

By: Huberty

H.B. No. 2000

Substitute the following for H.B. No. 2000:

By: Paddie

C.S.H.B. No. 2000

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the funding of utility reliability and resiliency
3 projects by the Texas Water Development Board; authorizing the
4 issuance of revenue bonds.

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

6 SECTION 1. (a) The legislature recognizes the importance
7 of providing for the reliability and resiliency of this state's
8 utilities, broadband providers, and power generation resources.
9 The purpose of this Act is to ensure that proper funding in the form
10 of meaningful and adequate financial assistance is available to
11 enhance the reliability and resiliency of water, electric, and
12 natural gas utilities, broadband providers, and power generation
13 resources in this state, including by supporting projects to
14 weatherize facilities and provide resilience during periods of high
15 demand.

16 (b) To accomplish that purpose, this Act creates the state
17 utilities reliability fund. The fund is intended to serve as an
18 infrastructure funding source in order to enhance the financing
19 capabilities of the Texas Water Development Board under a
20 constitutionally created program and a revenue bond program. Money
21 in the fund will be available to provide any financial assistance,
22 including market rate loans, low-interest loans, longer repayment
23 terms for loans, deferral of loan payments, interest rate
24 subsidies, loan guarantees, grants, or other financial assistance

1 that meets the needs of this state, the recipients, and the purposes
2 of this Act. In addition, this Act creates the state utilities
3 reliability revenue fund for use in managing revenue bonds issued
4 by the Texas Water Development Board that are supported by the state
5 utilities reliability fund.

6 SECTION 2. Title 4, Utilities Code, is amended by adding
7 Subtitle C to read as follows:

8 SUBTITLE C. RELIABILITY AND RESILIENCY OF UTILITIES, BROADBAND

9 PROVIDERS, AND POWER GENERATORS

10 CHAPTER 201. GENERAL PROVISIONS

11 Sec. 201.001. DEFINITIONS. In this subtitle:

12 (1) "Advisory committee" means the State Utilities
13 Reliability Fund Advisory Committee.

14 (2) "Board" means the Texas Water Development Board.

15 (3) "Broadband provider" means any person,
16 corporation, municipality or other political subdivision, or
17 agency that owns or operates for compensation in this state
18 equipment or facilities to provide broadband telecommunications
19 capability and Internet access in this state.

20 (4) "Commission" means the Public Utility Commission
21 of Texas.

22 (5) "Electric utility" has the meaning assigned by
23 Section 31.002.

24 (6) "Executive administrator" means the executive
25 administrator of the Texas Water Development Board.

26 (7) "Facilities" means all of the property, plants,
27 and equipment of an electric, natural gas, or water utility, a

1 broadband provider, or a power generation company. The term
2 includes tangible and intangible property owned, operated, leased,
3 licensed, used, controlled, or supplied for, by, or in connection
4 with the business of the electric, natural gas, or water utility,
5 the broadband provider, or the power generation company in this
6 state.

7 (8) "Fund" means the state utilities reliability fund.

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

10 (10) "Natural gas utility" means a person who owns or
11 operates for compensation in this state equipment or facilities to
12 transmit or distribute combustible hydrocarbon natural gas or
13 synthetic natural gas for sale or resale in a manner not subject to
14 the jurisdiction of the Federal Energy Regulatory Commission under
15 the Natural Gas Act (15 U.S.C. Section 717 et seq.).

16 (11) "Power generation company" has the meaning
17 assigned by Section 31.002.

18 (12) "Railroad commission" means the Railroad
19 Commission of Texas.

20 (13) "Revenue fund" means the state utilities
21 reliability revenue fund.

22 (14) "Trust company" means the Texas Treasury
23 Safekeeping Trust Company.

24 (15) "Water utility" means a person operating,
25 maintaining, or controlling in this state facilities for providing
26 potable water service or wastewater service, or both, for
27 compensation.

