

By: Larson, Frank

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 constructing and operating an integrated network of
21 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 improvements to the transfer of water entitlements in this
2 state and the establishment of a water grid, including an
3 integrated network of pipelines, pumping stations, reservoirs, and
4 other works for the conveyance of water between river basins, water
5 sources, and areas of water use in the state.

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

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

9 (2) identify the necessary and useful features of an
10 efficient market for water, including water rights, institutions,
11 and infrastructure;

12 (3) examine case studies of water markets in other
13 jurisdictions both within and outside the United States;

14 (4) identify and evaluate potential sources of water
15 for the market and the water grid;

16 (5) identify and evaluate potential areas of use for
17 water delivered by the water grid, including areas of water use for
18 municipal, industrial, agricultural irrigation, recreational,
19 environmental, and other purposes;

20 (6) evaluate alternative facilities with varying
21 capacities, source and delivery points, and alignments, including
22 subsea alignments, and whether the water grid should convey treated
23 or untreated water in each conveyance reach;

24 (7) develop a strategy for the water grid that will
25 achieve optimal results for water use efficiency, water supply
26 reliability, economic efficiency, the functioning of a market for
27 water transfers, and the protection and enhancement of water

1 rights, investments, and the natural environment;

2 (8) connect the establishment, construction,
3 operation, and management of the water grid to the state water
4 planning process;

5 (9) evaluate alternative methods for ownership,
6 construction, operation, maintenance, control, and financing of
7 the water grid, including:

8 (A) ownership by a state agency;

9 (B) ownership by one or more special-purpose
10 districts or authorities created under Section 59, Article XVI,
11 Texas Constitution, for the purpose of providing wholesale water
12 supply, improvement, management, or transportation, including
13 river authorities and regional districts;

14 (C) ownership by a public utility;

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

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

17 (F) development by private enterprises in a
18 competitive market; and

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

21 (10) identify and evaluate methods to fund the
22 establishment of a water grid, including the appropriation of funds
23 or the issuance of bonds by the state or a state agency and state
24 participation in ownership of the facilities, the issuance of bonds
25 or participation by one or more entities described by Subdivision
26 (9)(B) of this subsection, the issuance of private activity bonds,
27 and the use of private investment capital;

1 (11) evaluate methods of incorporating existing water
2 conveyance infrastructure into a water grid, including:

3 (A) purchasing all or a portion of the water
4 conveyance infrastructure from the owners of that infrastructure;
5 and

6 (B) requiring that public agency and public
7 utility owners of water conveyance infrastructure make unutilized
8 or underutilized capacity available in that infrastructure, on
9 payment to the owner of reimbursable costs plus a reasonable return
10 on investment;

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

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

18 SECTION 4. REPORT. Not later than September 1, 2016, the
19 board shall submit to the legislature a final written report
20 containing the findings of the study conducted under this Act and
21 the board's recommendations for any legislation or other action
22 necessary to implement the program described by Section 3(a) of
23 this Act.

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

25 SECTION 6. EFFECTIVE DATE. This Act takes effect
26 immediately if it receives a vote of two-thirds of all the members
27 elected to each house, as provided by Section 39, Article III, Texas

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1 Constitution. If this Act does not receive the vote necessary for
2 immediate effect, this Act takes effect September 1, 2015.