

# Proposition 6

(S.J.R. 75, 88th Leg., R.S.)

The constitutional amendment creating the Texas water fund to assist in financing water projects in this state.

## SUMMARY ANALYSIS

S.J.R. 75 proposes an amendment to the Texas Constitution to create the Texas water fund as a special fund in the state treasury outside the general revenue fund to be administered by the Texas Water Development Board or that board's successor in function. The resolution authorizes the administrator of the fund to use the fund only to transfer money to other funds or accounts administered by the board or its successor in function. The resolution also provides that money transferred from the fund to another fund or account may be spent as provided by general law, or may be restored to the Texas water fund without further appropriation. The resolution provides that not less than 25 percent of the initial appropriation to the fund must be used for transfer to the New Water Supply for Texas Fund. The resolution authorizes the expenses of managing the investments of the Texas water fund to be paid from that fund. Finally, the resolution provides that an appropriation of state tax revenues for the purpose of depositing money to the credit of the fund does not count against the constitutional limit on the rate of growth of appropriations, which has the effect of excluding the appropriation from the state spending limit.

## BACKGROUND AND DETAILED ANALYSIS

Persistent drought and continued population growth across Texas have overburdened and even depleted existing water sources. Aging water infrastructure causes significant water loss and often compromises the quality of water delivered to customers. Existing funding mechanisms for water projects do not provide sufficient flexibility to allow the Texas Water Development Board to undertake projects necessary to secure new water supply sources and repair existing water infrastructure. S.J.R. 75, in combination with the enabling legislation for the resolution, S.B. 28, 88th Legislature, Regular Session, 2023, seeks to address these concerns by establishing the Texas water fund to provide financial assistance for water projects. S.J.R. 75 adds

Section 49-d-16 to Article III, Texas Constitution, to create the fund. S.B. 28 includes provisions, contingent on approval of the constitutional amendment, governing administration of the Texas water fund by the Texas Water Development Board, including limitations on the funds and accounts to which money in the fund may be transferred and the purposes for which money transferred from the fund may be spent. S.B. 28 also includes provisions that are not contingent on approval of the constitutional amendment, including provisions creating the New Water Supply for Texas Fund and the Statewide Water Public Awareness Account, two of the funds and accounts to which the Texas Water Development Board may transfer money from the Texas water fund.

S.B. 30, a supplemental appropriations bill also enacted by the 88th Legislature, provides initial funding for the proposed Texas water fund. If the constitutional amendment is approved, \$1 billion in appropriations from the state's general revenue fund will be deposited to the Texas water fund. See Section 6.08, S.B. 30, 88th Legislature, Regular Session, 2023.

## **SUMMARY OF COMMENTS**

The following comments supporting or opposing the proposed amendment reflect positions that were presented in committee proceedings, during house or senate floor debate, or in the analysis of the resolution prepared by the House Research Organization (HRO) when the resolution was considered by the House of Representatives.

### **Comments by Supporters**

- Texas is in need of significant financial investment in water infrastructure and water supply development to address both aging infrastructure, the failure of which causes the state to lose an estimated 136 billion gallons of water each year and often subjects Texans to boil water notices, and the need for new water supply projects to support Texas' growing population amid perennial drought conditions that deplete existing water sources.
- The creation of the Texas water fund would further the state's investment in water infrastructure and would give the Texas Water Development Board flexibility in allocating financial

assistance through existing and newly created funds to address issues with existing water infrastructure and support new water supply projects across the state for years to come.

- Small water systems in less urban areas of the state do not have the tax base to support large water infrastructure projects, and a statewide approach is needed to ensure water resources are available to all Texans.

### **Comments by Opponents**

- The Texas Water Development Board should be able to address the state's water needs without the creation of new programs.

## Text of S.J.R. 75

### SENATE JOINT RESOLUTION

proposing a constitutional amendment creating the Texas water fund to assist in financing water projects in this state.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Article III, Texas Constitution, is amended by adding Section 49-d-16 to read as follows:

Sec. 49-d-16. (a) The Texas water fund is created as a special fund in the state treasury outside the general revenue fund. The fund is administered by the Texas Water Development Board or by that board's successor in function as provided by general law. The legislature may appropriate money for the purpose of depositing the money to the fund to be available for transfer as provided by Subsection (b) of this section.

(b) The administrator of the Texas water fund may use the fund only to transfer money to other funds or accounts administered by the Texas Water Development Board or that board's successor in function. Money transferred from the Texas water fund to a fund or account may be spent without further legislative appropriation in the manner provided by general law governing the use of money in the fund or account to which the money was transferred. The administrator may restore to the fund money transferred from the fund and deposited to the credit of another fund or account. Legislative appropriation is not required for the administrator to transfer money from or restore money to the fund, including the transfer of money from the fund to or the restoration of the money from:

- (1) the Water Assistance Fund No. 480;
- (2) the New Water Supply for Texas Fund;
- (3) the Rural Water Assistance Fund No. 301; or
- (4) the Statewide Water Public Awareness Account.

(c) The Texas water fund consists of:

(1) money transferred or deposited to the credit of the fund by general law, including money appropriated by the legislature directly to the fund and money from any source transferred or deposited to the credit of the fund authorized by general law;

(2) any other revenue that the legislature by statute dedicates for deposit to the credit of the fund;

(3) investment earnings and interest earned on amounts credited to the fund;

(4) money from gifts, grants, or donations to the fund; and

(5) money returned from any authorized transfer.

(d) The legislature by general law shall provide for the manner in which money from the Texas water fund may be used, subject to the limitations provided by this section.

(e) Of the amount of money initially appropriated to the Texas water fund, the administrator of the fund shall allocate not less than 25 percent to be used only for transfer to the New Water Supply for Texas Fund.

(f) The expenses of managing the investments of the Texas water fund shall be paid from that fund.

(g) For purposes of Section 22, Article VIII, of this constitution:

(1) money in the Texas water fund is dedicated by this constitution;  
and

(2) an appropriation of state tax revenues for the purpose of depositing money to the credit of the Texas water fund is treated as if it were an appropriation of revenues dedicated by this constitution.

(h) Any unexpended and unobligated balance remaining in the Texas water fund at the end of a state fiscal biennium is appropriated to the administrator of that fund for the following state fiscal biennium for the purposes authorized by this section.

SECTION 2. This proposed constitutional amendment shall be submitted to the voters at an election to be held November 7, 2023. The ballot shall be printed to permit voting for or against the proposition: "The constitutional amendment creating the Texas water fund to assist in financing water projects in this state."

Senate Author: Perry

House Sponsor: King, Tracy O. et al.

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