1 CHAPTER 202. STATE UTILITIES RELIABILITY FUND

2 Sec. 202.001. FUND. (a) The state utilities reliability
3 fund is a special fund in the state treasury outside the general
4 revenue fund to be used by the board as authorized by this chapter
5 without further legislative appropriation. The board may establish
6 separate accounts in the fund and may transfer funds between
7 accounts. The board may invest, reinvest, and direct the
8 investment of money in the fund. The fund and the fund's accounts
9 may be kept and held by the trust company or other trustee selected
10 by the board for and in the name of the board. The board has legal
11 title to money and investments in the fund until money is disbursed
12 from the fund as provided by this chapter and board rules.

13 (b) Money deposited to the credit of the fund may be used
14 only as provided by Section 202.003.

15 (c) The fund consists of:

16 (1) money appropriated to the fund;

17 (2) money transferred or deposited to the credit of
18 the fund by law, including money from any source transferred or
19 deposited to the credit of the fund at the board's discretion as
20 authorized by law;

21 (3) the proceeds of any fee or tax imposed by this
22 state that by statute is dedicated for deposit to the credit of the
23 fund;

24 (4) any other revenue that the legislature by statute
25 dedicates for deposit to the credit of the fund;

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

1 (6) money transferred to the fund from another fund or
2 account to which money from the fund was transferred.

3 Sec. 202.002. MANAGEMENT AND INVESTMENT OF FUND. (a) The
4 board, trust company, or other trustee selected by the board may
5 hold and invest the fund, and any accounts established in the fund,
6 for and in the name of the board, taking into account the purposes
7 for which money in the fund may be used. The fund may be invested
8 with the state treasury pool.

9 (b) The overall objectives for the investment of the fund
10 are, in order of precedence:

11 (1) preservation and safety of the fund principal;

12 (2) liquidity; and

13 (3) investment yield.

14 (c) The board or a trustee, as directed by the board, has any
15 power necessary to accomplish the purposes of managing and
16 investing the assets of the fund. In managing the assets of the
17 fund, through procedures and subject to restrictions the board or
18 trustee considers appropriate, the board or trustee may acquire,
19 exchange, sell, supervise, manage, or retain any kind of investment
20 that a prudent investor, exercising reasonable care, skill, and
21 caution, would acquire or retain in light of the purposes, terms,
22 distribution requirements, and other circumstances of the fund then
23 prevailing, taking into consideration the investment of all the
24 assets of the fund rather than a single investment.

25 (d) The board or a trustee may charge fees to cover its costs
26 incurred in managing and investing the fund. The fees must be
27 consistent with the fees the board or trustee charges other state

1 and local governmental entities for which the board or trustee
2 provides investment management services. The board or trustee may
3 recover fees the board or trustee charges under this subsection
4 only from the earnings of the fund.

5 (e) If the fund is managed by a trustee, the trustee
6 annually shall provide a report to the board and to the advisory
7 committee with respect to the investment of the fund. The trustee
8 shall contract with a certified public accountant to conduct an
9 independent audit of the fund annually and shall present the
10 results of each annual audit to the board and to the advisory
11 committee. This subsection does not affect the state auditor's
12 authority to conduct an audit of the fund under Chapter 321,
13 Government Code.

14 (f) The board or trustee shall adopt a written investment
15 policy that is appropriate for the fund. The board or trustee shall
16 present the investment policy to the investment advisory board
17 established under Section 404.028, Government Code. The investment
18 advisory board shall submit to the board or trustee recommendations
19 regarding the policy.

20 (g) If the fund is managed by a trustee, the board annually
21 shall provide to the trustee a forecast of the cash flows into and
22 out of the fund. The board shall provide updates to the forecasts
23 as appropriate to assist the trustee in achieving the objectives
24 specified by Subsection (b).

25 (h) If the fund is managed by a trustee, the trustee shall
26 disburse money from the fund as directed by the board.

