Texas Water Development Board

Funding Programs Briefing

April 14, 2026

New Funding from the 89th Texas Legislature

Senate Bill 3 - Texas's 89th Legislative 2nd Special Session Outdoor Warning Sirens

- **Purpose:** Install outdoor warning sirens in flash flood-prone regions, particularly those impacted by the July 2025 Hill Country floods
  - **30 counties** as designated by the Governor's state disaster declaration.

- **Grant Program:** To help local municipalities and counties cover the costs of installing sirens.
  - $1M initial amount awarded under this agreement by December 31, 2026.

- The TWDB is tasked with identifying flood-prone areas where sirens are most needed and setting installation and maintenance standards.

- Warning Systems physical infrastructure and essential components may include:
  - Sirens, rain gages, flood gages, and solar panels,
  - Non-physical components may include education, outreach, and training.

Warning System Info: https://www.twdb.texas.gov/about/sb3/index.asp

House Bill 500 - Water Supply and Infrastructure Grants

- $1.038 billion from General Revenue to TWDB
- 100% Grant for water infrastructure and supply projects. Funding will be awarded as grants only.
- **One-time opportunity** for a limited number of Texas communities to receive grant funding to implement water supply and water infrastructure projects.
- Once this initial appropriation is provided to communities by **August 31, 2027**, the TWDB will no longer have these grant funds available to provide financial assistance.
- Water Supply and Infrastructure Grants Frequently Asked Questions: https://www.twdb.texas.gov/financial/programs/WSIG/doc/WSIG-FAQ.pdf

WSIG Eligible Applicants

Eligible:

- Cities
- Districts
- Counties
- River authorities
- Other political subdivisions

Ineligible:

- Water Supply Corporations
- Investor-owned utilities
- Private entities

Eligible Projects. The grant must address at least one:

- **Water Loss,**
- **TCEQ violation,**
- **Provide additional water supply.**

Project Categories – Must address at least one

Water Loss:

- Improving efficiency of water delivery
- Correcting water system deficiencies including water loss
- Water loss mitigation projects may include leak repair, leak detection, pressure management, small meter replacement, large meter replacement, and selective pipe replacement

Regulatory Violations:

- TCEQ Notice of Violation (NOV) letter
- TCEQ Notice of Enforcement (NOE) letter
- Agreed Order
- Boil Water Notice and/or Public Notice
- Monitoring and Reporting Violations do not apply

Additional Water Supply:

- Correcting water system deficiencies including water quality, capacity, pressure, and water loss
- Upgrading or replacing water systems
- Providing new or existing service to other water systems through consolidation projects
- Purchasing capacity in water systems
- Purchasing water systems
- Producing additional water supply , including through reuse
- Purchasing water rights
- Improving efficiency of water delivery through existing irrigation systems

WSIG Project Requirements

- Must address water loss, a TCEQ violation, or provide additional water supply.
- Must be consistent with 2027 State Water Plan.
- Must have a current financial audit.
- Must be ready-to-proceed with construction if applicant's population served is >150,000.
- Only one application is allowed per applicant.
- Previously TWDB-funded projects not eligible.

Final WSIG Funding Allocation, 3/31/2026

Service area population size	Less than 1,000	1,001-10,000	10,001-150,000	150,001-1 million	Greater than 1 million	Total
Funding Cap per project	$6 Million	$10 Million	$21 Million	$35 Million	$55 Million	
Total funding target	$42 Million	$71 Million	$142 Million	$220 Million	$400 Million	$875 Million
Canal lining or conversion projects	Up to $100 Million for match funding for North American Development Bank projects					$975 Million

- *Systems with populations of 150,000 or less may request funding for P-planning, A-land acquisition, D-design, and C-construction.*
- *150,001 or more in population may request C-construction funding only.*

WSIG Canal Projects & the NADBank

$100M for canal lining or pipeline conversion for matching with NADBank funds.

WSIG Implementation Timeline

Dec. 17, 2025:	Work session
Jan. 5, 2026:	Public comment opens
Jan. 20, 2026:	Public webinar
Feb. 4, 2026:	Comment period closes
Apr. 1, 2026:	**Application solicitation opens**
Jul. 30, 2026:	**Application due date**
Starting Fall 2026:	Commitments
Winter '26-Summer '27:	Closings, *prior to August 31, 2027*.

Final Construction Closeout

Docs submitted to TWDB: February 28, 2031

WSIG Data Reports Compliance Requirements

To be eligible for the Water Supply and Infrastructure Grants, all TWDB required reports must be submitted by the required deadlines or prior to submitting their grant application. Otherwise, the submitting entities are ineligible to receive funding.

