

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

March 31, 2003

TO: Honorable Kenneth Armbrister, Chair, Senate Committee on Natural Resources

FROM: John Keel, Director, Legislative Budget Board

IN RE: SB1084 by Madla (Relating to interest-free loans from the Texas Water Development Board for water districts in economically distressed areas.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would amend the Water Code to expand the terms by which the Water Development Board will provide financial assistance to conservation and reclamation districts located in economically distressed areas in the form of zero percent loans.

The Water Development Board currently allocates 10 percent of Economically Distressed Area Program funds to low-interest loans (currently at a 5.4 percent interest rate). Assuming the agency would use \$2.5 million out of \$25 million in remaining general obligation bond authorization to provide zero-interest loans to districts. Interest costs currently paid by grantees through the low-interest loan program would no longer be covering those costs in the zero-interest program. This estimate therefore assumes that additional interest costs would be paid using General Revenue Funds. However, it is not expected that additional debt service requirements resulting from the bill's passage would exceed \$20,000 in any fiscal year during 2004-08.

Local Government Impact

There could be savings to conservation and reclamation districts upon passage of the bill. Assuming the cost to the state would be no more than \$20,000 per year to provide zero-interest loans, savings to any single district are not anticipated to be significant.

Source Agencies: 580 Water Development Board, 582 Commission on Environmental Quality

LBB Staff: JK, CL, TL