27 (i) An investment-related contract entered into under this

1 section is not subject to Chapter 2260, Government Code.

2 Sec. 202.003. USE OF FUND; PAYMENTS TO AND FROM OTHER FUNDS
3 OR ACCOUNTS. (a) The board or a trustee at the direction of the
4 board shall make disbursements from the fund to the revenue fund in
5 the amounts the board determines are needed for disbursement
6 through the financing structures developed to meet the goals of the
7 fund, including transfer of those amounts to other board programs
8 or funds as necessary, or for debt service payments on or security
9 provisions of the board's revenue bonds, after considering all
10 other sources available for those purposes.

11 (b) The fund may be used only to:

12 (1) enhance the reliability and resiliency of water,
13 electric, and natural gas utilities, broadband providers, and power
14 generation companies for this state by supporting projects,
15 including projects to weatherize facilities, in order to provide
16 resilience and continuous service during periods of high demand;

17 (2) pay the necessary and reasonable expenses of the
18 board in administering the fund; and

19 (3) transfer funds to other board programs or funds.

20 (c) Notwithstanding any other provision of this chapter,
21 the use of the fund may be prioritized based on a statewide utility
22 reliability and resiliency plan adopted under Section 202.010.

23 (d) The board may provide financial assistance from the fund
24 for:

25 (1) a water utility project;

26 (2) an electric utility project;

27 (3) a natural gas utility project; or

1 (4) a broadband provider to provide matching funds to
2 enable the broadband provider to participate in a federal program
3 for broadband facilities.

4 (e) Financial assistance under Subsection (d) may be
5 provided in any form as determined by the board, including a loan, a
6 loan guarantee, an equity ownership in a public or private entity, a
7 joint venture with a public or private entity, a grant, an interest
8 rebate, or an interest subsidy.

9 (f) In providing financial assistance under Subsection (d),
10 the board may make, enter into, and enforce contracts, agreements,
11 including management agreements, for the management of any of the
12 board's property, leases, indentures, mortgages, deeds of trust,
13 security agreements, pledge agreements, credit agreements,
14 overrides or other revenue sharing mechanisms, repurchase
15 agreements, and other instruments with any person, including any
16 lender and any federal, state, or local governmental agency, and to
17 take other actions as may accomplish any of its purposes.

18 (g) The fund may not be used to subsidize or finance the
19 construction of electric generation facilities.

20 (h) Money in the fund may not be used for the purposes of
21 certification under Section 403.121, Government Code.

22 Sec. 202.004. PRIORITIZATION OF PROJECTS BY BOARD. (a) The
23 board, for the purpose of providing financial assistance under this
24 chapter, shall prioritize projects that enhance the reliability and
25 resiliency of water, electric, and natural gas utilities, broadband
26 providers, and power generation companies in this state.

27 (b) The board shall establish a point system for

1 prioritizing projects for which financial assistance is sought from
2 the board. The system must include a standard for the board to
3 apply in determining whether a project qualifies for financial
4 assistance at the time the application for financial assistance is
5 filed with the board.

6 (c) The board shall give the highest consideration in
7 awarding points to projects that will have a substantial effect,
8 including projects that will:

9 (1) harden facilities to protect against extreme
10 weather and fuel supply disruptions;

11 (2) enhance resiliency of existing facilities during
12 periods of high demand; and

13 (3) enhance the availability of fuel or water to
14 existing power generation resources to improve the reliability of
15 those resources to provide continuous and adequate electric service
16 during periods of high demand.

17 (d) In addition to the criteria provided by Subsection (c),
18 the board may also consider the following criteria in prioritizing
19 projects:

20 (1) other funding sources secured by the applicant for
21 the project, including any capital to be provided by the applicant;

22 (2) the financial capacity of the applicant to repay
23 the financial assistance provided; and

24 (3) the ability of the applicant to timely leverage
25 state financing with local, federal, or private funding.

26 (e) The board may not consider federal tax subsidies in
27 prioritizing projects.

