

AN ACT

relating to the authority of the Texas Water Development Board to use the state participation account of the water development fund to provide financial assistance for the development of certain facilities.

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

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

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

Sec. 16.131. AUTHORIZED PROJECTS FOR STATE PARTICIPATION ACCOUNT.

SECTION 3. Section 16.131, Water Code, is amended by amending Subsection (a) and adding Subsection (c) to read as follows:

(a) The board may use the state participation account of the development fund to encourage optimum regional and interregional development of projects including the design, acquisition, lease, construction, reconstruction, development, or enlargement in whole or part of:

(1) reservoirs and storm water retention basins for water supply, flood protection, and groundwater recharge;

(2) facilities for the transmission and treatment of water; [~~and~~]

1 (3) treatment works as defined by Section 17.001; and  
2 (4) interregional water supply projects selected  
3 under Section 16.145.

4 (c) Not less than 50 percent of money used from the state  
5 participation account of the development fund in any fiscal year  
6 must be used for interregional water projects selected under  
7 Section 16.145.

8 SECTION 4. Subchapter E, Chapter 16, Water Code, is amended  
9 by adding Sections 16.145 and 16.146 to read as follows:

10 Sec. 16.145. INTERREGIONAL WATER SUPPLY PROJECTS. (a) The  
11 board shall identify, establish selection criteria for, and issue a  
12 request for proposals for water supply projects that benefit  
13 multiple water planning regions. Selection criteria established  
14 under this section must prioritize projects that:

15 (1) maximize the use of private financial resources;  
16 (2) combine the financial resources of multiple water  
17 planning regions; and

18 (3) have a substantial economic benefit to the regions  
19 served by:

20 (A) affecting a large population;  
21 (B) creating jobs in the regions served; and  
22 (C) meeting a high percentage of the water supply  
23 needs of the water users served by the project.

24 (b) The board and the commission shall enter into a  
25 memorandum of understanding for the expedited approval of permits  
26 for projects selected under this section.

27 Sec. 16.146. AUTHORIZED PROJECTS FOR STATE PARTICIPATION

1 ACCOUNT II. (a) The board may use the state participation account  
2 II created under Section 17.957 to provide financial assistance for  
3 the development of a desalination or aquifer storage and recovery  
4 facility, including associated intake or distribution facilities,  
5 to meet existing or projected future water needs by acquiring such a  
6 facility or an ownership interest in such a facility.

7 (b) The board may act singly or in a joint venture in  
8 partnership with any person, including a public or private entity,  
9 an agency or political subdivision of this state, another state or a  
10 political subdivision of another state, the United States, or a  
11 foreign nation, to the extent permitted by law. The board may  
12 provide financial assistance under this section for a facility  
13 without regard to any requirements provided by board rules  
14 regarding the portion of the capacity of the facility that will  
15 serve an existing need or the portion of the cost of the facility  
16 that the applicant will finance from sources other than the state  
17 participation account II.

18 (c) Section 16.135 does not apply to the use of the state  
19 participation account II to develop a facility described by  
20 Subsection (a) of this section by acquiring the facility or an  
21 interest in the facility.

22 (d) Before the board may acquire a facility or an interest  
23 in a facility described by Subsection (a), the board must find  
24 affirmatively that:

25 (1) it is reasonable to expect that the state will  
26 recover its investment in the facility; and

27 (2) the public interest will be served by the

1 acquisition of the facility.

2 (e) The board may not provide financial assistance under  
3 this section for a facility unless the facility is included in the  
4 state water plan.

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

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

14 (h) If the board does not provide financial assistance for a  
15 facility under this section from the state participation account II  
16 before September 1, 2024, the board may not provide financial  
17 assistance for any facility from that account after that date.

18 SECTION 5. Section 16.182, Water Code, is amended to read as  
19 follows:

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

26 (b) The board may assist the applicant with securing permits  
27 for a facility described by Section 16.146.

1 SECTION 6. Section 17.957, Water Code, is amended by  
2 amending Subsections (b) and (c) and adding Subsection (c-1) to  
3 read as follows:

4 (b) The state participation account is composed of:

5 (1) money and assets attributable to water financial  
6 assistance bonds designated by the board as issued for projects  
7 described in Sections [~~Section~~] 16.131 and 16.146;

8 (2) money from the sale, transfer, or lease of a  
9 project described in Subdivision (1) that was acquired,  
10 constructed, reconstructed, developed, or enlarged with money from  
11 the state participation account;

12 (3) payments received under a bond enhancement  
13 agreement with respect to water financial assistance bonds  
14 designated by the board as issued for projects described in  
15 Sections [~~Section~~] 16.131 and 16.146;

16 (4) investment income earned on money on deposit in  
17 the state participation account;

18 (5) money disbursed to the fund from the state water  
19 implementation fund for Texas as authorized by Section 15.434; and

20 (6) any other funds, regardless of their source, that  
21 the board directs be deposited to the credit of the state  
22 participation account.

23 (c) Money on deposit in the state participation account may  
24 be used by the board for projects described in Sections [~~Section~~]  
25 16.131 and 16.146 in the manner that the board determines necessary  
26 for the administration of the fund.

27 (c-1) The comptroller shall establish a subaccount in the

1 state participation account to be known as the state participation  
2 account II. The board may credit to the subaccount money in the  
3 state participation account allocated by the board for the purposes  
4 of Section 16.146. The board may transfer money from the subaccount  
5 to the state participation account if the board determines the  
6 money is needed for the purposes of Section [16.131](#).

7 SECTION 7. This Act takes effect September 1, 2019.

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President of the Senate

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Speaker of the House

I certify that H.B. No. 1052 was passed by the House on April 18, 2019, by the following vote: Yeas 134, Nays 0, 1 present, not voting.

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Chief Clerk of the House

I certify that H.B. No. 1052 was passed by the Senate on May 22, 2019, by the following vote: Yeas 31, Nays 0.

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Secretary of the Senate

APPROVED: \_\_\_\_\_

Date

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Governor