

Proposition 6 and Texas Water Fund 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.

Upon approval of the supporting constitutional amendment (Proposition 6) on November 7, 2023, the Texas Water Fund would 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 would 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.

Provided that voters approve Proposition 6, the statutory provisions relating to the Texas Water Fund will 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: Contingent upon voter approval of Proposition 6, 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.

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

A: The Texas Water Fund would 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 would provide funding for loans and grants that help communities across the state implement water supply and wastewater projects through existing TWDB programs. It would 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 would 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 would 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 would enable the TWDB to allocate funding to 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 would 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 would 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 Rural Water Assistance Fund?

A: The Rural Water Assistance Fund (RWAFF) is designed to assist small rural utilities with obtaining low-cost financing for water and wastewater projects. The RWAFF offers long-term financing options, including grants.

Eligible borrowers are defined as "rural political subdivisions," a term that has been redefined by the 88th Texas Legislature ([SB 469](#)), effective September 1, 2023.

Financial assistance for water-related projects may include planning, design, and construction for

- improvements or construction of wells,
- wholesale or retail water service lines,
- desalination facilities,
- purchase of well fields and rights to produce groundwater,
- water projects included in the state water plan or a regional water plan,
- pumping facilities,
- storage reservoirs and tanks,
- water treatment plants, and

- acquisition of groundwater and surface water rights.

Q: What is the Statewide Water Public Awareness Program?

A: The bill 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. The agency is currently evaluating how to implement this program.

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 is required to adopt rules by January 1, 2024, that 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. Water loss audit validation will be required of all utilities that submit annual water loss audits or that will be applying for financial assistance beginning in 2025.

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: Could the Texas Water Fund be used to build water supply reservoirs?

A: The Texas Water Fund can transfer funds into various existing TWDB programs that can fund reservoirs. Eligible projects must meet all application and program requirements, and in most cases, be identified as recommended projects in the state water plan.

Q: What will happen if the Texas Water Fund is not created?

A: If Proposition 6 is not approved by voters on November 7, 2023, the Texas Water Fund will not be created as a special fund outside of the general revenue fund. The New Water Supply Fund was created by SB 28 and does not require approval of the Proposition 6 constitutional amendment; however, no funding was directly appropriated to the New Water Supply Fund by

the 88th Texas Legislature so it would require funding by a future legislature to be implemented.

Q: How would the program funds be disbursed?

A: Should the Texas Water Fund be created by the constitutional amendment, 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 would apply for financial assistance, and the TWDB would evaluate projects according to specific application requirements. Funds would 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: If Texas voters approve the constitutional amendment establishing the Texas Water Fund, the TWDB will begin implementation and will assess timelines for the various options during the rulemaking and policy decision process. 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: The TWDB will begin seeking early public input on implementing the Texas Water Fund legislation beginning this fall. Subscribe to our “General Information” and “Financial Assistance” [email lists](#) to receive the latest information on how you can participate.