

## **BILL ANALYSIS**

H.B. 3541  
By: Lucio III  
Natural Resources  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

The 77<sup>th</sup> Legislature created the Colonia Self-help Program to provide reimbursement funding to nonprofit organizations that had a history of participating in self-help projects along the Texas/Mexico border. A self-help project is one in which the community residents participate in the construction of the project (often termed "sweat equity"), resulting in significant cost savings. Only two nonprofit organizations were active in Texas self-help projects at the time of the initial legislation. One no longer sponsors such projects in Texas. Consequently, the pool of applicants eligible to apply for Colonia Self-help Program funds has been reduced, limiting the effectiveness of the program.

H.B. 3541 expands the pool of eligible applicants for the programs funds by expanding the type of eligible nonprofit organizations. Applicants would use program funds to provide needed water and wastewater services to residents of economically distressed areas who assist in the project at reduced project costs.

### **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**

SECTION 1. Amends Section 15.951, Water Code, by amending Subdivision (2) and adding Subdivisions (2-a) and (2-b), as follows:

Subdivision (2)(C) Defines "Colonia." to include a geographic area that consists of at least 11 or more dwellings unless the Board determines that a self-help project will be cost-effective with fewer dwellings located in close proximity to each other.

Subdivision (2-a) Defines "Non-profit organization."

Subdivision (2-b) Defines "Political subdivisions."

SECTION 2. Amends Section 15.953, Water Code, as follows:

Subsection (a) Provides that the board may use funds in the account to reimburse a political subdivision or a nonprofit organization for eligible expenses. Provides a list of eligible expenses under this subsection.

Subsection (b) Provides that the board may award a grant under the program directly to a political subdivision or nonprofit organization to reimburse the subdivision or organization for certain expenses. Adds that, if the board finds that the retail public utility described in Section 15.955(8) has made a commitment to the self-help project sufficient to ensure that services will be extended to the colonia, the board may make an advance of grant funds not to exceed 10 percent of the total amount of the grant.

SECTION 3. Amends Section 15.954, Water Code, as follows:

Sec. 15.954. ELIGIBLE POLITICAL SUBDIVISIONS AND NONPROFIT ORGANIZATIONS. Provides that in order for a political subdivision or a nonprofit to be eligible to receive a grant it must: demonstrate work experience relevant to extending retail water or wastewater utility service to colonias in coordination with the retail public utility and develop a plan that requires self-help projects beneficiaries to actively participate in the implementation of the project in coordination with the retail public utility described by Section 15.955(8). Deletes language concerning qualifying for an exemption from federal income taxes under Section 501(c)(3). Deletes language concerning a demonstrated record.

SECTION 4. Amends Section 15.955, Water Code, as follows:

Sec. 15.955. GRANT APPLICATION. Provides that an eligible political subdivision or nonprofit organization must apply to the board for a grant under the program before incurring certain expenses. Provides a list of requirements to be included in the application, adding language concerning a political subdivision and nonprofit.

SECTION 5. Amends Section 15.956, Water Code, as follows:

Sec. 15.956. BOARD CONSIDERATIONS IN EVALUATION GRANT APPLICATION. Provides a list of criteria that the board shall consider in its evaluation of an application.

SECTION 6. Repeals Section 15.959, Water Code.

SECTION 7. Provides the effective date of this Act.

#### **EFFECTIVE DATE**

This Act takes effect immediately if it receives a vote of two-thirds of all members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2009.