

BILL ANALYSIS

H.B. 1875
By: Wise
Natural Resources
Committee Report (Unamended)

BACKGROUND AND PURPOSE

This bill clarifies legislation passed during the 77th Legislature that created new water and wastewater related funds, including the Colonia Self-help account, under the Texas Water Development Board.

During the 77th Legislature, the Water Infrastructure Fund, the Rural Water Assistance Fund, and the Colonia Self-help account were established as special accounts in the State's general revenue fund. Given the restrictions imposed by the legislation the Water Development Board developed the best and most viable financing avenues possible. Based upon the legislation passed in the 77th Legislature, the Water Development Board authorized money-saving self-help Colonia projects to be completed during the interim by non-profit organizations and active citizens. Unfortunately, when the Water Development Board attempted to reimburse the approved projects, it was determined that the anticipated transfer of funds had not been fully authorized in the previous legislation.

This bill will alleviate these reimbursement issues by reclassifying the Water Infrastructure Fund and the Rural Water Assistance Fund as special funds in the State Treasury and reclassifying the Colonia Self-help account as a separate account in the Water Development Board's Water Assistance Fund, which is an already-established fund in the State Treasury. These changes in fund-types allow the Water Development Board greater flexibility in providing funding for all borrowers participating in these programs.

In addition, this legislation expands the eligible uses of the Rural Water Assistance Fund. Currently, the Rural Water Assistance Fund may provide funding for water projects only, thereby limiting its usefulness to solving more of the water-related problems in rural areas of the State. The proposed changes expand the use of the Rural Water Assistance Fund to include wastewater projects.

Lastly, this legislation will remove the \$250,000 cap on loans that can be made by the pilot program for water and wastewater loans for rural communities. Current statutes placed the \$250,000 cap on the loans to assure a wider distribution of funding. However, demand for loans has been limited due to the maximum loan amount per project. Rural projects often are expensive because of the long distances required for service delivery and would be better served if the \$250,000 statutory limit were removed. In fiscal year 2006, the Water Development Board will report to the Legislature on the results of the pilot program and whether continuation of the program is necessary.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

This bill makes the necessary changes in the Water Code to make the Water Infrastructure Fund a special fund in the State Treasury. It removes the \$250,000 dollar cap per project for the loans. The bill changes the Rural Water Assistance Fund to be a special fund in the State Treasury and establishes that water quality enhancement (i.e., wastewater) projects are a valid recipients of Rural Water Assistance Fund. Lastly, the bill changes the Colonia Self-help account to be a separate account in the Water Development

Board's Water Assistance Fund.

EFFECTIVE DATE

On passage, or if the Act does not receive the necessary vote, the Act takes effect September 1, 2003.