

1-1 By: Wise (Senate Sponsor - Lucio) H.B. No. 1875
1-2 (In the Senate - Received from the House May 7, 2003;
1-3 May 9, 2003, read first time and referred to Committee on
1-4 Administration; May 16, 2003, reported favorably by the following
1-5 vote: Yeas 7, Nays 0; May 16, 2003, sent to printer.)

1-6 A BILL TO BE ENTITLED
1-7 AN ACT

1-8 relating to the water infrastructure fund, rural water assistance
1-9 fund, rural community water and wastewater loan fund, and colonia
1-10 self-help account, and to certain notes and bonds of water
1-11 districts.

1-12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-13 SECTION 1. Section 15.903, Water Code, as added by Chapter
1-14 966, Acts of the 77th Legislature, Regular Session, 2001, is
1-15 amended to read as follows:

1-16 Sec. 15.903. WATER INFRASTRUCTURE FUND. (a) The water
1-17 infrastructure fund is a special fund [~~account~~] in the state
1-18 treasury [~~general revenue fund~~] to be administered by the board
1-19 under this subchapter and rules adopted by the board under this
1-20 subchapter. Money in the fund may be used to pay for the
1-21 implementation of water projects recommended through the state and
1-22 regional water planning processes under Sections 16.051 and 16.053.

1-23 (b) The fund consists of:

1-24 (1) appropriations from the legislature;

1-25 (2) any other fees or sources of revenue that the
1-26 legislature may dedicate for deposit to the fund;

1-27 (3) repayments of loans made from the fund;

1-28 (4) interest earned on money credited to the fund;

1-29 (5) depository interest allocable to the fund [~~in the~~
1-30 ~~general revenue fund~~];

1-31 (6) money from gifts, grants, or donations to the
1-32 fund;

1-33 (7) money from revenue bonds or other sources
1-34 designated by the board; and

1-35 (8) proceeds from the sale of political subdivision
1-36 bonds or obligations held in the fund and not otherwise pledged to
1-37 the discharge, repayment, or redemption of revenue bonds or other
1-38 bonds, the proceeds of which were placed in the fund.

1-39 SECTION 2. Subsection (e), Section 15.903, Water Code, as
1-40 added by Chapter 1234, Acts of the 77th Legislature, Regular
1-41 Session, 2001, is amended to read as follows:

1-42 (e) A loan provided under this subchapter may not exceed a
1-43 [~~\$250,000 for each project, and the~~] term of [~~a loan may not exceed~~]
1-44 20 years.

1-45 SECTION 3. Section 15.951, Water Code, as added by Chapter
1-46 966, Acts of the 77th Legislature, Regular Session, 2001, is
1-47 amended to read as follows:

1-48 Sec. 15.951. PURPOSE. The legislature finds that the rural
1-49 areas of the state, characterized by small populations extended
1-50 over disproportionately large service areas, require a means of
1-51 financing water and water quality enhancement projects in addition
1-52 to those established by other provisions of this chapter.

1-53 SECTION 4. Section 15.953, Water Code, as added by Chapter
1-54 966, Acts of the 77th Legislature, Regular Session, 2001, is
1-55 amended to read as follows:

1-56 Sec. 15.953. FUND. The rural water assistance fund is a
1-57 special fund [~~account~~] in the state treasury [~~general revenue~~
1-58 ~~fund~~]. The fund consists of:

1-59 (1) money directly appropriated to the board;

1-60 (2) repayment of principal and interest from loans
1-61 made from the fund not otherwise needed as a source of revenue
1-62 pursuant to Section 17.9615(b);

1-63 (3) money transferred by the board from any sources
1-64 available; and

2-1 (4) interest earned on the investment of money in the
 2-2 fund and depository interest allocable to the fund [~~in the general~~
 2-3 ~~revenue fund~~].

2-4 SECTION 5. Sections 15.954(a) and (b), Water Code, as added
 2-5 by Chapter 966, Acts of the 77th Legislature, Regular Session,
 2-6 2001, are amended to read as follows:

2-7 (a) The fund may be used to provide low-interest loans to
 2-8 rural political subdivisions for water or water-related projects
 2-9 and for water quality enhancement projects, including the purchase
 2-10 of well fields, the purchase or lease of rights to produce
 2-11 groundwater, onsite or wetland wastewater treatment facilities,
 2-12 and interim financing of construction projects.

2-13 (b) The fund may be used to enable a rural political
 2-14 subdivision to obtain water or wastewater service supplied by
 2-15 larger political subdivisions or to finance the consolidation or
 2-16 regionalizing of neighboring political subdivisions, or both.

2-17 SECTION 6. Sections 15.952(a) and (b), Water Code, as added
 2-18 by Chapter 1234, Acts of the 77th Legislature, Regular Session,
 2-19 2001, are amended to read as follows:

2-20 (a) The colonia self-help account is an account in the water
 2-21 assistance fund [~~general revenue fund~~] that may be used by the board
 2-22 [~~appropriated~~] only for the purposes of this subchapter.

2-23 (b) The account consists of:
 2-24 (1) money transferred by the legislature directly to
 2-25 the account;
 2-26 (2) money transferred at the board's discretion from
 2-27 the fund; and
 2-28 (3) gifts, grants, or donations to the account [~~and~~
 2-29 [~~(4) interest earned on money credited to the~~
 2-30 ~~account~~].

2-31 SECTION 7. Section 49.153(e), Water Code, is amended to
 2-32 read as follows:

2-33 (e) Subsection (c) does not apply to:
 2-34 (1) a note issued to and approved by the:
 2-35 (A) Farmers Home Administration;
 2-36 (B) United States Department of Agriculture;
 2-37 [~~or~~]
 2-38 (C) Texas Water Development Board; or
 2-39 (D) North American Development Bank; or
 2-40 (2) a district described by Section 49.181(h).

2-41 SECTION 8. Section 49.181(a), Water Code, is amended to
 2-42 read as follows:

2-43 (a) A district may not issue bonds unless the commission
 2-44 determines that the project to be financed by the bonds is feasible
 2-45 and issues an order approving the issuance of the bonds. This
 2-46 section does not apply to refunding bonds or bonds issued to and
 2-47 approved by the Farmers Home Administration, the United States
 2-48 Department of Agriculture, the North American Development Bank, or
 2-49 the Texas Water Development Board.

2-50 SECTION 9. Sections 49.183(a) and (b), Water Code, are
 2-51 amended to read as follows:

2-52 (a) Except for refunding bonds, or bonds sold to a state or
 2-53 federal agency or to the North American Development Bank, bonds
 2-54 issued by a district shall be sold after advertising for and
 2-55 receiving competitive sealed bids and shall be awarded to the
 2-56 bidder whose bid produces the lowest net effective interest rate to
 2-57 the district.

2-58 (b) Except for refunding bonds, or bonds sold to a state or
 2-59 federal agency or to the North American Development Bank, before
 2-60 any bonds are sold by a district, the board shall publish an
 2-61 appropriate notice of the sale:

2-62 (1) at least one time not less than 10 days before the
 2-63 date of sale in a newspaper of general circulation in the county or
 2-64 counties in which the district is located; and

2-65 (2) at least one time in one or more recognized
 2-66 financial publications of general circulation in the state as
 2-67 approved by the state attorney general.

2-68 SECTION 10. This Act takes effect immediately if it
 2-69 receives a vote of two-thirds of all the members elected to each

3-1 house, as provided by Section 39, Article III, Texas Constitution.
3-2 If this Act does not receive the vote necessary for immediate
3-3 effect, this Act takes effect September 1, 2003.

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