By: Bonnen of Galveston H.B. No. 1800

A BILL TO BE ENTITLED

AN ACT

relating to the Texas resilience infrastructure fund; authorizing the issuance of revenue bonds; making an appropriation.

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

SECTION 1. Chapter 15, Water Code, is amended by adding Subchapter J-1 to read as follows:

SUBCHAPTER J-1. TEXAS RESILIENCE INFRASTRUCTURE FUND

Sec. 15.651. DEFINITIONS. In this subchapter:

(1) "Advisory committee" means the Texas Resilience Infrastructure Fund Advisory Committee.

(2) "Coastal public land" means state-owned:

(A) submerged land; and

(B) islands or portions of islands in the coastal area.

(3) "Historically underutilized business" has the meaning assigned by Section 2161.001, Government Code.

(4) "Infrastructure fund" means the Texas resilience infrastructure fund.

(5) "Project sponsor" means a political subdivision that has the authority and financial capability to implement, operate, and maintain a resilience project.

(6) "Resilience project" means a project or program in this state and the coastal public land that prevents flooding or mitigates the damage from flooding related to a rainstorm, tropical

storm or depression, hurricane, or storm surge affecting:

(A) public health, safety, or welfare;

(B) public property, including infrastructure;

(C) privately owned commercial, agricultural, or residential property; or

(D) fish or wildlife habitat.

(7) "Trust company" means the Texas Treasury Safekeeping Trust Company.

Sec. 15.652. INFRASTRUCTURE FUND. (a) The Texas resilience infrastructure fund is a special fund in the state treasury outside the general revenue fund.

(b) The infrastructure fund may be used by the board, without further legislative appropriation, only as provided by this subchapter.

(c) Money deposited to the credit of the infrastructure fund may be used only as provided by this subchapter.

(d) The board may establish separate accounts in the infrastructure fund.

(e) The infrastructure fund and the infrastructure fund's accounts are kept and held by the trust company for and in the name of the board. The board has legal title to money and investments in the infrastructure fund until money is disbursed from the fund as provided by this subchapter and board rules.

(f) The infrastructure fund consists of:

(1) money transferred or deposited to the credit of the infrastructure fund by law;

(2) proceeds from the sale of revenue bonds:

(A) issued by the board under this subchapter; and

(B) designated by the board for the purpose of providing a loan award from the infrastructure fund in accordance with Section 15.654;

(3) loan repayments related to the issuance of an award from the infrastructure fund;

(4) any tax, fee, or other revenue that the legislature by statute dedicates for deposit to the credit of the infrastructure fund;

(5) investment earnings and interest earned on amounts credited to the infrastructure fund; and

(6) any gift or grant to the infrastructure fund.

(g) The Legislative Budget Board must give prior approval of each expenditure or emergency transfer made from the infrastructure fund by the board.

Sec. 15.653. MANAGEMENT AND INVESTMENT OF INFRASTRUCTURE FUND. (a) The trust company shall hold and invest the infrastructure fund, and any accounts established in the fund, for and in the name of the board, taking into account the purposes for which money in the fund may be used.

(b) At all times the trust company shall hold in the infrastructure fund a reserve of not less than 10 percent of the aggregate principal amount of revenue bonds issued by the board under this subchapter.

(c) The trust company may invest not more than 15 percent of the total balance of the infrastructure fund not held in reserve.

The infrastructure fund may be invested with the state treasury pool. The overall objective for the investment of the infrastructure fund is to maintain sufficient liquidity to meet the needs of the fund while striving to preserve the awarding power of the fund.

(d) The trust company has any power necessary to accomplish the purposes of managing and investing the assets of the infrastructure fund. In managing the assets of the infrastructure fund, through procedures and subject to restrictions the trust company considers appropriate, the trust company may acquire, exchange, sell, supervise, manage, or retain any kind of investment that a prudent investor, exercising reasonable care, skill, and caution, would acquire or retain in light of the purposes, terms, distribution requirements, and other circumstances of the infrastructure fund then prevailing, taking into consideration the investment of all the assets of the fund rather than a single investment.

