

Texas' Water Demands Could Outpace Supply in Parts of Texas by 2070

By Astrid Alvarado, Morgan Hecht, Moise Julot



COMPTROLLER'S REPORT HIGHLIGHTS CHALLENGES, PROGRESS IN PROVIDING WATER FOR A GROWING STATE

The rapidly growing Texas population will require more water — but the supply isn't projected to keep up with demand.

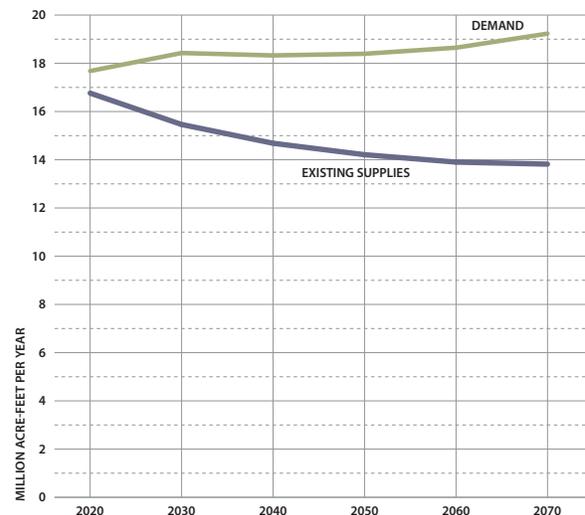
In its 2022 State Water Plan (SWP), the Texas Water Development Board (TWDB) projects the Texas water supply to decrease by 18 percent by 2070 and water demand to increase by 9 percent (**Exhibit 1**). Approximately one-quarter of Texas' population would face municipal water shortages without additional supplies by 2070.

As a result, Texas leaders are actively working to address factors that affect the availability and variability of water supplies: population growth, water scarcity, climate-related impacts such as drought and extreme weather events, contaminants and aging water infrastructure. The significance of these issues has compelled the Texas Comptroller of Public Accounts to analyze the state's water supply in a new report, *Texas Water: Present and Future Needs 2023*. As Comptroller Glenn Hegar says, "The future of water in Texas is the future of the Texas economy."

This article offers a synopsis of the report and highlights some of the efforts to address water needs in Texas.

EXHIBIT 1

TEXAS' EXISTING WATER SUPPLY AND PROJECTED WATER DEMAND, 2020-2070



Sources: Texas Water Development Board; Texas Comptroller of Public Accounts

A Message from the Comptroller



The 88th Texas Legislature had an unprecedented budget surplus that allowed lawmakers to invest in initiatives vital to a strong and healthy economy. Some of these initiatives include investments in the state's critical infrastructure, which improve the lives of Texans in both the near and long term.

This month's issue of *Fiscal Notes* dives into recent funding initiatives that are meant to meet the needs of our diverse state, including significant investments in strengthening transportation, improving the reliability of our power grid, increasing access to broadband and protecting the state's water supply.

Our roadways are feeling the strain of our rapid population growth. The Legislature will appropriate billions of dollars over the next two years for public roadway construction and maintenance. Airports, public transportation and the state's shipping channels also will receive funding.

In November, Texas voters will have the opportunity to approve a constitutional amendment creating the Texas Energy Fund, which would offer low-interest loans and grants toward innovative energy projects. The measure would also help provide power reserves for schools, hospitals, nursing homes and community centers. (This is a good opportunity to mention my *Good for Texas Tour: Energy Edition*. Over the coming months, I will tour a handful of energy facilities including natural gas-powered electricity producers, wind farms and nuclear power plants, and share important insights.)

Here's a figure that should make you do a double take: Nearly 7 million Texans don't have access to reliable high-speed internet. Recent appropriations by the Legislature and availability of federal funding will give the state the flexibility to meet the needs of our unique population and to bridge the digital divide.

Innovations in water management are critical to our state's economy. In this issue, we also examine my office's new report, *Texas Water: Present and Future Needs*, and the water strategies designed to keep Texas afloat. As drought conditions continue to impact our state, water planning and management will play key roles in ensuring this precious resource is available for future generations of Texas families and businesses.

As always, I hope you enjoy this issue!


Glenn Hegar

Texas Comptroller of Public Accounts

Statewide Snapshot

THE GOOD FOR TEXAS TOUR: ENERGY

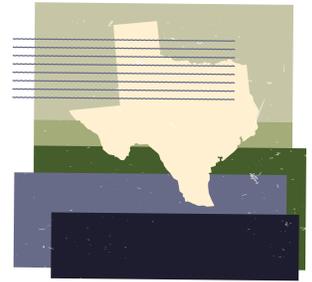
Energy Economics in Texas

JOB^S, 2022

936,477

GROSS DOMESTIC PRODUCT, 2021

\$100.3 BILLION

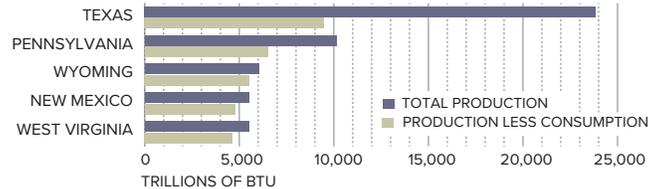


Texas not only is the top producer of oil and natural gas in the nation but also produces more electricity than any other state and accounts for 11.5 percent of all U.S. energy jobs.

Texas Energy Production

Texas produces more than twice the amount of energy than any other state.

