

BILL ANALYSIS

Senate Research Center

C.S.S.B. 1726
By: Gallegos
Natural Resources
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Committee Report (Substituted)

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

Many areas of the state are economically distressed and need financial assistance in getting water and sewer services to low-income populations. Most of these residential users live in substandard conditions and are dependant on water wells which are or have become contaminated. Septic systems are leaching into the water table, adding to further contamination of the drinking water.

C.S.S.B. 1726 provides for these areas to be eligible for funding under Chapter 17, Water Code.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 17, Water Code, by adding Subchapter K-1, as follows:

SUBCHAPTER K-1. STATEWIDE ASSISTANCE TO ECONOMICALLY DISTRESSED AREAS FOR WATER SUPPLY AND SEWER SERVICE PROJECTS

Sec. 17.941. DEFINITIONS. Defines "economically distressed area," "financial assistance," "political subdivision," "sewer services," and "sewer facilities."

Sec. 17.942. FINANCIAL ASSISTANCE. Authorizes the economically distressed areas program account to be used by the Texas Water Development Board (board) to provide financial assistance to political subdivisions for purposes related to acquiring, constructing, and improving water supply and sewer services. Prohibits money from the proceeds of bonds issued under the authority of Section 49-d-7(b) or 49-d-8, Article III, Texas Constitution, from being used to provide financial assistance under this subchapter.

Sec. 17.943. APPLICATION FOR FINANCIAL ASSISTANCE. (a) Authorizes a political subdivision to apply to the board for financial assistance under this subchapter by submitting an application together with a plan for providing water supply or sewer services to an economically distressed area.

(b) Sets forth the information and documents the application and plan are required to include.

(c) Provides that a program of water conservation for the more effective use of water is required for the approval of an application for financial assistance under this section in a certain manner.

(d) Authorizes the board, before considering the application, to require the applicant to participate with the board in reviewing the applicant's managerial, financial, or technical capabilities to operate the system for which assistance is being requested; provide written determination by the Texas Commission on Environmental Quality (commission) of the applicant's managerial, financial, and technical capabilities to operate the system; request that the comptroller perform a financial management review of the applicant's current operations and, if the

comptroller is available to perform the review, provide the board with the results of the review; or provide any other information required by the board or the executive administrator.

Sec. 17.944. **CONSIDERATIONS IN REVIEWING APPLICATION.** (a) Sets forth the factors the board is required to consider in reviewing an application for financial assistance.

(b) Requires the board, at the time an application for financial assistance is considered, to find that the area to be served by a proposed project has a median household income of not more than 75 percent of the median state household income for the most recent year for which statistics are available.

Sec. 17.945. **APPROVAL OR DISAPPROVAL OF APPLICATION.** Requires the board, after considering the matters described by Section 17.944, by resolution to approve the plan and application as submitted; approve the plan and application as submitted subject to certain requirements identified by the board or commission; deny the application and identify the requirements or remedial steps the applicant must complete to be reconsidered for financial assistance; deny the application if the board finds that the applicant will be unable to obtain the managerial, financial, or technical capabilities to build and operate a system and issue a determination that another service provider is necessary or appropriate to undertake the proposed project; or deny the application.

Sec. 17.946. **FINDINGS REGARDING PERMITS.** (a) Prohibits the board from releasing money for the portion of the project that proposes surface water or groundwater development until the executive administrator of the board makes certain written findings.

(b) Authorizes the board to release money for the costs of planning, engineering, architectural, legal, title, fiscal, or economic investigation, studies, surveys, or designs before making the written finding if the executive administrator determines that a reasonable expectation exists that the finding will be made before the release of funds for construction.

(c) Prohibits the board, if an applicant includes a proposal for treatment works, from delivering money for the treatment works until the applicant has received a permit for construction and operation of the treatment works and approval of the plans and specifications from the commission, unless such a permit is not required by the commission.

Sec. 17.947. **METHOD OF FINANCIAL ASSISTANCE.** (a) Authorizes the board to provide financial assistance to political subdivisions under this subchapter by using money in the economically distressed areas program account to purchase political subdivision bonds.

(b) Authorizes the board to make financial assistance available to political subdivisions in any other manner that it considers feasible, including certain specified methods.

Sec. 17.948. **TERMS OF FINANCIAL ASSISTANCE.** (a) Authorizes the board to use money in the economically distressed areas program account to provide financial assistance under this subchapter to a political subdivision to be repaid in any form, manner, and time provided by board rules and in the agreement between the board and the political subdivision, taking into consideration the information provided under Section 17.943.

(b) Prohibits the board, in providing financial assistance to an applicant under this subchapter, from providing to the applicant financial assistance for which repayment is not required in an amount that exceeds 50 percent of the total amount of the financial assistance plus interest on the amount that must be repaid, and creates an exception if the Department of State Health Services (DSHS)

makes a certain finding. Requires the board and the applicant to provide DSHS information necessary to make a determination. Authorizes the board and DSHS to enter into memoranda of understanding necessary to carry out this subsection.

(c) Prohibits the total amount of financial assistance provided by the board to political subdivisions under this subchapter from state-issued bonds for which repayment is not required from exceeding at any time 90 percent of the total principal amount of issued and unissued bonds authorized for purposes of this subchapter.

(d) Sets forth the factors the board is required to consider, including the rates, fees, and charges that the average customer to be served by the project will be able to pay, in determining the amount and form of financial assistance and the amount and form of repayment.

(e) Authorizes the board, in making its determination of the rates, fees, and charges that the average customer to be served by the project will be able to pay, to consider certain studies, surveys, data, criteria, or standards.

(f) Authorizes the board to provide financial assistance money under this subchapter for treatment works only if the board determines that it is not feasible in the area covered by the application to use septic tanks as the method for providing sewer services under the applicant's plan.

SECTION 2. Amends Section 17.958(c), Water Code, to make a conforming change.

SECTION 3. Repealer: Sections 15.407(i) (Facility Engineering in Economically Distressed Areas) and Section 15.974(b) (Use of Water Infrastructure Fund), Water Code.

SECTION 2. [sic] Effective date: upon passage or September 1, 2005.