(e) The trust company may charge the infrastructure fund to cover its costs incurred in managing and investing the fund. The charge must be consistent with the fees the trust company charges other state and local governmental entities for which it provides investment management services. The trust company may recover charges under this subsection only from the earnings of the infrastructure fund.

(f) The trust company annually shall provide a written report to the board and to the advisory committee with respect to the investment of the infrastructure fund. The trust company shall

contract with a certified public accountant to conduct an independent audit of the infrastructure fund annually and shall present the results of each annual audit to the board and to the advisory committee. This subsection does not affect the state auditor's authority to conduct an audit of the infrastructure fund under Chapter 321, Government Code.

(g) The trust company shall adopt a written investment policy that is appropriate for the infrastructure fund. The trust company shall present the investment policy to the investment advisory board established under Section 404.028, Government Code. The investment advisory board shall submit to the trust company recommendations regarding the policy.

(h) The board shall provide to the trust company:

(1) an annual forecast of the cash flows into and out of the infrastructure fund; and

(2) updates to the forecasts as appropriate to ensure that the trust company is able to achieve the objective specified by Subsection (c).

(i) Subject to Subsection (b), the trust company shall disburse money from the infrastructure fund as directed by the board.

(j) An investment-related contract entered into under this section is not subject to Chapter 2260, Government Code.

Sec. 15.654. USE OF INFRASTRUCTURE FUND. (a) The board may use money from the infrastructure fund to provide financing for resilience projects.

(b) The board may award money from the infrastructure fund

for a resilience project only in the form of:

(1) a grant to a receiving project sponsor; or

(2) a loan as provided by Subsection (e).

(c) Money from the infrastructure fund may be awarded to several project sponsors of a single resilience project.

(d) An award issued as a grant may finance:

(1) not more than 75 percent of the total cost of a resilience project; or

(2) up to 100 percent of the local matching funds for a federally qualifying resilience project.

(e) A project sponsor receiving a grant for a resilience project also may receive a loan from the infrastructure fund to finance the remaining cost of the project if the project sponsor can certify a source of loan repayment through governmental funding agreements approved by the attorney general. The project sponsor must repay to the infrastructure fund any subsequent reimbursements received by the project sponsor related to the approved funding agreement until the loan principal and related interest is repaid in full. In addition, the board may award money from the infrastructure fund in the form of a loan instead of a grant at any time the balance of the fund is less than $200 million. The terms of a loan made under this subsection must be in accordance with board rules governing the terms of loans for resilience projects.

(f) The board may award money from the infrastructure fund to finance portions of a resilience project necessary for construction and implementation of the project, including mapping, studies, design, right-of-way acquisition, permitting, the

purchase or contracting of goods and services, and administrative costs.

(g) The board may award money from the infrastructure fund to finance regular updates and enhancements to the State of Texas Hazard Mitigation Plan, as well as to finance the development of hazard mitigation plans of political subdivisions, under guidelines issued by the Federal Emergency Management Agency and the Texas Division of Emergency Management.

(h) On recommendation by the advisory committee, the board shall transfer money from the infrastructure fund to another state agency to support resilience projects. Not more than a total of 10 percent of the available and unencumbered infrastructure fund, as certified by the comptroller at the beginning of a state fiscal biennium, may be transferred in that biennium under this subsection.

(i) The board shall ensure that every effort is made to use money from the infrastructure fund to obtain federal, local, and private financing for a resilience project.

(j) Money from the infrastructure fund may not be used for ongoing operation and maintenance costs of a resilience project.

Sec. 15.655. EMERGENCY USE OF INFRASTRUCTURE FUND. (a) Notwithstanding Section 15.654, on the issuance of an executive order or proclamation declaring a state of disaster related to flooding in accordance with Chapter 418, Government Code, the board may expend an amount not to exceed five percent of the available and unencumbered infrastructure fund balance at the time of a disaster declaration for disaster recovery purposes.