TOP 5 STATES FOR ENERGY PRODUCTION, 2021



Texas Energy Sources

In 2022, Texas produced:

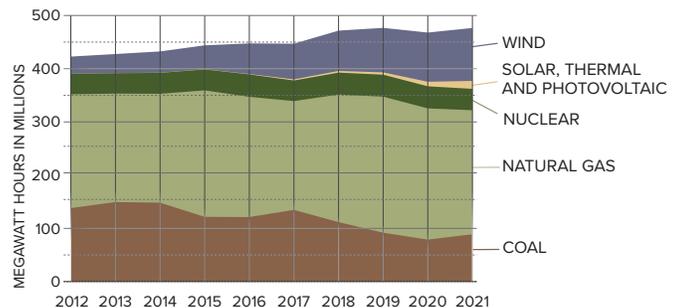
- 27 percent of natural gas in the U.S.
- 26 percent of all U.S. wind-powered electricity generation, more than any other state.
- 42 percent of the U.S. crude oil supply.

Texas' energy portfolio is made up of an array of energy sources:

- OIL AND NATURAL GAS
- COAL
- WIND
- SOLAR
- NUCLEAR
- HYDROELECTRIC
- BIOMASS

IN 2021, TEXAS PROVIDED NEARLY ONE-FOURTH OF U.S. DOMESTIC PRODUCED ENERGY.

TEXAS NET GENERATION BY SOURCE, ANNUAL TOTAL ELECTRIC POWER INDUSTRY



Source: U.S. Energy Information Administration

If you would like to receive a paper copy of *Fiscal Notes*, contact us at fiscal.notes@cpa.texas.gov.

Texas' Water Demands Could Outpace Supply in Parts of Texas by 2070

PLANNING FOR THE FUTURE OF TEXAS WATER

The TWDB is tasked with supporting 16 regional water planning groups to create the SWP to address water supply needs for current and future Texans. The SWP, released every five years, identifies potential water shortages under “drought of record” conditions and recommends water management strategies to address those potential shortages.

Existing water supply in Texas is the combined amount of surface water, groundwater and reuse water (wastewater that is treated and reused for other purposes) available for production and delivery in the occurrence of a drought. As of 2020, groundwater accounted for roughly 55 percent of the water used in Texas. Surface water accounted for 42 percent, and reuse water contributed less than 3 percent. The 2020 water supply was roughly 16.8 million acre-feet per year and is expected to decrease to roughly 13.8 million acre-feet per year by 2070.

TEXAS WATER ISSUES

Urgent concerns regarding statewide water supplies include aging water infrastructure and weather extremes. “There are several intertwined issues that are at play. The first is the demand on the system combined with the frequency of drought conditions in the state,” says Robert Greer, associate professor and director of the Graduate Certificate in Public Management at Texas A&M University’s Bush School of Government and Public Service.

Greer continues, “We have more people demanding more water, and we have seen several significant drought events that have kept supply low. That scarcity puts pressure on the overall system, but of course that severity will vary by region.”

AGING WATER SYSTEMS

The age of water infrastructure varies across the United States: Some water utility systems are still equipped with pipes that were installed in the 1800s, but most systems date from the early to mid-20th century. There are more than 165,000 miles of pipes in the water distribution system in Texas. According to a 2022 survey from the Texas Rural Water Association, the average year of installation of small- to medium-sized water systems in the state was 1966.



Robert Greer,
Texas A&M University

“We are dealing with aging infrastructure that needs to be replaced or requires costly maintenance,” Greer says. “In Texas, we have a large number of small water providers that are responsible for maintaining their own infrastructure, and they do not always have the capacity to

keep up. Many of the older systems lose water and break often.” Greer clarifies that capacity in this case means both fiscal resources to pay for the maintenance and replacement, and the workforce to keep the system functioning.

“One piece of evidence of the system breaking down has been the large number of boil water notices that we have seen over the last couple of years,” Greer says. In 2022, there were 3,143 boil water notices in Texas compared with 1,993 notices in 2018, according to the Texas Commission on Environmental Quality.

In 2021, an estimated 130 billion gallons of water were lost due to infrastructure issues. Of that total, 30 billion gallons of water loss can be attributed to broken pipes and water leaks — enough to provide a year’s supply of water to nearly 1.2 million average American households.

The TWDB *Water Loss Audits Summary Report*, a repository of data, illustrates that in 2021, the East Texas Water Planning Region (I), in which the largest cities include Beaumont, Tyler, Lufkin and Nacogdoches, led all other regions with a reported water loss average of 79.87 gallons per connection per day. They were followed by Region F, where the major cities include Midland, Odessa and San Angelo, with a water loss average of 78.54 gallons per connection per day. The statewide water loss average in 2021 was 54.68 gallons per connection per day (**Exhibit 2**).

EXHIBIT 2

AVERAGE REPORTED WATER LOSS IN GALLONS PER CONNECTION PER DAY (GCD), 2011-2021

YEAR	AVERAGE STATEWIDE WATER LOSS GCD	NUMBER OF AUDITS SUBMITTED
2011	72.30	117
2012	65.34	334
2013	53.46	472
2014	58.50	591
2015	51.21	1,729
2016	58.24	743
2017	56.87	642
2018	62.13	689
2019	54.39	901
2020	55.02	1,776
2021	54.68	828

Note: Data from submitted water loss audits after quality control has been completed. Water loss audits with obvious data issues were removed.
Source: Texas Water Development Board Summary Audits by Category

