

BILL ANALYSIS

H.B. 3542
By: Lucio III
Natural Resources
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The Legislature created the Economically Distressed Areas Program in 1989 to provide water and wastewater service to economically distressed areas in the state. Financial assistance generally is in the form of a grant and loan combination through the Economically Distressed Areas Account. The current statute requires that no more than 90 percent of the total principal amount of issued and unissued bonds under the Economically Distressed Areas Program as authorized under Article III, Section 49-d-7(b), of the Texas Constitution be provided as grant assistance. The remaining 10 percent is currently required to come from loans from the Economically Distressed Areas Program. This requirement has limited the flexibility with which the Texas Water Development Board ("the board") can fund particular projects and caused applicants to turn down financial assistance from the program because they could not afford the loan component. In addition to the overall 10 percent requirement, current law requires applicants to have a determination of a nuisance dangerous to the public health and safety by the Texas Department of State Health Services before the applicant can receive more than 50 percent of the project costs as a grant. The remaining loan amount must come from the Economically Distressed Areas Program. This requirement, too, has limited the Board's ability to create a financing plan that is affordable for some applicants.

H.B. 3542 makes it possible for the board to provide grants through the Economically Distressed Areas Program in combination with loans from other board administered programs so that the total amount of funding is more tailored to the financial capabilities of the applicant.

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 Chapter 17.933(b) and (c), Water Code, as follows:

Subsection (b) Provides that the board may not provide to the applicant financial assistance in the form of a grant in an amount that exceeds 50 percent of the total cost of a proposed project unless the Texas Department of State Health Services issues a determination that a nuisance dangerous to the public health and safety exists resulting from water supply and sanitation problems in the area to be served by the project. Provides that the board and the applicant shall provide to the Texas Department of State Health Services information necessary to make a determination and the board and the Texas Department of State Health Services may enter into memoranda of understating to carry out this subsection

Subsection (c) Provides that the board in providing financial assistance under this subchapter may combine a grant made under this subchapter with a loan from any other source, including another program administered by the board. Deletes language concerning the limitation on financial assistance from state-issued bonds.

SECTION 2. Provides the effective date of this Act.

EFFECTIVE DATE

The Act takes effect September 1, 2009.