

**SUBJECT:** Proposing a constitutional amendment to create the Texas Water Fund

**COMMITTEE:** Natural Resources — committee substitute recommended

**VOTE:** 7 ayes — T. King, Gamez, Kacal, Kitzman, Price, Ramos, Rogers

0 nays

4 absent — E. Thompson, Lalani, Metcalf, Zwiener

**SENATE VOTE:** On final passage (April 3) — 31 - 0

**WITNESSES:** For — Ronnie Woodruff, Brazosport Water Authority; Jeremy Mazur, Texas 2036; Mark Ellison, Texas Desalination Association; Sarah Kinkle, Texas Water Conservation Association; Perry Fowler, Texas Water Infrastructure Network; Heather Harward, Texas Water Supply Partners (*Registered, but did not testify*: Eddie Solis, Abilene Chamber of Commerce; Steven Albright, AGC of Texas- Highways, Heavy, Utilities and Industrial Branch; Craig Chick, American Council of Engineering Companies Texas; Matt Phillips, Brazos River Authority; Buddy Garcia, Brownsville Public Utilities Board; Julie Williams, Chevron; Guadalupe Cuellar, City of El Paso; Chandler Ludwick, ConocoPhillips; Sam Gammage, Dow; Jimmy Carlile, Fasken Oil and Ranch; Edmond McCarthy, GateHouse Water LLC; Kaitlyn Murphy, Greater Houston Partnership; Tammy Embrey, Invenergy Clean Water; Christine Yanas, Methodist Healthcare Ministries; Steve Bresnen, North Harris County Regional Water Authority; David Kelly, North Texas Municipal Water District; Brian Sledge, Northeast Texas Municipal Water District; Benbrook Water Authority; Jennifer Emerson, Port Houston; Brian Yarbrough, Port of Corpus Christi Authority; Carlos Rubinstein, RSAH2O LLC; Shauna Fitzsimmons Sledge, San Antonio River Authority; Blaire Parker, San Antonio Water System; Trace Finley, Seven Seas Water Group; Andrew Wier, Simsboro Aquifer Water Defense Fund; Jason Modglin, Texas Alliance of Energy Producers; Leah Martinsson, Texas Alliance of Groundwater Districts; Ned Muñoz, Scott Norman, Texas Association of Builders; Rebecca Grande, Texas Association of

Business; Ashley Myers, Texas Association of Water Companies; Shea Pearson, Texas Chemical Council; Kenneth Hodges, Texas Corn Producers Association; Kyle Frazier, Texas Desalination Association; Billy Howe, Texas Farm Bureau; Ryan Paylor, Texas Independent Producers & Royalty Owners Association; Monty Wynn, Texas Municipal League; Ryan Skrobarczyk, Texas Nursery & Landscape Association; CJ Tredway, Texas Oil & Gas Association; Glenna Bruun, Texas Ports Association; Seth Juergens, Texas REALTORS; Tricia Davis, Texas Royalty Council; Mary Alice McKaughan, Texas Rural Water Association; Julie Wheeler, Travis County Commissioners Court; Heather Harward, Upper Trinity Regional Water District; Tom Glass)

Against — (*Registered, but did not testify*: Sandra Blankenship)

On — (*Registered, but did not testify*: Jennifer Walker, National Wildlife Federation; Tammy Benter, Celia Eaves, Public Utility Commission; Alex Ortiz, Sierra Club; Jeff Walker, Texas Water Development)

**BACKGROUND:** Concerns have been raised about an expected increase in water demands due to Texas' rapidly growing population alongside a projected decline of existing water supplies.

**DIGEST:** CSSJR would amend the Texas Constitution to create the Texas water fund as a special fund in the state treasury outside the general revenue fund. The fund would be administered by the Texas Water Development Board (TWDB) and could be used only to transfer money to other funds or accounts administered by TWDB. The resolution would authorize TWDB to restore to the fund money transferred from the fund. Legislative appropriation would not be required for TWDB to transfer money from or restore money to the fund. The fund would consist of:

- money from any source transferred or deposited to the credit of the fund by general law, including legislative appropriations;
- any other revenue that the Legislature by statute dedicated for deposit to the credit of the fund;

- investment earnings and interest earned on amounts credited to the fund;
- money from gifts, grants, or donations to the fund; and
- money returned from any authorized transfer.

Subject to limitations in the resolution, the Legislature would be required to provide for the manner in which money from the fund could be used, and could provide for the costs of investment of the fund to be paid from the fund.

For the purposes of constitutional restrictions on the rate of growth of appropriations, the resolution would establish that money in the fund would be dedicated by the constitution and that an appropriation of tax revenues deposited to the fund would be treated as if it were an appropriation of revenues dedicated by the constitution.

On January 1, 2024, the comptroller of public accounts would be required to transfer \$3 billion of the unencumbered balance of the general revenue fund to the Texas Water Fund.

The proposed constitutional amendment would be submitted to the voters at an election to be held November 7, 2023, and the ballot would read: "The constitutional amendment creating the Texas water fund to assist in financing water projects in this state."

**NOTES:**

According to the Legislative Budget Board, the bill would have an estimated negative impact of about \$3 billion to general revenue related funds during fiscal 2024-2025.

The enabling legislation for SJR 75 is SB 28 by Perry, which is on the Major State Calendar for second reading consideration today.