1 Sec. 202.005. ADVISORY COMMITTEE. (a) The State Utilities
2 Reliability Fund Advisory Committee is composed of the following
3 seven members:

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

6 (2) three members of the senate appointed by the
7 lieutenant governor, including:

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

10 (B) a member of the committee of the senate
11 having primary jurisdiction over natural resources; and

12 (3) three members of the house of representatives
13 appointed by the speaker of the house of representatives,
14 including:

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

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

21 (b) The board shall provide staff as necessary to assist the
22 advisory committee.

23 (c) An appointed member of the advisory committee serves at
24 the will of the officer who appointed the member.

25 (d) The lieutenant governor shall appoint a co-presiding
26 officer of the advisory committee from among the members appointed
27 by the lieutenant governor, and the speaker of the house of

1 representatives shall appoint a co-presiding officer of the
2 committee from among the members appointed by the speaker.

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

10 (f) Except as otherwise provided by this subsection, a
11 member of the advisory committee is not entitled to receive
12 compensation for service on the committee or reimbursement for
13 expenses incurred in the performance of official duties as a member
14 of the committee. Service on the advisory committee by a member of
15 the senate or house of representatives is considered legislative
16 service for which the member is entitled to reimbursement and other
17 benefits in the same manner and to the same extent as for other
18 legislative service.

19 (g) The advisory committee shall submit comments and
20 recommendations to the board regarding the use of money in the fund
21 and in the revenue fund for use by the board in adopting rules under
22 Section 202.006 and in adopting policies and procedures under
23 Section 202.008. The submission must include:

24 (1) comments and recommendations on rulemaking
25 related to the prioritization of projects in accordance with
26 Section 202.004;

27 (2) comments and recommendations on rulemaking

1 related to establishing standards for determining whether projects
2 meet the criteria provided by Section 202.003;

3 (3) an evaluation of the available programs for
4 providing financing for projects authorized by this chapter and
5 guidelines for implementing those programs;

6 (4) an evaluation of the lending practices of the
7 board and guidelines for lending standards;

8 (5) an evaluation of the use of funds by the board to
9 provide support for financial assistance for projects that enhance
10 the reliability and resiliency of water, electric, and natural gas
11 utilities, broadband providers, and power generation companies for
12 this state, including support for the purposes described by Section
13 202.003(b);

14 (6) an evaluation of whether premium financing
15 programs should be established within the fund to serve the
16 purposes of this chapter, especially in connection with projects
17 described by Section 202.003(b);

18 (7) an evaluation of methods for encouraging
19 participation in the programs established under this chapter by
20 companies domiciled in this state or that employ a significant
21 number of residents of this state; and

22 (8) an evaluation of the overall operation, function,
23 and structure of the fund.

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

1 (i) The advisory committee may adopt rules, procedures, and
2 policies as needed to administer this section and implement its
3 responsibilities.

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

6 (k) The advisory committee is subject to Chapter 325,
7 Government Code (Texas Sunset Act). Unless continued in existence
8 as provided by that chapter, the advisory committee is abolished
9 and this section expires September 1, 2035.

10 (l) The advisory committee shall make recommendations to
11 the board regarding information to be posted on the board's
12 Internet website under Section 202.007(b).

13 (m) The advisory committee shall evaluate and may provide
14 comments or recommendations on the feasibility of the state owning,
15 constructing, and operating water, electric, natural gas, or
16 broadband facilities related to the purposes described by Section
17 202.003(b).

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

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

22 (2) the participation level of historically
23 underutilized businesses in projects that receive funding under
24 this chapter.

25 (o) If the aggregate level of participation by historically
26 underutilized businesses in projects that receive funding under
27 this chapter does not meet statewide annual goals adopted under

1 Chapter 2161, Government Code, the advisory committee shall make
2 recommendations to the board to improve the participation level.

