

By: Barry

H.B. No. 4657

A BILL TO BE ENTITLED

AN ACT

relating to establishing the Local Government Water Redevelopment Fund.

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

SECTION 1. Chapter 15, Water Code, is amended by adding Subchapter C-2 to read as follows:

SUBCHAPTER C-2. LOCAL GOVERNMENT WATER REDEVELOPMENT FUND

Sec. 15.161. DEFINITIONS. In this subchapter:

(1) "Applicant" means a political subdivision that imposes a sales tax or a use tax under Subtitle C, Title 3, Tax Code, and applies to the Board for a disbursement of money from fund.

(2) "Fund" means the Local Government Water Redevelopment Fund.

Sec. 15.162. FUND. (a) The fund is a special fund in the state treasury administered by the board. The fund consists of:

(1) money appropriated for transfer or deposit to the credit of the fund;

(2) depository interest allocable to the fund;

(3) money from gifts, grants, or donations to the fund; and

(4) any other fees or sources of revenue that the legislature may dedicate for deposit to the fund.

(b) The fund is exempt from the application of Section 403.095, Government Code.

1 (c) Money in the fund may be used only as provided by this
2 subchapter. The fund and any accounts established in the fund shall
3 be kept and maintained by or at the direction of the board.

4 (d) The board may use revenues from the fund to administer
5 the program.

6 Sec. 15.163. USE OF FUND. (a) The board shall disburse
7 funds for the repair and redevelopment of existing water
8 infrastructure located within the boundaries of an applicant.

9 (b) The board may approve disbursement of funds for the
10 repair and redevelopment of existing water structure to multiple
11 applicants for the same project.

12 (c) The board shall develop a procedure for applicants to
13 apply for funding and for the administration of the fund.

14 (d) The board may not disburse money to an applicant until
15 an application made to the board for a disbursement of funds from
16 the fund has been approved by the board.

17 (e) The board shall adopt rules necessary to administer the
18 fund.

19 Sec. 15.164. APPLICATIONS FOR DISBURSEMENT. (a) The
20 application period for funding opens after the comptroller's
21 disposition of sales tax proceeds under Section 151.801, Tax Code.

22 (b) In each fiscal year, an applicant is eligible to receive
23 an amount equal to up to the amount most recently deposited to the
24 fund under Section 151.801(g) multiplied by the quotient of:

25 (1) the applicant's share of the taxes collected by the
26 comptroller under Subtitle C, Title 3, Tax Code, in the
27 twelve-month period preceding the comptroller's most recent

1 deposit to the fund under Section 151.801(g); and

2 (2) the total amount of taxes collected the by
3 comptroller under Subtitle C, Title 3, Tax Code, in the
4 twelve-month period preceding the comptroller's most recent
5 deposit to the fund under Section 151.801(g).

6 (c) The board shall publish the amounts that each applicant
7 is eligible to receive from the fund under Subsection (b).

8 (d) The comptroller shall assist the board in publishing the
9 amounts required under Subsection (c).

10 SECTION 2. Section 151.801, Tax Code, is amended by
11 amending Subsection (a) and adding Subsection (g) to read as
12 follows:

13 (a) Except for the amounts allocated under Subsections (b),
14 (c), (c-2), (c-3), ~~and~~ (f), and (g), all proceeds from the
15 collection of the taxes imposed by this chapter shall be deposited
16 to the credit of the general revenue fund.

17 (g) After deposits under subsections (b), (c), (c-2),
18 (c-3), and (f), but before a deposit of taxes collected under this
19 chapter to the general revenue fund under Subsection (a), four
20 percent of all proceeds from the collection of the taxes imposed by
21 this chapter shall be deposited to the credit of the Local
22 Government Water Redevelopment Fund under Subchapter C-2, Chapter
23 15, Water Code.

24 SECTION 3. Not later than January 1, 2026, the Texas Water
25 Development Board shall adopt rules as required by this Act.

26 SECTION 4. This Act takes effect January 1, 2026, but only
27 if the constitutional amendment proposed by the 89th Legislature,

H.B. No. 4657

1 Regular Session, 2025, to create the Local Government Water
2 Redevelopment Fund to assist in financing the repair and
3 redevelopment of water infrastructure projects in this state is
4 approved by voters. If that amendment is not approved by voters,
5 this Act has no effect.