

BILL ANALYSIS

H.B. 828
By: Callegari
Natural Resources
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Water districts may issue bonds to finance water and wastewater infrastructure projects and sell those bonds directly to the Texas Water Development Board (TWDB). Subchapter F, Chapter 49, Water Code, governs the bond issuance process for water districts. The Texas Commission on Environmental Quality (TCEQ) is required by Section 49.181, Water Code, to make a determination that the project is "feasible", but only on projects to be financed by bonds sold on the open market. TCEQ is not required to make a project feasibility determination if the project is to be funded by bonds issued to and approved by the Farmers Home Administration (FHA), the United States Department of Agriculture (USDA), the North American Development Bank (NAD Bank), or the TWDB. TWDB and TCEQ have an interagency letter of agreement requiring TWDB to review and process project plans and specifications for water facilities financed by the TWDB in a manner that will satisfy TCEQ's requirements.

During the 78th Texas Legislature in 2003, two bills (H.B. 1541 and H.B. 1875) amended Section 49.181 (a), Water Code, which led to confusion over whether TCEQ needed to make project feasibility determinations on re-financing bond issuances on already-built projects originally financed by TWDB. Re-financing of bonds typically occurs after a water or wastewater infrastructure project has been completed, so there is little reason for TCEQ to make a project feasibility determination.

H.B. 828 clarifies that TCEQ does not have to make project feasibility determinations on refinancing bonds issued by water districts and sold to TWDB.

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

H.B. 828 amends Section 49.181(a), Water Code, as amended by Chapters 248 and 608, 78th Regular Session (2003), by specifying that TCEQ does not have to make a project feasibility determination on refinancing bonds issued by water districts and sold to the FHA, USDA, NAD Bank, or TWDB.

EFFECTIVE DATE

Effective immediately if it receives 2/3rds vote in each chamber, otherwise effective September 1, 2005.