoirs, for the  
10 conveyance of water between and within river basins, water sources,  
11 and areas of water use in the state.

12 (b) In conducting the study, the board shall:

13 (1) review studies previously conducted as part of the  
14 state water planning process or otherwise;

15 (2) identify the necessary and useful features of an  
16 efficient market for water, including water rights, institutions,  
17 and infrastructure;

18 (3) examine case studies of water markets in other  
19 jurisdictions both within and outside the United States to  
20 determine best practices and risks described in those case studies;

21 (4) identify and evaluate potential sources of water  
22 for the market and the water grid;

23 (5) identify and evaluate potential areas of use for  
24 water delivered by the water grid, including areas of water use for  
25 municipal, industrial, agricultural irrigation, recreational,  
26 environmental, and other purposes;

27 (6) evaluate alternative facilities with varying

1 capacities, source and delivery points, and alignments, including  
2 subsea alignments, and whether the water grid should convey treated  
3 or untreated water in each conveyance reach;

4 (7) develop a strategy for the water grid that will  
5 achieve optimal results for water use efficiency, water supply  
6 reliability, economic efficiency, the functioning of a market for  
7 water transfers, and the protection and enhancement of water  
8 rights, investments, and the natural environment;

9 (8) evaluate opportunities for and barriers to the  
10 integration of the establishment, construction, operation, and  
11 management of the water grid into the state water planning process;

12 (9) evaluate alternative methods for ownership,  
13 construction, operation, maintenance, control, and financing of  
14 the water grid, including:

15 (A) ownership by a state agency;

16 (B) ownership by one or more special-purpose  
17 districts or authorities created under Section 59, Article XVI,  
18 Texas Constitution, for the purpose of providing wholesale water  
19 supply, improvement, management, or transportation, including  
20 river authorities and regional districts;

21 (C) ownership by a public utility;

22 (D) operation as a state-awarded concession;

23 (E) operation as a public-private partnership;

24 (F) development by private enterprises in a  
25 competitive market; and

26 (G) development similar to other integrated  
27 networks for the conveyance of natural resources;

1           (10) identify and evaluate methods to fund the  
2 establishment of a water grid, including the appropriation of funds  
3 or the issuance of bonds by the state or a state agency and state  
4 participation in ownership of the facilities, the issuance of bonds  
5 or participation by one or more entities described by Subdivision  
6 (9)(B) of this subsection, the issuance of private activity bonds,  
7 and the use of private investment capital;

8           (11) evaluate methods of incorporating existing water  
9 conveyance infrastructure and natural systems into a water grid,  
10 including:

11                   (A) purchasing all or a portion of the water  
12 conveyance infrastructure from the owners of that infrastructure;  
13 and

14                   (B) requiring that public agency and public  
15 utility owners of water conveyance infrastructure make unutilized  
16 or underutilized capacity available in that infrastructure, on  
17 payment to the owner of reimbursable costs plus a reasonable return  
18 on investment;

19           (12) consult with the Texas Commission on  
20 Environmental Quality, the Public Utility Commission of Texas, the  
21 Railroad Commission of Texas, and the General Land Office; and

22           (13) offer the public an opportunity to submit written  
23 comments on the study for consideration by the board, with a comment  
24 period lasting at least 30 days following publication of a draft  
25 report.

26           SECTION 4. REPORT. Not later than September 1, 2016, the  
27 board shall submit to the legislature a final written report

1 containing the findings of the study conducted under this Act and  
2 the board's recommendations for any legislation or other action  
3 necessary to implement the program described by Section 3(a) of  
4 this Act.

5 SECTION 5. EXPIRATION. This Act expires September 1, 2017.

6 SECTION 6. EFFECTIVE DATE. This Act takes effect  
7 immediately if it receives a vote of two-thirds of all the members  
8 elected to each house, as provided by Section 39, Article III, Texas  
9 Constitution. If this Act does not receive the vote necessary for  
10 immediate effect, this Act takes effect September 1, 2015.