

BILL ANALYSIS

C.S.S.B. 7
By: Perry
Natural Resources
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The bill sponsor has informed the committee that the state faces a severe long-term water supply deficit and significant funding shortfalls for all types of water-related infrastructure and that, according to the 2022 State Water Plan, water user groups face a potential water shortage of 6.9 million acre-feet per year in 2070 in drought-of-record conditions. The bill sponsor has also informed the committee that, taken together, the accelerating rates of population growth and economic development and the increasing drought severity and frequency experienced in Texas since that plan was published suggest that the projected shortfall could be underestimated. According to "Assessing Texas' Water Infrastructure Needs," a Texas 2036 report, by the 2030s, Texas could endure the loss of 785,000 jobs and \$160 billion in GDP in one year from not having enough water for a prolonged drought period. The bill sponsor has also informed the committee that the following testimony was provided to the Texas Senate Committee on Water, Agriculture, and Rural Affairs:

- the Texas Farm Bureau estimated, in tandem with reduced yields of other crops owing to a total lack of water for irrigation from the Rio Grande, the total agricultural impact of Mexico's failure to deliver sufficient water to be approximately \$993 million annually;
- the Texas Association of Manufacturers is concerned that lacking water supply may cost Texas as much as \$55 billion worth of economic development opportunities and 400,000 manufacturing jobs if the problem is not adequately addressed;
- the Texas Chemistry Council testified that the success of the state being able to attract new petrochemical industry investment is going to be very dependent on water; and
- the Texas Rural Water Association testified to a survey of 342 of the state's approximately 4,700 rural water systems across Texas which, collectively, serve approximately one million Texans, the results of which indicated that approximately 52 percent of respondents collectively serving over half a million Texans expect to exhaust their current water supplies within 20 years.

The bill sponsor has also informed the committee that Governor Greg Abbott has called for a Texas-sized investment in water, making it an emergency item for the 89th Texas Legislature. C.S.S.B. 7 seeks to address this issue by setting out provisions relating to the oversight and financing of certain water infrastructure matters under the jurisdiction of the Texas Water Development Board, including provisions relating to water infrastructure development, legislative oversight, and performance and accountability.

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

ARTICLE 1. Water Infrastructure Development

Water Supply Conveyance Coordination

C.S.S.B. 7 amends the Water Code to require the Texas Water Development Board (TWDB), subject to legislative appropriation, to do the following:

- for the development of infrastructure to transport water that is made available by a project, facilitate joint planning and coordination between project sponsors, governmental entities, utilities, common carriers, and other entities, as applicable, to reduce the necessity of exercising the power of eminent domain to obtain interests in real property by using existing transportation and utility easements;
- facilitate the development of guidance and best practices for the standardization of the specifications, materials, and components used to design and construct infrastructure to transport water;
- facilitate the development of standards and guidance to ensure potential interconnectivity and interoperability between different systems developed to transport water from different projects;
- facilitate the development of mechanical and technical standards for the integration of water that is made available by a project into a water supply system or into infrastructure to transport water that is made available by a project, as applicable; and
- take other action the TWDB determines necessary to facilitate interconnectivity and interoperability between different infrastructure developed to transport water from different projects.

The bill defines "project," for purposes of the bill's provisions relating to water supply conveyance coordination, as a water supply development, treatment, or conveyance project eligible to receive financial assistance from the TWDB. The bill requires the TWDB, when developing guidance and best practices for the standardization of the specifications, materials, and components used to design and construct infrastructure to transport water, to recommend, if practicable, building excess capacity into infrastructure to transport water to facilitate the transportation of additional water supplies that are developed after the initial construction of the infrastructure. The bill authorizes the TWDB to procure professional and consulting services to achieve a purpose described by these provisions of the bill and makes Government Code provisions relating to state and local contracts and fund management regarding professional and consulting services applicable to the procurement of professional and consulting services by the TWDB.

