

BILL ANALYSIS

C.S.H.B. 2943
By: Larson
Natural Resources
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties note that both water quality and quantity can be protected through voluntary conservation programs, such as conservation easements, but that the state has invested only a small fraction of its public funding toward such purposes. C.S.H.B. 2943 seeks to address this issue by providing for a program to promote the acquisition of conservation easements.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Texas Water Development Board in SECTION 2 of this bill.

ANALYSIS

C.S.H.B. 2943 amends the Water Code to clarify the state water pollution control revolving fund's purpose as being the provision of financial assistance to persons for projects eligible for assistance under certain provisions of the Federal Water Pollution Control Act, including water quality control projects provided by the bill. The bill requires the Texas Water Development Board (TWDB), in conjunction with or separate from the account in the revolving fund for nonpoint source pollution control and abatement projects, by rule to establish a program to promote the acquisition by eligible applicants of conservation easements and requires the TWDB to adopt the rules not later than January 1, 2018. The bill requires acquisitions made through the program to have a demonstrable impact on water quality control, as determined by the TWDB. The bill requires the TWDB to ensure that the amounts of any funds used for such a program are consistent with maintaining the perpetuity of the revolving fund.

C.S.H.B. 2943 revises certain conditions under which the TWDB may use the revolving fund to make a loan. The bill changes the term of a loan from a term capped at 20 years to a term capped at the lesser of 30 years or the projected useful life, as determined by the TWDB, of the project to be financed with the proceeds of the loan. The bill changes the commencement of principal and interest payments from not later than one year after completion of any treatment works to not later than one year after completion of the project to be financed with the proceeds of the loan. The bill changes the time frame by which a loan is to be fully amortized from not later than 20 years after completion of the treatment works to not later than the expiration date of the term of the loan. The bill requires certain projects financed through the revolving fund to have a demonstrable impact on water quality control, as determined by the TWDB. The bill requires the TWDB to ensure that the amounts of any funds used for such a project are consistent with maintaining the perpetuity of the revolving fund.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2017.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 2943 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. Section 15.601(a), Water Code, is amended.

SECTION 2. Section 15.603, Water Code, is amended.

SECTION 3. Section 15.604, Water Code, is amended by amending Subsection (a) and adding Subsection (c) to read as follows:

(a) The board may use the revolving fund for financial assistance only as provided by the federal act:

(1) to make loans, on the conditions that:

(A) the loan is [~~those loans are~~] made at or below market interest rates, including an interest-free loan [~~loans~~], at a term [~~terms~~] not to exceed the lesser of 30 years or the projected useful life, as determined by the board, of the project to be financed with the proceeds of the loan [~~20 years~~];

(B) principal and interest payments will begin not later than one year after completion of the project to be financed with the proceeds of the loan [~~any treatment works~~] and the loan [~~all loans~~] will be fully amortized not later than the expiration date of the term of the loan [~~20 years after completion of the treatment works~~];

(C) the recipient of a loan will establish a dedicated source of revenue for repayment of loans; and

(D) the revolving fund will be credited with all payments of principal of and interest on all loans;

(2) to buy or refinance the debt obligation of political subdivisions at or below market rates if the debt obligations were incurred after March 7, 1985;

(3) to guarantee or purchase insurance for political subdivisions if the guarantee or insurance would improve access to market credit or reduce interest rates;

(4) as a source of revenue or security for the payment of principal and interest on

HOUSE COMMITTEE SUBSTITUTE

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(B) principal and interest payments will begin not later than one year after completion of the project to be financed with the proceeds of the loan [~~any treatment works~~] and the loan [~~all loans~~] will be fully amortized not later than the expiration date of the term of the loan [~~20 years after completion of the treatment works~~];

(C) the recipient of a loan will establish a dedicated source of revenue for repayment of loans; and

(D) the revolving fund will be credited with all payments of principal of and interest on all loans;

(2) to buy or refinance the debt obligation of political subdivisions at or below market rates if the debt obligations were incurred after March 7, 1985;

(3) to guarantee or purchase insurance for political subdivisions if the guarantee or insurance would improve access to market credit or reduce interest rates;

(4) as a source of revenue or security for the payment of principal and interest on

bonds issued by the state if the proceeds of the sale of those bonds will be deposited in the revolving fund;

(5) to provide loan guarantees to similar revolving funds established by municipalities or intermunicipal agencies;

(6) to earn interest on revolving fund accounts;

(7) for the reasonable costs of administering the revolving fund and conducting activities provided for by Title VI of the federal act, except that those amounts may not exceed the amount authorized under Title VI of the federal act;

(8) to provide financial assistance to persons for a nonpoint source pollution control or water quality control project under Section 319 of the federal act or Section 15.603(h) or (h-1) of this code [~~for an estuary management project under Section 320 of the federal act~~];

(9) for other purposes as provided by the federal act; and

(10) to provide linked deposits to eligible lending institutions for loans to persons for nonpoint source pollution control projects.

(c) A project financed through the revolving fund, other than a project authorized under Section 603(c)(1) or (11) of the federal act (33 U.S.C. Section 1383(c)(1) or (11)), must have a demonstrable impact on water quality control, as determined by the board. The board shall ensure that the amounts of any funds used for such a project are consistent with maintaining the perpetuity of the revolving fund.

SECTION 4. Section 17.0821(c), Water Code, is amended.

SECTION 5. The Texas Water Development Board shall adopt rules under Section 15.603(h-1), Water Code, as added by this Act, not later than January 1, 2018.

SECTION 6. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2017.

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(8) to provide financial assistance to persons for a nonpoint source pollution control or water quality control project under Section 319 of the federal act or Section 15.603(h) or (h-1) of this code [~~for an estuary management project under Section 320 of the federal act~~];

(9) for other purposes as provided by the federal act; and

(10) to provide linked deposits to eligible lending institutions for loans to persons for nonpoint source pollution control projects.

(c) A project financed through the revolving fund, other than a project authorized under Section 603(c)(1), (5), or (11) of the federal act (33 U.S.C. Section 1383(c)(1), (5), or (11)), must have a demonstrable impact on water quality control, as determined by the board. The board shall ensure that the amounts of any funds used for such a project are consistent with maintaining the perpetuity of the revolving fund.

SECTION 4. Same as introduced version.

SECTION 5. Same as introduced version.

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