Water Use Survey

Applicants that provide retail water services (i.e. a retail public utility that provides potable water) must have submitted to the TWDB the annual Water Use Survey (WUS) of groundwater and surface water for the last THREE years. Submittal of the WUS begins the first working day of January and the survey is due March 1 annually via the online portal: https://www.twdb.texas.gov/waterplanning/waterusesurvey/index.asp.

Water Loss Audit

Applicants that provide retail water services must have submitted to the TWDB the most recently required water loss audit on or before May 1, 2026. The online TWDB Water Audit worksheet is available at: http://www.twdb.texas.gov/conservation/resources/waterloss-resources.asp, and the online portal is located at: https://www.twdb.texas.gov/apps/overview.asp.

If not submitted by May 1, 2026, then application will be considered ineligible.

WSIG Data Reports Compliance Requirements

Water Loss Audit Validation

Applicant must acknowledge that its most current water loss audit will be validated prior to consideration of request for financial assistance from the Board.

Water Loss Thresholds

Applicant must acknowledge that, upon validation of its water loss audit and the Applicant meets or exceeds the water loss thresholds, the project must address water loss to be eligible for funding.

Water Conservation Plan

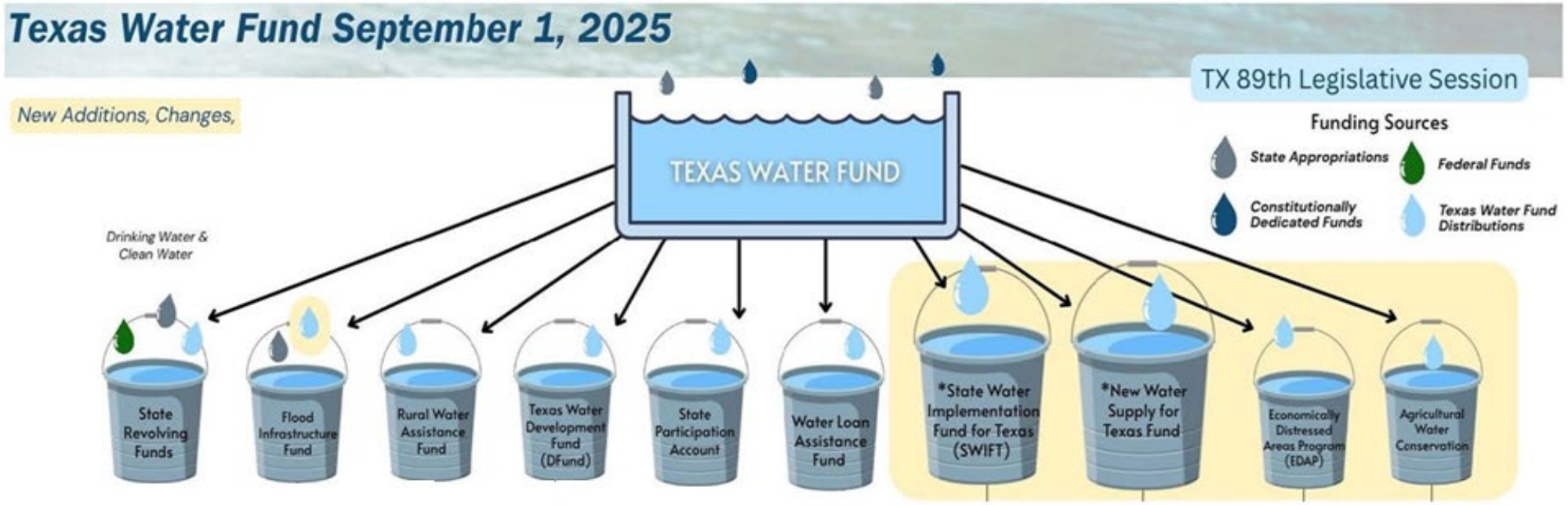
If the funding request for funding exceeds $500,000, a Water Conservation Plan (WCP) is required. Plans must have been adopted by the Applicant's governing body on July 20, 2021, or later. If the Applicant's current WCP was adopted earlier that July 20, 2021, or the Applicant does not have an adopted WCP, a new TWDB-approvable draft WCP must be submitted to the TWDB prior to May 1, 2026, which must then be adopted by the Applicant's governing body prior to submitting this financial assistance application.