C.S.S.B. 7 authorizes the TWDB to convene one or more ad hoc committees composed of representatives of current or potential project sponsors, the Texas Department of Transportation, river authorities, retail public utilities, electric utilities, counties, municipalities, special purpose districts, common carriers, and other entities considered appropriate by the TWDB to advise and assist the TWDB in fulfilling any applicable purpose described by the bill relating to water supply conveyance coordination, including in drafting any applicable guidance or best practices.

Provisions Relating to the New Water Supply for Texas Fund

C.S.S.B. 7 expands the specified water supply projects that create new water sources for the state for which the New Water Supply for Texas Fund may be used to provide financial assistance to political subdivisions to develop to include the following:

- water and wastewater reuse projects;
- acquisition of water or water rights originating from outside Texas; and
- reservoir projects for which the required land has already been acquired, a permit for the discharge of dredged or fill material has been issued by the U.S. Secretary of the Army under the Federal Water Pollution Control Act, and a permit for the storage, taking, or

diversion of state water has been issued by the Texas Commission on Environmental Quality (TCEQ).

The bill replaces the water supply project for the development of infrastructure to transport water that is made available by an applicable water supply project with a water supply project for the development of infrastructure to transport water or integrate water into a water supply system, other than groundwater produced from a well in Texas that is not part of an applicable water supply project. The bill authorizes the fund to be used to make transfers from the fund as follows:

- to the Texas Water Development Fund II state participation account; and
- for providing financial assistance to political subdivisions to develop water supply projects that create new water sources for the state.

C.S.S.B. 7 establishes that money from the New Water Supply for Texas Fund may be used to acquire another person's right acquired or authorized in accordance with state law to impound, divert, or use state water only by a water supply contract or a lease of that right from its owner.

Provisions Relating to the Texas Water Fund

C.S.S.B. 7 authorizes the TWDB to use the Texas Water Fund to transfer money to the following:

- the flood infrastructure fund;
- the Texas Water Development Fund II Economically Distressed Areas Program Account; and
- the agricultural water conservation fund.

C.S.S.B. 7 specifies that, effective September 1, 2027, money transferred or deposited to the credit of the Texas Water Fund by law includes money transferred or deposited to the fund's credit as provided by certain provisions of the Texas Constitution. This specifying provision takes effect January 1, 2026, but only if the constitutional amendment proposed by H.J.R. 7, 89th Legislature, Regular Session, 2025, is approved by the voters. If that amendment is not approved by the voters, the provision has no effect.

C.S.S.B. 7 exempts money transferred to the State Water Implementation Fund for Texas from the prohibition against the TWDB transferring money to an authorized fund or account until the application for the project for which the money is to be used has been approved. The bill, with respect to the requirement for the TWDB to ensure that a portion of the money transferred from the Texas Water Fund is used for, in part, water infrastructure projects, prioritized by risk or need, for rural political subdivisions and for municipalities with a population of less than 150,000, does the following:

- expands the infrastructure projects to include wastewater infrastructure projects;
- specifies that infrastructure projects include projects to rehabilitate or replace deficient or deteriorating infrastructure; and
- specifies that the prioritized need is need for financial assistance, including grants.

The bill requires the TWDB to ensure that a portion of the money transferred from the fund is used for, in part, technical assistance for applicants in obtaining and using financial assistance from funds and accounts administered by the TWDB.

C.S.S.B. 7 replaces the authorization for the TWDB to use the Texas Water Fund to pay the necessary and reasonable expenses of the TWDB in administering the fund not to exceed two percent with an authorization for the TWDB to transfer not more than two percent of the money deposited to the credit of the fund in each state fiscal year to the Texas Water Fund Administrative Fund established under the bill to pay or reimburse the TWDB for the necessary and reasonable expenses of the TWDB in administering the Texas Water Fund.

C.S.S.B. 7 authorizes the TWDB to enter into an agreement with the TCEQ to pay from the Texas Water Fund Administrative Fund the necessary and reasonable staffing expenses, not to exceed \$2 million, incurred by the TCEQ on or before August 31, 2027, for the review of permit

applications for water supply projects receiving financial assistance from the Texas Water Fund. This authorization expires September 1, 2028.

