A BILL TO BE ENTITLED

AN ACT

relating to the creation and funding of the state water implementation fund for Texas to assist the Texas Water Development Board in the funding of certain water-related projects.

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

SECTION 1. Chapter 15, Water Code, is amended by adding Subchapter G to read as follows:

SUBCHAPTER G. STATE WATER IMPLEMENTATION FUND FOR TEXAS

Sec. 15.431. DEFINITIONS. In this subchapter:

(1) "Advisory committee" means the State Water Implementation Fund for Texas Advisory Committee.

(2) "Fund" means the state water implementation fund for Texas.

Sec. 15.432. STATE WATER IMPLEMENTATION FUND FOR TEXAS.

(a) The state water implementation fund for Texas is a special fund outside the state treasury to be administered without further appropriation by the board under this subchapter and rules adopted by the board under this subchapter.

(b) The fund consists of:

(1) money transferred or deposited to the credit of the fund by law;

(2) the proceeds of any fee or tax imposed by this state that the legislature by statute dedicates 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; and

(4) interest earned on the balance of the fund.

Sec. 15.433. USE OF FUND. (a) The board may use money in
the fund only to provide financing for:

(1) projects included in the state water plan that are
authorized under Subchapter Q or R of this chapter, Subchapter E,
Chapter 16, or Subchapter J or K, Chapter 17, including water
conservation or reuse projects designed to reduce the need for this
state or political subdivisions of this state to develop additional
water resources; or

(2) education projects developed or approved by the
board that are related to the development of water resources, the
conservation of existing water resources, or water reuse.

(b) Not less than 20 percent of the money from the fund used
by the board in any state fiscal biennium must be used to finance
projects described by Subsection (a) for water conservation or
reuse or education.

(c) The board shall undertake to use money from the fund in
an amount sufficient to provide adequate financing for projects
described by Subsection (a) in each regional water planning area in
this state. The board shall prioritize projects in each regional
water planning area for purposes of this subsection.

Sec. 15.434. TRANSFERS TO OTHER ACCOUNTS OR FUNDS. The
board may direct the comptroller to transfer amounts from the fund
to the credit of:

(1) the water infrastructure fund to be used for the
purposes provided by Section 15.433 related to projects included in the state water plan that are authorized under Subchapter Q;

(2) the rural water assistance fund to be used for the purposes provided by Section 15.433 related to projects included in the state water plan that are authorized under Subchapter R;

(3) the Texas Water Development Fund II state participation account to be used for the purposes provided by Section 15.433 related to projects included in the state water plan that are authorized under Subchapter E, Chapter 16;

(4) the agricultural water conservation fund to be used for the purposes provided by Section 15.433 related to projects included in the state water plan that are authorized under Subchapter J, Chapter 17; or

(5) the Texas Water Development Fund II economically distressed areas program account to be used for the purposes provided by Section 15.433 related to projects included in the state water plan that are authorized under Subchapter K, Chapter 17.

Sec. 15.435. ADVISORY COMMITTEE. (a) The State Water Implementation Fund for Texas Advisory Committee is composed of members appointed by the speaker of the house of representatives, the lieutenant governor, and the governor.

(b) The advisory committee shall submit recommendations to the board regarding the use of money in the fund for use by the board in adopting rules under Section 15.436.

Sec. 15.436. RULES. (a) The board shall adopt rules providing for the use of money in the fund consistent with this
subchapter, including rules:

(1) establishing standards for the eligibility of water conservation and reuse and education projects for financing under Sections 15.433(a) and (b); and

(2) specifying the manner for prioritizing projects for purposes of Section 15.433(c).

(b) The board shall give appropriate consideration to the recommendations of the advisory committee before adopting rules under this section.

