

BILL ANALYSIS

Senate Research Center

S.J.R. 1
By: Williams
Finance
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Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

S.J.R. 1 proposes a constitutional amendment providing for the creation of the State Water Implementation Fund for Texas and the State Water Implementation Revenue Fund for Texas to assist in the financing of priority projects in the state water plan.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Article III, Texas Constitution, by adding Sections 49-d-12 and 49-d-13, as follows:

Sec. 49-d-12. (a) Creates the State Water Implementation Fund for Texas (SWIFT) as a special fund in the state treasury outside the general revenue fund. Requires money in SWIFT to be administered, without further appropriation, by the Texas Water Development Board (TWDB) or TWDB's successor in function and requires that it be used for the purpose of implementing the state water plan that is adopted as required by general law by TWDB or TWDB's successor in function. Authorizes that separate accounts be established in SWIFT as necessary to administer SWIFT or authorized projects.

(b) Authorizes the legislature by general law to authorize TWDB or TWDB's successor in function to enter into bond enhancement agreements to provide additional security for general obligation bonds or revenue bonds of TWDB or TWDB's successor in function, the proceeds of which are used to finance state water plan projects. Requires that bond enhancement agreements be payable solely from SWIFT; provided, however, the bond enhancement agreements are prohibited from exceeding an amount that can be fully supported by SWIFT. Authorizes any amount paid under a bond enhancement agreement to be repaid as provided by general law; provided, however, any repayment is prohibited from causing general obligation bonds that are issued under Sections 49-d-9 (Issuance of Additional General Obligation Bonds) and 49-d-11 (Continuing Authorization for Additional Bonds for Texas Water Development Fund II) of this article and that are payable from SWIFT or account receiving the bond enhancement payment to be no longer self-supporting for purposes of Section 49-j(b) (defining "state debt payable from the general revenue fund") of this article. Prohibits payments under a bond enhancement agreement entered into pursuant to this section from being a constitutional state debt payable from general revenues of the state.

(c) Authorizes the legislature by general law to authorize TWDB or TWDB's successor in function to use SWIFT to finance, including by direct loan, water projects included in the state water plan.

(d) Requires TWDB or TWDB's successor in function to provide written notice to the Legislative Budget Board (LBB) or LBB's successor in function before each bond enhancement agreement or loan agreement entered into pursuant to this section has been executed by TWDB or TWDB's successor in function and requires TWDB or TWDB's successor in function to provide a copy of the proposed agreement to LBB or LBB's successor in function for approval. Requires that the proposed agreement be considered to be approved unless the LBB or LBB's successor in function issues a written disapproval not later than the 21st day after the date on which the staff of LBB receives the submission.

(e) Provides that SWIFT consists of:

(1) money transferred or deposited to the credit of the fund by general law, including money from any source transferred or deposited to the credit of SWIFT at the discretion of TWDB or TWDB's successor in function as authorized by general law;

(2) the proceeds of any fee or tax imposed by this state that by statute is dedicated for deposit to the credit of SWIFT;

(3) any other revenue that the legislature by statute dedicates for deposit to the credit of SWIFT;

(4) investment earnings and interest earned on amounts credited to SWIFT; and

(5) money transferred to SWIFT under a bond enhancement agreement from another fund or account to which money from SWIFT was transferred under a bond enhancement agreement, as authorized by general law.

(f) Requires the legislature by general law to provide for the manner in which the assets of SWIFT are authorized to be used, subject to the limitations provided by this section. Authorizes the legislature by general law to provide for costs of investment of SWIFT to be paid from SWIFT.

(g) Requires TWDB or TWDB's successor in function, as provided by general law, each fiscal year, to set aside from amounts on deposit in SWIFT an amount that is sufficient to make payments under bond enhancement agreements that become due during that fiscal year.

(h) Prohibits any dedication or appropriation of amounts on deposit in SWIFT from being modified so as to impair any outstanding obligation under a bond enhancement agreement secured by a pledge of those amounts unless provisions have been made for a full discharge of the bond enhancement agreement.

