

BILL ANALYSIS

Senate Research Center
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H.B. 4659
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Water, Agriculture & Rural Affairs
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

In order to avoid subsidence from the excessive pumping of groundwater in western Harris County, the West Harris County Regional Water Authority engaged in the construction of a pipeline to bring surface water to the area from Lake Houston. The brunt of the bond repayment relating to the project is borne by current residents, despite the fact that the pipeline will likely be in the ground for centuries and that much of the need for the pipeline is due to future growth. Since the calculations for determining charges are based on current pumpage, owners of open land that will soon host thousands of homes are not being charged any fee. The West Harris County Regional Water Authority has not demonstrated interest in finding a way to make the repayment more equitable, and more affordable to current residents, by spreading out the payments over a longer period of time, commensurate with the useful life of the project and the projected growth of future ratepayers.

H.B. 4659 seeks to form a working group, composed of representatives of the state's two agencies with expertise in bonded indebtedness, the Texas Public Finance Authority and the Texas Water Development Board, with authorized participation from representatives of local governments of Harris and Fort Bend Counties, to study, review, and report on the methods used to finance or refinance regional water facilities that convert groundwater to surface water, taking into account several factors, including the fairness and equity benefits to water users of extending the financing of such a facility. The bill requires the working group to report its findings not later than September 1, 2024.

H.B. 4659 amends current law relating to a study of the financing of regional facilities that convert groundwater to surface water.

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. DEFINITIONS. Defines "board" and "facility."

SECTION 2. WORKING GROUP. (a) Provides that working group composed of representatives of the Texas Water Development Board (TWDB) and the Texas Public Finance Authority is formed to study, review, and report to the legislature on the methods used to finance or refinance regional water facilities that convert groundwater to surface water.

(b) Authorizes the working group to include representatives of local governments of Harris and Fort Bend Counties that have borrowed money from TWDB for a facility.

(c) Requires the chair of TWDB, or a designee of the chair of TWDB, to serve as the chair of the working group.

(d) Requires the working group to convene at the call of the chair.

SECTION 3. STUDY. Requires the working group to study:

- (1) the useful life of regional water facilities that convert groundwater to surface water, including associated improvements during a facility's useful life;
- (2) the typical period of time necessary to pay the costs associated with developing a financed facility;
- (3) the economic effect on current water users paying the cost of a facility that will provide service to future water users;
- (4) the financing terms of current and anticipated facilities;
- (5) the ability to distribute the costs associated with the development of a facility to the users who benefit from the facility, including:
 - (A) the fairness and equity benefits to water users of extending the financing of a facility compared to the potential increase in financing costs associated with an extension of financing;
 - (B) the ability to use methods of financing or refinancing to accomplish this distribution;
 - (C) policies and procedures of this state and TWDB that are authorized to be used to accomplish this distribution;
 - (D) whether TWDB's financing terms and conditions can be improved to better accomplish this distribution, including whether TWDB is authorized to forgive a loan or a portion of a loan to better accomplish this distribution;
 - (E) whether potential measures that could accomplish this distribution are precluded by state law; and
 - (F) what changes to state law may be necessary to accomplish this distribution;
- (6) whether financial assistance administered by TWDB is authorized to be used to refinance or restructure existing financing of a facility; and
- (7) whether a facility is eligible for grant funding.

SECTION 4. FINDINGS AND RECOMMENDATIONS. (a) Requires the working group to recommend any changes and improvements relating to the financing of regional facilities that convert groundwater to surface water that are authorized to be implemented by this state, TWDB, or another state agency without further legislative authorization.

(b) Requires the working group, not later than September 1, 2024, to report the working group's findings and recommendations to the lieutenant governor, the speaker of the house of representatives, and the governor.

(c) Authorizes a member of the house or the senate to request to be kept informed of the working group's progress throughout the duration of the study.

SECTION 5. EXPIRATION. Provides that this Act expires September 1, 2025.

SECTION 6. EFFECTIVE DATE. Effective date: upon passage or September 1, 2023.