3 Sec. 202.006. RULES. (a) The board shall adopt rules
4 providing for the use of money in the fund that are consistent with
5 this subchapter, including rules:

6 (1) establishing standards for determining whether
7 projects meet the criteria provided by Section 202.003; and

8 (2) specifying the manner for prioritizing projects
9 for purposes of Section 202.004.

10 (b) The board shall give full consideration to the
11 recommendations of the advisory committee before adopting rules
12 under this chapter.

13 Sec. 202.007. REPORTING AND TRANSPARENCY REQUIREMENTS. (a)
14 Not later than December 1 of each even-numbered year, the board
15 shall provide a report to the governor, lieutenant governor,
16 speaker of the house of representatives, and members of the
17 legislature regarding the use of the fund.

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

21 (1) the progress made in enhancing critical water,
22 electric, natural gas, and broadband infrastructure to withstand
23 periods of high demand; and

24 (2) a description of each project funded through the
25 fund, including the expected date of completion of the project.

26 Sec. 202.008. POLICIES AND PROCEDURES TO MITIGATE OR
27 MINIMIZE ADVERSE EFFECTS OF CERTAIN FEDERAL LAWS. The board shall

1 adopt, and may amend from time to time at the board's discretion,
2 policies and procedures for the purpose of mitigating or minimizing
3 the adverse effects, if any, of federal laws and regulations
4 relating to income taxes, arbitrage, rebates, and related matters
5 that may restrict the board's ability to freely invest all or part
6 of the fund or to receive and retain all the earnings from the fund.

7 Sec. 202.009. COOPERATION WITH OTHER STATE AGENCIES. (a)

8 The commission, railroad commission, and other state agencies shall
9 provide resources to the board as necessary in carrying out this
10 chapter, including entering into contracts between the board and
11 other state agencies to provide staff or services.

12 (b) The board may require the commission to review and
13 recommend for approval electric utility and broadband provider
14 projects for board assistance under this chapter and inspect
15 electric utility and broadband provider projects after board
16 assistance.

17 (c) The board may require the railroad commission to review
18 and recommend for approval natural gas utility projects for board
19 assistance under this chapter and inspect natural gas utility
20 projects after board assistance.

21 (d) The board may require any other state agency to provide
22 services to the board to ensure the goals of the fund and this
23 chapter are met.

24 Sec. 202.010. RELIABILITY AND RESILIENCY STUDY AND PLAN.

25 (a) The board may, at any time, develop and conduct a study of the
26 needs, causes, and methods to address reliability and resiliency of
27 the industries affected by this chapter and may develop a statewide

1 reliability and resiliency plan.

2 (b) The board may, at any time, use money from the fund to
3 contract and engage outside entities to develop a study or plan
4 considered necessary by the board.

5 Sec. 202.011. CHANGES TO INDUSTRY STRUCTURE NOT IN CONFLICT
6 WITH CHAPTER. Any reconstruction or changes to the regulatory
7 market structures of the industries identified in this chapter are
8 not in conflict with the purpose of this chapter.

9 Sec. 202.012. PUBLIC PRIVATE PARTNERSHIPS. Money from the
10 fund may be used to make payments under a public and private entity
11 agreement to design, develop, finance, or construct a project
12 described by this chapter.

13 CHAPTER 203. STATE UTILITIES RELIABILITY REVENUE FUND

14 Sec. 203.001. REVENUE FUND. (a) The state utilities
15 reliability revenue fund is a special fund in the state treasury
16 outside the general revenue fund to be used by the board as
17 authorized by this chapter without further legislative
18 appropriation. The board may establish separate accounts in the
19 revenue fund and may transfer money between accounts. The board has
20 legal title to money and investments in the revenue fund until the
21 money is disbursed as provided by this chapter and board rules.

22 (b) Money deposited to the credit of the revenue fund may be
23 used only as provided by Section 203.003.