(i) Provides that money in SWIFT is dedicated by this constitution for purposes of Section 22 (Restriction on Appropriations), Article VIII (Taxation and Revenue), of this constitution and an appropriation from the economic stabilization fund to the credit of SWIFT is an appropriation of state tax revenues dedicated by this constitution for the purposes of Section 22, Article VIII, of this constitution.

(j) Provides that this section being intended only to establish a basic framework and not to be a comprehensive treatment of SWIFT, there is hereby reposed in the legislature full power to implement and effectuate the design and objects of this section, including the power to delegate such duties, responsibilities, functions, and authority to TWDB or TWDB's successor in function as the legislature believes necessary.

Sec. 49-d-13. (a) Creates the State Water Implementation Revenue Fund for Texas (fund) as a special fund in the state treasury outside the general revenue fund. Requires money in the fund to be administered, without further appropriation, by TWDB or TWDB's successor in function and to be used for the purpose of implementing the state water plan that is adopted as required by general law by TWDB or TWDB's successor in function. Authorizes that separate accounts be established in the fund as necessary to administer the fund or authorized projects.

(b) Authorizes the legislature by general law to authorize TWDB or TWDB's successor in function to issue bonds and enter into related credit agreements that are payable from all revenues available to the fund.

(c) Requires TWDB or TWDB's successor in function to provide written notice to LBB or LBB's successor in function before issuing a bond pursuant to this section or entering into a related credit agreement that is payable from revenue deposited to the credit of the fund and requires TWDB or TWDB's successor in function to provide a copy of the proposed bond or agreement to LBB or LBB's successor in function for approval. Requires that the proposed bond or agreement be considered to be approved unless the LBB or LBB's successor in function issues a written disapproval not later than the 21st day after the date on which the staff of that board receives the submission.

(d) Provides that the fund consists of:

(1) money transferred or deposited to the credit of the fund by general law, including money from any source transferred or deposited to the credit of the fund at the discretion of TWDB or TWDB's successor in function as authorized by general law;

(2) the proceeds of any fee or tax imposed by this state that by statute is dedicated for deposit to the credit of the fund;

(3) any other revenue that the legislature by statute dedicates for deposit to the credit of the fund;

(4) investment earnings and interest earned on amounts credited to the fund;

(5) the proceeds from the sale of bonds, including revenue bonds issued under this section by TWDB or TWDB's successor in function for the purpose of providing money for the fund; and

(6) money disbursed to the fund from SWIFT as authorized by general law.

(e) Requires the legislature by general law to provide for the manner in which the assets of SWIFT are authorized to be used, subject to the limitations provided by this section. Authorizes the legislature by general law to provide for costs of investment of SWIFT to be paid from that fund.

(f) Requires TWDB or TWDB's successor in function, in each fiscal year in which amounts become due under the bonds or agreements authorized by this section, to transfer from revenue deposited to the credit of SWIFT in that fiscal year an amount that is sufficient to pay:

(1) the principal of and interest on the bonds that mature or become due during the fiscal year; and

(2) any cost related to the bonds, including payments under related credit agreements that become due during that fiscal year.

(g) Requires that any obligations authorized by general law to be issued by TWDB or TWDB's successor in function pursuant to this section be special obligations payable solely from amounts in SWIFT. Prohibits obligations issued by TWDB or TWDB's successor in function pursuant to this section from being a constitutional state debt payable from the general revenue of the state.

(h) Prohibits any dedication or appropriation of revenue to the credit of SWIFT from being modified so as to impair any outstanding bonds secured by a pledge of that revenue unless provisions have been made for a full discharge of those bonds.

(i) Provides that money in SWIFT is dedicated by this constitution for purposes of Section 22, Article VIII, of this constitution.

(j) Provides that this section being intended only to establish a basic framework and not to be a comprehensive treatment of SWIFT, there is hereby reposed in the legislature full power to implement and effectuate the design and objects of this section, including the power to delegate such duties, responsibilities, functions, and authority to TWDB or TWDB's successor in function as the legislature believes necessary.

SECTION 2. Requires that the proposed constitutional amendment be submitted to the voters at an election to be held November 5, 2013. Sets forth the required language of the ballot.