



June 23, 2026

House Natural Resources Committee
Interim Charge Public Hearing
Public Hearing: Tuesday, June 23, 2026, 10:00 AM
Room: E2.036
Via House Public Comment Online Portal

Re: Implementation of HJR 7/SB 7 and Infrastructure Financial Assistance Program Capacity

Dear Chair and House Natural Resources Committee Members,

Bayou City Waterkeeper is a clean water advocacy organization protecting the waterways and communities of the Lower Galveston Bay watershed. We engage regularly with the Texas Water Development Board on enhancing its funding programs and [we advocated during the 89th Legislative Session](#) for the passage of HJR 7 and a strengthened SB 7. We submit these comments to assist the Committee in its oversight function and to reiterate our recommendations for TWDB and its funding programs.

Agency Oversight: The Texas Water Development Board

The Texas Water Development Board will be taking on a massive responsibility to oversee and administer annual investments and distributions through the Texas Water Fund. It is therefore critical that the agency operates with transparency, equity, and public accountability that the scale of management demands, with proper support provided by the Legislature.

Based on our direct experience engaging with TWDB programs, we offer the following observations and requests for the Committee's attention:

- **Public engagement at TWDB must be strengthened.** TWDB typically provides comment windows of 30 days or fewer on Intended Use Plans, State Water and Flood Plan drafts, and priority lists that affect billions of dollars in funding decisions. For smaller municipalities and frontline communities, who often lack staff and/or capacity, these timelines are inadequate to meaningfully participate. We urge the Committee to direct TWDB to extend public comment periods to a range of 45-60 days, provide plain-language summaries of all IUPs and priority lists, hold at least one or more virtual public hearing opportunities per funding cycle, and conduct proactive outreach to communities and Texans who need water infrastructure investments the most.

- **Scoring Methodology for Programs.** The Committee should also examine whether TWDB's current scoring methodology in the SRF and other funding programs is actually directing resources to the communities with the greatest need. Current metrics such as Annual Median Household Income and Household Cost Factor, when applied to large service areas, can mask concentrations of poverty within these service areas and effectively exclude disadvantaged neighborhoods from priority consideration. The Committee should request a report from TWDB on how these metrics have performed and what reforms may be warranted.
 - The Committee should also urge TWDB to develop an up-to-date, public-facing inventory of unfunded or under-resourced water and wastewater systems in Texas. Without this data, it will be very difficult to assess whether \$1 billion per year will be deployed toward the most pressing needs.

Monitoring: Implementation of HJR 7 and SB 7

SB 7 created a permanent legislative committee that must review the overall operation, function, and structure of TWDB's administration of the Texas Water Fund. This committee must meet semiannually and can provide recommendations to TWDB on any matter, and requires a biennial report to the Legislature. These are meaningful guardrails. As the Committee monitors implementation, we urge attention to the following:

- **A public dashboard should be established.** The Committee should request that TWDB create a live, searchable, project-level dashboard that includes funding source, project type, applicant community, and current project status. This is a baseline transparency expectation for a program of this scale.
- **Water reuse and water loss mitigation must receive appropriate priority.** Under SB 7, the definition of new water supplies is expanded to include water and wastewater reuse projects, [which is a priority Bayou City Waterkeeper has championed](#). The economic case for prioritizing these project types remains as strong now as it was during SB 7 deliberations:
 - Water reuse projects typically carry lower long-term operational costs than desalination or new reservoir development, which require energy-intensive treatment and extensive permitting and construction timelines. Reuse infrastructure can also be scaled to fit existing municipal systems, reducing the need for massive new capital investment.
 - Water loss mitigation offers a substantial return on investment: the cost of losing already-treated water far outweighs the expense of maintaining and upgrading distribution infrastructure. Every gallon saved is a gallon that doesn't need to be produced, treated, or transported again. As a stark example, the City of Houston loses over 30 billion gallons of treated water

annually, illustrating how large the water loss problem and the efficiency opportunity is in aging urban systems statewide.

Given this cost-effectiveness, we are concerned that capital-intensive new supply projects may be crowding out these lower-cost, easier alternatives in the application pool. The Committee should request a report on how many water reuse and water loss mitigation projects have been submitted under the New Water Supply for Texas Fund, and what proportion of the application pool they represent. If these project types are underrepresented, the Committee should direct TWDB to conduct targeted outreach to eligible applicants and to create dedicated application assistance for reuse and loss-mitigation projects.

Program Capacity and the Bridge to Proposition 4 Revenue

With Prop 4 approved by voters, the amendment would take effect on September 1, 2027, meaning the \$1 billion annual revenue dedication does not begin flowing until fiscal year 2028. That creates a two-year gap between legislative intent and available resources. The Committee's charge asks for recommendations to mitigate possible short-term funding shortfalls, and we offer the following:

With Proposition 4 approved by voters, the constitutional amendment takes effect September 1, 2027, meaning the \$1 billion annual revenue dedication does not begin flowing until fiscal year 2028. That creates a two-year gap between legislative intent and available resources. The Committee's charge asks for recommendations to mitigate possible short-term funding shortfalls, and we offer the following:

- **Assess current solicitation capacity.** HB 500 appropriated over \$2.5 billion in one-time funding to TWDB, including \$1.03 billion for water supply and infrastructure projects. These are significant near-term resources. The Committee should request a current status report on the \$1.03 billion project solicitation: how many applications were received, how many have been approved, what communities are being served, and what is the projected timeline for full commitment of funds.
- **Principal forgiveness must be expanded to support more disadvantaged communities.** Many smaller and lower-income communities cannot afford to take on loan debt for water or wastewater projects even at favorable SRF interest rates. This is mainly tied to capacity to repay, not willingness, and it is not always a function of utility size. Additionally, disadvantaged populations are not always confined to small or rural systems, they also exist within larger urban service areas, where service area-wide metrics like AMHI can mask their disadvantaged status. Principal forgiveness policies and disadvantaged-community criteria should be refined by incorporating additional and updated metrics like social vulnerability, household-level affordability data, and compliance history, regardless of the size of the utility a community sits within. This approach protects the revolving nature of the fund while ensuring forgiveness reaches the communities that need it most,

wherever they are located. Bayou City Waterkeeper and partners have previously recommended [clarifying and expanding principal forgiveness for disadvantaged communities in the SRF programs](#). As the state waits for Proposition 4 revenue to begin flowing, the Committee should direct TWDB to maximize the use of targeted principal forgiveness.

- The Committee should also request that TWDB publish a clear public timeline for when Proposition 4 revenue will become available for new project commitments, which programs will be prioritized first, how communities can begin preparing applications now, and the role that public input will play in shaping those priorities.

Bayou City Waterkeeper urges this Committee to use its oversight authority to ensure that the historic investment Texas made in the 89th session reaches the communities who need it most, is administered with full public transparency, and is monitored rigorously by both the Legislature and the permanent oversight committee established by SB 7.

Thank you for your consideration of these comments. Please contact Guadalupe Fernandez at guadalupe@bayoucitywaterkeeper.org or Usman Mahmood at usman@bayoucitywaterkeeper.org with any questions.

Sincerely,

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