24 (c) The revenue fund consists of:

25 (1) money appropriated to the revenue fund;

26 (2) money transferred or deposited to the credit of
27 the revenue fund by law, including money from any source

1 transferred or deposited to the credit of the revenue fund at the
2 board's discretion as authorized by law;

3 (3) the proceeds of any fee or tax imposed by this
4 state that by statute is dedicated for deposit to the credit of the
5 revenue fund;

6 (4) any other revenue that the legislature by statute
7 dedicates for deposit to the credit of the revenue fund;

8 (5) investment earnings and interest earned on amounts
9 credited to the revenue fund;

10 (6) the proceeds from the sale of revenue bonds issued
11 by the board under this chapter that are designated by the board for
12 the purpose of providing money for the revenue fund;

13 (7) repayments of loans made from the revenue fund;
14 and

15 (8) money disbursed to the revenue fund from the state
16 utilities reliability fund as authorized by Section 202.003.

17 Sec. 203.002. MANAGEMENT AND INVESTMENT OF REVENUE FUND.

18 (a) Money deposited to the credit of the revenue fund shall be
19 invested as determined by the board. The revenue fund may be
20 invested with the state treasury pool.

21 (b) The revenue fund and any accounts established in the
22 revenue fund shall be kept and maintained by or at the direction of
23 the board.

24 (c) At the direction of the board, the revenue fund and any
25 accounts established in the revenue fund may be managed by the
26 comptroller or a corporate trustee that is a trust company or a bank
27 that has the powers of a trust company for and on behalf of the board

1 and, pending use of the revenue fund and accounts for the purposes
2 provided by this chapter, may be invested as provided by an order,
3 resolution, or rule of the board.

4 (d) The comptroller or corporate trustee shall manage the
5 revenue fund in strict accordance with this chapter and the orders,
6 resolutions, and rules of the board.

7 Sec. 203.003. USE OF REVENUE FUND. (a) Money in the
8 revenue fund may be used by the board only to provide financial
9 assistance under terms specified by the board for projects that
10 enhance the reliability and resiliency of water, electric, natural
11 gas, broadband, and power generation infrastructure in this state,
12 including:

13 (1) projects that enhance the ability of
14 infrastructure to withstand periods of high demand; and

15 (2) projects to weatherize infrastructure.

16 (b) Financial assistance for projects under Subsection (a)
17 may be provided in any form determined by the board that meets the
18 needs and goals of this state and the applicants, including a loan,
19 loan guarantee, equity ownership in a public or private entity, a
20 joint venture with a public or private entity, a grant, an interest
21 rebate, or a subsidy.

22 (c) In providing financial assistance under Subsection (a),
23 the board may:

24 (1) make, enter into, and enforce contracts and
25 agreements, including management agreements, for the management of
26 any of the board's property, leases, indentures, mortgages, deeds
27 of trust, security agreements, pledge agreements, credit

1 agreements, overrides or other revenue sharing mechanisms,
2 repurchase agreements, and other instruments with any person,
3 including any lender and any federal, state, or local governmental
4 agency; and

5 (2) take other actions to accomplish any of the board's
6 purposes.

7 (d) The board may use money in the revenue fund:

8 (1) as a source of revenue or security for the payment
9 of the principal of and interest on revenue bonds issued by the
10 board under this chapter; or

11 (2) to pay the necessary and reasonable expenses of
12 paying agents, bond counsel, and financial advisory services and
13 similar costs incurred by the board in administering the revenue
14 fund.

15 (e) The board, comptroller, or corporate trustee managing
16 the revenue fund at the direction of the board shall withdraw from
17 the revenue fund and pay to a person any amounts, as determined by
18 the board, for the timely payment of:

19 (1) the principal of and interest on bonds described
20 by Subsection (d)(1) that mature or become due; and

21 (2) any cost related to bonds described by Subsection
22 (d)(1) that become due, including payments under related credit
23 agreements.

24 (f) Money in the revenue fund may not be used for the purpose
25 of certification under Section 403.121, Government Code.