Texas' Water Demands Could Outpace Supply in Parts of Texas by 2070

EXHIBIT 3

ESTIMATED ECONOMIC IMPACT FROM DROUGHTS BETWEEN 2020 AND 2070 (IN MILLIONS OF DOLLARS)							
WATER USE CATEGORY	ECONOMIC IMPACT	2020	2030	2040	2050	2060	2070
IRRIGATION	Income Loss	\$843.90	\$1,356.90	\$1,319.00	\$1,287.60	\$1,258.80	\$1,244.20
	Job loss	13,107.50	19,484.30	18,909.30	18,440.50	18,012.70	17,791.40
LIVESTOCK	Income Loss	\$2,196.20	\$2,416.40	\$2,679.70	\$3,031.90	\$3,452.60	\$3,606.40
	Job loss	46,399.60	49,843.60	53,736.20	58,536.70	64,300.70	66,300.40
MANUFACTURING	Income Loss	\$19,192.40	\$30,449.70	\$35,692.90	\$43,552.20	\$50,379.70	\$55,495.80
	Job Loss	156,431.40	244,190.70	278,375.40	331,938.70	379,571.10	414,976.70
MINING	Income Loss	\$67,239.00	\$62,450.50	\$48,627.10	\$38,495.00	\$27,513.10	\$25,367.90
	Job Loss	348,111.00	325,175.50	255,386.40	205,624.50	151,326.30	142,973.20
MUNICIPAL	Income Loss	\$1,814.80	\$7,165.50	\$15,186.00	\$23,348.20	\$32,612.40	\$42,027.60
	Job Loss	34,159.70	117,943.20	244,065.20	373,512.50	520,802.90	671,445.90
STEAM-ELECTRIC	Income Loss	\$6,878.20	\$7,298.00	\$7,627.70	\$7,896.60	\$8,125.30	\$8,338.50
	Job Loss	0.00	0.00	0.00	0.00	0.00	0.00

Source: Texas Water Development Board

ECONOMIC IMPACT OF WATER LOSS

TWDB indicates that by 2070, prominent water use categories (irrigation, livestock, manufacturing, mining, municipal and steam-electric) may experience income losses and job losses due to the anticipated decrease in the state's water supply should water management strategies from the SWP not be implemented. Municipal water use is anticipated to experience more than 671,000 job losses by 2070, the largest number of job losses of all water use categories (**Exhibit 3**).

Agriculture-related sectors are especially hard hit by water loss. The drought of record experienced in Texas was between 1950 and 1957, causing crop losses of more than \$3 billion, or \$27 billion in 2017 dollars. When adjusted for inflation in 2023

dollars, the total in crop losses is \$34 billion. The worst drought in recent years occurred between 2010 and 2014, impacting 100 percent of the state and costing an estimated \$17 billion in losses in 2011 alone.

Texas' cotton crop, for example, has experienced harvesting declines. The state's most produced crop, accounting for nearly \$2 billion in state exports in 2021, was estimated to experience a \$2 billion loss of regional economic activity (before crop insurance) in the High Plains region of Texas in 2022, according to the International Center for Agricultural Competitiveness at Texas Tech University. Additionally, in 2022, farmers across the U.S., including Texas, were anticipated to plant their smallest crop of cotton since 2009, harvesting just 2.9 million bales — 62 percent less than in 2021. Drought conditions are expected to force farmers to abandon two-thirds of acres planted in 2023, a historic high abandonment rate, according to the U.S. Department of Agriculture.

What is the drought of record?

The drought of record is the period when natural hydrological conditions provided the least amount of water supply. Generally, this also corresponds with high water usage rates. The drought of record is considered a reasonable benchmark for planning because it reflects quite severe, extended drought conditions (the worst experienced ever on record) and uses the best available, actionable science, grounded in historical data and patterns.

Source: Texas Water Development Board

INNOVATIVE WATER CONSERVATION PRACTICES

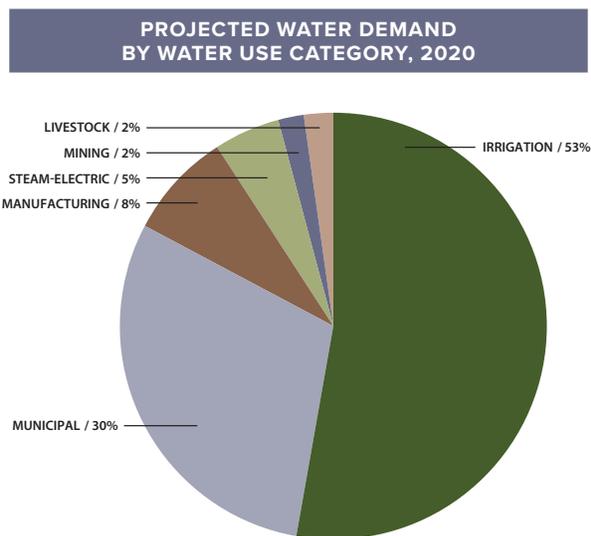
Water conservation includes innovative practices that reduce water consumption and improve efficiency to meet future demand; those highlighted by the American Society of Civil Engineers' (ASCE) *Report Card for America's Infrastructure* include technology relating to leak detection, seismic resilient pipes, smart water quality monitoring and real-time data sensors. The ASCE suggests that these innovative practices improve resilience of water systems by allowing utilities to

Texas' Water Demands Could Outpace Supply in Parts of Texas by 2070

respond to changing climate conditions; improve efficiency of operations by reducing water losses; and deliver real-time data that allow for interactive decision-making.

According to a 2022 report by the Texas Water Conservation Advisory Council, irrigation conservation represents the state's best opportunity to achieve significant water use savings. This is because the SWP projections estimated that agriculture irrigation accounted for 53 percent of all water use in the state in 2020, the highest among all water use categories, followed by municipal water demand (**Exhibit 4**).