(b) The board may expend an additional amount not to exceed 2.5 percent of the available and unencumbered infrastructure fund balance at the time of a renewal by the governor of a state of disaster related to flooding for disaster recovery purposes.

(c) Notwithstanding Subsections (a) and (b), the board may not expend from the infrastructure fund for disaster recovery purposes during a state fiscal year an amount that exceeds 10 percent of the available and unencumbered infrastructure fund balance at the time of the first flooding-related disaster declaration made during that fiscal year.

Sec. 15.656. PARTNERSHIPS. (a) A project sponsor may enter into a partnership with a nongovernmental entity to finance the construction, implementation, operation, and maintenance of a resilience project. Only a project sponsor may enter into an agreement with the board for an award from the infrastructure fund.

(b) A project sponsor must include full disclosure of any partnership between the project sponsor and a nongovernmental entity in an application for an award from the infrastructure fund.

Sec. 15.657. APPLICATION REVIEW PROCEDURES. (a) The board shall review an application for an award for a resilience project immediately on receipt of the application. If the board determines that an application is incomplete, the board shall notify the applicant with an explanation of what is missing from the application. The board shall evaluate the completed application according to the appropriate project criteria. The board shall make a final determination on an application as soon as possible.

(b) The board shall make every effort to expedite the

application review process and to award grants or loans to project sponsors in a timely manner.

(c) At any time the balance of the infrastructure fund is less than $200 million, the board shall notify all applicants with applications pending and provide them with the option to apply for a loan from the fund.

(d) If the board determines that an applicant should receive an award of money from the infrastructure fund, the board must submit the application to the advisory committee for review and comments.

(e) The advisory committee shall review each application submitted by the board and deliver comments on the application to the board not later than the 30th day after the date on which the board received the application.

(f) If revenue bonds are to be issued for the purpose of awarding to an applicant money from the infrastructure fund, the board must submit the application and comments from the advisory committee to the bond review board and the attorney general for approval.

(g) After an application has been reviewed and received comments from the advisory committee and, if applicable, has been approved by the bond review board and the attorney general, the board shall submit the application and all related comments and approvals to the lieutenant governor and speaker of the house of representatives for approval.

Sec. 15.658. AWARD APPROVAL. (a) The board may award money from the infrastructure fund for a resilience project only after:

(1) the advisory committee has reviewed and commented on the project; and

(2) the expenditure is approved by the Legislative Budget Board.

(b) For purposes of Subsection (a), an award of money from the infrastructure fund is considered disapproved by the Legislative Budget Board if that agency does not approve the proposal to issue the award before the 31st day after the date of receipt of the proposal from the board. The Legislative Budget Board may extend the review deadline applicable to that agency for an additional 14 days by submitting a written notice to that effect to the board before the expiration of the initial review period.

Sec. 15.659. REPAYMENT OF AWARDS. (a) If an award recipient has not used or obligated money awarded from the infrastructure fund for the purposes for which the award was intended before a date provided in the award agreement, the recipient must repay to the credit of the fund that amount and pay to the credit of the fund any related interest at a rate and on terms as provided by the award agreement.

(b) All payments of principal and interest on a loan awarded from the infrastructure fund shall be deposited to the credit of the fund.

Sec. 15.660. REVENUE BONDS. (a) The board may issue revenue bonds to provide the principal for loan financing of a resilience project when the balance of the infrastructure fund is less than $200 million.

(b) Revenue bonds issued under this subchapter are special

obligations of the board payable only from and secured by designated income and receipts of the infrastructure fund, or of one or more accounts in the fund, including principal of and interest paid and to be paid on fund assets or income from accounts created within the fund by the board, as determined by the board.

(c) Revenue bonds issued under this subchapter do not constitute indebtedness of the state as prohibited by the constitution.