C.S.S.B. 7 establishes the Texas Water Fund Administrative Fund as a fund outside the general revenue fund administered by the TWDB and established for the payment of or reimbursement of the TWDB for the expenses incurred by the TWDB in administering the Texas Water Fund. The bill establishes that the Texas Water Fund Administrative Fund consists of the following:

- money appropriated to the TWDB for deposit to the credit of the administrative fund;
- money transferred by the TWDB to the administrative fund as provided by the bill or other law; and
- depository interest allocable to the administrative fund.

Provisions Relating to the Texas Water Bank

C.S.S.B. 7 specifies that the purchasing, holding, and transferring by the TWDB of water or water rights in its own name as part of its operation of the Texas Water Bank and the facilitation of the transfer of water rights from the bank for future beneficial use includes the purchasing, holding, and transferring of water or water rights originating from outside Texas for the purpose of providing water for the state's use or benefit. The bill exempts from provisions relating to supply contracts for conserved or stored water such a transfer of water or water rights originating from outside Texas to any person having the right to acquire use of the water.

Provisions Relating to the State Participation Account of the Development Fund and the State Participation Account II

C.S.S.B. 7 specifies that the TWDB's authorized use of the state participation account of the development fund to encourage optimum regional and interregional development of projects includes the design, acquisition, lease, construction, reconstruction, development, or enlargement in whole or part of water supply projects that create new water sources for the state for which the New Water Supply for Texas Fund may be used to provide financial assistance to political subdivisions to develop. The bill repeals the requirement that a minimum of 50 percent of money used from the state participation account of the development fund in any fiscal year be used for applicable interregional water supply projects.

C.S.S.B. 7 repeals the provision that prohibits the TWDB from providing financial assistance for any facility from the state participation account II after September 1, 2024, if the TWDB does not provide financial assistance for a desalination or aquifer storage and recovery facility from the account before such date.

Assistance to Economically Distressed Areas for Water Supply and Sewer Service Projects

C.S.S.B. 7 replaces the provision capping at \$25 million and \$50 million the amount in dedicated bonds and general obligation bonds, respectively, that the TWDB may issue during a fiscal year to provide financial assistance to economically distressed areas for water supply and sewer service projects with a provision capping the amount of general obligation bonds the TWDB may issue during a fiscal year for that purpose at \$100 million.

C.S.S.B. 7 raises the cap on the total amount of financial assistance that the TWDB may provide to political subdivisions under the economically distressed areas program from state-issued bonds for which repayment is not required from 70 percent of the total principal amount of issued and unissued bonds authorized for the purpose under the Texas Constitution plus outstanding interest on those bonds to 90 percent of that principal amount plus the interest.

ARTICLE 2. Legislative Oversight

C.S.S.B. 7 does the following with respect to the State Water Implementation Fund for Texas Advisory Committee:

- renames the committee as the Texas Water Fund Advisory Committee;
- changes the nature of the membership on the advisory committee of the chair of the senate committee having primary jurisdiction over water resources and the chair of the house committee having primary jurisdiction over water resources from being appointed by the lieutenant governor and the speaker of the house of representatives, respectively, to being permanent members of the advisory committee;
- specifies that the required appointment to the advisory committee by the lieutenant governor of a member of the senate committee having primary jurisdiction over matters relating to finance is at least one such member of that committee and that the required appointment to the advisory committee by the speaker of a member of the house committee having primary jurisdiction over appropriations is at least one such member of that committee;
- adds as a member to the advisory committee's membership the director of the Texas Division of Emergency Management (TDEM) or a person designated by that person;
- establishes that a member of the advisory committee designated by the comptroller of public accounts in the comptroller's place, or designated by the TDEM director in the director's place, serves at the will of the respective designator;
- replaces with a requirement for the TWDB to designate agency personnel to serve as staff support for the advisory committee the requirement for the following persons to serve as staff support for the advisory committee:
 - the TWDB deputy executive administrator who is responsible for water science and conservation or a person who holds an equivalent position at the agency, or a person designated by that person;
 - the TWDB deputy executive administrator who is responsible for water resources planning and information or a person who holds an equivalent position at the agency, or a person designated by that person; and
 - the TWDB chief financial officer, or a person who holds an equivalent position at the agency;
- replaces the requirements for the lieutenant governor to appoint a co-presiding officer of the advisory committee from among the members appointed by the lieutenant governor and for the speaker to appoint a co-presiding officer of the committee from among the members appointed by the speaker with a provision establishing that the chair of the senate committee having primary jurisdiction over water resources and the chair of the house committee having primary jurisdiction over water resources serve as co-presiding officers of the advisory committee;
- replaces the requirement for the advisory committee to submit comments and recommendations to the TWDB regarding the use of money in the State Water Implementation Fund for Texas for use by the TWDB in adopting applicable rules, policies, and procedures with an authorization for the advisory committee to do so;
- removes the requirement that such submission include the following:
 - comments and recommendations on rulemaking related to the prioritization of projects in regional water plans and the state water plan;
 - comments and recommendations on rulemaking related to establishing standards for determining whether projects meet applicable criteria;
 - an evaluation of the available programs for providing financing for projects included in the state water plan and guidelines for implementing those programs;
 - an evaluation of the lending practices of the TWDB and guidelines for lending standards;
 - an evaluation of the use of funds by the TWDB to provide support for financial assistance for water projects;

- an evaluation of whether premium financing programs should be established within specified funds to serve the purposes of the State Water Implementation Fund for Texas, especially in connection with certain projects;
- an evaluation of methods for encouraging participation in the procurement process by companies domiciled in Texas or that employ a significant number of Texas residents; and
- an evaluation of the overall operation, function, and structure of the State Water Implementation Fund for Texas;
- authorizes the advisory committee to review the overall operation, function, and structure of any fund established under provisions relating to the Texas Water Assistance Program or provisions generally applicable to water development;
- removes the advisory committee from being subject to the Texas Sunset Act and accordingly removes the provision that sets the advisory committee to be abolished, and provisions relating to the advisory committee to expire, September 1, 2035, unless continued in existence as provided by that act; and
- replaces the requirement for the advisory committee to make recommendations to the TWDB regarding information to be posted on the TWDB website relating to the State Water Implementation Fund for Texas with an authorization for the advisory committee to do so.

C.S.S.B. 7 authorizes the advisory committee to access all records that relate to the administration of applicable funds that are maintained by any entity under contract with the TWDB. The bill establishes that the TWDB, by providing information under provisions relating to the advisory committee that is confidential or otherwise excepted from required disclosure under law, does not waive or affect the confidentiality of the information for purposes of state or federal law or waive the right to assert exceptions to required disclosure of the information in the future. The bill authorizes the TWDB to require the requesting individual member of the advisory committee, the requesting advisory committee, or the members or employees of the advisory committee who will view, handle, or retain information that is received under provisions relating to the advisory committee and that is confidential under law to sign a confidentiality agreement that covers the information and requires that the information:

- not be disclosed to anyone but other members of the advisory committee;
- not be disclosed to another member of the advisory committee for purposes other than the purpose for which it was received;
- be labeled as confidential;
- be kept securely; and
- be controlled, such that all copies of the information or notes taken from the information that implicate the confidential nature of the information that are not destroyed or returned to the TWDB remain confidential and subject to the confidentiality agreement.

C.S.S.B. 7 repeals and consolidates provisions relating to the Texas Water Fund, the flood infrastructure fund, and the Texas Infrastructure Resiliency Fund and revises such provisions as follows:

- with respect to the Texas Water Fund:
 - replaces the requirement for the advisory committee to submit comments and recommendations to the TWDB regarding the use of money in the fund for use by the TWDB in adopting applicable rules with an authorization for the advisory committee to do so;
 - increases from annually to semiannually the minimum frequency with which the advisory committee is required to review the fund's overall operation, function, and structure;
 - removes the prohibition against the advisory committee recommending specific projects for consideration for receipt of financial assistance from the fund; and
 - authorizes the advisory committee to make recommendations to the TWDB regarding information to be posted on the TWDB website relating to the fund;

