Honorary Chairs:

Senator Troy Fraser, Chairman, Senate Natural Resources Committee
Senator Juan "Chuy" Hinojosa, Vice Chairman, Senate Finance Committee
Representative Allan Ritter, Chairman, House Natural Resources Committee

Proposition 2 — TWDB Bonding Authority

Proposition 2 helps local communities grow and maintain their water supplies. An adequate supply of clean, affordable water is essential to the success of the state's manufacturing, oil and gas and other major economic sectors, making water a crucial component of job creation and economic development.

Election Date: Tuesday, November 8, 2011 (Early Voting: October 24, 2011 – November 4, 2011)

Ballot Language: "The constitutional amendment providing for the issuance of additional general obligation bonds by the Texas Water Development Board (TWDB) in an amount not to exceed $6 billion at any time outstanding."

Background:

Proposition 2 resulted from the near unanimous passage of Senate Joint Resolution 4 by the 82nd Legislature during the Regular Session. The authors of Senate Joint Resolution 4 were Senators Hinojosa, Fraser, Hegar and Lucio. The House sponsor was Representative Allan Ritter.

Key Points:

- Proposition 2 will not cost state taxpayers any money, and the bonds used through this measure will save local taxpayers money when building and financing water projects. (The bonding authority granted by Proposition 2 is designed to be self-supporting, meaning that the bonds issued are repaid by the debt service of the borrowers and, therefore, do not count against the state's constitutional debt limit. TWDB's current bonding authority will be exhausted in 2013. Without reauthorization, programs administered by the TWDB will be crippled).

- Some Texas communities regularly suffer from water infrastructure breakdowns that require residents to boil their water before drinking it. Passing Proposition 2 provides a financing tool that could be used by your community to provide plenty of clean water whenever you turn on the tap.

- Our state's population is growing faster than our ability to provide an adequate supply of water, causing an increasing strain on our existing water supplies, and causing our water bills to increase. Proposition 2 is needed to provide local communities the tools they need to meet their future water needs at reasonable rates.

- Proposition 2 would ensure that the TWDB could continue to administer their assistance programs, provide cost-effective financing for the Texas State Water Plan (SWP), and continue to help with local and regional efforts to address the state's water and wastewater needs. If the SWP is not fully implemented, 83% of Texans will not have an adequate supply of water during times of drought. Failure to meet the state's water needs in drought conditions could cost Texas businesses and workers approximately $11.9 billion today and up to $115.7 billion in 2060.

- The use of bond proceeds authorized by passage of Proposition 2 is limited to financial assistance to political subdivisions for water, wastewater, and flood control projects. The additional bond authority cannot be used for TWDB administrative expenses or grants.

- The Bond Review Board would continue to review any proposed bond debt issuance under the constitutional authority granted by passage of Proposition 2. The TWDB has an excellent financial history. To date, the TWDB has had zero defaults resulting from loans issued by the agency.

For more information, or to request a speaker on Proposition 2, contact:
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* Political advertising paid for by: H2O4TEXAS PAC, Heather Harward, Treasurer, P.O. 10403, Austin, TX 78766.