

BILL ANALYSIS

C.S.H.B. 1565
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Natural Resources
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The Texas Water Development Board (TWDB) provides loans and grants for water supply, water and wastewater treatment, flood control, and agricultural conservation projects, and plans for drought and flood conditions. Following its review of the TWDB, the Sunset Advisory Commission found the TWDB to be well-run, but identified several opportunities to increase the efficiency of the TWDB project review process and improve the effectiveness of the water supply planning process. The sunset commission also evaluated and found a continuing need for the State Water Implementation Fund for Texas (SWIFT) Advisory Committee. SWIFT provides financial assistance for projects in the state water plan and the advisory committee provides legislative guidance on the fund's operation, function, and structure. C.S.H.B. 1565 seeks to continue the SWIFT Advisory Committee until September 1, 2035, and to provide for the next sunset review of the TWDB during the 2034-2035 review cycle. C.S.H.B. 1565 also makes several statutory modifications to implement certain of the sunset commission's recommendations.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Texas Water Development Board in SECTION 6 of this bill.

ANALYSIS

C.S.H.B. 1565 amends the Water Code to set the next sunset review of the Texas Water Development Board (TWDB) to be during the 2034-2035 review cycle and to continue the State Water Implementation Fund for Texas Advisory Committee under the Texas Sunset Act until September 1, 2035. The bill updates TWDB member training requirements as part of an across-the-board sunset recommendation and provides for the transition to the new requirements for current members.

C.S.H.B. 1565 requires the TWDB to develop and implement performance goals and performance metrics as part of a comprehensive evaluation of the TWDB's review of proposed projects for compliance with programmatic and design requirements. The bill requires the TWDB to periodically do the following:

- collect data regarding the performance metrics;
- analyze the collected data to identify relevant trends; and
- use the performance metrics to assess the TWDB's progress toward meeting its performance goals.

C.S.H.B. 1565 requires the following with respect to those performance goals and metrics:

- the TWDB to periodically review the goals and metrics to assess the effectiveness and efficiency of the TWDB's review of proposed projects;
- the executive administrator to periodically update the TWDB on the implementation and analysis of the metrics and progress toward the goals; and
- the TWDB to develop and implement periodic reporting schedules for all goals and metrics.

C.S.H.B. 1565 authorizes the TWDB, with respect to approval of applications for financial assistance for water quality enhancement purposes, to adopt by rule procedures allowing the use of different standards of review and approval of design criteria for plans and specifications for sewage collection, treatment, and disposal systems. In establishing the appropriate standard of review and approval for plans and specifications, the rules must require an individualized assessment that applies risk-based considerations to each project associated with the plans and specifications, including the following:

- any potential financial risk associated with the project;
- any risk to public health associated with the project; or
- other relevant financial considerations associated with the project.

For plans and specifications subject to a limited standard of review and approval, the TWDB must require the registered professional engineer who submitted the plans and specifications to make a finding that the plans and specifications are in substantial compliance with standards established by the Texas Commission on Environmental Quality and that any deviation from those standards is based on the engineer's best professional judgment.

C.S.H.B. 1565 repeals the following reporting requirements imposed on the TWDB:

- the requirements, if money is not available in the water assistance fund to provide money for projects approved under the water loan assistance program or the storage acquisition program, to prepare and submit with its biennial budget request to the Legislative Budget Board and to the presiding officers of each house of the legislature a list of all projects approved by the TWDB under the applicable program; and
- the requirement to prepare and submit to the governor, lieutenant governor, and speaker of the house a biennial report relating to the financial impact of the water bond insurance program during the immediately preceding biennium.

C.S.H.B. 1565 requires a regional water planning group's regional water plan to include information on the implementation of large projects, including reservoirs, interstate water transfers, innovative technology projects, desalination plants, and other large projects as determined by the TWDB, including information regarding the following:

- expenditures of sponsor money;
- permit applications, including the status of a permit application; and
- status updates on the phase of construction of a project.

The bill authorizes a regional water planning group to plan for drought conditions worse than the drought of record when developing its regional water plan.

C.S.H.B. 1565 repeals the following provisions of the Water Code:

- Section 15.108;
- Section 15.218; and
- Section 15.3061.

EFFECTIVE DATE

September 1, 2023.

COMPARISON OF INTRODUCED AND SUBSTITUTE

While C.S.H.B. 1565 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute does not include provisions included in the introduced providing for a recurring feasibility review of certain projects in the state water plan by the TWDB executive administrator. The substitute includes provisions that instead require a regional water planning group's regional water plan to include information on the implementation of large projects, including certain of the same projects as were included in that feasibility review.

The substitute does not include a saving provision included in the introduced regarding the effect of certain of the bill's provisions on an application for financial assistance for water quality enhancement purposes.

The substitute includes procedural provisions not in the introduced providing for the transition to the new training requirements for current TWDB members.