EXHIBIT 4



Source: Texas Water Development Board

Precision agricultural technology, coupled with expanded access to broadband connection, can help farmers reduce fuel and water usage. High-speed internet connectivity is necessary for digital technologies in agriculture to reach their full potential and substantially increase crop and animal yields, improve distribution and reduce input costs such as the expense of raw materials and labor.

ADDRESSING TEXAS WATER NEEDS

The variability in water supply and aging infrastructure throughout the state requires investments in the use, quality and impact of water. From its inception in 1957 through April 2023, TWDB has offered a variety of loan and grant programs providing approximately \$33.6 billion in funding for the planning, acquisition, design and construction of water-related infrastructure and other water quality improvements.

According to TWDB's Water Supply and Infrastructure Division, since 2013 alone the TWDB has provided more than \$12 billion to water infrastructure in Texas through the Drinking Water State Revolving Fund (DWSRF) program and the State Water Implementation Fund for Texas (SWIFT) program. Other TWDB programs, such as the Economically Distressed Areas Program and the Texas Water Development Fund (WDF), have provided additional funding for water infrastructure needs, according to TWDB.

For projects that address aging infrastructure (outside the DWSRF and SWIFT programs), the WDF has increased funding. TWDB committed \$20 million toward addressing aging infrastructure needs in 2022, up from \$4.5 million in 2018.

Additionally, the federal Infrastructure Investment and Jobs Act (IIJA), signed into law in 2021, appropriates more than \$50 billion to the U.S. Environmental Protection Agency to improve drinking water, wastewater and stormwater infrastructure nationwide. Texas expects to receive approximately \$2.5 billion through the IIJA to improve water and wastewater infrastructure over the next five years. According to TWDB, the agency received \$222.3 million in 2023 from IIJA, of which 49 percent must be committed to projects in the form of principal forgiveness.

SUPPORTING NEW RESOURCES FOR WATER

The availability of sufficient water supplies to support business and industry, economic development efforts and public health and safety is vital to the continued strength of the state.

"With the population ballooning and businesses booming, it comes as no surprise that Texas will need a lot of water to stay afloat. But planning for Texas' future water needs requires the dedication and resourcefulness of organizations and passionate individuals," Hegar says.

The 88th Texas Legislature in 2023 supported Texas water with the passage of Senate Bill 28. The bill was passed to support the financial assistance provided by TWDB and the programs administered by the agency to fund water supply projects that create new water sources for the state including desalination projects, produced water treatment projects, aquifer storage and recovery projects, and the development of infrastructure to transport water that is made available by the new water supply projects. Texas voters will get the opportunity to weigh in on a proposed constitutional amendment to create the Texas Water Fund to help finance water projects in the state. This fund will only be established if the proposed constitutional amendment, Proposition 6, is approved by Texas voters in November. **FN**

Read the full report, *Texas Water: Present and Future Needs 2023*, at comptroller.texas.gov/economy/in-depth/special-reports.

LAWMAKERS ASK VOTERS TO APPROVE ADDITIONAL INFRASTRUCTURE FUNDING



From public roads to transmission lines, from water pipelines to broadband access, the elements of Texas' infrastructure are the bones that support its sturdy economy; its pro-business bona fides rely on strong infrastructure to support 30 million (and growing) Texans where they live, work and play. Given the high stakes, state leaders and lawmakers have embraced the challenge of building and maintaining a strong infrastructure.

Keeping up with the state's population growth is a tall order: Six of the fastest-growing cities in the nation last year were in Texas, and the U.S. Census Bureau says the state has grown by more than 9 million people since 2000, doubling the population of 11 counties.

The Texas Section of the American Society of Civil Engineers (ASCE), which issues an Infrastructure Report Card (IRC) every four years, points to the state's fast growth as putting pressure on already stressed infrastructure.

"The latest IRC uncovered an investment gap of tens of billions of dollars needed to address shortfalls for the

repair and necessary new construction of highways, bridges, levees, transit, wastewater, drinking water, flood risk and dams," says Travis Attanasio, ASCE Texas Section president. "Should there be no action, additional untold billions of dollars will be needed ... should there be a catastrophic failure of the existing overly strained infrastructure."



Travis Attanasio, Texas Section of the American Society of Civil Engineers

The group's report card checklist also includes aviation, energy, public parks and recreation, and solid waste, but leaves out other areas such as broadband.

