

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

March 23, 2009

TO: Honorable Allan Ritter, Chair, House Committee on Natural Resources

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB2374 by Guillen (Relating to financing of water and wastewater connections and plumbing improvements in economically distressed areas.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would amend Chapter 17, Subchapter K of the Water Code, to authorize a political subdivision to use money from financial assistance under that chapter (Economically Distressed Areas account) to pay certain costs related to water and wastewater connections and plumbing improvements in economically distressed areas. The bill would take effect September 1, 2009.

Based on analysis by the Texas Water Development Board, which administers funds from the Economically Distressed Areas account, it is assumed any costs associated with adding to the list of uses for which funds may be distributed could be absorbed within existing resources. In addition, this analysis assumes that the amount of funds available in the account would remain the same. Making the same amount of funds available for current and additional uses could result in there being more grants sought than there are funds available for each request. However, because the Office of Rural Community Affairs (ORCA) administers a separate fund for similar purposes, those funds could have more availability if the Economically Distressed Areas account were to address some of the needs that would otherwise be addressed through the account administered through ORCA.

Local Government Impact

Local governments that qualify for funding from the Economically Distressed Areas account could benefit to the extent funding is available to meet the needs for which the funds are available. According to information provided by the Texas Commission on Environmental Quality, costs of water and wastewater connections can range from \$1,500 to \$3,000 per household.

Source Agencies: 357 Office of Rural Community Affairs, 580 Water Development Board, 582 Commission on Environmental Quality

LBB Staff: JOB, WK, DB