

AN ACT

relating to the provision of financial assistance by the Texas Water Development Board for certain projects.

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

SECTION 1. Section 15.102, Water Code, is amended by amending Subsection (b) and adding Subsection (e) to read as follows:

(b) The loan fund may also be used by the board to provide:

(1) grants or loans for projects that include supplying water and wastewater services in economically distressed areas or nonborder colonias as provided by legislative appropriations, this chapter, and board rules, including projects involving retail distribution of those services; ~~and~~

(2) grants for:

(A) projects for which federal grant funds are placed in the loan fund;

(B) projects, on specific legislative appropriation for those projects; or

(C) water conservation, desalination, brush control, weather modification, regionalization, and projects providing regional water quality enhancement services as defined by board rule, including regional conveyance systems; and

(3) grants to drainage districts established under Section 52, Article III, or Section 59, Article XVI, Texas

1 Constitution, for water supply projects, including projects that
2 contain a flood control component.

3 (e) The board may not disqualify a drainage district from
4 receiving a grant under Subsection (b)(3) because the district does
5 not:

6 (1) notwithstanding Section 16.012(m), have
7 historical data about water use;

8 (2) provide retail water service to consumers; or

9 (3) have a certificate of convenience and necessity
10 under which it provides retail water or wastewater service.

11 SECTION 2. Section 15.437(d), Water Code, is amended to
12 read as follows:

13 (d) In addition to the criteria provided by Subsection (c),
14 the board must also consider at least the following criteria in
15 prioritizing projects:

16 (1) the local contribution to be made to finance the
17 project, including the up-front capital to be provided by the
18 applicant;

19 (2) the financial capacity of the applicant to repay
20 the financial assistance provided;

21 (3) the ability of the board and the applicant to
22 timely leverage state financing with local and federal funding;

23 (4) whether there is an emergency need for the
24 project, taking into consideration whether:

25 (A) the applicant is included at the time of the
26 application on the list maintained by the commission of local
27 public water systems that have a water supply that will last less

1 than 180 days without additional rainfall; and

2 (B) federal funding for which the project is
3 eligible has been used or sought;

4 (5) if the applicant is applying for financial
5 assistance for the project under Subchapter Q, whether the
6 applicant is ready to proceed with the project at the time of the
7 application, including whether:

8 (A) all preliminary planning and design work
9 associated with the project has been completed;

10 (B) the applicant has acquired the water rights
11 associated with the project;

12 (C) the applicant has secured funding for the
13 project from other sources; and

14 (D) the applicant is able to begin implementing
15 or constructing the project; ~~and~~

16 (6) whether the project is a water supply project that
17 contains a flood control component, regardless of whether the
18 applicant holds a certificate of convenience and necessity under
19 which it provides retail water or wastewater service; and

20 (7) [4-6)] the demonstrated or projected effect of the
21 project on water conservation, including preventing the loss of
22 water, taking into consideration, if applicable, whether the
23 applicant has filed a water audit with the board under Section
24 16.0121 that demonstrates that the applicant is accountable with
25 regard to reducing water loss and increasing efficiency in the
26 distribution of water.

27 SECTION 3. Section 15.531(2), Water Code, is amended to

1 read as follows:

2 (2) "Flood project" means a drainage, flood
3 mitigation, or flood control project, including:

4 (A) planning and design activities;

5 (B) work to obtain regulatory approval to provide
6 nonstructural and structural flood mitigation and drainage;

7 (C) construction of structural flood mitigation
8 and drainage infrastructure; ~~and~~

9 (D) construction and implementation of
10 nonstructural projects, including projects that use nature-based
11 features to protect, mitigate, or reduce flood risk; and

12 (E) construction of multi-purpose flood
13 mitigation and drainage infrastructure projects that control,
14 divert, capture, or impound floodwater, stormwater, agricultural
15 runoff water, or treated wastewater effluent and treat and
16 distribute the water for the purpose of creating an additional
17 source of water supply.

18 SECTION 4. This Act takes effect September 1, 2025.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 1967 passed the Senate on April 10, 2025, by the following vote: Yeas 28, Nays 2; and that the Senate concurred in House amendment on May 7, 2025, by the following vote: Yeas 29, Nays 2.

Secretary of the Senate

I hereby certify that S.B. No. 1967 passed the House, with amendment, on May 2, 2025, by the following vote: Yeas 110, Nays 14, one present not voting.

Chief Clerk of the House

Approved:

Date

Governor