

# Proposition 6 and Texas Water Fund Frequently Asked Questions and Implementation Timeline

February 2024

## Frequently Asked Questions

### 1. Q: What is the Texas Water Development Board (TWDB)?

**A:** The mission of the Texas Water Development Board is to lead the state's efforts in ensuring a secure water future for Texas. Our mission is a vital part of Texas' overall vision and the state's mission and goals that relate to maintaining the viability of the state's natural resources, health, and economic development.

The TWDB's main responsibilities are threefold: collecting and disseminating water-related data; assisting with regional water supply and flood planning that contributes to preparing the state water plan and state flood plan; and administering cost-effective financial programs for constructing water supply, wastewater treatment, flood control, and agricultural water conservation projects.

Since 1957, the TWDB has been charged with addressing the state's water needs. The TWDB works to ensure Texans have access to sufficient, clean, and affordable water supplies that foster a healthy economy and environment.

### 2. Q: What is the Texas Water Fund?

**A:** In 2023, the 88th Texas Legislature passed Senate Bill (SB) 28 and Senate Joint Resolution (SJR) 75 providing for the creation of the Texas Water Fund. In addition, SB 30 authorized a one-time, \$1 billion supplemental appropriation of general revenue to the Texas Water Fund, contingent on enactment of SB 28 and approval of SJR 75 by voters. Proposition 6 (the proposition for SJR 75), creating the Texas Water Fund to assist in financing water projects in Texas, passed on November 7, 2023, with more than 77 percent in favor.

The Texas Water Fund will be a special fund created in the state treasury outside the general revenue fund to be administered by the TWDB. SB 28 directs that the TWDB may only use the Texas Water Fund to transfer money to the following funds or accounts administered by the TWDB:

- The **New Water Supply for Texas Fund**, a new fund created by SB 28.
- The **State Water Implementation Fund for Texas (SWIFT)** and the State Water Implementation Revenue Fund for Texas, which support the [SWIFT financial assistance program](#) that provides low-cost financing for projects in the state water plan.

- The [Clean Water or Drinking Water State Revolving Funds](#), existing financial assistance programs that provide low-cost financial assistance for planning, acquisition, design, and construction of water, wastewater, reuse, and stormwater infrastructure.
- The [Rural Water Assistance Fund](#), an existing financial assistance program designed to assist small rural utilities in obtaining low-cost financing for water and wastewater projects.
- The **statewide water public awareness account**, a newly created account that will direct funds toward a statewide public awareness program.
- The [Texas Water Development Fund II water financial assistance account](#), an existing program.
- The [Texas Water Development Fund II state participation account](#), an existing program that enables the TWDB to provide funding and assume a temporary ownership interest in a regional water, wastewater, or flood control project when the local sponsors are unable to assume debt for an optimally sized facility.

The statutory provisions relating to the Texas Water Fund take effect January 1, 2024.

**Q: What are the Texas Legislature’s priorities for use of the Texas Water Fund?**

**A:** Of the initial amount appropriated to the Texas Water Fund, the TWDB must allocate no less than 25 percent (\$250 million) to the New Water Supply for Texas Fund. The TWDB must also ensure that a portion of the money transferred from the fund is used for the following:

- water infrastructure projects, prioritized by risk or need, for rural political subdivisions and municipalities with a population of less than 150,000
- projects for which all required state or federal permitting has been substantially completed
- the statewide water public awareness program
- water conservation strategies
- water loss mitigation projects

**Q: Where will the money for the Texas Water Fund come from and how will it be managed?**

**A:** The legislature has authorized a one-time, \$1 billion appropriation of general revenue to the Texas Water Fund. Creating the fund outside the general revenue fund ensures that money in the Texas Water Fund will be dedicated for the same purpose in future state budget cycles.

Money in the Texas Water Fund will be held and invested by the Texas Treasury Safekeeping Trust Company, similar to how the SWIFT is currently managed. The TWDB may not transfer money to a fund or account until the application for the project for which the money is to be used has received a financial assistance commitment from the TWDB’s governing Board.

**Q: What will the Texas Water Fund do for Texas, and why do we need it?**

**A:** The Texas Water Fund will support the TWDB’s mission of leading the state's efforts in ensuring a secure water future for Texas. According to the 2022 State Water Plan, the population of Texas is projected to increase 73 percent between 2020 and 2070, from 29.7 million to 51.5 million. The Texas Water Fund will provide funding for loans and grants that help communities across the state implement water supply and wastewater projects through existing TWDB programs. It will also support the newly created New Water Supply for Texas Fund, which is designed to implement innovative water supply strategies such as marine and brackish water desalination; oil and gas produced water treatment projects; and aquifer storage and recovery projects.

