

BILL ANALYSIS

Senate Research Center

C.S.S.J.R. 17
By: Brown
Natural Resources
3-24-97
Committee Report (Substituted)

DIGEST

Currently, the Texas Water Development Fund functions under the supervision of the Texas Water Development Board (board). There are concerns that the availability of bonds for water supply financing is in danger of becoming exhausted in the near future.

The Texas Water Development Board is also required to pre-fund a reserve within the I&S fund for Agricultural Water Conservation Bonds at the end of each fiscal year for the payment of next year's debt service.

C.S.S.J.R. 17 creates the Texas Water Development Fund II and authorizes the Texas Water Development Board to administer the fund and issue general obligation bonds for the purposes of the fund. By consolidating existing bond authorizations among categories, the state could more efficiently manage bond authorizations. This bill also allows the board to utilize loan repayments coming into the fund after the end of the fiscal year to make bond debt service payments.

PURPOSE

As proposed, C.S.S.J.R. 17 requires the submission to the voters of a constitutional amendment that creates the Texas Water Development Fund II, authorizes the Texas Water Development Board to administer the fund and issue general obligation bonds for the purposes of the fund, and provides certain conditions for the flow of funds for repayment of Texas agricultural water conservation bonds.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Article III, Texas Constitution, by adding Section 49-d-8, as follows:

Sec. 49-d-8. (a) Creates the Texas Water Development Fund II from the state treasury as a fund separate and distinct from the Texas Water Development Fund established under Section 49-c of this article. Sets forth the administration and funding requirements for the fund.

(b) Authorizes the Texas Water Development Board (board) to issue general obligation bonds for one or more accounts of the Texas Water Development Fund II in order to refund outstanding bonds previously issued to augment the Texas Water Development Fund under certain conditions. Requires the money and assets in the Texas Water Development Fund attributable to such refunding bonds to be transferred to the appropriate account of the Texas Water Development Fund II, as determined by the board under certain conditions. Requires, at such time as all bonds issued to augment the Texas Water Development Fund and all such contractual obligations have been paid or otherwise discharged, all money and assets in the Texas Water Development Fund to be transferred to the credit of the Texas Water Development Fund II and deposited to the accounts therein.

(c) Requires the legislature to provide terms and conditions under which the board may

sell, transfer, or lease in whole or part, facilities held for the account established within the Texas Water Development Fund II for administering certain proceedings, and authorizes the legislature to provide terms and conditions under which the board may sell any unappropriated waters of the state that may be stored in such facilities. Requires money received from any sale, transfer, or lease of such facilities or water to be credited to the account established within the Texas Water Development Fund II for the purpose of administering certain proceedings.

(d) Requires each account of the Texas Water Development Fund II to consist of certain items.

(e) Requires the principal of and interest on the certain general obligation bonds issued for an account of the Texas Water Development Fund II to be paid out of such an account and authorizes the money in the account that is not immediately committed to the purposes of such account or the payment of expenses to be invested as authorized by law until the money is needed for those purposes. Sets forth provisions for a time when there is not enough money in any account available to pay the principal of and interest on the general obligation bonds issued for such account.

(f) Authorizes the general obligation bonds to be issued as bonds, notes, or other obligations as permitted by law and requires these bonds to be sold in a certain manner determined by the board. Requires the bonds to bear a rate or rates of interest the board determines. Requires the bonds to be incontestible after execution by the board, approval by the attorney general, and delivery to the purchaser or purchasers of the bonds.

(g) Provides that that there is hereby reposed in the legislature full power to implement and effectuate the design and objects of this section, including the power to delegate such duties, responsibilities, functions, and authority to the board as it believes necessary.

SECTION 2. Amends Section 50-d(c), Article III, Texas Constitution, to delete the language mandating the deduction of the amount of the sinking fund at the close of the prior fiscal year from the state's obligations toward repaying water conservation bonds.

SECTION 3. Requires this proposed constitutional amendment to be submitted to the voters at an election to be held November 4, 1997. Sets forth the required language for the ballot.

SUMMARY OF COMMITTEE CHANGES

Amends the relating clause.

SECTION 2.

Adds new SECTION 2, Section 50-d(c), Article III, Texas Constitution, to delete the language mandating the deduction of the amount of the sinking fund at the close of the prior fiscal year from the state's obligations toward repaying water conservation bonds. Redesignates proposed SECTION 2 as new SECTION 3.

SECTION 3.

Sets forth new language to be included on the ballot, as follows: "The constitutional amendment relating to the authorization to the Texas Water Development Board to transfer existing bond authorizations for water supply, water quality, flood control, or state participation from one category of use to another category to maximize the use of existing funds and relating to more efficient operation of the bond programs."