

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 6, 2009

TO: Honorable Eddie Lucio, Jr., Chair, Senate Committee on International Relations & Trade

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

IN RE: HB2374 by Guillen (Relating to financial assistance by the Texas Water Development Board for the connection of residences in economically distressed areas to public water supply and sanitary sewer systems.), **Committee Report 2nd House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would amend Chapter 17, Subchapter K of the Water Code to authorize the Texas Water Development Board (TWDB) to use funds in the Economically Distressed Areas Account to provide financial assistance to a political subdivision to pay certain costs related to water and wastewater connections and plumbing improvements in economically distressed areas. Financial assistance could be provided only to residents who demonstrate an inability to pay for the improvements described in the bill in accordance with rules that TWDB would be required to adopt. The bill would take effect September 1, 2009.

Based on analysis by TWDB, which administers funds from the Economically Distressed Areas Account, it is assumed any costs associated with adopting rules and adding to the list of uses for which funds may be distributed from the account 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, CL, TP, DB