

AN ACT

1
2 relating to the authority of the Texas Water Development Board to
3 use the state participation account of the water development fund
4 to provide financial assistance for the development of certain
5 facilities.

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

7 SECTION 1. This Act may be cited as the Texas State Water
8 Investment Fund Act.

9 SECTION 2. The heading to Section 16.131, Water Code, is
10 amended to read as follows:

11 Sec. 16.131. AUTHORIZED PROJECTS FOR STATE PARTICIPATION
12 ACCOUNT.

13 SECTION 3. Subchapter E, Chapter 16, Water Code, is amended
14 by adding Section 16.145 to read as follows:

15 Sec. 16.145. AUTHORIZED PROJECTS FOR STATE PARTICIPATION
16 ACCOUNT II. (a) The board may use the state participation account
17 II created under Section 17.957 to provide financial assistance for
18 the development of a desalination or aquifer storage and recovery
19 facility, including associated intake or distribution facilities,
20 to meet existing or projected future water needs by acquiring such a
21 facility or an ownership interest in such a facility.

22 (b) The board may act singly or in a joint venture in
23 partnership with any person, including a public or private entity,
24 an agency or political subdivision of this state, another state or a

1 political subdivision of another state, the United States, or a
2 foreign nation, to the extent permitted by law. The board may
3 provide financial assistance under this section for a facility
4 without regard to any requirements provided by board rules
5 regarding the portion of the capacity of the facility that will
6 serve an existing need or the portion of the cost of the facility
7 that the applicant will finance from sources other than the state
8 participation account II.

9 (c) Section 16.135 does not apply to the use of the state
10 participation account II to develop a facility described by
11 Subsection (a) by acquiring the facility or an interest in the
12 facility.

13 (d) Before the board may acquire a facility or an interest
14 in a facility described by Subsection (a), the board must find
15 affirmatively that:

16 (1) it is reasonable to expect that the state will
17 recover its investment in the facility; and

18 (2) the public interest will be served by the
19 acquisition of the facility.

20 (e) The board may not provide financial assistance under
21 this section for a facility unless the facility is included in the
22 state water plan.

23 (f) The board shall establish a point system for
24 prioritizing facilities for which financial assistance is sought
25 from the board under this section. The system must include a
26 standard for the board to apply in determining whether a facility
27 qualifies for financial assistance at the time the application for

1 financial assistance is filed with the board.

2 (g) The board may not issue more than \$200 million in water
3 financial assistance bonds designated by the board as issued to
4 provide financial assistance for facilities under this section.

5 (h) If the board does not provide financial assistance for a
6 facility from the state participation account II before September
7 1, 2022, the board may not provide financial assistance for any
8 facility from that account after that date.

9 SECTION 4. Section 16.182, Water Code, is amended to read as
10 follows:

11 Sec. 16.182. PERMITS [~~PERMIT~~] REQUIRED. (a) Before the
12 board grants the application to buy, receive, or lease the
13 facilities, the applicant shall first secure all appropriate
14 permits [~~a permit for water use~~] from the commission. If the
15 facilities are to be leased, a [~~the~~] permit may be for a term of
16 years.

17 (b) The board may assist the applicant with securing permits
18 for a facility described by Section 16.145.

19 SECTION 5. Section 17.957, Water Code, is amended by
20 amending Subsections (b) and (c) and adding Subsection (c-1) to
21 read as follows:

22 (b) The state participation account is composed of:

23 (1) money and assets attributable to water financial
24 assistance bonds designated by the board as issued for projects
25 described in Sections [~~Section~~] 16.131 and 16.145;

26 (2) money from the sale, transfer, or lease of a
27 project described in Subdivision (1) that was acquired,

1 constructed, reconstructed, developed, or enlarged with money from
2 the state participation account;

3 (3) payments received under a bond enhancement
4 agreement with respect to water financial assistance bonds
5 designated by the board as issued for projects described in
6 Sections [Section] 16.131 and 16.145;

7 (4) investment income earned on money on deposit in
8 the state participation account;

9 (5) money disbursed to the fund from the state water
10 implementation fund for Texas as authorized by Section 15.434; and

11 (6) any other funds, regardless of their source, that
12 the board directs be deposited to the credit of the state
13 participation account.

14 (c) Money on deposit in the state participation account may
15 be used by the board for projects described in Sections [Section]
16 16.131 and 16.145 in the manner that the board determines necessary
17 for the administration of the fund.

18 (c-1) The comptroller shall establish a subaccount in the
19 state participation account to be known as the state participation
20 account II. The board may credit to the subaccount money in the
21 state participation account allocated by the board for the purposes
22 of Section 16.145. The board may transfer money from the subaccount
23 to the state participation account if the board determines the
24 money is needed for the purposes of Section 16.131.

25 SECTION 6. This Act takes effect September 1, 2017.



President of the Senate



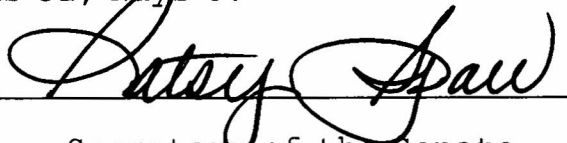
Speaker of the House

I certify that H.B. No. 3987 was passed by the House on May 2, 2017, by the following vote: Yeas 145, Nays 0, 1 present, not voting.



Chief Clerk of the House

I certify that H.B. No. 3987 was passed by the Senate on May 24, 2017, by the following vote: Yeas 31, Nays 0.

