

SUBJECT: Allowing the state participation program to fund desalination projects

COMMITTEE: Natural Resources — favorable, without amendment

VOTE: 8 ayes — Ritter, Callegari, Corte, Frost, T. King, Laubenberg, Martinez
Fischer, D. Miller

0 nays

3 absent — Creighton, Lucio, Smithee

WITNESSES: For — *(Registered, but did not testify: Christina Wisdom, Texas Chemical Council)*

Against — None

On — *(Registered, but did not testify: J. Kevin Ward, Texas Water Development Board)*

BACKGROUND: The Texas Water Development Board's (TWDB) state participation program provides loans for the construction of regional water or waste water projects. Through the program, the state assumes a temporary ownership interest in a regional project when local entities cannot assume all the debt for an optimally sized facility.

Water Code, sec. 16.131 provides that the TWDB may use the state participation account of the development fund to encourage optimum regional development of projects including the design, acquisition, lease, construction, reconstruction, development, or enlargement in whole or part of:

- reservoirs and storm water retention basins for water supply, flood protection, and groundwater recharge;
- facilities for the transmission and treatment of water; and
- water treatment infrastructure.

The state participation program traditionally has been used to purchase capacity in a proposed reservoir or water intake structure that would not otherwise be constructed if it were built for current water demands.

According to the TWDB's legislative priorities report, the current use of the state participation program does not support the optimum regional development of water supply facilities, such as desalination projects.

DIGEST: HB 3527 would expand the list of authorized projects for the Texas Water Development Board's (TWDB) state participation program to include using the program to acquire water rights or existing public water systems to encourage optimum regional development of desalination projects.

Before TWDB could acquire a water facility or interest in a facility, the board would have to find that, if appropriate, the facility to be acquired encouraged optimum regional development of a desalination project.

This bill would take effect September 1, 2009.

NOTES: The companion bill, SB 2283 by Lucio, passed the Senate by 31-0 on May 7 and has been referred to the House Natural Resources Committee.