



④ Lt. Gov. David Dewhurst proposes dipping into Texas' rainy-day fund for water, transportation needs

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Lt. Gov. David Dewhurst said Thursday that Texas should consider dipping into the state's multibillion-dollar rainy day fund to address pressing water and transportation needs.

Dewhurst, speaking before the Dallas Regional Chamber, proposed using \$1 billion from the fund, which is projected to reach \$8 billion by the end of the year, to create a new water infrastructure development bank to help cities and other municipalities build reservoirs.

Joining House Speaker Joe Straus and other state leaders in their increased focus on the major challenges surrounding Texas' brisk population growth, the lieutenant governor also said it might make sense to develop a similar bank for highway construction projects.

"In any circumstance — and this is bottom line — we have to maintain a healthy balance in the rainy day fund," he said. "But as a fiscal conservative, we can draw down a little bit and still keep a very healthy balance."

The focus on those essential infrastructure needs — along with other basic services, such as public schools, higher education and health care — comes as Dewhurst and other lawmakers prioritize the state's needs ahead of another budget battle in the coming legislative session.

Dewhurst, who presides over the Senate, has helped lead the conservative charge over the last few weeks in pledging to spend less than the law allows in the next two-year budget. That means limiting the state's budget growth to less than inflation plus state population growth — or about 9.85 percent over the next two years.

And the lieutenant governor, still licking his wounds from a failed U.S. Senate run against tea party favorite Ted Cruz, pushed that goal again Thursday.

Dewhurst said Texas' economic success stems from low taxes, low regulation and low government spending. And while he noted that revenues, especially from the state business tax, are better than expected, he said Washington's unpredictable nature made it imperative to stick to the "Texas model."

To support his contention that Washington can't be trusted, he pointed to the so-called fiscal cliff, which could cause drastic reductions in federal payments if Congress doesn't approve an alternative to spending cuts scheduled for the end of the year.

"If we were an island, completely separated from the other 49 states, I might be willing to spend more money on projects," he said. "But we're not."

Dewhurst said Texas' growing population would present challenges for decades to come. And he said innovative ideas, with the exception of anything related to raising taxes, are needed to maintain progress.

Details on the infrastructure banks still need to be sorted out, Dewhurst said. But he said the money could help communities pay for things like environmental permitting, right-of-way acquisition and interest on bonds.

The key, he said, is that the money would eventually be paid back to the state through construction financing, creating a revolving fund that would help pay for additional improvements.

"When I look at where we are and where we want to be," Dewhurst said, "we're going to have to be bold."

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