

By: Creighton

H.B. No. 865

A BILL TO BE ENTITLED

1 AN ACT  
2 relating to the composition and use of money in the rural water  
3 assistance fund.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 15.992, Water Code, is amended by  
6 amending Subdivision (2) and adding Subdivision (3-a) to read as  
7 follows:

8 (2) "Federal agency" means an agency or other entity  
9 of the United States, including the United States Department of  
10 Agriculture or an agency or entity that is acting through or on  
11 behalf of that department.

12 (3-a) "Nonprofit water supply or sewer service  
13 corporation" means a corporation operating under Chapter 67.

14 SECTION 2. Section 15.993, Water Code, is amended to read as  
15 follows:

16 Sec. 15.993. FUND. The rural water assistance fund is a  
17 special fund in the state treasury. The fund consists of:

18 (1) money transferred [~~directly appropriated~~] to the  
19 fund at the direction of the legislature [~~board~~];

20 (2) repayment of principal and interest from loans  
21 made from the fund not otherwise needed as a source of revenue  
22 pursuant to Section 17.9615(b);

23 (3) money transferred by the board from any sources  
24 available; [~~and~~]

1 (4) interest earned on the investment of money in the  
2 fund and depository interest allocable to the fund;

3 (5) money transferred to the fund from the water  
4 assistance fund in accordance with Section 15.011(b), including  
5 proceeds from the sale of political subdivision bonds by the board  
6 to the Texas Water Resources Finance Authority that are deposited  
7 in the water assistance fund as provided by Section 17.0871;

8 (6) money from gifts, grants, or donations to the  
9 fund; and

10 (7) any other fees or sources of revenue that the  
11 legislature may dedicate for deposit to the fund.

12 SECTION 3. Section 15.994, Water Code, is amended by  
13 amending Subsections (a), (b), (c), and (e) and adding Subsection  
14 (h) to read as follows:

15 (a) The fund may be used to provide low-interest loans to  
16 rural political subdivisions for:

17 (1) water or water-related projects and for water  
18 quality enhancement projects, including:

19 (A) the construction of infrastructure  
20 facilities for wholesale or retail water or sewer service;

21 (B) desalination projects;

22 (C) the purchase or lease of water well fields;

23 (D) property necessary for water well fields;

24 (E) [7] the purchase or lease of rights to  
25 produce groundwater;

26 (F) [7] onsite or wetland wastewater treatment  
27 facilities; [7] and

1           (G) the interim financing of construction  
2 projects;

3           (2) water projects included in the state water plan or  
4 a regional water plan;

5           (3) development of groundwater sources and  
6 acquisition of water rights, including groundwater and surface  
7 water rights;

8           (4) the acquisition of retail public utilities as  
9 defined by Section 13.002;

10           (5) the acquisition of water supply or sewer service  
11 facilities or systems owned by municipalities or other political  
12 subdivisions;

13           (6) construction, acquisition, or improvement of  
14 water and wastewater projects to provide service to an economically  
15 distressed area;

16           (7) planning and design costs, permitting costs, and  
17 other costs associated with state or federal regulatory activities  
18 with respect to a project; and

19           (8) obtaining[-

20           ~~[(b) The fund may be used to enable a rural political~~  
21 ~~subdivision to obtain]~~ water or wastewater service supplied by  
22 other [larger] political subdivisions or financing [to finance] the  
23 consolidation or regionalizing of neighboring political  
24 subdivisions, or both.

25           (b) The fund may be used to provide zero interest loans,  
26 negative interest loans, loan forgiveness, or grants for any  
27 purpose described by Subsection (a) under criteria developed by the

1 board.

2 (c) The board may use money in the ~~[The]~~ fund to contract for  
3 ~~[may be used to finance an]~~ outreach, financial, and technical  
4 assistance ~~[program]~~ to assist rural political subdivisions in  
5 obtaining and using financing from ~~[assistance through]~~ the fund.  
6 ~~[The board may use money in the fund to contract for such outreach~~  
7 ~~and technical assistance.]~~

8 (e) A rural political subdivision may enter into an  
9 agreement with a federal agency, ~~[or]~~ a state agency, or another  
10 rural political subdivision to submit a joint application for  
11 financial assistance under this subchapter.

12 (h) The board may coordinate its review of an application  
13 submitted under this subchapter with a federal agency to avoid  
14 duplication of efforts and costs.

15 SECTION 4. The heading to Section 15.995, Water Code, is  
16 amended to read as follows:

17 Sec. 15.995. FINANCIAL ASSISTANCE IN GENERAL.

18 SECTION 5. Subchapter R, Chapter 15, Water Code, is amended  
19 by adding Section 15.996 to read as follows:

20 Sec. 15.996. LOANS TO NONPROFIT WATER SUPPLY OR SEWER  
21 SERVICE CORPORATIONS. (a) In addition to any other method of  
22 providing financial assistance authorized by this subchapter, the  
23 board may make financial assistance available to an applicant that  
24 is a nonprofit water supply or sewer service corporation by  
25 entering into a loan agreement with the applicant.

26 (b) To be eligible to receive financial assistance under  
27 this section, the applicant must:

1           (1) execute a promissory note for the full amount of  
2 the loan; and

3           (2) provide to the board an attorney's opinion stating  
4 that the applicant has the authority to incur the debt.

5           (c) An applicant for financial assistance under this  
6 section is not required to appoint or employ:

7           (1) a bond counsel; or

8           (2) a financial advisor.

9           SECTION 6. This Act takes effect September 1, 2011.