(d) The board may require a project sponsor to make charges, impose taxes that the project sponsor is otherwise authorized to impose, or otherwise provide for sufficient money to pay acquired obligations related to an award financed through a revenue bond issued under this subchapter.

(e) Revenue bonds issued under this subchapter must be authorized by resolution of the board and must have the form and characteristics and bear the designations as the resolution provides.

(f) Revenue bonds issued under this subchapter may:

(1) bear interest at the rate or rates payable annually or otherwise;

(2) be dated;

(3) mature at the time or times, serially, as term revenue bonds, or otherwise in not more than the 50th year from the date the revenue bonds were issued;

(4) be callable before stated maturity on the terms and at the prices, be in the denominations, be in the form, either coupon or registered, carry registration privileges as to principal

only or as to both principal and interest and as to successive exchange of coupon for registered bonds or one denomination for bonds of other denominations, and successive exchange of registered revenue bonds for coupon revenue bonds, be executed in the manner, and be payable at the place or places inside or outside the state, as provided by the resolution; and

(5) be issued in temporary or permanent form.

(g) Section 17.955 applies to revenue bonds issued under this subchapter in the same manner as that section applies to water financial assistance bonds.

(h) The board shall deposit the proceeds from the sale of revenue bonds issued under this subchapter to the credit of the infrastructure fund. Money deposited under this subsection may be used only to finance a resilience project under this subchapter.

(i) Each revenue bond authorization and issuance under this subchapter must be authorized and issued for a single resilience project.

(j) On approval by the bond review board and the attorney general, the board may authorize and issue revenue bonds to finance multiple resilience project awards if the awards will all be received by the same project sponsor or sponsors for a single resilience project.

(k) The aggregate principal amount of revenue bonds issued by the board for resilience projects may not exceed the lesser of $2 billion or 1,000 percent of the amount of the infrastructure fund that the trust company holds in reserve.

(l) A revenue bond may not be issued by the board for a

resilience project unless:

(1) the revenue bond is approved by the bond review board in accordance with Chapter 1231, Government Code; and

(2) the attorney general approves the issuance of the bond after finding that the bonds have been authorized in accordance with the law and that the project sponsor receiving an award from the infrastructure fund has the legal authority to implement a resilience project.

(m) The comptroller shall register all revenue bonds issued by the board for resilience projects.

(n) Following registration of the bonds, revenue bonds issued by the board for resilience projects are incontestable in any court or other forum for any reason and are valid and binding obligations in accordance with their terms for all purposes.

Sec. 15.661. DEFAULT, REMEDIES, AND ENFORCEMENT. (a) In this section, "Default" means:

(1) default in payment of the principal of or interest on an award issued as a loan from the infrastructure fund;

(2) a failure to perform any of the terms of a loan, grant, or other financing agreement; or

(3) any other failure to perform an obligation, breach of a term of an agreement, or default as provided by any proceeding or agreement evidencing an obligation or agreement of a recipient, beneficiary, or guarantor of financial assistance provided by the board.

(b) In the event of a default by a project sponsor and on request by the board, the attorney general shall seek:

(1) a writ of mandamus to compel a project sponsor or the project sponsor's officers, agents, and employees to cure the default; and

(2) any other legal or equitable remedy the board and the attorney general consider necessary and appropriate.

(c) A proceeding authorized by this section shall be brought and venue is in a district court in Travis County.

(d) In a proceeding under this section, the attorney general may recover reasonable attorney's fees, investigative costs, and court costs incurred on behalf of the state in the proceeding in the same manner as provided by general law for a private litigant.

Sec. 15.662. PRIORITIZATION OF PROJECTS. (a) The board may not prioritize a resilience project under this section unless the political subdivision benefiting from the proposed resiliency project is implementing current floodplain regulations.

(b) The board shall establish a point system for prioritizing resilience projects for which money from the infrastructure fund is sought. The system must include a standard for the board to apply in determining whether a resilience project qualifies for funding at the time the application for funding is filed with the board.