- with respect to the flood infrastructure fund, replaces the requirement that the advisory committee make recommendations to the TWDB regarding information to be posted on the TWDB website relating to the fund with an authorization for the advisory committee to do so; and
- with respect to the Texas Infrastructure Resiliency Fund:
 - changes from the Texas Infrastructure Resiliency Fund Advisory Committee to the Texas Water Fund Advisory Committee the entity that may submit comments and recommendations to the TWDB regarding the use of money in the fund for use by the TWDB in adopting applicable rules and that is required to review the overall operation, function, and structure of the fund at least semiannually; and
 - replaces the requirement for the Texas Infrastructure Resiliency Fund Advisory Committee to make recommendations to the TWDB regarding information on the fund to be posted on the TWDB website with an authorization for the Texas Water Fund Advisory Committee to do so.

C.S.S.B. 7 repeals provisions that establish the Texas Infrastructure Resiliency Fund Advisory Committee.

ARTICLE 3. Performance and Accountability

C.S.S.B. 7 requires the TWDB to develop and maintain on its website a publicly available tool by which a person may obtain information regarding the following:

- state progress toward meeting future water supply needs, including the extent to which water management strategies and projects implemented after the adoption of the preceding state water plan have affected that progress;
- water supply projects included in the most recently approved state water plan that received commitments of financial assistance from the TWDB in the preceding year;
- the TWDB's commitments of financial assistance for water supply projects, by program;
- the net amount of water projected to be developed, conserved, or reclaimed through projects that receive financial assistance from the TWDB;
- the TWDB's progress toward providing financial assistance to utilities that have water losses that meet or exceed the threshold established by rule under statutory provisions relating to water audits;
- the transfer of money from the Texas Water Fund to other eligible TWDB-administered funds in the preceding year;
- the total estimated statewide costs of water, wastewater, and flood infrastructure needs and the estimated amount of state financial assistance required to address those needs; and
- the state's progress in closing the gap between total statewide water infrastructure needs and the state financial assistance required to meet those needs.

The bill requires the TWDB to update the information as appropriate.

Repeals

C.S.S.B. 7 repeals the following provisions of the Water Code:

- Section 15.506;
- Section 15.540;
- Section 16.131(c);
- Section 16.146(h);
- Section 16.451(1); and
- Section 16.456.

EFFECTIVE DATE

Except as otherwise provided, September 1, 2025.

COMPARISON OF SENATE ENGROSSED AND SUBSTITUTE

While C.S.S.B. 7 may differ from the engrossed in minor or nonsubstantive ways, the following summarizes the substantial differences between the engrossed and committee substitute versions of the bill.

With respect to the bill's water supply conveyance coordination provisions relating to TWDB responsibilities, the engrossed and the substitute differ as follows:

- the substitute specifies that the TWDB's requirements under those provisions are subject to legislative appropriation, whereas the engrossed did not include this specification; and
- with respect to the purpose of the requirement for the TWDB, for the development of infrastructure to transport water that is made available by a project, to facilitate joint planning and coordination between project sponsors, governmental entities, utilities, common carriers, and other entities, as applicable, the substitute specifies the purpose of reducing the necessity of exercising the power of eminent domain to obtain interests in real property by using existing transportation and utility easements, whereas the engrossed specified a purpose of maximizing the use of existing transportation and utility easements and minimizing the exercise of the power of eminent domain to obtain interests in real property.

With respect to water supply projects that create new water sources for the state for which the New Water Supply for Texas Fund may be used to provide financial assistance to political subdivisions to develop, the substitute includes the following as such projects, whereas the engrossed did not include these projects:

- water and wastewater reuse projects; and
- acquisition of water or water rights originating from outside Texas.

With respect to the project that is the development of infrastructure to transport water that is made available by an applicable water supply project, the substitute replaces that project with a water supply project for the development of infrastructure to transport water or integrate water into a water supply system, other than groundwater produced from a well in Texas that is not part of an applicable water supply project, whereas the engrossed specified the project to provide for the following:

- the development of infrastructure to integrate into a water supply system water that is made available by an applicable water supply project; and
- the development of infrastructure to transport or integrate into a water supply system surface water for which a permit for the storage, taking, or diversion of state water has been issued by the TCEQ or water that is located or originates outside of Texas and is imported for the purpose of providing water for the use or benefit of the state.

