

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 13, 2009

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

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

IN RE: SB2284 by Lucio (Relating to the issuance of grants by the Texas Water Development Board for water and wastewater system improvements in economically distressed areas.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB2284, As Introduced: an impact of \$0 through the biennium ending August 31, 2011.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2010	\$0
2011	\$0
2012	(\$1,266,667)
2013	(\$1,339,700)
2014	(\$1,338,025)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1
2010	\$0
2011	\$0
2012	(\$1,266,667)
2013	(\$1,339,700)
2014	(\$1,338,025)

Fiscal Analysis

The bill would amend the Water Code to remove the requirement that the total amount of financial assistance provided by the Water Development Board (TWDB) for the Economically Distressed Areas Program (EDAP) from state-issued bonds, for which repayment is not required, may not exceed 90 percent of the total principal amount of issued and unissued bonds authorized for this program, plus outstanding interest on those bonds.

The bill would authorize TWDB to combine an EDAP grant with a loan from any other source, including another program administered by TWDB.

The bill would take effect September 1, 2009.

Methodology

TWDB has been authorized to issue \$500 million in GO bonds for EDAP. The bill would authorize TWDB to issue the full amount as grants, whereas current statute requires a maximum of 90 percent of bond proceeds to provide grants. Therefore, this bill would give TWDB the statutory authority to issue an additional \$50 million in GO bonds for grants under EDAP, in lieu of self-supporting loans. TWDB reports that \$34 million has already been provided as loans for EDAP projects, but the remaining \$16 million could be provided as grants.

TWDB reports that the additional \$16 million in grants for EDAP projects would be awarded in fiscal year 2012. As a result, TWDB would have the following debt service requirements for this \$16 million in GO bonds: \$0 in fiscal years 2010 and 2011; \$1,266,667 in fiscal year 2012; \$1,339,700 in fiscal year 2013; and \$1,338,025 in fiscal year 2014. Since the awards would be grants instead of loans, this debt service would require General Revenue funds, whereas the debt service for the loans under the current statute would have been paid by loan repayments.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 580 Water Development Board

LBB Staff: JOB, CL, ZS, AH, SD