

AN ACT

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.

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

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

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

Sec. 16.131. AUTHORIZED PROJECTS FOR STATE PARTICIPATION ACCOUNT.

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

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

(b) The board may act singly or in a joint venture in partnership with any person, including a public or private entity, 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