

BILL ANALYSIS

C.S.H.B. 1052
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Natural Resources
Committee Report (Substituted)

BACKGROUND AND PURPOSE

It has been suggested that additional financial assistance is needed for the development of desalination and aquifer storage and recovery facilities to meet existing and projected future water demands. C.S.H.B. 1052 seeks to address this need through the creation of the state participation account II.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 1052 amends the Water Code to require the Texas Water Development Board (TWDB) to identify, establish selection criteria for, and issue a request for proposals for water supply projects that benefit multiple water planning regions. The bill requires the selection criteria to prioritize certain projects. The bill requires the TWDB and the Texas Commission on Environmental Quality (TCEQ) to enter into a memorandum of understanding for the expedited approval of permits for projects selected under these provisions of the bill. The bill authorizes the TWDB to use the state participation account of the development fund to encourage optimum inter-regional development of projects and requires not less than 50 percent of money used from the account in any fiscal year to be used for inter-regional water projects selected under the bill's provisions.

C.S.H.B. 1052 authorizes the TWDB to use the state participation account II, created by the bill, to provide financial assistance for the development of a desalination or aquifer storage and recovery facility to meet existing or projected future water needs by acquiring such a facility or an ownership interest in such a facility. The bill authorizes the TWDB to act singly or in a joint venture in partnership with any person to the extent permitted by law. The bill authorizes the TWDB to provide financial assistance for a facility without regard to any requirements provided by TWDB rules regarding the portion of the capacity of the facility that will serve an existing need or the portion of the cost of the facility that the applicant will finance from sources other than the state participation account II.

C.S.H.B. 1052 specifies the affirmative findings the TWDB is required to make before the TWDB may acquire a desalination or aquifer storage and recovery facility or interest in such a facility. The bill prohibits the TWDB from providing financial assistance for a facility unless the facility is included in the state water plan. The bill requires the TWDB to establish a point

system for prioritizing facilities for which financial assistance is sought from the TWDB and requires the system to include a standard for the TWDB to apply in determining whether a facility qualifies for financial assistance at the time the application for financial assistance is filed with the TWDB. The bill prohibits the TWDB from issuing more than \$200 million in water financial assistance bonds designated by the TWDB as issued to provide financial assistance for desalination and aquifer storage and recovery facilities. The bill prohibits the TWDB, if it does not provide financial assistance for a desalination or aquifer storage and recovery facility under applicable provisions of the bill from the state participation account II before September 1, 2024, from providing financial assistance for any facility from that account after that date.

C.S.H.B. 1052 expands the types of permits an applicant is required to first secure from TCEQ before the TWDB grants an application to buy, receive, or lease facilities from a permit for water use to all appropriate permits. The bill authorizes the TWDB to assist an applicant with securing permits for a desalination or aquifer storage and recovery facility.

C.S.H.B. 1052 requires the comptroller of public accounts to establish a subaccount in the Texas water development fund II state participation account to be known as the state participation account II. The bill authorizes the TWDB to credit to the subaccount money in the state participation account allocated by the TWDB for the purposes of the bill's provisions relating to applicable authorized projects. The bill authorizes the TWDB to transfer money from the subaccount to the state participation account if the TWDB determines the money is needed for certain purposes.

EFFECTIVE DATE

September 1, 2019.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 1052 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute includes provisions providing for the identification, establishment of selection criteria for, and the issuance of a request for proposals for inter-regional water supply projects and the use of the state participation account of the development fund to encourage optimum inter-regional development of projects.