House Joint Resolution 7 & Constitutional Amendment Proposition 4

- Proposition 4 - Voter Approval - November 4, 2025
- $1Billion annually for 20-years beginning in the 2028-29 Biennium for water supply projects.
  - **50% New Water Supplies**
  - **50% Aging Infrastructure**
- Proposition 4 dedicates $1B in state sales tax above $46.5B to the Texas Water Fund.
- The Texas Water Fund created in 2023 with the passage of Proposition 6 - an account that can move funds into existing TWDB financial assistance programs.
- **Fall 2029**: Availability of funds via TWDB's existing financial assistance programs.

Proposition 4 FAQ: https://www.twdb.texas.gov/financial/programs/twf/index.asp

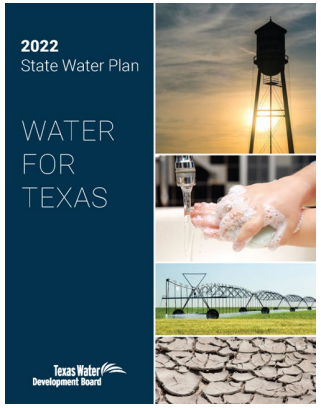
Texas Water Fund
Appropriations to Existing Financial Assistance Program

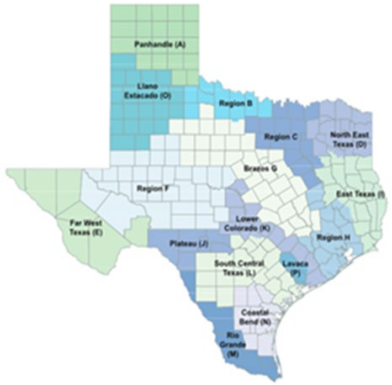


Existing Financial Assistance Programs

Program	Link
Agricultural Water Conservation Grants Program	www.twdb.texas.gov/financial/programs/AWCG/index.asp
Agricultural Water Conservation Loan Program	www.twdb.texas.gov/financial/programs/AWCL/index.asp
Asset Management Program for Small Systems	www.twdb.texas.gov/financial/programs/ampss/index.asp
Clean Water State Revolving Fund	www.twdb.texas.gov/financial/programs/CWSRF/index.asp
Drinking Water State Revolving Fund	www.twdb.texas.gov/financial/programs/DWSRF/index.asp
Lead Service Line Replacement	www.twdb.texas.gov/financial/programs/Lead-SLR/index.asp
Emerging Contaminants Program	www.twdb.texas.gov/financial/programs/ec/index.asp
Economically Distressed Areas Program	www.twdb.texas.gov/financial/programs/EDAP/index.asp
FEMA Flood Mitigation Assistance Grant Program	www.twdb.texas.gov/financial/programs/FMA/index.asp
FMA Swift Current	www.twdb.texas.gov/financial/programs/FMASC/index.asp
Flood Infrastructure Fund	www.twdb.texas.gov/financial/programs/FIF/index.asp
Rural Water Assistance Fund	www.twdb.texas.gov/financial/programs/RWAF/index.asp
State Participation Program	www.twdb.texas.gov/financial/programs/SPP/index.asp
State Water Implementation Fund for Texas	www.twdb.texas.gov/financial/programs/SWIFT/index.asp
Texas Water Development Fund	www.twdb.texas.gov/financial/programs/TWDF/index.asp
Water Utilities Technical Assistance Program	www.twdb.texas.gov/financial/programs/WUTAP/index.asp

Programs	Eligible Applicants:	Security Instruments:	Typical Pledges Include:	Length of Loans:
State Water Implementation Fund for Texas (SWIFT)	• Political Subdivisions • Water Supply Corporations • Project must be in adopted State / Regional Water Plan	• Bonds • Master Agreement	• System Revenue • Contract Revenue • Ad Valorem Tax • Tax and Revenue Pledge	• 20 to 30 years • 34 years for Board Participation

