

By: Johnson

S.B. No. 1823

A BILL TO BE ENTITLED

AN ACT

relating to the provision by the Texas Water Development Board of financial assistance for the development of residential drainage projects in economically distressed areas.

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

SECTION 1. The heading to Subchapter K, Chapter 17, Water Code, is amended to read as follows:

SUBCHAPTER K. ASSISTANCE TO ECONOMICALLY DISTRESSED AREAS FOR  
WATER SUPPLY, ~~AND~~ SEWER SERVICE, AND RESIDENTIAL DRAINAGE  
PROJECTS

SECTION 2. Sections 17.921(1) and (2), Water Code, are amended to read as follows:

(1) "Economically distressed area" means an area in which:

(A) water supply, ~~or~~ sewer, or residential drainage services are inadequate to meet minimal needs of residential users as defined by board rules;

(B) financial resources are inadequate to provide water supply, ~~or~~ sewer, or residential drainage services that will satisfy those needs; and

(C) an established residential subdivision was located on June 1, 2005, as determined by the board.

(2) "Financial assistance" means the funds provided by the board to political subdivisions for water supply, ~~and~~ sewer,

1 and residential drainage services under this subchapter.

2 SECTION 3. Sections 17.922 and 17.9226, Water Code, are  
3 amended to read as follows:

4 Sec. 17.922. FINANCIAL ASSISTANCE. (a) The board shall use  
5 the economically distressed areas account to provide financial  
6 assistance to political subdivisions for the construction,  
7 acquisition, or improvement of water supply, ~~and~~ sewer, and  
8 residential drainage services, including providing funds from the  
9 account for the state's participation in federal programs that  
10 provide assistance solely for projects intended to serve  
11 economically distressed areas.

12 (b) To the extent practicable, the board shall use money in  
13 the economically distressed areas account in conjunction with the  
14 other financial assistance available through the board to encourage  
15 the use of cost-effective water supply, ~~and~~ wastewater, and  
16 residential drainage systems, including regional systems, to  
17 maximize the long-term economic development of political  
18 subdivisions eligible for financial assistance under the  
19 economically distressed areas program. Any savings derived from  
20 the construction of a regional system that includes or serves an  
21 economically distressed area project shall be factored into the  
22 board's determination of financial assistance for the economically  
23 distressed area in a manner that assures the economically  
24 distressed area receives appropriate benefits from the savings. In  
25 no event shall financial assistance provided from the economically  
26 distressed areas account be used to provide water supply, ~~or~~  
27 wastewater, or residential drainage service to any area that is not

an economically distressed area.

Sec. 17.9226. USE OF CERTAIN GENERAL OBLIGATION BONDS. The board may:

(1) maximize the effectiveness of the additional general obligation bonds authorized by Section 49-d-14, Article III, Texas Constitution, by using the additional bonds in conjunction with other sources of financial assistance, including nonpublic funds, to provide financial assistance to political subdivisions for the construction, acquisition, or improvement of water supply, ~~and~~ sewer, and residential drainage services; and

(2) use the additional general obligation bonds authorized by Section 49-d-14, Article III, Texas Constitution, to promote and support public-private partnerships that the board determines:

(A) are financially viable;

(B) will diversify the methods of financing available for water supply, ~~and~~ sewer, and residential drainage services; and

(C) will reduce reliance on the issuance of bonds supported with general revenue.

SECTION 4. Sections 17.927(a) and (b), Water Code, are amended to read as follows:

(a) A political subdivision may apply to the board for financial assistance under this subchapter by submitting an application together with a plan for providing water supply, ~~and~~ sewer, or residential drainage services to an economically distressed area for which the financial assistance is to be used.

(b) The application and plan must include:

(1) the name of the political subdivision and its principal officers;

(2) a citation of the law under which the political subdivision was created and operates;

(3) a project plan, prepared and certified by an engineer registered to practice in this state, that must:

(A) describe the proposed planning, design, and construction activities necessary to provide water supply, ~~and~~ sewer, or residential drainage services that meet minimum state standards provided by board rules; and

(B) identify the households to which the water supply, ~~and~~ sewer, or residential drainage services will be provided;

(4) a budget that estimates the total cost of providing water supply, ~~and~~ sewer, or residential drainage services to the economically distressed area and a proposed schedule and method for repayment of financial assistance consistent with board rules and guidelines;

(5) a description of the existing water supply, ~~and~~ sewer, or residential drainage facilities located in the area to be served by the proposed project, including a statement prepared and certified by an engineer registered to practice in this state that the facilities do not meet minimum state standards;

(6) documentation that the appropriate political subdivision has adopted and enforces the model rules developed under Section 16.343;

(7) information identifying the median household income for the area to be served by the proposed project;

(8) the total amount of assistance requested from the economically distressed areas account; and

(9) the water conservation plan required by Section 16.4021.

SECTION 5. Section 17.928(c), Water Code, is amended to read as follows:

(c) If an applicant includes a proposal for treatment or residential drainage works the board may not deliver funds for the treatment or residential drainage works until the applicant has received:

(1) a permit for construction and operation of the treatment or residential drainage works from the commission or other applicable permitting authority unless such a permit is not required; and

(2) approval of the plans and specifications from the commission, the executive administrator, or other applicable authority.

SECTION 6. Section 17.929(a), Water Code, is amended to read as follows:

(a) In passing on an application for financial assistance, the board shall consider:

(1) the need of the economically distressed area to be served by the water supply, ~~and~~ sewer, or residential drainage services in relation to the need of other political subdivisions requiring financial assistance under this subchapter and the

relative costs and benefits of all applications;

(2) the availability to the area to be served by the project of revenue or financial assistance from alternative sources for the payment of the cost of the proposed project;

(3) the financing of the proposed water supply, ~~and~~ sewer, or residential drainage project, including consideration of:

(A) the budget and repayment schedule submitted under Section 17.927(b)(4);

(B) other items included in the application relating to financing; and

(C) other financial information and data available to the board;

(4) whether the county and other appropriate political subdivisions have adopted model rules pursuant to Section 16.343 and the manner of enforcement of model rules;

(5) the feasibility of achieving cost savings by providing a regional facility for water supply, ~~or~~ wastewater, or residential drainage service and the feasibility of financing the facility by using funds from the economically distressed areas account or any other financial assistance; and

(6) the ability of the applicant to repay the financial assistance.

SECTION 7. Section 17.933(d), Water Code, is amended to read as follows:

(d) In determining the amount and form of financial assistance and the amount and form of repayment, if any, the board

shall establish repayment based on the political subdivision's ability to repay the financial assistance and shall consider:

(1) rates, fees, and charges that the average customer to be served by the project will be able to pay;

(2) sources of funding available to the political subdivision from federal and private funds and from other state funds;

(3) any local funds of the political subdivision to be served by the project if the economically distressed area to be served by the board's financial assistance is within the boundary of the political subdivision;

(4) the just, fair, and reasonable charges for water, ~~and~~ wastewater, and residential drainage service as provided in this code; and

(5) the ability of the board to maximize the portion of financial assistance for which repayment is required based on the political subdivision's ability to repay the assistance, as provided by board rule.

SECTION 8. Section 17.936(d), Water Code, is amended to read as follows:

(d) The provider of water or wastewater utility or residential drainage service to an economically distressed area may recover from a developer or owner of an undeveloped lot economically distressed areas program impact fees as provided by rules adopted by the board.

SECTION 9. This Act takes effect September 1, 2023.