26 Sec. 203.004. ISSUANCE OF REVENUE BONDS. (a) The board may
27 issue revenue bonds for the purpose of providing money for the

1 revenue fund.

2 (b) The board may issue revenue bonds to refund revenue
3 bonds or bonds and obligations issued or incurred in accordance
4 with other provisions of law.

5 (c) Revenue bonds issued under this chapter are special
6 obligations of the board payable only from and secured by
7 designated income and receipts of the revenue fund, or of one or
8 more accounts in the revenue fund, including principal of and
9 interest paid and to be paid on revenue fund assets or income from
10 accounts created within the revenue fund by the board, as
11 determined by the board.

12 (d) Revenue bonds issued under this chapter do not
13 constitute indebtedness of the state as prohibited by the
14 constitution.

15 (e) The board may require revenue fund participants to make
16 charges, levy taxes, or otherwise provide for sufficient money to
17 pay acquired obligations.

18 (f) Revenue bonds issued under this chapter must be
19 authorized by resolution of the board and must have the form and
20 characteristics and bear the designations as the resolution
21 provides.

22 (g) Revenue bonds issued under this chapter may:

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

25 (2) be dated;

26 (3) mature at the time or times, serially, as term
27 revenue bonds, or otherwise in not more than 50 years from their

1 dates;
2 (4) be callable before stated maturity on the terms
3 and at the prices, be in the denominations, be in the form, either
4 coupon or registered, carry registration privileges as to principal
5 only or as to both principal and interest and as to successive
6 exchange of coupon for registered bonds or one denomination for
7 bonds of other denominations, and successive exchange of registered
8 revenue bonds for coupon revenue bonds, be executed in the manner,
9 and be payable at the place or places inside or outside the state,
10 as provided by the resolution;
11 (5) be issued in temporary or permanent form;
12 (6) be issued in one or more installments and from time
13 to time as required and sold at a price or prices and under terms
14 determined by the board to be the most advantageous reasonably
15 obtainable; and
16 (7) be issued on a parity with and be secured in the
17 manner as other revenue bonds authorized to be issued by this
18 chapter or may be issued without parity and secured differently
19 than other revenue bonds.
20 (h) Section 17.955, Water Code, applies to revenue bonds
21 issued under this chapter in the same manner as that section applies
22 to water financial assistance bonds.
23 (i) All proceedings relating to the issuance of revenue
24 bonds issued under this chapter shall be submitted to the attorney
25 general for examination. If the attorney general finds that the
26 revenue bonds have been authorized in accordance with law, the
27 attorney general shall approve the revenue bonds, and the revenue

1 bonds shall be registered by the comptroller. After the approval
2 and registration, the revenue bonds are incontestable in any court
3 or other forum for any reason and are valid and binding obligations
4 in accordance with their terms for all purposes.

5 (j) The proceeds received from the sale of revenue bonds
6 issued under this chapter may be deposited or invested in any manner
7 and in such investments as may be specified in the resolution or
8 other proceedings authorizing those obligations. Money in the
9 revenue fund or accounts created by this chapter or created in the
10 resolution or other proceedings authorizing the revenue bonds may
11 be invested in any manner and in any obligations as may be specified
12 in the resolution or other proceedings.

13 Sec. 203.005. CHAPTER CUMULATIVE OF OTHER LAWS. (a) This
14 chapter is cumulative of other laws on the subject, and the board
15 may use provisions of other applicable laws in the issuance of bonds
16 and other obligations, but this chapter is wholly sufficient
17 authority for the issuance of bonds and other obligations and the
18 performance of all other acts and procedures authorized by this
19 chapter.

20 (b) In addition to other authority granted by this chapter,
21 the board may exercise the authority granted to the governing body
22 of an issuer with regard to the issuance of obligations under
23 Chapter 1371, Government Code.