The substitute omits the provisions from the engrossed that did the following with respect to the project:

- prohibited infrastructure developed to transport water from being used to transport groundwater that was produced from a well in Texas and that, at the time of production, had a total dissolved solids concentration of less than 3,000 milligrams per liter; and
- made that prohibition applicable to groundwater produced from an ASR recovery well associated with an aquifer storage and recovery project authorized by the TCEQ only if the water injected as part of the project was groundwater with such a total dissolved solids concentration.

The substitute includes an authorization, which the engrossed did not include, for the TWDB to use the Texas Water Fund to transfer money to the following:

- the Texas Water Development Fund II Economically Distressed Areas Program Account; and
- the agricultural water conservation fund.

The engrossed removed from the Texas Water Fund's composition money returned from any authorized transfer, whereas the substitute does not include this removal.

The substitute changes from January 1, 2026, as in the engrossed, to September 1, 2027, the effective date of the bill provision that specifies that money transferred or deposited to the credit of the Texas Water Fund by law includes money transferred or deposited to the fund's credit as provided by certain provisions of the Texas Constitution.

The substitute exempts money transferred to the State Water Implementation Fund for Texas from the prohibition against the TWDB, with respect to the Texas Water Fund, transferring money to an authorized fund or account until the application for the project for which the money is to be used has been approved, whereas the engrossed did not include this exemption. With respect to the bill provision that, with respect to the requirement that the TWDB ensure that a portion of the money transferred from the Texas Water Fund is used for, in part, water infrastructure projects, prioritized by risk or need, for rural political subdivisions and for municipalities with a population of less than 150,000, includes among such infrastructure projects wastewater infrastructure projects, the substitute also does the following which the engrossed did not do:

- specifies that infrastructure projects include projects to rehabilitate or replace deficient or deteriorating infrastructure; and
- specifies that the prioritized need is need for financial assistance, including grants.

The substitute includes a requirement that was not in the engrossed for the TWDB to ensure that a portion of the money transferred from the fund is used for, in part, technical assistance for applicants in obtaining and using financial assistance from funds and accounts administered by the TWDB.

The substitute omits the engrossed version's replacement of the authorization for the TWDB to restore to the Texas Water Fund money transferred from the fund and deposited to the credit of an authorized fund or account with a prohibition against the TWDB doing so.

The engrossed established the Texas Water Fund Administrative Account as an account in the Texas Water Fund administered by the TWDB and established for the payment of the expenses incurred by the TWDB in administering the fund, including the necessary and reasonable expenses of the TWDB in administering the fund, expenses from the fund as described by the engrossed version's provisions relating to water supply conveyance coordination, and other expenses as authorized by law. However, the substitute instead establishes the Texas Water Fund Administrative Fund as a fund outside the general revenue fund administered by the TWDB and established for the payment of or reimbursement of the TWDB for the expenses incurred by the TWDB in administering the Texas Water Fund.

While both the engrossed and the substitute replace the authorization for the TWDB to use the Texas Water Fund to pay the necessary and reasonable expenses of the TWDB in administering the fund not to exceed two percent, the engrossed and the substitute differ as follows:

- the substitute replaces the authorization with an authorization for the TWDB to transfer not more than two percent of the money deposited to the credit of the fund in each state fiscal year to the Texas Water Fund Administrative Fund established under the substitute to pay or reimburse the TWDB for the necessary and reasonable expenses of the TWDB in administering the Texas Water Fund; and
- the engrossed replaced the authorization with a requirement for the TWDB to transfer two percent of the money deposited to the credit of the fund in each fiscal year to the Texas Water Fund Administrative Account established under the engrossed version's provision and to pay from that account the necessary and reasonable expenses of the TWDB in administering the fund, specified expenses, and other expenses as authorized by law.