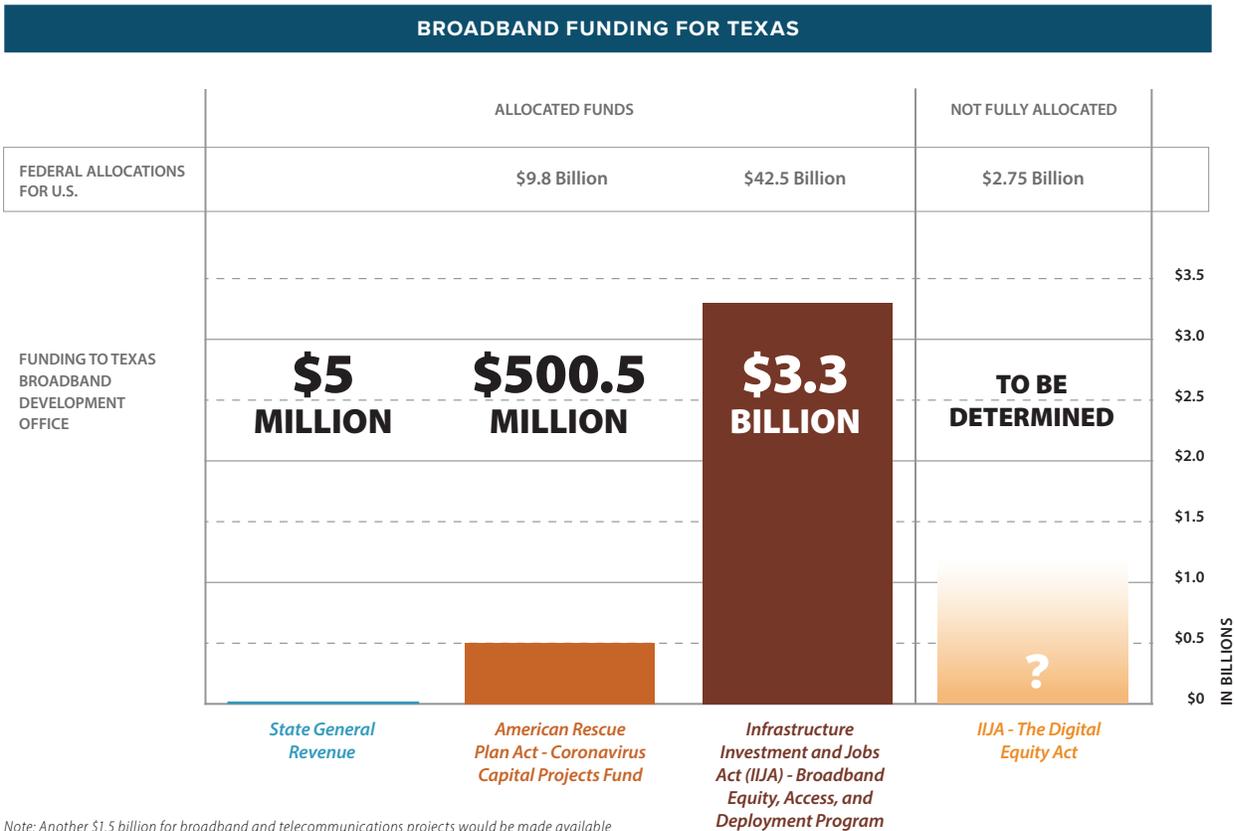
The 88th Legislature's access to a historic amount of funds along with some helpful federal dollars through 2021's Infrastructure Investment and Jobs Act (IIJA) set the stage for improvement. This story explores where some money is headed and what is left for Texas voters to decide.

"The latest IRC uncovered an investment gap of tens of billions of dollars needed to address shortfalls for the repair and necessary new construction of highways, bridges, levees, transit, wastewater, drinking water, flood risk and dams."

- Travis Attanasio

Building Strong Infrastructure for a Growing Texas

EXHIBIT 1



Note: Another \$1.5 billion for broadband and telecommunications projects would be made available through general revenue if voters approve Proposition 8 in the November election.
Source: Texas Broadband Development Office

BROADBAND INFRASTRUCTURE – CONNECTING TEXAS

Broadband infrastructure describes the physical equipment and facilities that enable high-speed and high-capacity transmission of data, voice and video over the internet. Bringing fast internet service to Texas’ wide-open spaces



Comptroller Glenn Hegar spoke to the media during 2022’s statewide Broadband Listening Tour, where Texans shared the impacts of broadband on their lives and businesses.

is a challenge that state leaders and lawmakers have been working hard to address — notably with the creation of the Broadband Development Office (BDO) under the Texas Comptroller of Public Accounts in 2021.

This year, the 88th Legislature built on its work with a proposed constitutional amendment that — if approved by voters in November — will create the Broadband Infrastructure Fund to direct \$1.5 billion to broadband and telecommunications projects.

Funding is important because the high cost of deploying broadband infrastructure throughout the state has been the highest hurdle for access (Exhibit 1). This challenge has been addressed in prominent federal measures, including those passed after the nation was struck by the COVID-19 pandemic.

The pandemic highlighted the critical need for reliable, affordable access to broadband for remote work, education, health care and civic engagement. Many Texans, especially in rural areas, lack access to broadband service that meets the minimum speed requirements of 25 megabits per second (Mbps) download and 3 Mbps upload. According to experts, it takes 0-5 Mbps to check email, stream music on one device and search the internet. Downloading large files

Building Strong Infrastructure for a Growing Texas



Comptroller Hegar and Broadband Development Office Director Greg Conte conducted 12 town hall forums, gathering testimony about broadband access from nearly 1,000 attendees.

and streaming video on one device requires 5-40 Mbps. The U.S. Census Bureau reports 93.9 percent of Texas households had a computer, but only 86.9 percent had a broadband internet subscription in 2017-2021.

In June, Texas was allocated \$3.3 billion as part of the Broadband Equity, Access, and Deployment (BEAD) Program, a \$42.5 billion component of the IJA passed by Congress in 2021 for the purpose of ensuring every American has access to reliable internet. Texas received the largest allocation of any state. The BDO anticipates it will begin accepting grant applications for the BEAD Program in 2024. Eligible applicants include internet service providers, political subdivisions and public-private partnerships interested in developing broadband infrastructure.

Experts estimate as many as 3.9 million households in Texas are eligible for the Affordable Connectivity Program, which cuts internet bills by up to \$75 a month for subscribers who qualify. About 1.6 million households in Texas were enrolled in the program as of August 2023.

"I am very pleased to see this historic investment in Texas," says Comptroller Glenn Hegar, who has pushed to address infrastructure needs including broadband access. "Critical infrastructure projects across the state will get much-needed attention that will help

us increase access to reliable, high-speed internet and close the availability gap in Texas."

People can sign up to receive updates from the BDO and learn about ways to provide feedback regarding their connectivity needs.

THE ROADS AHEAD

The 88th Legislature made a significant investment in the state's transportation system, says Trent Thomas, director of government affairs at the Texas Department of Transportation (TxDOT).