(c) The board shall give the highest consideration in awarding points to a resilience project that will have a substantial effect, including a resilience project that:

(1) has been awarded federal money;

(2) is being studied by the United States Army Corps of Engineers at the time of the project application;

(3) is included in a signed United States Army Corps of Engineers Chief's Report at the time of the project application;

(4) aligns with the priorities and goals of the State of Texas Hazard Mitigation Plan;

(5) will serve a political subdivision that has a completed hazard mitigation plan approved by the Texas Division of Emergency Management and the Federal Emergency Management Agency;

(6) will serve diverse urban and rural populations;

(7) will serve a metropolitan statistical area with a population greater than 250,000;

(8) will contribute to regionalization in resiliency;

(9) is included in the Texas Coastal Resiliency Master Plan;

(10) is included in the State Flood Assessment or a statewide flood plan;

(11) will serve a political subdivision that has received multiple state disaster declarations made under Chapter 418, Government Code, or multiple federal major disaster declarations under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.), during the five years before the date the board receives an application for the resilience project under consideration; or

(12) includes a substantial water supply or water management benefit.

(d) In addition to the criteria provided by Subsection (c), the board must also consider at least the following criteria in prioritizing projects:

(1) the contribution to be made by the applicant to finance the resilience project, including the up-front capital to be provided by the applicant;

(2) the ability of the board and the applicant to use state financing to obtain local and federal funding;

(3) whether there is an emergency need for the resilience project;

(4) whether federal funding for which the resilience project is eligible has been used or sought;

(5) whether the applicant is ready to proceed with the resilience project at the time of the application, including whether:

(A) all preliminary planning and design work associated with the resilience project has been completed;

(B) the applicant has acquired right-of-way associated with the resilience project;

(C) the applicant has secured funding for the resilience project from other sources; and

(D) the applicant is able to begin implementing or constructing the resilience project;

(6) the resilience project's cost-to-benefit ratio as calculated according to board rules; and

(7) if applicable, the ability of the applicant to repay a loan awarded from the infrastructure fund.

Sec. 15.663. REPORTING AND TRANSPARENCY REQUIREMENTS. (a) Not later than December 1 of each even-numbered year, the board shall provide to the governor, lieutenant governor, speaker of the

house of representatives, and members of the legislature a report regarding the use of the infrastructure fund.

(b) The board shall post the following information on the board's Internet website regarding the use of the infrastructure fund and regularly update the information posted:

(1) the progress made in developing resilience projects statewide;

(2) a description of each resilience project that receives money from the infrastructure fund, including:

(A) the expected date of completion of the resilience project;

(B) the current status of the resilience project;

(C) the proposed benefit of the resilience project;

(D) the initial total cost estimate of the resilience project and variances to the initial cost estimate exceeding five percent;

(E) a listing of the project sponsor receiving money from the infrastructure fund;

(F) a listing of each political subdivision served by each resilience project;

(G) an estimate of matching funds that will be available for the resilience project resulting from the use of the infrastructure fund;

(H) if applicable, the amount of bonds issued and the terms of the bonds; and

(I) the status of repayment of each loan provided

in connection with a resilience project, including an assessment of the risk of default based on a standard risk rating system;

(3) a description of the investment portfolio of the infrastructure fund;

(4) the expenses incurred in investing money in the infrastructure fund;

(5) the rate of return on the investment of money in the infrastructure fund;

(6) a description of the point system for prioritizing resilience projects established by the board under Section 15.662 and the number of points awarded by the board for each resilience project;

(7) any nonconfidential information submitted to the board as part of an application for funding under this subchapter that is approved by the board;

(8) the administrative and operating expenses incurred by the board in administering the infrastructure fund; and

(9) any other information required by board rule.

