

1-1 By: Fraser S.B. No. 360
1-2 (In the Senate - Filed January 18, 2011; February 2, 2011,
1-3 read first time and referred to Committee on Natural Resources;
1-4 March 9, 2011, reported favorably by the following vote: Yeas 9,
1-5 Nays 0; March 9, 2011, sent to printer.)

1-6 A BILL TO BE ENTITLED
1-7 AN ACT

1-8 relating to the composition and use of money in the rural water
1-9 assistance fund.

1-10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-11 SECTION 1. Section 15.992, Water Code, is amended by
1-12 amending Subdivision (2) and adding Subdivision (3-a) to read as
1-13 follows:

1-14 (2) "Federal agency" means an agency or other entity
1-15 of the United States, including the United States Department of
1-16 Agriculture or an agency or entity that is acting through or on
1-17 behalf of that department.

1-18 (3-a) "Nonprofit water supply or sewer service
1-19 corporation" means a corporation operating under Chapter 67.

1-20 SECTION 2. Section 15.993, Water Code, is amended to read as
1-21 follows:

1-22 Sec. 15.993. FUND. The rural water assistance fund is a
1-23 special fund in the state treasury. The fund consists of:

1-24 (1) money directly appropriated to the board for a
1-25 purpose of the fund;

1-26 (2) repayment of principal and interest from loans
1-27 made from the fund not otherwise needed as a source of revenue
1-28 pursuant to Section 17.9615(b);

1-29 (3) money transferred by the board from any sources
1-30 available; ~~and~~

1-31 (4) interest earned on the investment of money in the
1-32 fund and depository interest allocable to the fund;

1-33 (5) money transferred to the fund from the water
1-34 assistance fund in accordance with Section 15.011(b), including
1-35 proceeds from the sale of political subdivision bonds by the board
1-36 to the Texas Water Resources Finance Authority that are deposited
1-37 in the water assistance fund as provided by Section 17.0871;

1-38 (6) money from gifts, grants, or donations to the
1-39 fund; and

1-40 (7) any other fees or sources of revenue that the
1-41 legislature may dedicate for deposit to the fund.

1-42 SECTION 3. Section 15.994, Water Code, is amended by
1-43 amending Subsections (a), (b), (c), and (e) and adding Subsection
1-44 (h) to read as follows:

1-45 (a) The fund may be used to provide low-interest loans to
1-46 rural political subdivisions for:

1-47 (1) water or water-related projects and for water
1-48 quality enhancement projects, including:

1-49 (A) the construction of infrastructure
1-50 facilities for wholesale or retail water or sewer service;

1-51 (B) desalination projects;

1-52 (C) the purchase or lease of water well fields;

1-53 (D) property necessary for water well fields;

1-54 (E) ~~[]~~ the purchase or lease of rights to
1-55 produce groundwater;

1-56 (F) ~~[]~~ onsite or wetland wastewater treatment
1-57 facilities; ~~[]~~ and

1-58 (G) the interim financing of construction
1-59 projects;

1-60 (2) water projects included in the state water plan or
1-61 a regional water plan;

1-62 (3) development of groundwater sources and
1-63 acquisition of water rights, including groundwater and surface
1-64 water rights;

2-1 (4) the acquisition of retail public utilities as
 2-2 defined by Section 13.002;
 2-3 (5) the acquisition of water supply or sewer service
 2-4 facilities or systems owned by municipalities or other political
 2-5 subdivisions;
 2-6 (6) construction, acquisition, or improvement of
 2-7 water and wastewater projects to provide service to an economically
 2-8 distressed area;
 2-9 (7) planning and design costs, permitting costs, and
 2-10 other costs associated with state or federal regulatory activities
 2-11 with respect to a project; and

2-12 (8) obtaining
 2-13 ~~[(b) The fund may be used to enable a rural political~~
 2-14 ~~subdivision to obtain] water or wastewater service supplied by~~
 2-15 ~~other [larger] political subdivisions or financing [to finance] the~~
 2-16 ~~consolidation or regionalizing of neighboring political~~
 2-17 ~~subdivisions, or both.~~

2-18 (b) The fund may be used to provide zero interest loans,
 2-19 negative interest loans, loan forgiveness, or grants for any
 2-20 purpose described by Subsection (a) under criteria developed by the
 2-21 board.

2-22 (c) The board may use money in the [The] fund to contract for
 2-23 ~~[may be used to finance an] outreach, financial, and technical~~
 2-24 ~~assistance [program] to assist rural political subdivisions in~~
 2-25 ~~obtaining and using financing from [assistance through] the fund.~~
 2-26 ~~[The board may use money in the fund to contract for such outreach~~
 2-27 ~~and technical assistance.]~~

2-28 (e) A rural political subdivision may enter into an
 2-29 agreement with a federal agency, ~~or~~ a state agency, or another
 2-30 rural political subdivision to submit a joint application for
 2-31 financial assistance under this subchapter.

2-32 (h) The board may coordinate its review of an application
 2-33 submitted under this subchapter with a federal agency to avoid
 2-34 duplication of efforts and costs.

2-35 SECTION 4. The heading to Section 15.995, Water Code, is
 2-36 amended to read as follows:

2-37 Sec. 15.995. FINANCIAL ASSISTANCE IN GENERAL.

2-38 SECTION 5. Subchapter R, Chapter 15, Water Code, is amended
 2-39 by adding Section 15.996 to read as follows:

2-40 Sec. 15.996. LOANS TO NONPROFIT WATER SUPPLY OR SEWER
 2-41 SERVICE CORPORATIONS. (a) In addition to any other method of
 2-42 providing financial assistance authorized by this subchapter, the
 2-43 board may make financial assistance available to an applicant that
 2-44 is a nonprofit water supply or sewer service corporation by
 2-45 entering into a loan agreement with the applicant.

2-46 (b) To be eligible to receive financial assistance under
 2-47 this section, the applicant must:

2-48 (1) execute a promissory note for the full amount of
 2-49 the loan; and

2-50 (2) provide to the board an attorney's opinion stating
 2-51 that the applicant has the authority to incur the debt.

2-52 (c) An applicant for financial assistance under this
 2-53 section is not required to appoint or employ:

2-54 (1) a bond counsel; or

2-55 (2) a financial advisor.

2-56 SECTION 6. This Act takes effect September 1, 2011.

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