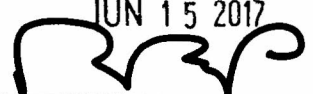


Secretary of the Senate

APPROVED: _____
Date

Governor

FILED IN THE OFFICE OF THE
SECRETARY OF STATE
3 PM O'CLOCK

JUN 15 2017


Secretary of State

PROCLAMATION
BY THE
Governor of the State of Texas
41-3525

TO ALL TO WHOM THESE PRESENTS SHALL COME:


Pursuant to Article IV, Section 14, of the Texas Constitution, I, Greg Abbott, Governor of Texas, do hereby disapprove of and veto House Bill No. 3987 as passed by the Eighty-Fifth Texas Legislature, Regular Session, because of the following objections:

House Bill 3987 would have created a new state account to provide taxpayer funding for the acquisition and development of certain water facilities. These facilities are already eligible for state funding under the Texas Water Development Fund II state participation account, provided that they cannot be adequately funded with local resources. The purpose of that requirement is to ensure that state resources are used in an efficient manner by denying funding for local projects that already have access to sufficient financial resources. House Bill 3987 exempts desalination and aquifer facility projects from meeting this financial requirement. Additionally, because current law already authorizes the Texas Water Development Board to provide funding for desalination and aquifer storage and recovery facilities, House Bill 3987 is largely unnecessary. The next Legislature should seek to promote desalination and aquifer projects more effectively.

Since the Eighty-Fifth Texas Legislature, Regular Session, by its adjournment has prevented the return of this bill, I am filing these objections in the office of the Secretary of State and giving notice thereof by this public proclamation according to the aforementioned constitutional provision.



IN TESTIMONY WHEREOF, I have signed my name officially and caused the Seal of the State to be affixed hereto at Austin, this 15th day of June, 2017.


GREG ABBOTT
Governor of Texas

ATTESTED BY:



ROLANDO B. PABLOS
Secretary of State

FILED IN THE OFFICE OF THE
SECRETARY OF STATE
3 PM O'CLOCK

JUN 15 2017

**LEGISLATIVE BUDGET BOARD
Austin, Texas**

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 15, 2017

TO: Honorable Charles Perry, Chair, Senate Committee on Agriculture, Water & Rural Affairs

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3987 by Larson (Relating to the authority of the Texas Water Development Board to use the state participation account of the water development fund to provide financial assistance for the development of certain facilities.), **As Engrossed**

No significant fiscal implication to the State is anticipated.

The bill would amend the Water Code to create the Texas State Water Investment Fund Act, which would allow the Texas Water Development Board (TWDB) to use funds from the Texas Water Development Fund II No. 371 (Fund 371) for the development of desalination facilities and aquifer storage and recovery facilities. The bill would require that such a facility receiving funding from Fund 371 be included in the state water plan, that TWDB establish a prioritization system for financing such facilities, and that the issuance of bonds for these projects be limited to \$200 million. The bill would require the Comptroller to establish a subaccount in Fund 371, and TWDB would be allowed to transfer funds between Fund 371 and the subaccount as needed for eligible projects.

The bill would remove TWDB's ability to use Fund 371 for this purpose if it has not provided financing to at least one desalination facility or aquifer storage and recovery facility by September 1, 2022. Based on the analysis of TWDB and the Comptroller, duties and responsibilities associated with implementing the provisions of the bill could be accomplished using existing resources.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 580 Water Development Board, 304 Comptroller of Public Accounts

LBB Staff: UP, SZ, MW, PBO

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 25, 2017

TO: Honorable Lyle Larson, Chair, House Committee on Natural Resources

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3987 by Larson (relating to the authority of the Texas Water Development Board to use the state participation account of the water development fund to provide financial assistance for the development of certain facilities.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would amend the Water Code to create the Texas State Water Investment Fund Act, which would allow the Texas Water Development Board (TWDB) to use funds from the Texas Water Development Fund II No. 371 (Fund 371) for the development of desalination facilities and aquifer storage and recovery facilities. The bill would require that such a facility receiving funding from Fund 371 be included in the state water plan, that TWDB establish a prioritization system for financing such facilities, and that the issuance of bonds for these projects be limited to \$200 million. The bill would require the Comptroller to establish a subaccount in Fund 371, and TWDB would be allowed to transfer funds between Fund 371 and the subaccount as needed for eligible projects.

The bill would remove TWDB's ability to use Fund 371 for this purpose if it has not provided financing to at least one desalination facility or aquifer storage and recovery facility by September 1, 2022. Based on the analysis of TWDB and the Comptroller, duties and responsibilities associated with implementing the provisions of the bill could be accomplished using existing resources.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 580 Water Development Board, 304 Comptroller of Public Accounts

LBB Staff: UP, SZ, MW, PBO

**LEGISLATIVE BUDGET BOARD
Austin, Texas**

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 11, 2017

TO: Honorable Lyle Larson, Chair, House Committee on Natural Resources

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3987 by Larson (Relating to the authority of the Texas Water Development Board to use the state participation account of the water development fund to provide financial assistance for the development of certain facilities.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would amend the Water Code to allow the Texas Water Development Board (TWDB) to use funds from the Texas Water Development Fund II No. 371 (Fund 371) for the development of seawater desalination facilities and aquifer storage and recovery facilities. The bill would require that such a facility receiving funding from Fund 371 be included in the state water plan, that TWDB establish a prioritization system for financing such facilities, and that TWDB could not issue more than \$200 million in such bonds. The bill would remove TWDB's ability to use Fund 371 for this purpose if it has not provided financing to at least one seawater desalination facility or aquifer storage and recovery facility by September 1, 2022.

TWDB anticipates that any additional work resulting from the enactment of the bill could be reasonably absorbed within current resources.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 580 Water Development Board

LBB Staff: UP, SZ, MW, PBO