(c) In addition to the information described by Subsection (b), the report described by Subsection (a) must also include:

(1) the policies and procedures used for any procurement of property or services related to a resilience project, including any policies and procedures meant to increase participation by historically underutilized businesses;

(2) the written standards of conduct covering conflicts of interest and governing the performance of the board's staff who engage in the review, recommendation, and administration

of awards from the infrastructure fund;

(3) all direct and indirect administrative costs related to the administration of the infrastructure fund;

(4) the cost-to-benefit ratio related to each resilience project;

(5) the end of fiscal year balance of the infrastructure fund as estimated by the comptroller; and

(6) a record of all transfers made from the infrastructure fund to other state agencies, including:

(A) an account of each receiving state agency;

(B) the amount of each transfer;

(C) a description of each receiving state agency's program that supports resilience projects; and

(D) an account of all disbursements made by receiving state agencies in support of resilience projects during the fiscal year.

Sec. 15.664. TEXAS RESILIENCE INFRASTRUCTURE FUND ADVISORY COMMITTEE. (a) The Texas Resilience Infrastructure Fund Advisory Committee is composed of the following five members:

(1) the comptroller, or a person designated by the comptroller;

(2) two members of the senate appointed by the lieutenant governor, including:

(A) a member of the committee of the senate having primary jurisdiction over matters relating to finance; and

(B) a member of the committee of the senate having primary jurisdiction over agriculture, water, and rural

affairs; and

(3) two members of the house of representatives appointed by the speaker of the house of representatives, including:

(A) a member of the committee of the house of representatives having primary jurisdiction over appropriations; and

(B) a member of the committee of the house of representatives having primary jurisdiction over natural resources.

(b) The lieutenant governor shall appoint a co-presiding officer of the advisory committee from among the members appointed by the lieutenant governor, and the speaker of the house of representatives shall appoint a co-presiding officer of the committee from among the members appointed by the speaker.

(c) The advisory committee may hold public hearings, formal meetings, or work sessions. Either co-presiding officer of the advisory committee may call a public hearing, formal meeting, or work session of the advisory committee at any time. The advisory committee may not take formal action at a public hearing, formal meeting, or work session unless a quorum of the committee is present.

(d) Except as otherwise provided by this subsection, a member of the advisory committee is not entitled to receive compensation for service on the committee or reimbursement for expenses incurred in the performance of official duties as a member of the committee. Service on the advisory committee by a member of

the senate or house of representatives is considered legislative service for which the member is entitled to reimbursement and other benefits in the same manner and to the same extent as for other legislative service.

(e) The advisory committee shall submit comments and recommendations to the board regarding the use of money in the infrastructure fund for use by the board in adopting rules, policies, and procedures. The submission must include:

(1) comments and recommendations on rulemaking related to the prioritization of resilience projects;

(2) comments and recommendations on rulemaking related to establishing standards for determining whether resilience projects meet the criteria provided by Section 15.658;

(3) an evaluation of the use of money by the board to provide funding for resilience projects, including meeting federal and local matching requirements;

(4) an evaluation of methods for encouraging participation in the procurement process by companies domiciled in this state or that employ a significant number of residents of this state; and

(5) an evaluation of the overall operation, function, and structure of the infrastructure fund.

(f) The advisory committee shall review the overall operation, function, and structure of the infrastructure fund at least semiannually and may provide comments and recommendations to the board on any matter.

(g) The advisory committee may adopt rules, procedures, and

policies as needed to administer this section and implement its responsibilities.

(h) Chapter 2110, Government Code, does not apply to the size, composition, or duration of the advisory committee.

(i) The advisory committee shall make recommendations to the board regarding information to be posted on the board's Internet website.

(j) The advisory committee shall evaluate and may provide comments or recommendations on the feasibility of the state owning, constructing, operating, and maintaining resilience projects, including reservoirs and coastal barriers.

(k) The advisory committee independently may propose and make recommendations for the funding and implementation of a resilience project and identify and recommend an appropriate project sponsor.

