By:  Clardy H.J.R. No. 169

A JOINT RESOLUTION

proposing a constitutional amendment providing for the dedication of certain sales and use tax revenue to a special fund established in the state treasury to pay for water infrastructure in this state.

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

SECTION 1.  Article III, Texas Constitution, is amended by adding Section 49-d-15 to read as follows:

Sec. 49-d-15.  (a) The Texas Water Fund is created as a special fund in the state treasury outside the general revenue fund. Money in the Texas Water Fund is administered by the Texas Water Development Board or that board's successor in function and may be used only for purposes as required by general law by the Texas Water Development Board or that board's successor in function.

(b)  The administrator of the Texas Water Fund may establish separate accounts in the fund as necessary to administer the fund or authorized projects.

(c)  The legislature by general law may authorize the administrator of the Texas Water Fund to issue bonds and enter into related credit agreements that are payable only from all revenues available to the Texas Water Fund.

(d)  The administrator of the Texas Water Fund shall provide written notice to the Legislative Budget Board or that board's successor in function before issuing a revenue bond pursuant to this section or entering into a related credit agreement that is payable from revenue deposited to the credit of the fund and shall provide a copy of the proposed bond or agreement to the Legislative Budget Board or that board's successor in function for approval. The proposed bond or agreement shall be considered to be approved unless the Legislative Budget Board or that board's successor in function issues a written disapproval not later than the 21st day after the date on which the staff of that board receives the submission.

(e)  The Texas Water Fund consists of:

(1)  money transferred or deposited to the fund as provided by Section 7-c, Article VIII, of this constitution;

(2)  appropriations made to the fund by the legislature;

(3)  gifts and grants, including grants from the federal government and other organizations, made to the fund;

(4)  all interest, dividends, and other income of the fund;

(5)  the proceeds from the sale of bonds, including revenue bonds issued under this section by the administrator of the Texas Water Fund for the purpose of providing money for the fund; and

(6)  repayments of loans made from the fund.

(f)  Money from the Texas Water Fund may be used as provided by general law for the purpose of:

(1)  making grants or loans for water infrastructure projects; and

(2)  disbursing money to another fund or account administered by the Texas Water Development Board or that board's successor in function.

(g)  The legislature by general law shall provide for the manner in which the assets of the Texas Water Fund may be used, subject to the limitations provided by this section. The legislature by general law may provide for costs of the Texas Water Fund to be paid from that fund.

(h)  In each fiscal year in which amounts become due under the revenue bonds or agreements authorized by this section, the administrator of the Texas Water Fund shall set aside from revenue deposited to the credit of the Texas Water Fund in that fiscal year an amount that is sufficient to pay:

(1)  the principal of and interest on the bonds that mature or become due during the fiscal year; and

(2)  any cost related to the bonds, including payments under related credit agreements that become due during that fiscal year.

(i)  Any obligations authorized by general law to be issued by the administrator of the Water for Texas Fund pursuant to this section are special obligations payable solely from amounts in the Texas Water Fund. Obligations issued by the Texas Water Development Board or that board's successor in function pursuant to this section may not be a constitutional state debt payable from the general revenue of the state.

(j)  Any dedication or appropriation of revenue to the credit of the Texas Water Fund may not be modified so as to impair any outstanding bonds secured by a pledge of that revenue unless provisions have been made for a full discharge of those bonds.

(k)  Money in the Texas Water Fund is dedicated by this constitution for purposes of Section 22, Article VIII, of this constitution.

(l)  This section is intended only to establish a basic framework for and not to be a comprehensive treatment of the Texas Water Fund. The legislature by law may implement and effectuate the design and objects of this section, and may delegate duties, responsibilities, functions, and authority to the Texas Water Development Board or that board's successor in function as the legislature considers necessary.

SECTION 2.  Section 7-c, Article VIII, Texas Constitution, is amended by adding Subsections (b-1) and (d-1) to read as follows:

(b-1)  Subject to Subsection (d-1) of this section, beginning with the state fiscal year beginning September 1, 2023, in each state fiscal year, the comptroller of public accounts shall deposit to the credit of the Texas Water Fund $250 million of the net revenue derived from the imposition of the state sales and use tax on the sale, storage, use, or other consumption in this state of taxable items under Chapter 151, Tax Code, or its successor, that exceeds the amount of $30.5 billion of that revenue coming into the treasury.

(d-1)  The legislature by adoption of a resolution approved by a record vote of two-thirds of the members of each house of the legislature may direct the comptroller of public accounts to reduce the amount of money deposited to the credit of the Texas Water Fund under Subsection (b-1) of this section. The comptroller may be directed to make that reduction only:

(1)  in the state fiscal year in which the resolution is adopted, or in either of the following two state fiscal years; and

(2)  by an amount or percentage that does not result in a reduction of more than 50 percent of the amount that would otherwise be deposited to the fund in the affected state fiscal year under Subsection (b-1) of this section.

SECTION 3.  This proposed constitutional amendment shall be submitted to the voters at an election to be held November 7, 2023. The ballot shall be printed to permit voting for or against the proposition: "The constitutional amendment providing for the dedication of certain sales and use tax revenue to a special fund established in the state treasury to pay for water infrastructure in this state."