

1-1 By: Larson, Workman (Senate Sponsor - Hinojosa) H.B. No. 3987
1-2 (In the Senate - Received from the House May 3, 2017;
1-3 May 12, 2017, read first time and referred to Committee on
1-4 Agriculture, Water & Rural Affairs; May 18, 2017, reported
1-5 favorably by the following vote: Yeas 5, Nays 0; May 18, 2017, sent
1-6 to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	X			
1-10	X			
1-11			X	
1-12	X			
1-13	X			
1-14			X	
1-15	X			

1-16 A BILL TO BE ENTITLED
1-17 AN ACT

1-18 relating to the authority of the Texas Water Development Board to
1-19 use the state participation account of the water development fund
1-20 to provide financial assistance for the development of certain
1-21 facilities.

1-22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-23 SECTION 1. This Act may be cited as the Texas State Water
1-24 Investment Fund Act.

1-25 SECTION 2. The heading to Section 16.131, Water Code, is
1-26 amended to read as follows:

1-27 Sec. 16.131. AUTHORIZED PROJECTS FOR STATE PARTICIPATION
1-28 ACCOUNT.

1-29 SECTION 3. Subchapter E, Chapter 16, Water Code, is amended
1-30 by adding Section 16.145 to read as follows:

1-31 Sec. 16.145. AUTHORIZED PROJECTS FOR STATE PARTICIPATION
1-32 ACCOUNT II. (a) The board may use the state participation account
1-33 II created under Section 17.957 to provide financial assistance for
1-34 the development of a desalination or aquifer storage and recovery
1-35 facility, including associated intake or distribution facilities,
1-36 to meet existing or projected future water needs by acquiring such a
1-37 facility or an ownership interest in such a facility.

1-38 (b) The board may act singly or in a joint venture in
1-39 partnership with any person, including a public or private entity,
1-40 an agency or political subdivision of this state, another state or a
1-41 political subdivision of another state, the United States, or a
1-42 foreign nation, to the extent permitted by law. The board may
1-43 provide financial assistance under this section for a facility
1-44 without regard to any requirements provided by board rules
1-45 regarding the portion of the capacity of the facility that will
1-46 serve an existing need or the portion of the cost of the facility
1-47 that the applicant will finance from sources other than the state
1-48 participation account II.

1-49 (c) Section 16.135 does not apply to the use of the state
1-50 participation account II to develop a facility described by
1-51 Subsection (a) by acquiring the facility or an interest in the
1-52 facility.

1-53 (d) Before the board may acquire a facility or an interest
1-54 in a facility described by Subsection (a), the board must find
1-55 affirmatively that:

1-56 (1) it is reasonable to expect that the state will
1-57 recover its investment in the facility; and

1-58 (2) the public interest will be served by the
1-59 acquisition of the facility.

1-60 (e) The board may not provide financial assistance under
1-61 this section for a facility unless the facility is included in the

2-1 state water plan.

2-2 (f) The board shall establish a point system for
 2-3 prioritizing facilities for which financial assistance is sought
 2-4 from the board under this section. The system must include a
 2-5 standard for the board to apply in determining whether a facility
 2-6 qualifies for financial assistance at the time the application for
 2-7 financial assistance is filed with the board.

2-8 (g) The board may not issue more than \$200 million in water
 2-9 financial assistance bonds designated by the board as issued to
 2-10 provide financial assistance for facilities under this section.

2-11 (h) If the board does not provide financial assistance for a
 2-12 facility from the state participation account II before September
 2-13 1, 2022, the board may not provide financial assistance for any
 2-14 facility from that account after that date.

2-15 SECTION 4. Section 16.182, Water Code, is amended to read as
 2-16 follows:

2-17 Sec. 16.182. PERMITS [PERMIT] REQUIRED. (a) Before the
 2-18 board grants the application to buy, receive, or lease the
 2-19 facilities, the applicant shall first secure all appropriate
 2-20 permits [a permit for water use] from the commission. If the
 2-21 facilities are to be leased, a [the] permit may be for a term of
 2-22 years.

2-23 (b) The board may assist the applicant with securing permits
 2-24 for a facility described by Section 16.145.

2-25 SECTION 5. Section 17.957, Water Code, is amended by
 2-26 amending Subsections (b) and (c) and adding Subsection (c-1) to
 2-27 read as follows:

2-28 (b) The state participation account is composed of:

2-29 (1) money and assets attributable to water financial
 2-30 assistance bonds designated by the board as issued for projects
 2-31 described in Sections [Section] 16.131 and 16.145;

2-32 (2) money from the sale, transfer, or lease of a
 2-33 project described in Subdivision (1) that was acquired,
 2-34 constructed, reconstructed, developed, or enlarged with money from
 2-35 the state participation account;

2-36 (3) payments received under a bond enhancement
 2-37 agreement with respect to water financial assistance bonds
 2-38 designated by the board as issued for projects described in
 2-39 Sections [Section] 16.131 and 16.145;

2-40 (4) investment income earned on money on deposit in
 2-41 the state participation account;

2-42 (5) money disbursed to the fund from the state water
 2-43 implementation fund for Texas as authorized by Section 15.434; and

2-44 (6) any other funds, regardless of their source, that
 2-45 the board directs be deposited to the credit of the state
 2-46 participation account.

2-47 (c) Money on deposit in the state participation account may
 2-48 be used by the board for projects described in Sections [Section]
 2-49 16.131 and 16.145 in the manner that the board determines necessary
 2-50 for the administration of the fund.

2-51 (c-1) The comptroller shall establish a subaccount in the
 2-52 state participation account to be known as the state participation
 2-53 account II. The board may credit to the subaccount money in the
 2-54 state participation account allocated by the board for the purposes
 2-55 of Section 16.145. The board may transfer money from the subaccount
 2-56 to the state participation account if the board determines the
 2-57 money is needed for the purposes of Section 16.131.

2-58 SECTION 6. This Act takes effect September 1, 2017.

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