A BILL TO BE ENTITLED

AN ACT

relating to critical infrastructure resiliency and financing.

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

SECTION 1. Chapter 17, Water Code, is amended by adding Subchapter N to read as follows:

SUBCHAPTER N. WATER INFRASTRUCTURE RESILIENCY FUND

Sec. 17.995. DEFINITION. In this subchapter, "infrastructure fund" means the water infrastructure resiliency fund.

Sec. 17.995. WATER INFRASTRUCTURE RESILIENCY FUND. (a) The water 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) The infrastructure fund consists of:

(1) appropriations from the legislature for a purpose of the infrastructure fund;

(2) proceeds of general obligation bonds issued for a purpose of the infrastructure fund;

(3) any fees or other sources of revenue that the legislature dedicates for deposit to the infrastructure fund;

(4) interest earned on money credited to the infrastructure fund;
(5) depository interest allocable to the infrastructure fund;

(6) money from gifts, grants, or donations to the infrastructure fund; and

(7) money from revenue bonds or other sources designated by the commission for deposit to the infrastructure fund.

Sec. 17.996. USE OF INFRASTRUCTURE FUND. (a) The board may use the infrastructure fund only:

(1) to make a grant to an entity for weatherizing and hardening water and wastewater systems, including, but not limited to:

(A) covering wells;

(B) purchasing reserve power supply such as onsite generation and energy storage systems; and

(C) building connectivity to neighboring water suppliers;

(2) to pay the necessary and reasonable expenses of the board in administering the infrastructure fund.

(b) In making grants under Subsection (a), the board shall consider:

(1) the expected number of individuals who will benefit from the project;

(2) existing infrastructure and overall need for the project;

(3) the potential benefit of the project to:

(A) low income communities; and
(B) areas in disparate parts of the state;

(4) equitable geographic distribution of grants awarded throughout the state;

(5) projects that utilize distributed energy resources;

(6) the existence of matching federal funds for the project and if available federal funds have been exhausted; and

(7) the total effect of the project's goals.

(c) Eligible entities include:

(1) local government entities that provide water or wastewater services;

(2) nonprofit entities that provide water or wastewater services; and

(3) investor-owned entities that provide water or wastewater services.

(d) Grants under this subsection require a match as follows:

(1) entities under subsections (c)(1) and (c)(2) are required to provide a match of at least 10 percent with at least 5 percent of that match coming from local sources; and

(2) entities under subsections (c)(3) are required to provide a match of at least 50 percent with at least 30 percent of that coming directly from the entity.

Sec. 17.997. RULES. (a) The board shall adopt rules necessary to carry out this subchapter, including rules:

(1) that establish procedures for an application for and for the award of financial assistance;

(2) for the investment of money; and
(3) for the administration of the infrastructure fund.

SECTION 2. Chapter 418, Government Code, is amended by adding Subchapter J to read as follows:

SUBCHAPTER J. CRITICAL INFRASTRUCTURE RESILIENCY FUND

Sec. 418.262. DEFINITION. In this subchapter:

(1) "Infrastructure fund" means the critical infrastructure resiliency fund.

(2) "Micro-grid" means a group of interconnected loads and distributed energy resources inside clearly defined electrical boundaries that act as a single controllable entity with respect to the grid.

Sec. 418.263. CRITICAL INFRASTRUCTURE RESILIENCY FUND. (a) The critical infrastructure resiliency fund is a special fund in the state treasury outside the general revenue fund.

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

(c) The infrastructure fund consists of:

(1) appropriations from the legislature for a purpose of the infrastructure fund;

(2) proceeds of general obligation bonds issued for a purpose of the infrastructure fund;

(3) any fees or other sources of revenue that the legislature dedicates for deposit to the infrastructure fund;

(4) interest earned on money credited to the infrastructure fund;

(5) depository interest allocable to the
infrastructure fund;
(6) money from gifts, grants, or donations to the
infrastructure fund; and
(7) money from revenue bonds or other sources
designated by the commission for deposit to the infrastructure
fund.
Sec. 418.264. USE OF INFRASTRUCTURE FUND. (a) The division
may use the infrastructure fund only:
(1) to make a grant to an entity for the purposes
described under this subchapter; and
(2) to pay the necessary and reasonable expenses of
the division in administering the infrastructure fund.
(b) In making grants under Subsection (a), the division
shall consider:
(1) the expected number of individuals who will
benefit from the project;
(2) existing infrastructure and overall need for the
project;
(3) the potential benefit of the project to:
(A) low income communities; and
(B) areas in disparate parts of the state;
(4) equitable geographic distribution of grants
awarded throughout the state;
(5) projects that utilize distributed energy
resources;
(6) the existence of matching federal funds for the
project and if available federal funds have been exhausted; and
(7) the total effect of the project's goals.

(c) Eligible entities include:

1. municipally-owned electric utilities;
2. electric cooperatives;
3. investor-owned utilities;
4. government-owned hospitals;
5. non-profit hospitals;
6. for-profit hospitals; and
7. telecommunications providers.

(d) Grants under this subsection require a match as follows:

1. entities under subsections (c)(1), (c)(2), (c)(4), and (c)(5) are required to provide a match of at least 10 percent with at least 5 percent of that match coming from local sources; and
2. entities under subsections (c)(3), (c)(6), and (c)(7) are required to provide a match of at least 50 percent with at least 30 percent of that coming directly from the entity.

Sec. 418.265. ELECTRIC GRID IMPROVEMENT ACCOUNT. (a) The electric grid improvement account is an account of the critical infrastructure fund.

(b) The account consists of:

1. money directly appropriated to the division; and
2. money from gifts or grants from the United States government, local or regional governments, private sources, or other sources.

(c) The division may use the account to provide grants for activities related to:
(1) localized improvements to the electric grid and other energy systems with onsite generation including, but not limited to, smart metering; and

(2) improvements at and between buildings to create micro-grids using onsite generation and energy storage.

Sec. 418.266. LOCAL COMMUNICATIONS RESILIENCY ACCOUNT. (a) The local communications resiliency account is an account of the critical infrastructure fund.

(b) The account consists of:

(1) money directly appropriated to the division; and

(2) money from gifts or grants from the United States government, local or regional governments, private sources, or other sources.

(c) The division may use the account to provide grants for activities related to:

(1) hardening lines of emergency communication; and

(2) purchasing reserve power supply such as onsite generation and energy storage systems necessary to sustain emergency communications.

Sec. 418.267. MEDICAL INFRASTRUCTURE RESILIENCY ACCOUNT. (a) The medical infrastructure resiliency account is an account of the critical infrastructure fund.

(b) The account consists of:

(1) money directly appropriated to the division; and

(3) money from gifts or grants from the United States government, local or regional governments, private sources, or other sources.
(c) The division may use the account to provide grants for activities related to:

(1) purchasing reserve power supply such as onsite generation and energy storage systems necessary to sustain critical medical care.

Sec. 418.268. RULES. The board shall adopt rules necessary to carry out this subchapter, including rules:

(1) that establish procedures for an application for and for the award of financial assistance;

(2) for the investment of money; and

(3) for the administration of the infrastructure fund.

SECTION 3. This Act takes effect January 1, 2022, but only if the constitutional amendment proposed by the 87th Legislature, Regular Session, 2021, authorizing the legislature to provide for the creation of the modern infrastructure fund to assist in the financing of modern electric, transportation, and communications infrastructure projects is approved by the voters. If that amendment is not approved by the voters, this Act has no effect.