

## **BILL ANALYSIS**

Senate Research Center  
88R18785 KBB-F

H.B. 3582  
By: Harris, Cody (Perry)  
Water, Agriculture & Rural Affairs  
5/5/2023  
Engrossed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

The 86th Legislature significantly expanded the responsibilities of the Texas Water Development Board (TWDB) with respect to flood mitigation, including activities in planning, science, and financial assistance. The flood infrastructure fund (FIF) and the Texas infrastructure resiliency fund (TIRF) were established to provide financial assistance to political subdivisions of the state for flood projects, and TWDB was directed to establish a state flood plan to be delivered to the legislature by September 1, 2024. Once the state flood plan is adopted, several things are set to happen. For one, the flood plan implementation account in the TIRF will take effect to provide financing for projects in the plan. This account is set to receive the funds remaining in the Hurricane Harvey account on its expiration in 2031. Given that the uses of the flood plan implementation account and the FIF will be duplicative, identifying a single location for funds would provide clarity for TWDB. Additionally, existing direction regarding TWDB's allowable uses of the FIF is set to be deleted and replaced with new direction limiting the use of the FIF to only provide financing for projects in the state flood plan. The law should be changed so that the existing direction is not deleted. However, the authorization for the FIF to be used to make certain grants or loans for a flood project serving an area outside of a metropolitan statistical area (MSA) needs adjustment. MSAs capture the county containing an urban center as well as surrounding counties, often including areas that are rural. Using an alternative term could allow rural areas within urban-adjacent counties to be eligible for available FIF grant funding. In anticipation of the adoption of the state flood plan, H.B. 3582 seeks to repeal provisions relating to the flood plan implementation account, designate the FIF as the recipient of the remaining Hurricane Harvey account funds instead, and revise provisions relating to the use of the FIF.

H.B. 3582 amends current law relating to the composition and use of money in the flood infrastructure fund.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 15.001, Water Code, by adding Subdivision (14) to define "rural political subdivision."

SECTION 2. Amends Section 15.534, Water Code, by amending Subsection (a) and adding Subsections (c) and (d), as follows:

(a) Authorizes the Texas Water Development Board (TWDB) to use the flood infrastructure fund (fund) only for certain purposes, including to make a grant or loan at or below market interest rates to an eligible political subdivision for a flood project to serve a rural political subdivision, rather than to serve an area outside of a metropolitan statistical area, in order to ensure that the flood project is implemented.

(c) Authorizes TWDB, except as provided by Subsections (a)(6)-(8) (relating to authorizing TWDB to use the fund only for certain purposes, including as a source of revenue or security for the payment of principal and interest on certain bonds in certain

circumstances, to pay the necessary and reasonable expenses of TWDB in administering the fund, and to make transfers to the research and planning fund), after the adoption of the initial state flood plan, to use the fund to provide financing only for flood projects included in the state flood plan.

(d) Authorizes money from the fund to be awarded to several eligible political subdivisions for a single flood project.

SECTION 3. Amends Section 16.454(j), Water Code, to provide that the remaining balance of the Hurricane Harvey account on September 1, 2031, is transferred to the fund, rather than to the flood plan implementation account.

SECTION 4. (a) Repealers: Sections 15.531(4) (relating to defining "metropolitan statistical area") and 15.992(4) (relating to defining "rural political subdivision"), Water Code.

Repealers: Sections 15.5341 (Use of Infrastructure Fund) and 16.4545 (Flood Plan Implementation Account), Water Code.

(b) Repealers: Sections 2.03 (relating to providing that certain statutes expire or are amended on the date that TWDB adopts the initial state flood plan) and 3.06 (relating to providing that Subchapter L (Flood Project Funding), Chapter 16, Water Code, is amended on the date TWDB adopts the initial state flood plan), Chapter 947 (S.B. 7), Acts of the 86th Legislature, Regular Session, 2019.

SECTION 5. Effective date: September 1, 2023.