(l) The advisory committee may identify programs administered by state agencies that support resilience projects and recommend that money from the infrastructure fund be transferred to those agencies for the support of resilience projects.

(m) The executive administrator shall provide an annual report to the advisory committee on:

(1) the board's compliance with statewide annual goals relating to historically underutilized businesses; and

(2) the participation level of historically underutilized businesses in resilience projects that receive money from the infrastructure fund.

(n) If the aggregate level of participation by historically

underutilized businesses in resilience projects that receive money from the infrastructure fund does not meet statewide annual goals adopted under Chapter 2161, Government Code, the advisory committee shall make recommendations to the board to improve the participation level.

(o) The board shall supply staff support to the advisory committee.

Sec. 15.665. RULES. (a) The board shall adopt rules providing for the use of money in the infrastructure fund that are consistent with this subchapter, including rules:

(1) establishing standards for the eligibility for funding of resilience projects;

(2) establishing the prioritization of resilience projects;

(3) establishing terms for the repayment of a loan award from the infrastructure fund; and

(4) establishing terms for the completion of a resilience project.

(b) The rules establishing terms for the repayment of a loan award from the infrastructure fund must provide for:

(1) an amortization schedule not to exceed 30 years;

(2) an interest rate at or below the market rate at the time an application is approved for an award;

(3) no penalties for early repayment; and

(4) principal and interest payments on the loan to begin not later than 18 months after the date the loan is originated.

(c) The board shall give full consideration to the recommendations of the advisory committee before adopting rules under this subchapter.

Sec. 15.666. POLICIES AND PROCEDURES TO MITIGATE OR MINIMIZE ADVERSE EFFECTS OF CERTAIN FEDERAL LAWS. The board shall adopt, and may amend from time to time at the board's discretion, policies and procedures for the purpose of mitigating or minimizing the adverse effects, if any, of federal laws and regulations relating to income taxes, arbitrage, rebates, and related matters that may restrict the board's ability to freely invest all or part of the fund or to receive and retain all the earnings from the infrastructure fund.

SECTION 2. Not later than the 30th day after the effective date of this Act, the lieutenant governor and the speaker of the house of representatives shall appoint the initial members of the Texas Resilience Infrastructure Fund Advisory Committee as provided by Section 15.664, Water Code, as added by this Act.

SECTION 3. (a) Not later than the 120th day after the effective date of this Act, the Texas Resilience Infrastructure Fund Advisory Committee shall submit recommendations to the Texas Water Development Board on the rules to be adopted by the board under Section 15.665, Water Code, as added by this Act, and the policies and procedures to be adopted by the board under Section 15.666, Water Code, as added by this Act.

(b) Not later than the 90th day after the date the Texas Water Development Board receives the recommendations described by Subsection (a) of this section, the board shall adopt rules under

Section 15.665, Water Code, as added by this Act, and policies and procedures under Section 15.666, Water Code, as added by this Act.

SECTION 4. (a) The amount of $1.5 billion is appropriated out of the economic stabilization fund to the Texas resilience infrastructure fund for purposes of implementing Subchapter J-1, Chapter 15, Water Code, as added by this Act.

(b) The amount of $1.5 billion is appropriated out of the economic stabilization fund to general revenue dedicated account number 453, Disaster Contingency Fund, and, in addition to other amounts appropriated to the Department of Public Safety for the state fiscal biennium ending August 31, 2021, $1.5 billion is appropriated out of general revenue dedicated account number 453, Disaster Contingency Fund, to the Department of Public Safety for that state fiscal biennium for purposes of providing local government entities local matching funds related to the Public Assistance Grant Program and Hazard Mitigation Grant Program administered by the Federal Emergency Management Agency.

(c) This section takes effect only if this Act is approved by a vote of two-thirds of the members present in each house of the legislature, as provided by Section 49-g(m), Article III, Texas Constitution.

SECTION 5. Except as otherwise provided by this Act, this Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2019.