

## **BILL ANALYSIS**

S.C.R. 6  
By: Averitt  
Urban Affairs  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

The Internal Revenue Code permits the issuance of “private activity bonds” for quasi-governmental purposes, including housing, utilities, education, etc. Federal law places a state-by-state cap on the total of these private activity bonds, as authorized under the 1986 Tax Reform Act. This cap hinders the ability of Texas to meet its rapidly growing water infrastructure needs and private activity bonds afford a cost-effective, nonrecourse means of financing the development of adequate wastewater and drinking water facilities for the future and minimize the risk to the ratepayer. Other sources of municipal infrastructure financing, such as general obligation bonds, revenue bonds, and loans under the federal Environmental Protection Agency’s state revolving loan fund program, are insufficient to allow Texas to comply with new federal environmental and public health mandates. The cap on the volume of private activity bonds forces water and wastewater projects to compete with other projects in Texas without regard to the urgent priority of protecting public health and the environment. Removing the financing cap would give public officials the maximum number of tools for meeting the growing public demand for water services while ensuring compliance with federal environmental and public health laws. Senate Concurrent Resolution 6 would urge Congress to remove the cap for private activity bonds issued for water and wastewater facilities that require compliance with federal and local environmental and health laws.

### **RULEMAKING AUTHORITY**

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

### **ANALYSIS**

Resolves the 78th Legislature of the State of Texas respectfully urge the Congress of the United States to amend the Internal Revenue code of 1986 to provide that the volume cap for private activity bonds not apply to bonds for water and wastewater facilities and requires that the Texas secretary of state forward official copies of this resolution to the president of the United States, to the speaker of the house of representatives and the president of the senate of the United States Congress, and to all members of the Texas delegation to the congress with the request that this resolution be officially entered in the congressional Record as a memorial to the Congress of the United States of America.