

BILL ANALYSIS

C.S.H.B. 4659
By: Schofield
Natural Resources
Committee Report (Substituted)

BACKGROUND AND PURPOSE

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.

C.S.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.

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

ANALYSIS

C.S.H.B. 4659 forms a working group 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. The bill establishes the composition of the working group to include representatives of the Texas Water Development Board (TWDB) and the Texas Public Finance Authority and authorizes the working group to include representatives of local governments of Harris and Fort Bend Counties that have borrowed money from the TWDB for a regional water facility that converts groundwater to surface water. The bill requires the chair of the TWDB, or the chair's designee, to serve as chair of the working group with the working group convening at the call of the chair.

C.S.H.B. 4659 requires the working group to study the following with respect to a regional water facility that converts groundwater to surface water:

- the useful life of such facilities, including associated improvements during a facility's useful life;
- the typical period of time necessary to pay the costs associated with developing a financed facility;
- the economic effect on current water users paying the cost of a facility that will provide service to future water users;
- the financing terms of current and anticipated facilities;
- the ability to distribute the costs associated with the development of a facility to the users who benefit from the facility, including the following:
 - 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;
 - the ability to use methods of financing or refinancing to accomplish this distribution;
 - policies and procedures of the state and the TWDB that may be used to accomplish this distribution;
 - whether the TWDB's financing terms and conditions can be improved to better accomplish this distribution, including whether the TWDB may forgive a loan or a portion of a loan to better accomplish this distribution;
 - whether potential measures that could accomplish this distribution are precluded by state law; and
 - what changes to state law may be necessary to accomplish this distribution;
- whether financial assistance administered by the TWDB may be used to refinance or restructure existing financing of a facility; and
- whether a facility is eligible for grant funding.

C.S.H.B. 4659 requires the working group to recommend any changes and improvements relating to the financing of regional facilities that convert groundwater to surface water that may be implemented by the state, the TWDB, or another state agency without further legislative authorization. The bill requires the working group to report its findings and recommendations to the lieutenant governor, speaker of the house of representatives, and the governor not later than September 1, 2024. The bill 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. The bill's provisions expire September 1, 2025.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2023.

COMPARISON OF INTRODUCED AND SUBSTITUTE

C.S.H.B. 4659 differs from the introduced in minor or nonsubstantive ways by conforming to certain bill drafting conventions.