The Texas Water Fund will help communities implement cost-effective water and wastewater projects through both new and existing TWDB programs. The costs associated with these types of projects can often make them difficult for some communities to implement. By providing low-cost, flexible financing options, the funding will provide the economic opportunity for communities to overcome cost hurdles.

**Q. What can the Texas Water Fund not fund?**

**A.** The Texas Water Fund is not able to transfer funds to the Economically Distressed Areas Program, the Flood Infrastructure Fund, or the Agricultural Water Conservation Fund.

**Q. Is the Texas Water Fund a new financial assistance program?**

**A.** The Texas Water Fund will not be a new program at the TWDB and cannot offer loans and/or grants directly. Rather, it will enable the TWDB to provide funding through existing financial assistance programs and the newly created New Water Supply Fund for Texas. Each program will have administrative rules, guidance documents, and in some cases an “Intended Use Plan” that will outline how the program will allocate and distribute funds.

**Q. Will the Texas Water Fund allow for grants in addition to loans?**

**A.** Money appropriated to the Texas Water Fund will be transferred to allowable program funds and accounts, as approved by the TWDB’s governing board. Once transferred, all statutory and rule requirements applicable to each program will apply. Programs that have authorization for grants (or principal forgiveness) include the Rural Water Assistance Fund, the Clean Water and Drinking Water State Revolving Funds, and the newly created New Water Supply for Texas Fund. Some programs, such as the Texas Water Development Fund and SWIFT, do not offer grants due to statutory or constitutional limitations.

**Q: What is the New Water Supply for Texas Fund?**

**A:** The New Water Supply for Texas Fund is a special fund in the state treasury administered by the TWDB. The fund may be used for the following purposes:

- (1) To provide financial assistance to political subdivisions of the state to develop water supply projects that create new water sources for the state, including
  - desalination projects, including marine and brackish water desalination;
  - produced water treatment projects, other than projects that are only for purposes of oil and gas exploration;
  - aquifer storage and recovery projects; and
  - the development of infrastructure to transport water that is made available by these types of projects.
  
- (2) To make transfers to
  - the State Water Implementation Fund for Texas,
  - or the Texas Water Development Fund II.
  
- (3) To make transfers to the Texas Water Bank Account, which was established to facilitate the transfer, sale, or lease of water and water rights throughout the state, including purchasing, holding, and transferring water rights in the TWDB's name.

The TWDB is directed to undertake the financing of projects through the New Water Supply Fund for Texas that will lead to 7 million acre-feet of new water supplies by December 31, 2033.

**Q: Does the New Water Supply Fund allow for public-private partnerships?**

**A:** Yes, financial assistance may be provided from the New Water Supply Fund for a qualifying project under Chapter 2267, Government Code, which covers public-private partnerships. The project must comply with all requirements of that chapter of the Government Code. The applicant must be a political subdivision of the state of Texas.

**Q: What is the Statewide Water Public Awareness Program?**

**A:** SB 28 directs the TWDB to develop and implement a statewide water public awareness program to educate residents about water. The program will take into account the difference in water needs of various geographic regions of the state and will be designed to complement and support existing local and regional water education or awareness programs.

In early 2024, the TWDB plans to solicit applications leading to the possible award of contract(/s) to fund an existing or proposed statewide water public awareness campaign. Funding will be in the form of grants from the Texas Water Fund. We will also seek feedback on other TWDB-led initiatives to further public awareness of water.

**Q: What is the water loss audit technical assistance program?**

**A:** SB 28 directs the TWDB to establish a program that provides technical assistance to retail public utilities in conducting required water loss audits and in applying for financial assistance from the TWDB to mitigate the utility system's water loss. The TWDB adopted rules to establish

the program and provide for the prioritization of technical assistance to retail public utilities based on water loss audits submitted to the TWDB, the population served by the utility, and the integrity of the utility's system.

This directive will expand services provided by the Technical Assistance in Water Loss Control (TAWLC) program, currently in development, where TWDB staff will work with utilities one-on-one and conduct water loss data validation to improve the accuracy of their water loss data. Beginning in 2025, water loss audit validation will be required of all utilities receiving financial assistance from the TWDB or that will be applying for financial assistance.