The substitute does not include a provision that appeared in the engrossed requiring the TWDB to pay the following from the Texas Water Fund Administrative Account:

- the necessary and reasonable administrative expenses, including staffing expenses, incurred in administering its responsibilities under the bill's provisions relating to water supply conveyance coordination; and
- the necessary and reasonable expenses for the procurement of applicable professional and consulting services.

The substitute does not include an authorization that was included in the engrossed for the TWDB to use the Texas Water Fund to transfer money to the Texas Water Fund Administrative Account.

The substitute includes provisions that were not in the engrossed that do the following:

- replace the provision capping at \$25 million and \$50 million the amount in dedicated bonds and general obligation bonds, respectively, that the TWDB may issue during a fiscal year to provide financial assistance to economically distressed areas for water supply and sewer service projects with a provision capping the amount of general obligation bonds the TWDB may issue during a fiscal year for that purpose at \$100 million; and
- raise the cap on the total amount of financial assistance that the TWDB may provide to political subdivisions under the economically distressed areas program from state-issued bonds for which repayment is not required from 70 percent of the total principal amount of issued and unissued bonds authorized for the purpose under the Texas Constitution plus outstanding interest on those bonds to 90 percent of that principal amount plus the interest.

The substitute includes provisions that were not in the engrossed that do the following with respect to the renamed Texas Water Fund Advisory Committee:

- change the nature of the membership on the advisory committee of the chair of the senate committee having primary jurisdiction over water resources and the chair of the house committee having primary jurisdiction over water resources from being appointed by the lieutenant governor and the speaker of the house, respectively, to being permanent members of the advisory committee;
- specify that the required appointment to the advisory committee by the lieutenant governor of a member of the senate committee having primary jurisdiction over matters relating to finance is at least one such member of that committee and that the required appointment to the advisory committee by the speaker of a member of the house committee having primary jurisdiction over appropriations is at least one such member of that committee; and
- replace the requirements for the lieutenant governor to appoint a co-presiding officer of the advisory committee from among the members appointed by the lieutenant governor and for the speaker to appoint a co-presiding officer of the committee from among the members appointed by the speaker with a provision establishing that the chair of the senate committee having primary jurisdiction over water resources and the chair of the house committee having primary jurisdiction over water resources serve as co-presiding officers of the advisory committee.

While both the engrossed and the substitute add as a member to the advisory committee's membership the director of TDEM or a person designated by that person, the engrossed specified that such member is a nonvoting member, whereas the substitute omits this specification.

Whereas the engrossed changed to an as-needed basis the nature of the requirement for the advisory committee to submit comments and recommendations to the TWDB regarding the use of money in the State Water Implementation Fund for Texas for use by the TWDB in adopting applicable rules, policies, and procedures, the substitute instead replaces that requirement with an authorization for the advisory committee to do so. With respect to the Texas Water Fund, the engrossed changed to an as-needed basis the nature of the requirement for the advisory committee to submit comments and recommendations to the TWDB regarding the use of money in the fund for use by the TWDB in adopting applicable rules, whereas the substitute instead replaces the requirement with an authorization for the advisory committee to do so. With respect

to the flood infrastructure fund, the substitute does not include language that was in the engrossed replacing the authorization for the advisory committee to submit comments and recommendations to the TWDB regarding the use of money in the fund and for use by the TWDB in adopting rules with a requirement for the advisory committee, as needed, to submit such comments and recommendations. With respect to the Texas Infrastructure Resiliency Fund, the engrossed replaced the authorization for the Texas Infrastructure Resiliency Fund Advisory Committee to submit comments and recommendations to the TWDB regarding the use of money in the fund and for use by the TWDB in adopting rules with a requirement for the Texas Water Fund Advisory Committee, as needed, to submit comments and recommendations to the TWDB regarding the use of money in the fund for use by the TWDB in adopting applicable rules, whereas the substitute changes from the Texas Infrastructure Resiliency Fund Advisory Committee to the Texas Water Fund Advisory Committee the entity that may submit comments and recommendations to the TWDB regarding the use of money in the fund for use by the TWDB in adopting applicable rules.