SECTION 2. Section 15.973(b), Water Code, is amended to read as follows:

(b) The fund consists of:

(1) appropriations from the legislature;

(2) any other fees or sources of revenue that the legislature may dedicate for deposit to the fund;

(3) repayments of loans made from the fund;

(4) interest earned on money credited to the fund;

(5) depository interest allocable to the fund;

(6) money from gifts, grants, or donations to the fund;

(7) money from revenue bonds or other sources designated by the board; [and]

(8) proceeds from the sale of political subdivision bonds or obligations held in the fund and not otherwise pledged to the discharge, repayment, or redemption of revenue bonds or other bonds, the proceeds of which were placed in the fund; and

(9) money transferred from the state water
Section 15.993, Water Code, is amended to read as follows:

Sec. 15.993. FUND. The rural water assistance fund is a special fund in the state treasury. The fund consists of:

1. money directly appropriated to the board for a purpose of the fund;
2. repayment of principal and interest from loans made from the fund not otherwise needed as a source of revenue pursuant to Section 17.9615(b);
3. money transferred by the board from any sources available;
4. interest earned on the investment of money in the fund and depository interest allocable to the fund;
5. money transferred to the fund from the water assistance fund in accordance with Section 15.011(b), including proceeds from the sale of political subdivision bonds by the board to the Texas Water Resources Finance Authority that are deposited in the water assistance fund as provided by Section 17.0871;
6. money from gifts, grants, or donations to the fund;
7. any other fees or sources of revenue that the legislature may dedicate for deposit to the fund.

Section 17.895, Water Code, is amended to read as follows:
Sec. 17.895. SOURCES OF ASSETS. The fund is composed of:

(1) money and assets, including bond proceeds, attributable to the bonds;

(2) investment income earned on money on deposit in the fund and depository interest earned on money on deposit in the state treasury;

(3) money appropriated by the legislature;

(4) repayments of principal and interest on loans made under this subchapter;

(5) administrative fees charged by the board under the bond program;

(5-a) money transferred from the state water implementation fund for Texas as authorized by Section 15.434; and

(6) any other funds, regardless of their source, that the board directs be deposited to the credit of the fund.

SECTION 5. Section 17.957(b), Water Code, is amended to read as follows:

(b) The state participation account is composed of:

(1) money and assets attributable to water financial assistance bonds designated by the board as issued for projects described in Section 16.131;

(2) money from the sale, transfer, or lease of a project described in Subdivision (1) that was acquired, constructed, reconstructed, developed, or enlarged with money from the state participation account;

(3) payments received under a bond enhancement agreement with respect to water financial assistance bonds.
designated by the board as issued for projects described in Section 16.131;

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

(4-a) money transferred from the state water implementation fund for Texas as authorized by Section 15.434; and

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

SECTION 6. Section 17.958(b), Water Code, is amended to read as follows:

(b) The economically distressed areas program account is composed of:

(1) money and assets attributable to water financial assistance bonds designated by the board as issued for projects described in Subchapter K;

(2) money provided by the federal government, the state, political subdivisions, and private entities for the purpose of paying debt service on water financial assistance bonds issued for purposes provided by Subchapter K;

(3) payments received under a bond enhancement agreement with respect to water financial assistance bonds designated by the board as issued for purposes provided by Subchapter K;

(4) investment income earned on money on deposit in the economically distressed areas program account;

(4-a) money transferred from the state water implementation fund for Texas as authorized by Section 15.434; and

(5) any other funds, regardless of their source, that the board directs be deposited to the credit of the state participation account.
implementation fund for Texas as authorized by Section 15.434; and

(5) any other funds, regardless of their source, that
the board directs be deposited to the credit of the economically
distressed areas program account.

SECTION 7. As soon as practicable after the effective date
of this Act, the speaker of the house of representatives, the
lieutenant governor, and the governor shall appoint the initial
members of the State Water Implementation Fund for Texas Advisory
Committee created under Section 15.435, Water Code, as added by
this Act.

SECTION 8. Not later than December 1, 2013, the Texas Water
Development Board shall adopt rules under Section 15.436, Water
Code, as added by this Act.

SECTION 9. This Act takes effect September 1, 2013.