Overall, these water loss technical assistance and data validation services will help to:

- provide robust technical assistance,
- yield more accurate data collection and dissemination,
- conserve state water resources,
- promote affordable water service for utility customers,
- guide water utilities on how to best address and fund water loss mitigation, and
- ensure that state financial resources are expended effectively.

#### **Q: How will the program funds be disbursed?**

**A:** The TWDB will prepare rules, and in some cases an Intended Use Plan (IUP), for each financial assistance program that is eligible to receive funds; these will outline the intended method for allocating funds for that program. Communities and other eligible entities will apply for financial assistance, and the TWDB will evaluate projects according to specific application requirements. Funds will be disbursed for projects that meet all requirements, rank within the amount of funds available, and receive a formal commitment from the TWDB's governing board.

#### **Q: When will funding be available?**

**A:** In the coming year, the TWDB will be seeking stakeholder input and exploring options to provide funding through eligible programs; please see the implementation timeline below.

In the meantime, entities may be eligible for [financial assistance](#) for water projects through other TWDB, state, or federal financial assistance programs. Please contact us for more details.

#### **Q: How can I get involved in implementing the Texas Water Fund?**

**A:** See the timeline below for opportunities to be involved in implementing the Texas Water Fund. Subscribe to our "General Information" and "Financial Assistance" [email lists](#) to receive the latest information on how you can participate.

## Texas Water Fund Implementation Timeline

Financial assistance workshops listed below will include an overview of Texas Water Development Board (TWDB) financial assistance programs, information on the Texas Water Fund, as well as opportunities for discussion with the TWDB.

*Projects from the [Drinking Water and Clean Water State Revolving Fund Project Information Form State Fiscal Year 2025 solicitation](#) could be eligible to receive Texas Water Fund financial assistance. As such, TWDB encourages water and wastewater systems to submit Project Information Forms that include projects that meet Texas Water Fund priorities, specifically water conservation strategies and water loss mitigation projects, by March 1, 2024.*

### November 2023

- 7: Passage of Proposition 6 constitutional amendment

### December 2023

- 15: [State Revolving Fund State Fiscal Year 2025 solicitation opens](#)

### January 2024

- Release issues for stakeholder input, including electronic surveys
- 18: [Board meeting in Austin](#), including agenda item for Texas Water Fund stakeholder input
- 23: Financial assistance workshop in Iowa Park
- 25: Financial assistance workshop in Valentine

### February 2024

- 1: State Water Implementation Fund for Texas (SWIFT) program abridged applications due
- 8: [Board meeting in Austin](#), including agenda item for Texas Water Fund stakeholder input
- 21: [Financial assistance workshop in Weslaco](#)

### March 2024

- 1: [Drinking Water State Revolving Fund Project Information Forms due](#)
- 5: [Board meeting in Austin](#), including agenda item for Texas Water Fund stakeholder input
- 14: [Financial assistance workshop in Sinton](#)
- 20: [Informal stakeholder meeting in Austin with virtual option](#)
- Open Request for Applications for statewide water public awareness campaign

### April 2024

- 10: Texas Water Fund [stakeholder Board work session in Lubbock](#)

- 10: [Financial assistance workshop in Lubbock](#)
- 11: [Board meeting in Lubbock](#)
  - Earliest date for Board to consider approving Rural Water Assistance Fund rule proposal for publication
  - Earliest date for Board to consider approving Texas Water Development Fund rule proposal for publication
- 30: [Financial assistance workshop in Hemphill](#)
- 30: Close stakeholder input period

#### May 2024

- 9: [Board meeting in Austin](#)
  - Board to consider approving grant recipient for statewide water awareness campaign
- 15: [Financial assistance workshop in Eagle Pass](#)

#### Summer 2024

- Draft Drinking Water State Revolving Fund Intended Use Plan/Project Priority List published for 30-day public comment period
- Earliest time for Board to consider approving New Water Supply for Texas Fund rule proposal for publication
- Earliest time for Board to consider approval of final Rural Water Assistance Fund rules
- Earliest time for Board to consider approval of final Texas Water Development Fund rules
- Contract in place for statewide water awareness campaign

#### Fall/Winter 2024

- Earliest time for Board to consider approval of final New Water Supply for Texas Fund rules
- Solicitation for New Water Supply Fund, Rural Water Assistance Fund, and Texas Water Development Fund financial assistance
- Adoption of Clean Water and Drinking Water State Revolving Fund Intended Use Plans
- Initial invitations to apply and review of project applications for Clean Water and Drinking Water State Revolving Fund financial assistance

#### Spring 2025

- Initial Board consideration of New Water Supply for Texas Fund project financial assistance