

BILL ANALYSIS

C.S.H.B. 3781
By: McLaughlin
Natural Resources
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The bill author has informed the committee that under current law the Texas Water Development Board (TWDB) is prohibited from approving financial assistance under certain Water Code provisions, commonly known as the economically distressed areas program (EDAP), for water and sewer projects for communities that are not in compliance with the agency's adopted model subdivision rules that are intended to ensure orderly development of water and sewer infrastructure in unincorporated areas. The bill author has also informed the committee that many communities in rural or border regions were developed prior to the adoption of these rules in the 1990s and have long-standing infrastructure deficiencies and that, as a result and despite their clear need, these communities are effectively ineligible for state assistance through EDAP solely because the communities are not in compliance with the model rules, thereby creating a gap in service equity for legacy developments in economically distressed areas. C.S.H.B. 3781 seeks to address this issue by providing certain authority for the TWDB to provide financial assistance under EDAP to a political subdivision for a water supply or sewer service project that will serve a community that is not in compliance with the model rules in order to ensure that the original intent of EDAP is fulfilled without penalizing historically underserved areas due to technical noncompliance with rules that didn't exist at the time of their development.

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 this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 3781 amends the Water Code to authorize the Texas Water Development Board (TWDB), for purposes of the requisite adoption and enforcement by the appropriate political subdivision of the TWDB's model rules relating to minimum standards for safe and sanitary water supply and sewer services in residential areas of political subdivisions, to consider an application for funds under provisions relating to assistance to economically distressed areas for water supply and sewer service projects if the application is for a water supply or sewer service project, and to provide financial assistance under such provisions to a political subdivision for such a project, that:

- is located in an area in which the model rules are enforced; and
- will serve a community that is not in compliance with the model rules because the community:
 - was developed before the model rules were adopted by the TWDB; and
 - has not been platted in accordance with the model rules.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2025.

COMPARISON OF INTRODUCED AND SUBSTITUTE

While C.S.H.B. 3781 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

While both the introduced and the substitute authorize the TWDB to consider an application for funds under provisions relating to assistance to economically distressed areas for water supply and sewer service projects if the application is for a certain water supply or sewer service project, and to provide financial assistance under such provisions to a political subdivision for such a project, the introduced and the substitute differ as follows:

- whereas the introduced specified that such authorization was notwithstanding the requisite adoption and enforcement by the appropriate political subdivision of the TWDB's model rules relating to minimum standards for safe and sanitary water supply and sewer services in residential areas of political subdivisions, the substitute specifies that such authorization is for the purposes of such requisite adoption and enforcement;
- with respect to the project's location, the introduced specified an area in which the model rules are not enforced, whereas the substitute specifies an area in which the model rules are enforced; and
- whereas both the introduced and the substitute specify that the community to be served by the project is a community that was developed before the model rules were adopted by the TWDB, the substitute further specifies that the community is a community that is not in compliance with the model rules because the community was so developed and has not been platted in accordance with the model rules.