

SUBJECT: Repealing restrictions on projects funded by the water infrastructure fund

COMMITTEE: Natural Resources — favorable, without amendment

VOTE: 8 ayes — Puente, Callegari, Hope, Campbell, Geren, Hardcastle,
Hilderbran, Laney

0 nays

1 absent — Bonnen

SENATE VOTE: On final passage, April 14 — 31-0, on Local and Uncontested Calendar

WITNESSES: For — None

Against — None

On — Suzanne Schwartz, Texas Water Development Board

BACKGROUND: In 2001, the 77th Legislature created the water infrastructure fund (WIF) as part of SB 2 by Brown. The fund is administered by the Texas Water Development Board (TWDB) and may be used to pay for the implementation of water projects recommended through the state or regional water plans. No money has ever been appropriated to the fund, and neither the House version nor the Senate version of the general appropriations bill for fiscal 2006-07 contains funding for the WIF.

Water Code, sec. 15.974 specifies how the fund may be used. Under sec. 15.974(b), no more than 10 percent of the money distributed from the fund each year may be used for grants or loans to economically distressed areas or for loans to pay for the costs associated with planning, design, and permitting.

DIGEST: SB 509 would repeal Water Code, sec. 15.974(b), restricting WIF grants or loans.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2005.

**SUPPORTERS
SAY:**

SB 509 would give TWDB maximum flexibility to focus the WIF on the state's most pressing water related problems. The arbitrary 10 percent cap on certain types of projects and project funding could prevent the board from adequately responding to a particular need or emergency. Similarly, the cap could restrict the ability of the Legislature, should it choose to appropriate money to the fund, to direct that funding through rider to particular projects. Removing these limits would ensure that the state had the flexibility necessary to best and most appropriately meet its water needs.

TWDB has an obligation to address the long-term water and wastewater needs of the state. Thus, should the WIF ever receive funding, the board is very sensitive to the need to protect the sustainability of the fund to ensure funding for future water projects, and it is unlikely that the board would deplete the fund through a large number of grants or zero-interest loans. However, if the Legislature felt at any time that the board was not properly administering the fund, it always could direct specific amounts within the fund to particular uses through riders in the appropriations act.

**OPPONENTS
SAY:**

By allowing the fund to potentially make unlimited grants or zero-interest loans, SB 509 could jeopardize the sustainability of the WIF. These caps ensure that the fund is not rapidly depleted and will have money for future projects. It would be better to wait until the fund had been operational and there had been an opportunity to evaluate its performance before these caps are lifted.

NOTES:

The companion bill, HB 1264 by Geren, was left pending in the House Natural Resources Committee.