



Proposition 4 and Texas Water Fund Frequently Asked Questions

September 2025

1. What would House Joint Resolution 7 and Proposition 4 do?

Contingent upon voter approval, House Joint Resolution (HJR 7) would require the Texas Comptroller of Public Accounts each state fiscal year to deposit to the credit of the Texas Water Fund the first \$1 billion of the net revenue derived from the imposition of the state sales and use tax that exceeds the first \$46.5 billion of that revenue coming into the treasury in that state fiscal year. This provision would go into effect September 1, 2027, and would expire August 31, 2047.

The HJR 7 Proposition 4 ballot language is:

"The constitutional amendment to dedicate a portion of the revenue derived from state sales and use taxes to the Texas water fund and to provide for the allocation and use of that revenue."

The availability of sales and use tax deposits into the Texas Water Fund for Texas Water Development Board (TWDB) financial assistance programs is contingent upon

- 1) voter approval of Proposition 4 in the November 2025 election,
- 2) subsequent legislative appropriations, and
- 3) availability of state sales and use tax revenue that exceeds the first \$46.5 billion coming into the treasury in that state fiscal year.

2. What is the Texas Water Fund and how was it created?

The Texas Water Fund is a special fund in the state treasury outside the general revenue fund that is administered by the TWDB. Senate Bill 28 and Senate Joint Resolution 75, passed in 2023 by the 88th Texas Legislature, provided for creation of the fund. In the November 2023 election, Texas voters passed Proposition 6 (associated with Senate Joint Resolution 75), creating the Texas Water Fund to assist in financing water projects in Texas.

3. What does the Texas Water Fund do for Texas?

The Texas Water Fund supports the TWDB mission of leading the state's efforts in ensuring a secure water future for Texas. The Texas population is projected to increase

53 percent between 2030 and 2080, from 34.2 million to 52.3 million, according to the projections included in the adopted 2026 regional water plans.

The Texas Water Fund helps communities implement cost-effective water, wastewater, and flood projects through 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 provides economic opportunity for communities to overcome cost hurdles.

More information on funding needs for water and wastewater infrastructure across the state, as well as water supply strategies recommended in the state water plan and flood mitigation solutions recommended in the state flood plan, can be found in this [infographic](#).

4. What can the Texas Water Fund be used for?

The TWDB may only use the Texas Water Fund to transfer money to the following funds or accounts administered by the TWDB (those in bold were added by Senate Bill 7 in 2025):

- The New Water Supply for Texas Fund
- The [State Water Implementation Fund for Texas \(SWIFT\) and the State Water Implementation Revenue Fund for Texas](#)
- **The Texas Water Fund administrative fund**
- **The [Flood Infrastructure Fund](#)**
- The [Clean Water](#) or [Drinking Water](#) State Revolving Funds
- The [Rural Water Assistance Fund](#)
- The statewide water public awareness account
- The [Texas Water Development Fund II water financial assistance account](#)
- **The [Texas Water Development Fund II Economically Distressed Areas Program](#)**
- **The [agricultural water conservation fund](#)**
- The [Texas Water Development Fund II State Participation account](#)

5. What statutory changes were made to the Texas Water Fund by the 89th Texas Legislature?

In 2025, the 89th Texas Legislature passed [Senate Bill 7](#), which made some changes to the Texas Water Fund statute. The legislature also passed House Joint Resolution 7, which proposes a constitutional amendment (Proposition 4) that will appear on the November 2025 ballot, to dedicate a portion of the revenue derived from state sales and use taxes to the Texas Water Fund and to provide for the allocation and use of that revenue.

Statutory changes to the Texas Water Fund by Senate Bill 7 include the following:

- Expansion of funds and accounts to which funds may be transferred
- Expansion of priorities for funding
- Expansion of eligibility for the New Water Supply for Texas fund

Additional statutory changes contingent upon voter approval include the following:

- For the purposes of the constitutionally dedicated revenue stream, groundwater is considered brackish if the total dissolved solids concentration is not less than 3,000 milligrams per liter at the time of production from a well.
- Of the money deposited to the credit of the Texas Water Fund (subject to expiration August 31, 2047), the TWDB shall allocate no less than 50 percent for transfer to the New Water Supply for Texas Fund and/or the State Water Implementation Fund for Texas.

6. How much money has been appropriated to the Texas Water Fund to date and what has it been used for?

The 88th Texas Legislature authorized a one-time, \$1 billion supplemental appropriation of general revenue to the Texas Water Fund, as approved by voters in 2023. Of the initial amount appropriated to the Texas Water Fund, the TWDB was required to allocate no less than 25 percent (\$250 million) to the New Water Supply for Texas Fund.

With the initial appropriation, the TWDB is required to ensure that a portion of the money transferred from the fund is used for the following:

- a) Water infrastructure projects, prioritized by risk or need, for
 - a. rural political subdivisions; and
 - b. municipalities with a population less than 150,000;
- b) Projects for which all required state or federal permitting has been substantially completed, as determined by the Board;

- c) The statewide water public awareness program;
- d) Water conservation strategies; and
- e) Water loss mitigation projects.

To meet these statutory directives and in response to solicited stakeholder feedback, the TWDB Executive Administrator developed a [Texas Water Fund implementation plan](#). As of September 2025, the TWDB has committed more than \$735 million in funding from the Texas Water Fund through several financial assistance programs, as outlined in the plan.