Whereas the engrossed changed to an as-needed basis the nature of the requirement for the advisory committee to make recommendations to the TWDB regarding information to be posted on the TWDB website relating to the State Water Implementation Fund for Texas, the substitute instead replaces that requirement with an authorization for the advisory committee to do so. With respect to the Texas Water Fund, the engrossed required the advisory committee, as needed, to make recommendations to the TWDB regarding information to be posted on the TWDB website relating to the fund, whereas the substitute instead authorizes the advisory committee to make such recommendations. With respect to the flood infrastructure fund, the engrossed changed to an as-needed basis the nature of the requirement that the advisory committee make recommendations to the TWDB regarding information to be posted on the TWDB website relating to the fund, whereas the substitute instead replaces the requirement with an authorization for the advisory committee to do so. With respect to the Texas Infrastructure Resiliency Fund, the engrossed changed from the Texas Infrastructure Resiliency Fund Advisory Committee to the Texas Water Fund Advisory Committee the entity required to make recommendations to the TWDB regarding information on the fund to be posted on the TWDB website and changed the nature of the requirement to an as-needed basis, whereas the substitute instead replaces the requirement for the Texas Infrastructure Resiliency Fund Advisory Committee to make recommendations to the TWDB regarding information on the fund to be posted on the TWDB website with an authorization for the Texas Water Fund Advisory Committee to do so.

The substitute does not include provisions that were included in the engrossed expanding the information required to be included in the TWDB executive administrator's annual report to the advisory committee to include the following:

- the TWDB's progress toward expanding state and regional water supply portfolios, including:
 - the financial commitments made by the TWDB in support of water supply projects and management strategies over the preceding year;
 - the net amount of water projected to be developed, conserved, or reclaimed through those financial commitments; and
 - the progress made over the preceding year toward closing potential water supply deficits during a drought of record as described in the most recently adopted state water plan by the completion of water supply projects and the implementation of management strategies that received financial commitments from the TWDB;
- the financial assistance provided for water and wastewater treatment facilities; and
- the activities undertaken by the TWDB to meet its responsibilities relating to water supply conveyance coordination.

The substitute does not include provisions that were included in the engrossed that do the following:

- require the TWDB, not later than December 31 of each even-numbered year, to submit to the legislature a report that describes the following:
 - the transfer of money from the Texas Water Fund established under the Texas Constitution to other eligible TWDB-administered funds in the preceding biennium;
 - water supply projects included in the most recently adopted state water plan that received funding commitments from the TWDB in the preceding biennium;
 - the commitment of financial assistance in the preceding biennium from the fund for water and wastewater systems that have water losses that meet or exceed the threshold established by rule under statutory provisions relating to water audits; and
 - the state's progress toward closing potential water supply deficits during a drought of record as described in the most recently adopted state water plan; and
- require the TWDB to publish the report on its website.

The substitute includes provisions that were not in the engrossed that do the following:

- require the TWDB to develop and maintain on its website a publicly available tool by which a person may obtain information regarding the following:
 - state progress toward meeting future water supply needs, including the extent to which water management strategies and projects implemented after the adoption of the preceding state water plan have affected that progress;
 - water supply projects included in the most recently approved state water plan that received commitments of financial assistance from the TWDB in the preceding year;
 - the TWDB's commitments of financial assistance for water supply projects, by program;
 - the net amount of water projected to be developed, conserved, or reclaimed through projects that receive financial assistance from the TWDB;
 - the TWDB's progress toward providing financial assistance to utilities that have water losses that meet or exceed the threshold established by rule under statutory provisions relating to water audits;
 - the transfer of money from the Texas Water Fund to other eligible TWDB-administered funds in the preceding year;
 - the total estimated statewide costs of water, wastewater, and flood infrastructure needs and the estimated amount of state financial assistance required to address those needs; and
 - the state's progress in closing the gap between total statewide water infrastructure needs and the state financial assistance required to meet those needs; and
 - require the TWDB to update the information as appropriate.