

1-1 By: Perry S.B. No. 1907
 1-2 (In the Senate - Filed March 13, 2015; March 25, 2015, read
 1-3 first time and referred to Committee on Agriculture, Water, and
 1-4 Rural Affairs; April 22, 2015, reported favorably by the following
 1-5 vote: Yeas 5, Nays 1; April 22, 2015, sent to printer.)

1-6 COMMITTEE VOTE

| | Yea | Nay | Absent | PNV |
|------|-----|-----|--------|-----|
| 1-7 | | | | |
| 1-8 | X | | | |
| 1-9 | X | | | |
| 1-10 | | X | | |
| 1-11 | X | | | |
| 1-12 | X | | | |
| 1-13 | X | | | |
| 1-14 | | | X | |

1-15 A BILL TO BE ENTITLED
 1-16 AN ACT

1-17 relating to a study conducted by the Texas Water Development Board
 1-18 regarding the development of a market and conveyance network for
 1-19 water in this state.

1-20 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-21 SECTION 1. LEGISLATIVE FINDINGS. The legislature finds
 1-22 that:

1-23 (1) water is a valuable part of the natural capital of
 1-24 the state, serving vital economic, environmental, and social
 1-25 purposes;

1-26 (2) the growing water needs of the state require using
 1-27 water in an efficient manner and increasing the economic,
 1-28 environmental, and social productivity of water;

1-29 (3) the efficient use of water often requires the
 1-30 reallocation of water entitlements from one water user to another
 1-31 and the conveyance of water from one geographic location to
 1-32 another; and

1-33 (4) improving the efficient use of water in the state
 1-34 may be promoted by improving the laws regarding water transfers and
 1-35 markets and by constructing and operating an integrated network of
 1-36 water conveyance infrastructure.

1-37 SECTION 2. DEFINITION. In this Act, "board" means the
 1-38 Texas Water Development Board.

1-39 SECTION 3. STUDY. (a) The board shall conduct a study to
 1-40 evaluate improvements to the transfer of water entitlements in this
 1-41 state and the establishment of a water grid, including an
 1-42 integrated network of pipelines, pumping stations, reservoirs, and
 1-43 other works for the conveyance of water between river basins, water
 1-44 sources, and areas of water use in the state.

1-45 (b) In conducting the study, the board shall:

1-46 (1) review studies previously conducted as part of the
 1-47 state water planning process or otherwise;

1-48 (2) identify the necessary and useful features of an
 1-49 efficient market for water, including water rights, institutions,
 1-50 and infrastructure;

1-51 (3) examine case studies of water markets in other
 1-52 jurisdictions both within and outside the United States;

1-53 (4) identify and evaluate potential sources of water
 1-54 for the market and the water grid;

1-55 (5) identify and evaluate potential areas of use for
 1-56 water delivered by the water grid, including areas of water use for
 1-57 municipal, industrial, agricultural irrigation, recreational,
 1-58 environmental, and other purposes;

1-59 (6) evaluate alternative facilities with varying
 1-60 capacities, source and delivery points, and alignments, including
 1-61 subsea alignments, and whether the water grid should convey treated

2-1 or untreated water in each conveyance reach;

2-2 (7) develop a strategy for the water grid that will

2-3 achieve optimal results for water use efficiency, water supply

2-4 reliability, economic efficiency, the functioning of a market for

2-5 water transfers, and the protection and enhancement of water

2-6 rights, investments, and the natural environment;

2-7 (8) connect the establishment, construction,

2-8 operation, and management of the water grid to the state water

2-9 planning process;

2-10 (9) evaluate alternative methods for ownership,

2-11 construction, operation, maintenance, control, and financing of

2-12 the water grid, including:

2-13 (A) ownership by a state agency;

2-14 (B) ownership by one or more special-purpose

2-15 districts or authorities created under Section 59, Article XVI,

2-16 Texas Constitution, for the purpose of providing wholesale water

2-17 supply, improvement, management, or transportation, including

2-18 river authorities and regional districts;

2-19 (C) ownership by a public utility;

2-20 (D) operation as a state-awarded concession;

2-21 (E) operation as a public-private partnership;

2-22 (F) development by private enterprises in a

2-23 competitive market; and

2-24 (G) development similar to other integrated

2-25 networks for the conveyance of natural resources;

2-26 (10) identify and evaluate methods to fund the

2-27 establishment of a water grid, including the appropriation of funds

2-28 or the issuance of bonds by the state or a state agency and state

2-29 participation in ownership of the facilities, the issuance of bonds

2-30 or participation by one or more entities described by Subdivision

2-31 (9)(B) of this subsection, the issuance of private activity bonds,

2-32 and the use of private investment capital;

2-33 (11) evaluate methods of incorporating existing water

2-34 conveyance infrastructure into a water grid, including:

2-35 (A) purchasing all or a portion of the water

2-36 conveyance infrastructure from the owners of that infrastructure;

2-37 and

2-38 (B) requiring that public agency and public

2-39 utility owners of water conveyance infrastructure make unutilized

2-40 or underutilized capacity available in that infrastructure, on

2-41 payment to the owner of reimbursable costs plus a reasonable return

2-42 on investment;

2-43 (12) consult with the Texas Commission on

2-44 Environmental Quality, the Public Utility Commission of Texas, the

2-45 Railroad Commission of Texas, and the General Land Office; and

2-46 (13) offer the public an opportunity to submit written

2-47 comments on the study for consideration by the board, with a comment

2-48 period lasting at least 30 days following publication of a draft

2-49 report.

2-50 SECTION 4. REPORT. Not later than September 1, 2016, the

2-51 board shall submit to the legislature a final written report

2-52 containing the findings of the study conducted under this Act and

2-53 the board's recommendations for any legislation or other action

2-54 necessary to implement the program described by Section 3(a) of

2-55 this Act.

2-56 SECTION 5. EXPIRATION. This Act expires September 1, 2017.

2-57 SECTION 6. EFFECTIVE DATE. This Act takes effect

2-58 immediately if it receives a vote of two-thirds of all the members

2-59 elected to each house, as provided by Section 39, Article III, Texas

2-60 Constitution. If this Act does not receive the vote necessary for

2-61 immediate effect, this Act takes effect September 1, 2015.

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