7. When will new funding be available and what is the anticipated timeline?

Contingent upon voter approval, legislative appropriations, and the availability of sales tax revenue that exceeds the first \$46.5 billion of that revenue coming into the treasury in state fiscal year 2028, funding may be transferred by the Texas Comptroller of Public Accounts to the Texas Water Fund late in fiscal year 2028 and may be available for financial assistance through the TWDB in state fiscal year 2029.

If the collected sales tax revenue does not exceed \$46.5 billion in a state fiscal year, then no money would be transferred to the Texas Water Fund, and no additional funding would be made available through the TWDB financial assistance programs.

Anticipated timeline:

- November 4, 2025: Consideration of Proposition 4 by Texas voters
- May 2027: General Appropriations Act (90th Texas Legislative Session)
- Summer 2028: Transfer of constitutionally dedicated funds by Texas Comptroller of Public Accounts to the Texas Water Fund, contingent upon revenue availability and legislative appropriation
- Fall 2029: Availability of funds via TWDB financial assistance programs

8. Where can information on sales tax revenue be found?

In January of each odd-numbered year, the Texas Comptroller of Public Accounts releases its [Biennial Revenue Estimate](#) for the upcoming biennium, including a projected estimate of the amount of sales tax revenue.

The [January 2025 Biennial Revenue Estimate](#) projects an estimated \$94 billion in sales tax collections for the 2026 to 2027 biennium; the Biennial Revenue Estimate for the 2028 to 2029 biennium will be available in January 2027. The Comptroller's [website](#) also features monthly updates on state revenue collections deposited to general revenue-related funds.

9. What are the Texas Legislature's priorities for use of the Texas Water Fund?

The TWDB must ensure that a portion of the money transferred from the fund is used for the following (those in bold were added by Senate Bill 7):

- Water and **wastewater infrastructure projects, including projects to rehabilitate or replace deficient or deteriorating infrastructure**, prioritized by risk or need for financial assistance, **including grants** 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; and
- **Technical assistance for applicants in obtaining and using financial assistance from funds and accounts administered by the TWDB.**

10. Where will the money for the Texas Water Fund come from and how will it be managed?

The Texas Water Fund will receive additional transferred funding from the Texas Comptroller of Public Accounts, subject to the availability of revenue.

Money in the Texas Water Fund will be held and invested by the Texas Treasury Safekeeping Trust Company. The TWDB may not transfer money to a fund or account, other than the State Water Implementation Fund for Texas and the Texas Water Fund Administrative Fund, until the project application for which the money is to be used has received a financial assistance commitment from the TWDB governing Board. Additionally, the TWDB may only transfer money to a fund or account subject to legislative appropriation.

11. Is the Texas Water Fund a financial assistance program?

The Texas Water Fund is not a TWDB financial assistance program and cannot offer loans 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 outlines how the program will allocate and distribute funds.

12. Does the Texas Water Fund allow for grants in addition to loans?

Money appropriated to the Texas Water Fund will be transferred to allowable program funds and accounts, as approved by the TWDB governing Board. Once funds are 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, the Economically Distressed Areas Program, the Flood Infrastructure Fund, Agricultural Water Conservation Fund, and the newly created New Water Supply for Texas Fund. Some programs, such as the Texas Water Development Fund and State Water Implementation Fund for Texas, do not offer grants due to statutory or constitutional limitations.

13. What is the New Water Supply for Texas Fund?

The New Water Supply for Texas Fund is a special fund in the state treasury administered by the TWDB. Of the money deposited to the credit of the Texas Water Fund from the constitutionally dedicated revenue stream before September 1, 2047, the TWDB is required to allocate no less than 50 percent for transfer to the New Water Supply for Texas fund or the State Water Implementation Fund for Texas.

The New Water Supply for Texas Fund may be used for the following purposes (additional purposes added by Senate Bill 7 are in bold):

- (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;
 - **water and wastewater reuse projects;**
 - **acquisition of water or water rights originating from outside this state;**
 - **reservoir projects for which**
 - **the required land has already been acquired;**
 - **a Clean Water Act Section 404 permit for the discharge of dredged or fill material has been issued by the United States Secretary of the Army;**
 - **a permit for the storage, taking, or diversion of state water has been issued by the Texas Commission on Environmental Quality; and**
 - the development of infrastructure to transport water or **integrate water** into a water supply system, **other than groundwater produced from a well in this state that is not part of a project described by this subdivision.**
- (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 name of the TWDB.
- (4) **To make transfers to the State Participation Account of Development Fund II.**

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

14. Does the New Water Supply Fund allow for public-private partnerships?

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.

15. What is the Statewide Water Public Awareness Program?

Senate Bill 28 directed the TWDB to develop and implement a statewide water public awareness program to educate residents about water. The program will consider 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 2025, the TWDB awarded a contract to fund a statewide water public awareness campaign in the form of a grant from the Texas Water Fund. Campaign development is underway with plans to launch in 2026. The TWDB will seek feedback on other TWDB-led initiatives to further public awareness of water.

16. How are TWDB financial assistance program funds disbursed?

The TWDB follows [administrative rules](#) and, in some cases, an Intended Use Plan for each financial assistance program eligible to receive funds; these outline the intended method for allocating funds for that program. 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 governing Board.

17. How can I stay informed?

Subscribe to our “General Information” and “Financial Assistance” [email lists](#) to receive the latest information.

About the TWDB

The mission of the TWDB 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.