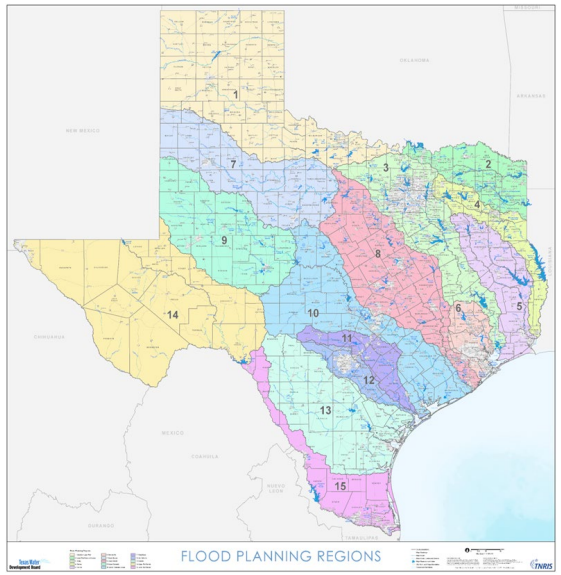




- Board approved 2026 Regional Water Plans. The state water plan is prepared and adopted every five years. Published next 2027.
- **Recommended water management strategies** listed in Regional and State Water Plans with an associated capital cost.
- Projects include conservation and reuse, desalinating groundwater and seawater, building new pipelines, developing reservoirs and well fields, purchasing water rights, and other plan strategies.
- Interactive State Water Plan: 2022.texasstatewaterplan.org
- Abridged Application Due February 3, 2026.

Programs	Eligible Applicants:	Security Instruments:	Typical Pledges Include:	Length of Loans:
Flood Infrastructure Fund (FIF)	• Political Subdivisions • Nonprofit Water Supply Corporations • Project must be in adopted State Flood Plan	• Bonds • Loan Agreement	• System Revenue • Contract Revenue • Ad Valorem Tax • Tax and Revenue Pledge	• Varies

- Must be recommended as Flood Management Evaluations (FME), Flood Mitigation Projects (FMP), or Flood Management Strategies (FMS) in a Regional and State Flood Plan.
- Up to 30-year repayment period for construction projects.
- Up to 10-year repayment period for planning, acquisition, and/or design projects.
- 0% interest loans and grants available.
- Eligible activities: planning, construction, nature-based solutions, warning systems, and gages.
- **The next funding cycle is State Fiscal Year 2026-2027.**



Programs	Eligible Applicants:	Security Instruments:	Typical Pledges Include:	Length of Loans:
Texas Water Development Fund (DFUND)	• Political Subdivisions • Nonprofit Water Supply Corporations	• Bonds • Loan Agreement	• System Revenue • Contract Revenue • Ad Valorem Tax • Tax and Revenue Pledge	• 20 to 30 years

- The program enables the TWDB to fund projects with multiple purposes for **drinking water and wastewater** in one commitment.
- 100% low-interest loan available annually.
- Long-term fixed interest rates based on the TWDB's cost of funds.
- No maximum funding limits. TWDB will sell bonds as needed.
- Applications due ***tentatively* September 30, 2026,** and require a pre-application meeting.

Programs	Eligible Applicants:	Security Instruments:	Typical Pledges Include:	Length of Loans:
Clean Water State Revolving Fund (CWSRF)	• Political Subdivisions • Water Supply Corporations • Designated Water Management Agencies • Authorized Tribal Organizations • Private Entities (*Nonpoint Source Projects Only*)	• Bonds • Loan Agreement	• System Revenue • Contract Revenue • Ad Valorem Tax • Tax and Revenue Pledge	• 20 to 30 years

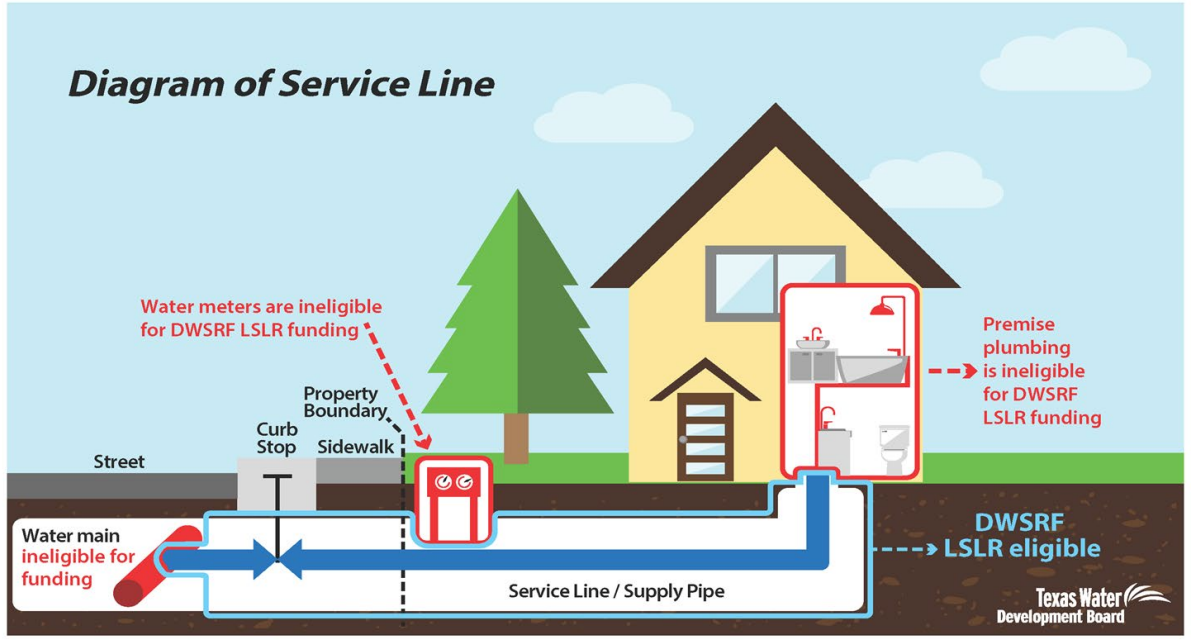
- Federal Program to address wastewater, stormwater, and reuse such as wastewater treatment facilities, wastewater recycling and reuse facilities, non potable reuse, wastewater collection systems, stormwater control, nonpoint source pollution control projects.
- Loan Principal Forgiveness (grants) for disadvantaged communities, small/rural disadvantaged, very small systems, green, and urgent need.
- 1.75% loan origination fee
- Past cycle SFY25 - $481,832,070
- **$60M** - maximum financing per project. **$10M** - maximum principal forgiveness
- Project Information Form (PIF) due March 6, 2026.