24 SECTION 3. Section 15.102(b), Water Code, is amended to
25 read as follows:

26 (b) The loan fund may also be used by the board to provide:

27 (1) grants or loans for projects that include

1 supplying water and wastewater services in economically distressed
2 areas or nonborder colonias as provided by legislative
3 appropriations, this chapter, and board rules, including projects
4 involving retail distribution of those services; ~~and~~

5 (2) grants for:

6 (A) projects for which federal grant funds are
7 placed in the loan fund;

8 (B) projects, on specific legislative
9 appropriation for those projects; or

10 (C) water conservation, desalination, brush
11 control, weather modification, regionalization, and projects
12 providing regional water quality enhancement services as defined by
13 board rule, including regional conveyance systems; and

14 (3) loans or grants to water utilities, as that term is
15 defined by Section 201.001, Utilities Code, for projects that
16 enhance the reliability and resiliency of those water utilities by
17 weatherizing facilities.

18 SECTION 4. Section 15.978, Water Code, is amended by adding
19 Subsection (c-1) to read as follows:

20 (c-1) Notwithstanding other provisions of this chapter, the
21 board may sell to the state utilities reliability fund any bonds or
22 obligations purchased with money in the state utilities reliability
23 revenue fund and may apply the proceeds of the sale in the manner
24 provided by Chapter 203, Utilities Code.

25 SECTION 5. (a) The terms used in this section have the
26 meanings assigned by Section 201.001, Utilities Code, as added by
27 this Act.

1 (b) The executive administrator of the Texas Water
2 Development Board, in coordination with the Public Utility
3 Commission of Texas, the Texas Commission on Environmental Quality,
4 the Railroad Commission of Texas, and the independent organization
5 certified under Section 39.151, Utilities Code, for the ERCOT power
6 region, shall conduct a study regarding:

7 (1) the need for financial assistance from the state
8 to weatherize:

9 (A) water utility facilities;

10 (B) electric utility facilities;

11 (C) natural gas utility facilities; and

12 (D) broadband provider facilities;

13 (2) the need for financial assistance from the state
14 to provide adequate capacity during periods of high demand for:

15 (A) electric utilities; and

16 (B) natural gas utilities; and

17 (3) the financing structures desirable to potential
18 applicants for the categories listed in Subdivisions (1) and (2) of
19 this subsection.

20 (c) The costs of the report, including any external
21 management or consulting services considered necessary, may be paid
22 from the state utilities reliability fund.

23 (d) The executive administrator shall submit the report to
24 the State Utilities Reliability Fund Advisory Committee not later
25 than December 31, 2022.

26 (e) This section expires September 1, 2023.

27 SECTION 6. As soon as practicable after the effective date

1 of this Act, the lieutenant governor and the speaker of the house of
2 representatives shall appoint the initial appointive members of the
3 State Utilities Reliability Fund Advisory Committee as provided by
4 Section 202.005, Utilities Code, as added by this Act.

5 SECTION 7. (a) Not later than September 1, 2022, the State
6 Utilities Reliability Fund Advisory Committee shall submit
7 recommendations to the Texas Water Development Board on the rules
8 to be adopted by the board under Section 202.006(a), Utilities
9 Code, as added by this Act.

10 (b) Not later than March 1, 2023, the board shall propose
11 rules under Section 202.006, Utilities Code, as added by this Act.

12 SECTION 8. The Texas Water Development Board shall post the
13 information described by Section 202.007(b), Utilities Code, as
14 added by this Act, on the board's Internet website not later than
15 March 1, 2022.

16 SECTION 9. This Act takes effect on the date on which the
17 constitutional amendment proposed by the 87th Legislature, Regular
18 Session, 2021, creating the state utilities reliability fund and
19 the state utilities reliability revenue fund to provide financial
20 support for projects that enhance the reliability and resiliency of
21 water, electric, and natural gas utilities, broadband providers,
22 and power generation resources in this state takes effect. If that
23 amendment is not approved by the voters, this Act has no effect.