

SUBJECT: Denial of funding for failing to provide information on water project

COMMITTEE: Natural Resources — favorable, without amendment

VOTE: 11 ayes — Ritter, T. King, Beck, Creighton, Hopson, Keffer, Larson,  
Lucio, Martinez Fischer, D. Miller, Price

0 nays

SENATE VOTE: On final passage, March 17 — 31-0

WITNESSES: *(On House companion, HB 1734:)*  
For — *(Registered, but did not testify:)* Matt Phillips, The Nature  
Conservancy)

Against — None

On — Dan Hardin, Texas Water Development Board

BACKGROUND: Water Code, sec. 16.053(q) requires each regional water planning group to examine the financing needed to implement the water management strategies and projects identified in the group's most recent approved regional plan and report to the Texas Water Development Board (TWDB) regarding:

- how regional local governments and other political subdivisions propose to pay for water infrastructure projects identified in the plan; and
- what role the regional planning group proposes for the state in financing projects identified in the plan, giving particular attention to proposed increases in the level of state participation in funding.

The water infrastructure fund (WIF) is administered by the TWDB and may be used to pay for the implementation of water projects recommended through the state or regional water plans.

The disadvantaged rural community water and wastewater financial

assistance fund includes money transferred from the water assistance fund, proceeds from the sale of political subdivision bonds to the Texas Water Resources Finance Authority, and loan repayments. The fund is used to provide financial assistance to rural communities for water and wastewater projects.

TWDB's state participation program provides loans for the construction of regional water or wastewater projects. Water Code, sec. 16.131 allows TWDB to use the state participation account of the development fund to encourage optimum regional development of projects, including the design, acquisition, lease, construction, reconstruction, development, or enlargement in whole or part of:

- reservoirs and storm water retention basins for water supply, flood protection, and groundwater recharge;
- facilities for the transmission and treatment of water; and
- water treatment infrastructure.

**DIGEST:**

SB 370 would amend the Water Code to prohibit an application for WIF funds from being approved if the applicant had failed to satisfactorily complete a request by the executive administrator of TWDB or a regional planning group for information relevant to the project, including a water infrastructure financing survey. An application for a loan or grant of financial assistance from the disadvantaged rural community water and wastewater financial assistance fund for a project recommended through the state and regional water planning processes could not be accepted if the applicant failed to satisfactorily complete a request for information, including a water infrastructure financing survey. TWDB could not use the state participation account to finance a project recommended through state and regional water planning processes if the applicant had failed to satisfactorily complete a request for information, including a water infrastructure financing survey.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2011.

**SUPPORTERS  
SAY:**

SB 370 would increase accuracy and accountability in Texas' water planning process. The bill would require applicants for state water plan funding to complete the water infrastructure financing survey. The bill would encourage participation in the water infrastructure survey, which

already is required under current law, and would help make the planning process more accurate. The Texas Commission on Environmental Quality has a contract with the Texas Rural Water Association to assist with filling out the survey.

**OPPONENTS  
SAY:**

No apparent opposition.

**NOTES:**

The House companion bill, HB 1734 by Ritter, was considered in a public hearing by the House Natural Resources Committee on March 22 and left pending.