

AN ACT

relating to the water infrastructure fund, rural water assistance fund, rural community water and wastewater loan fund, and colonia self-help account, and to certain notes and bonds of water districts.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 15.903, Water Code, as added by Chapter 966, Acts of the 77th Legislature, Regular Session, 2001, is amended to read as follows:

Sec. 15.903. WATER INFRASTRUCTURE FUND. (a) The water infrastructure fund is a special fund [~~account~~] in the state treasury [~~general revenue fund~~] to be administered by the board under this subchapter and rules adopted by the board under this subchapter. Money in the fund may be used to pay for the implementation of water projects recommended through the state and regional water planning processes under Sections 16.051 and 16.053.

(b) The fund consists of:

- (1) appropriations from the legislature;
- (2) any other fees or sources of revenue that the legislature may dedicate for deposit to the fund;
- (3) repayments of loans made from the fund;
- (4) interest earned on money credited to the fund;
- (5) depository interest allocable to the fund [~~in the general revenue fund~~];

1           (6) money from gifts, grants, or donations to the  
2 fund;

3           (7) money from revenue bonds or other sources  
4 designated by the board; and

5           (8) proceeds from the sale of political subdivision  
6 bonds or obligations held in the fund and not otherwise pledged to  
7 the discharge, repayment, or redemption of revenue bonds or other  
8 bonds, the proceeds of which were placed in the fund.

9           SECTION 2. Subsection (e), Section 15.903, Water Code, as  
10 added by Chapter 1234, Acts of the 77th Legislature, Regular  
11 Session, 2001, is amended to read as follows:

12           (e) A loan provided under this subchapter may not exceed a  
13 [~~\$250,000 for each project, and the~~] term of [~~a loan may not exceed~~]  
14 20 years.

15           SECTION 3. Section 15.951, Water Code, as added by Chapter  
16 966, Acts of the 77th Legislature, Regular Session, 2001, is  
17 amended to read as follows:

18           Sec. 15.951. PURPOSE. The legislature finds that the rural  
19 areas of the state, characterized by small populations extended  
20 over disproportionately large service areas, require a means of  
21 financing water and water quality enhancement projects in addition  
22 to those established by other provisions of this chapter.

23           SECTION 4. Section 15.953, Water Code, as added by Chapter  
24 966, Acts of the 77th Legislature, Regular Session, 2001, is  
25 amended to read as follows:

26           Sec. 15.953. FUND. The rural water assistance fund is a  
27 special fund [~~account~~] in the state treasury [~~general revenue~~

1 ~~fund~~]. The fund consists of:

- 2 (1) money directly appropriated to the board;
- 3 (2) repayment of principal and interest from loans  
4 made from the fund not otherwise needed as a source of revenue  
5 pursuant to Section 17.9615(b);
- 6 (3) money transferred by the board from any sources  
7 available; and
- 8 (4) interest earned on the investment of money in the  
9 fund and depository interest allocable to the fund [~~in the general  
10 revenue fund~~].

11 SECTION 5. Sections 15.954(a) and (b), Water Code, as added  
12 by Chapter 966, Acts of the 77th Legislature, Regular Session,  
13 2001, are amended to read as follows:

14 (a) The fund may be used to provide low-interest loans to  
15 rural political subdivisions for water or water-related projects  
16 and for water quality enhancement projects, including the purchase  
17 of well fields, the purchase or lease of rights to produce  
18 groundwater, onsite or wetland wastewater treatment facilities,  
19 and interim financing of construction projects.

20 (b) The fund may be used to enable a rural political  
21 subdivision to obtain water or wastewater service supplied by  
22 larger political subdivisions or to finance the consolidation or  
23 regionalizing of neighboring political subdivisions, or both.

24 SECTION 6. Sections 15.952(a) and (b), Water Code, as added  
25 by Chapter 1234, Acts of the 77th Legislature, Regular Session,  
26 2001, are amended to read as follows:

27 (a) The colonia self-help account is an account in the water

1 assistance fund [~~general revenue fund~~] that may be used by the board  
2 [~~appropriated~~] only for the purposes of this subchapter.

3 (b) The account consists of:

4 (1) money transferred by the legislature directly to  
5 the account;

6 (2) money transferred at the board's discretion from  
7 the fund; and

8 (3) gifts, grants, or donations to the account[~~; and~~

9 [~~(4) interest earned on money credited to the~~  
10 ~~account~~].

11 SECTION 7. Section 49.153(e), Water Code, is amended to  
12 read as follows:

13 (e) Subsection (c) does not apply to:

14 (1) a note issued to and approved by the:

15 (A) Farmers Home Administration;

16 (B) United States Department of Agriculture;

17 [~~or~~]

18 (C) Texas Water Development Board; or

19 (D) North American Development Bank; or

20 (2) a district described by Section 49.181(h).

21 SECTION 8. Section 49.181(a), Water Code, is amended to  
22 read as follows:

23 (a) A district may not issue bonds unless the commission  
24 determines that the project to be financed by the bonds is feasible  
25 and issues an order approving the issuance of the bonds. This  
26 section does not apply to refunding bonds or bonds issued to and  
27 approved by the Farmers Home Administration, the United States

1 Department of Agriculture, the North American Development Bank, or  
2 the Texas Water Development Board.

3 SECTION 9. Sections 49.183(a) and (b), Water Code, are  
4 amended to read as follows:

5 (a) Except for refunding bonds, or bonds sold to a state or  
6 federal agency or to the North American Development Bank, bonds  
7 issued by a district shall be sold after advertising for and  
8 receiving competitive sealed bids and shall be awarded to the  
9 bidder whose bid produces the lowest net effective interest rate to  
10 the district.

11 (b) Except for refunding bonds, or bonds sold to a state or  
12 federal agency or to the North American Development Bank, before  
13 any bonds are sold by a district, the board shall publish an  
14 appropriate notice of the sale:

15 (1) at least one time not less than 10 days before the  
16 date of sale in a newspaper of general circulation in the county or  
17 counties in which the district is located; and

18 (2) at least one time in one or more recognized  
19 financial publications of general circulation in the state as  
20 approved by the state attorney general.

21 SECTION 10. This Act takes effect immediately if it  
22 receives a vote of two-thirds of all the members elected to each  
23 house, as provided by Section 39, Article III, Texas Constitution.  
24 If this Act does not receive the vote necessary for immediate  
25 effect, this Act takes effect September 1, 2003.

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President of the Senate

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Speaker of the House

I certify that H.B. No. 1875 was passed by the House on May 6, 2003, by the following vote: Yeas 143, Nays 0, 2 present, not voting.

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Chief Clerk of the House

I certify that H.B. No. 1875 was passed by the Senate on May 20, 2003, by the following vote: Yeas 31, Nays 0.

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Secretary of the Senate

APPROVED: \_\_\_\_\_

Date

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Governor