"All of the people moving to Texas are bringing their cars with them, and you see that on our roads," Thomas says. "But the Legislature also invested in other important infrastructure — airports and maritime ports."

The \$37.2 billion TxDOT budget reflects significant investments in multimodal transportation and freight systems, increasing funding for rural and small urban transit, maritime ports, rail and general aviation, he says (**Exhibit 2**).

Thomas says the extension of key highway and transportation funding sources, Proposition 1 and Proposition 7, mark "major accomplishments" of the session and reflect more than 35 percent of TxDOT's total budget.



Trent Thomas, Texas
Department of Transportation

"Renewing these funding mechanisms ensures stability," he says. "This allows for consistent planning over the entirety of current and future 10-year planning periods."

Respectively, House Bill 2230 and Senate Concurrent Resolution 2 extend funding sources initiated in 2014 and 2015: First approved by voters in 2014, Proposition 1 dedicates a portion of existing oil and natural gas production taxes

to the State Highway Fund until 2042, the extended date. The money may only be used for constructing, maintaining and acquiring rights-of-way for public roadways other than toll roads. The Comptroller's office estimates Proposition 1 deposits will total \$3.06 billion in fiscal 2024.

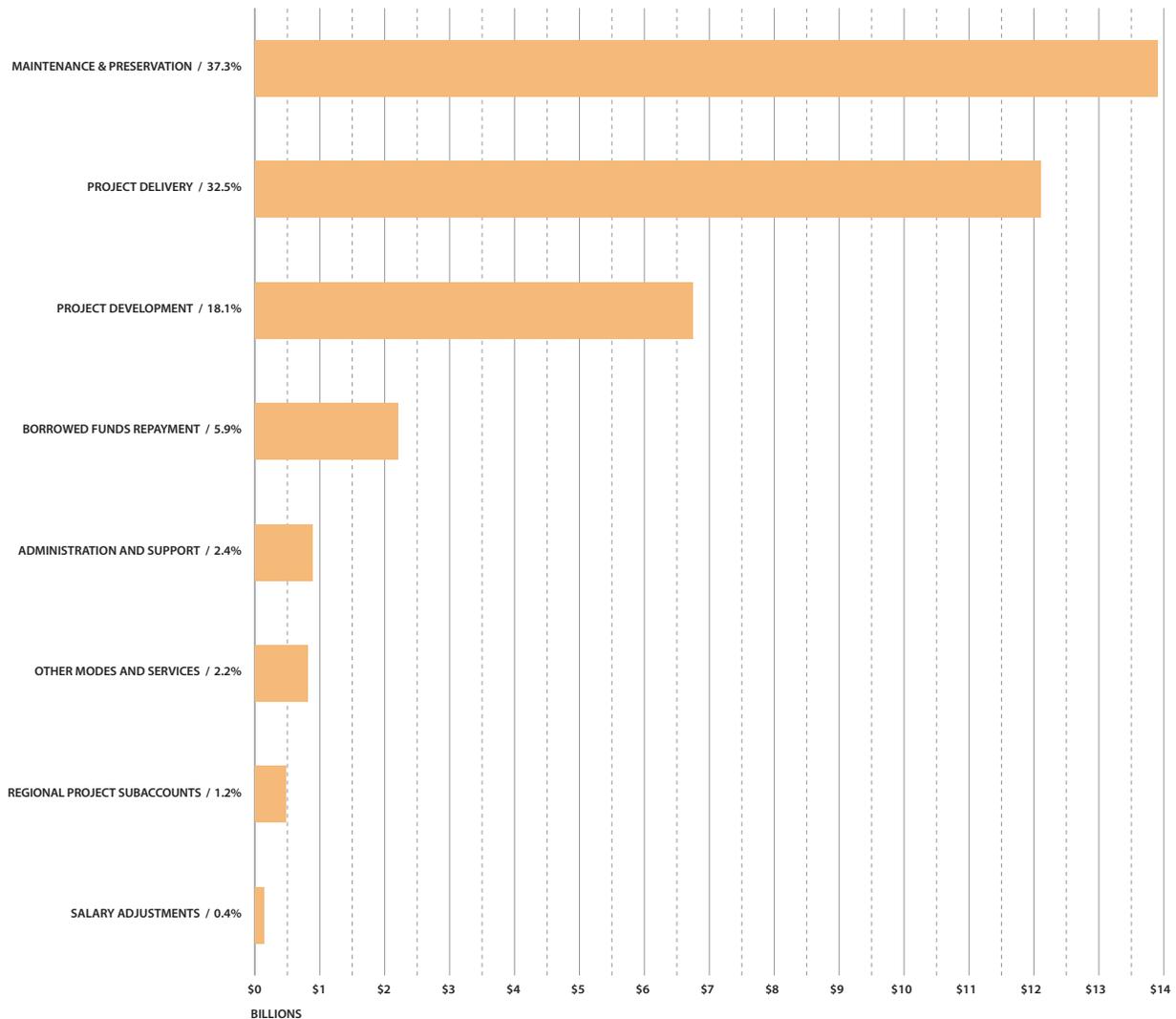
"All of the people moving to Texas are bringing their cars with them, and you see that on our roads. But the Legislature also invested in other important infrastructure — airports and maritime ports."