Programs	Eligible Applicants:	Security Instruments:	Typical Pledges Include:	Length of Loans:
Drinking Water State Revolving Fund (DWSRF)	• Political Subdivisions • Public and Privately Owned Water Systems • Nonprofit Water Supply Corporations • Nonprofit, Non-Community Public Water Systems	• Bonds • Loan Agreement	• System Revenue • Contract Revenue • Ad Valorem Tax • Tax and Revenue Pledge	• 20 to 30 years

- Federal Program to address water infrastructure needs, correct water system deficiencies, upgrade or replace water systems, consolidate systems, purchase capacity, purchase other systems, green projects.
- Loan Principal Forgiveness (grants) for disadvantaged communities, small/rural disadvantaged, very small systems, green, and urgent need.
- 2.00% loan origination fee
- Past cycle SFY25 - $444,395,440
- **$59M** - maximum financing per project. **$10M** - maximum principal forgiveness
- Project Information Form (PIF) due March 6, 2026.

Programs	Eligible Applicants:	Security Instruments:	Typical Pledges Include:	Length of Loans:
Lead Service Line Replacement (LSLR) Program	• Political Subdivisions • Public and Privately Owned Water Systems • Nonprofit Water Supply Corporations • Nonprofit, Non-Community Public Water Systems • State agencies	• Bonds • Loan Agreement	• System Revenue • Contract Revenue • Ad Valorem Tax • Tax and Revenue Pledge	• 15 years (Inventory-Only) • 30 years (Non-Inventory, Replacement)

- The Infrastructure Investment and Jobs Act (IIJA) appropriated funds through the base DWSRF for Lead Service Line Replacement (LSLR) projects and associated activities directly connected to the replacement of lead service lines.
- 2.00% loan origination fee
- Past cycle SFY25 $27,528,500
- All funding awarded at ratio of:
  - **49% Loan**
  - **51% Principal Forgiveness**
- Project Information Form (PIF) due date pending.



Water Utility Technical Assistance Program

- Water & Wastewater Professional Services for up to $150,000 worth of services.
  - All water and wastewater systems in Texas are eligible for this program, if they desire to seek funding from TWDB in the future.

- Final products of the program include:
  - Approvable Water Conservation Plans
  - Successful submission of PIFs/Abridged Applications
  - Successful submission of Financial Assistance Applications for invited entities
  - Summary reports with recommendations for financial management controls and operating processes
  - Completed rate study
  - Training regarding State Revolving Fund Procurement requirements including submission of documentation for federal reporting purposes.

  - Eligible entities may submit applications at any time.

TOOLS TO SUCCEED

Resource Links

***Prop 4 FAQ Voter Approval November 4, 2025**
https://www.twdb.texas.gov/financial/programs/TWF/doc/Proposition_4_FAQ.pdf

***House Bill 500 - Water Supply and Infrastructure Grants**
https://www.twdb.texas.gov/financial/programs/WSIG/index.asp

***Financial Assistance Programs Workshop Schedule**

https://www.twdb.texas.gov/home/tabs/doc/hot/Regional-Financial-Assistance-Workshop.pdf

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