

SUBJECT: Providing financial assistance for the development of certain facilities

COMMITTEE: Natural Resources — committee substitute recommended

VOTE: 10 ayes — Larson, Metcalf, Dominguez, Farrar, Harris, T. King, Lang, Nevárez, Price, Ramos

0 nays

1 absent — Oliverson

WITNESSES: For — (*Registered, but did not testify*: Trey Lary, Allen Boone Humphries Robinson LLP; Alfonso Lucio, Austin Chamber of Commerce; Steve Perry, Chevron USA; Tammy Embrey, City of Corpus Christi; Charles Flatten, Hill Country Alliance; Matthew Bentley, Canyon Lake Water Service Company; Mia Hutchens, Texas Association of Business; Justin Yancy, Texas Business Leadership Council; Perry Fowler, Texas Water Infrastructure Network)

Against — None

On — Jeff Walker, Texas Water Development Board

BACKGROUND: Water Code ch. 16.131 authorizes the Texas Water Development Board to use the state participation account of the development fund to encourage the optimum regional development of projects related to certain reservoirs, facilities, and water treatment works.

Some have suggested that additional financial assistance is needed for the development of desalination and aquifer storage and recovery facilities to meet existing and projected water demands.

DIGEST: CSHB 1052 would require the Texas Water Development Board (TWDB) to identify, establish selection criteria for, and issue a request for proposals for water supply projects that would benefit multiple water planning regions. Selection criteria would have to prioritize water projects

that:

- maximized the use of private financial resources;
- combined the financial resources of multiple water planning regions; and
- had a substantial economic benefit by affecting a large population, creating jobs in the regions served, and meeting a high percentage of the water supply needs of water users served by the project.

At least 50 percent of money used from the state participation account in a fiscal year would have to be used for selected inter-regional water projects. TWDB and the Texas Commission on Environmental Quality (TCEQ) would be required to enter into a memorandum of understanding to expedite the approval of such projects.

State Participation Account II. CSHB 1052 would require the comptroller to create a subaccount in the Texas Water Development Fund II state participation account called the state participation account II.

TWDB could use the state participation account II to provide financial assistance for the development of a desalination or aquifer storage and recovery facility, including associated intake or distribution facilities, to meet current or projected water demands, by acquiring ownership of or interest in such a facility. TWDB could act singly or in a joint venture in partnership with any person or entity to the extent permitted by law.

TWDB would not be required to make certain findings required by statute related to the acquisition of ownership or interest in a facility to develop an aquifer storage and recovery or desalination facility, but the board would have to find affirmatively that it was reasonable to expect that the state would recover its investment in the facility and that the public interest was served by its acquisition.

TWDB would be prohibited from providing financial assistance for a facility unless that facility was included in the state water plan. To prioritize facilities for which financial assistance was sought from TWDB,

the board would be required to develop a point system that included a standard for TWDB to apply in determining whether a facility qualified for financial assistance at the time the application was filed.

CSHB 1052 would prohibit the board from issuing more than \$200 million in water financial assistance bonds to provide financial assistance for desalination and aquifer storage and recovery facilities

If the board did not provide financial assistance to such facilities through the state participation account II before September 1, 2024, TWDB would be prohibited from providing financial assistance for any facility from that account after that date.

TWDB could credit the state participation account II money from the state participation account if the money was needed for purposes related to the authorized use of the account. In addition, TWDB could transfer money from the state participation account II to the state participation account if the board determined such money was needed for similar purposes.

Permits. The bill would revise the permits an applicant would be required to secure from TCEQ before TWDB granted an application to buy, receive, or lease facilities to include all appropriate permits. TWDB could assist an applicant in securing permits for a desalination or aquifer storage and recovery facility.

The bill would take effect September 1, 2019.