- Trent Thomas

Building Strong Infrastructure for a Growing Texas

EXHIBIT 2

HOUSE BILL 1 — TXDOT FUNDING USES, FISCAL 2024-2025



Note: Totals and percentages may not sum due to rounding.
Source: Texas Department of Transportation

Proposition 7 was extended for 10 more years, dictating that when state motor vehicle sales and rental taxes exceed \$5 billion, 35 percent of that overage will be directed to roads. Based on the Comptroller’s Biennial Revenue Estimate from January 2023, TxDOT expects to receive \$692.14 million and \$740.63 million in state motor vehicle sales and rental tax revenues in fiscal 2024 and 2025, respectively. The state also must share \$2.5 billion of state sales and use tax with the highway fund once collections surpass \$28 billion.

One happy surprise from the session is a historic investment in Texas seaports by the Legislature, Thomas said.

“Each port is different and all of them are critical for business, whether they’re working with the energy sector or importing

and exporting goods,” Thomas says. “Texas is making a \$400 million investment in the Ship Channel Improvement Revolving Fund (SCIRF) that allows for low-interest, flexible loans for federally authorized projects for widening and deepening existing ship channels.”

Senate Bill 1499 reauthorizes and clarifies uses of the Port Access (Capital) Account Fund, which provides \$200 million in grants for infrastructure improvement; no more than 20 percent of that can go to one project, ensuring the funds are spread around.

The Texas Legislature provided an additional \$94 million for general aviation airports for capital and maintenance.

Building Strong Infrastructure for a Growing Texas

“Broadband infrastructure is the interstate highway system of this century, while a strong transportation network and reliable water resources are crucial to our citizens’ well-being.”

- Glenn Hegar

WATER INFRASTRUCTURE – FILLING IN THE GAPS

To address the crucial need for water for Texas’ growing population, lawmakers proposed creating the Texas Water Fund to be administered by the Texas Water Development Board. The Board would be authorized to transfer funds between the state Water Fund and the Water Assistance Fund No. 480, the New Water Supply for Texas Fund, the Rural Water Assistance Fund No. 301 or the Statewide Water Public Awareness Account. The state budget allocates \$1 billion to the Texas Water Fund, subject to voter approval in November.

POWERING TEXAS

The 88th Legislature once again sought to improve the reliability of Texas’ independent power grid through several measures that seek to encourage new generation and increase reserves during emergencies.

If Texas voters approve a constitutional amendment in November, a new Texas Energy Fund would encourage dispatchable generation projects through low-interest loans and grants.

The budget allocates \$5 billion toward the fund, which would be administered through the Public Utility Commission of Texas (PUC) and invested by the Texas Treasury Safekeeping Trust Company.

The fund would provide 3 percent, 20-year loans to cover 60 percent of total project costs for upgrades to existing generation facilities and help finance new construction for at least 100-megawatt capacity. It also would provide bonus grants to new dispatchable generation built before certain deadlines.

The measure also aims to reduce the grid’s vulnerability by allowing the PUC to award up to \$1.8 billion in loans and grants called Texas Backup Power Packages to encourage power reserves that would provide 48 hours of generation to critical facilities like schools, hospitals, nursing homes and community centers.

Another law passed this session will shift some transmission infrastructure costs for wind and solar back to the generation companies, along with other measures aimed at cost control.

BUILDING A SOLID FOUNDATION

The condition of Texas’ infrastructure will remain under the microscope as investment strengthens the framework that supports Texas’ robust economic activity.

“Broadband infrastructure is the interstate highway system of this century, while a strong transportation network and reliable water resources are crucial to our citizens’ well-being,” says Hegar. “We welcome our state’s economic growth, and that means we must ensure we invest in the essentials for businesses and individuals to continue to flourish.” **FN**

VOTERS WILL DECIDE THREE INFRASTRUCTURE-RELATED AMENDMENTS THIS NOVEMBER

See the full list of constitutional amendments on the Nov. 7 ballot at VoteTexas.gov.

► **Water: Proposition 6**

The constitutional amendment creating the Texas Water Fund to assist in financing water projects in this state.

► **Energy: Proposition 7**

The constitutional amendment providing for the creation of the Texas Energy Fund to support the construction, maintenance, modernization and operation of electric generating facilities.

► **Broadband: Proposition 8**

The constitutional amendment creating the Broadband Infrastructure Fund to expand high-speed broadband access and assist in the financing of connectivity projects.

Learn more about the state’s energy infrastructure with the Good for Texas Tour: Energy Edition at comptroller.texas.gov/economy/economic-data/energy. Get updates from the Broadband Development Office at BroadbandForTexas.com.

NET STATE REVENUE – ALL FUNDS, EXCLUDING TRUST

Monthly and Year-to-Date Collections: Percent Change from Previous Year (IN THOUSANDS)

This table presents data on net state revenue collections by source. It includes most recent monthly collections, year-to-date (YTD) totals for the current fiscal year and a comparison of current YTD totals with those in the equivalent period of the previous fiscal year. These numbers were current at press time. For the most current data as well as downloadable files, visit comptroller.texas.gov/transparency.

Note: Texas' fiscal year begins on Sept. 1 and ends on Aug. 31.

1. Includes public utility gross receipts assessment, gas, electric and water utility tax and gas utility pipeline tax.

2. Includes taxes not separately listed, such as taxes on oil well services, coin-operated amusement machines, cement and combative sports admissions as well as refunds to employers of certain welfare recipients.

3. Includes various health-related service fees and rebates that were previously in "license, fees, fines and penalties" or in other non-tax revenue categories.

4. Gross sales less retailer commission and the smaller prizes paid by retailers.

Notes: Totals may not add due to rounding. Excludes local funds and deposits by certain semi-independent agencies. Includes certain state revenues that are deposited in the State Treasury but not appropriated.

TAX COLLECTIONS BY MAJOR TAX	AUGUST 2023	YEAR TO DATE: Total	YEAR TO DATE: Change from Previous Year
SALES TAX	\$3,983,559	\$46,581,072	8.40%
<i>Percent Change from August 2022</i>	5.71%		
MOTOR VEHICLE SALES AND RENTAL TAXES	\$659,440	\$6,821,747	5.78%
<i>Percent Change from August 2022</i>	1.22%		
MOTOR FUEL TAXES	\$329,095	\$3,832,081	1.27%
<i>Percent Change from August 2022</i>	2.75%		
FRANCHISE TAX	\$435,930	\$6,820,183	20.22%
<i>Percent Change from August 2022</i>	24.74%		
OIL PRODUCTION TAX	\$500,904	\$5,931,042	-6.77%
<i>Percent Change from August 2022</i>	-17.69%		
INSURANCE TAXES	\$383,623	\$4,064,627	30.20%
<i>Percent Change from August 2022</i>	29.40%		
CIGARETTE AND TOBACCO TAXES	\$152,411	\$1,218,337	0.63%
<i>Percent Change from August 2022</i>	45.01%		
NATURAL GAS PRODUCTION TAX	\$137,068	\$3,350,373	-25.05%
<i>Percent Change from August 2022</i>	-73.90%		
ALCOHOLIC BEVERAGES TAXES	\$147,587	\$1,771,635	7.77%
<i>Percent Change from August 2022</i>	1.72%		
HOTEL OCCUPANCY TAX	\$70,284	\$777,851	11.13%
<i>Percent Change from August 2022</i>	1.19%		
UTILITY TAXES¹	\$68,181	\$625,196	12.31%
<i>Percent Change from August 2022</i>	-38.11%		
OTHER TAXES²	\$31,036	\$351,413	31.08%
<i>Percent Change from August 2022</i>	6.92%		
TOTAL TAX COLLECTIONS	\$6,899,119	\$82,145,558	6.39%
<i>Percent Change from August 2022</i>	-1.14%		
REVENUE BY SOURCE	AUGUST 2023	YEAR TO DATE: Total	YEAR TO DATE: Change from Previous Year
TOTAL TAX COLLECTIONS	\$6,899,119	\$82,145,558	6.39%
<i>Percent Change from August 2022</i>	-1.14%		
FEDERAL INCOME	\$4,919,966	\$68,707,041	-5.54%
<i>Percent Change from August 2022</i>	-13.68%		
LICENSES, FEES, FINES AND PENALTIES	\$773,580	\$6,663,409	2.02%
<i>Percent Change from August 2022</i>	8.17%		
STATE HEALTH SERVICE FEES AND REBATES³	\$365,549	\$10,919,541	6.17%
<i>Percent Change from August 2022</i>	-3.85%		
NET LOTTERY PROCEEDS⁴	\$349,392	\$3,349,724	9.53%
<i>Percent Change from August 2022</i>	-2.77%		
LAND INCOME	\$260,323	\$3,797,418	-11.93%
<i>Percent Change from August 2022</i>	-43.36%		
INTEREST AND INVESTMENT INCOME	\$358,393	\$4,200,937	72.31%
<i>Percent Change from August 2022</i>	178.22%		
SETTLEMENTS OF CLAIMS	\$56,520	\$631,033	-4.73%
<i>Percent Change from August 2022</i>	1,972.32%		
ESCHEATED ESTATES	\$27,973	\$1,090,933	7.83%
<i>Percent Change from August 2022</i>	43.42%		
SALES OF GOODS AND SERVICES	\$29,881	\$307,928	-1.97%
<i>Percent Change from August 2022</i>	-166.93%		
OTHER REVENUE	\$4,323,391	\$5,975,448	24.94%
<i>Percent Change from August 2022</i>	92.30%		
TOTAL NET REVENUE	\$18,364,086	\$187,788,970	2.42%
<i>Percent Change from August 2022</i>	8.36%		



FISCAL NOTES

FIRST-CLASS MAIL
PRESORTED
US POSTAGE PAID
AUSTIN, TEXAS
PERMIT NO. 1411

TEXAS COMPTROLLER OF PUBLIC ACCOUNTS
COMMUNICATIONS AND INFORMATION SERVICES DIVISION
111 E. 17TH ST., SUITE 210A, AUSTIN, TEXAS 78774-0100



Glenn Hegar
Texas Comptroller of Public Accounts

Fiscal Notes is one of the ways the Comptroller's office strives to assist taxpayers and the people of Texas. The newsletter is an extension of the Comptroller's constitutional responsibilities to monitor the state's economy and to estimate state government revenues.

Fiscal Notes also provides a periodic summary of the financial statements for the state of Texas. Articles and analysis appearing in *Fiscal Notes* do not necessarily represent the policy or endorsement of the Texas Comptroller of Public Accounts. Space is devoted to a wide variety of topics of Texas interest and general government concern.

Fiscal Notes is not copyrighted and may be reproduced. The Texas Comptroller of Public Accounts would appreciate credit for material used and a copy of the reprint.

Online Subscriptions, Renewals, Cancellations

Visit comptroller.texas.gov/economy/fiscal-notes to subscribe, renew or cancel. Send questions or comments to fiscal.notes@cpa.texas.gov.

How to Reach Us

To contact the Comptroller of Public Accounts, Communications and Information Services Division:

Call: 800-252-5555 **Fax:** 512-463-4226

Write: 111 E. 17th St., Suite 210A, Austin, Texas 78774-0100

Reader-Friendly Format

In compliance with the Americans with Disabilities Act, this document is available in a reader-friendly format at comptroller.texas.gov/economy/fiscal-notes.

Field Offices

Find a list of all Comptroller field offices at comptroller.texas.gov/about/contact/locations.php.