

## **BILL ANALYSIS**

Senate Research Center

S.B. 844  
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Finance  
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As Filed

### **DIGEST**

The International Relations, Trade & Technology Committee study on the progress of the correction of problems in the colonias found that the Economically Distressed Areas Program (EDAP), which builds water and sewer service systems in the colonias, is making good progress. However, EDAP does not provide the connections between residences and the water or sewer systems. It only provides the systems.

S.B. 844 would allocate \$2 million in federal community development block grants to be used to pay for hookups for homes in the colonias where EDAP has provided water and wastewater systems, or where those systems will be finished promptly. This set-aside would last until the EDAP program is complete, and all of the \$250 million in bonds approved by the Texas voters is depleted. The committee also found that a low rate of hookups could endanger the financial viability of some colonias projects. An average of 13 percent of the water customers and 63 percent of sewer service customers have not yet connected to EDAP systems in their communities. Part of that has been corrected with a mandatory connection requirement. But if a family does not have the money, there is little that can be done. Once these homes are connected, the additional revenue to the utility systems in the border region will be as much as \$15 million by 2002. The colonias set-aside will work in conjunction with the Water Development Board's Colonias Plumbing Loan Program. The bill will also streamline the application process by providing for a coordinated effort between the Texas Department of Housing and Community Affairs and the Water Development Board.

### **PURPOSE**

As proposed, S.B. 844 authorizes the use of federal community development block grant funds to provide financial assistance in economically distressed areas to pay for residential service lines, hookups, and plumbing improvements associated with being connected to a water supply or sewer service system financed under the economically distressed areas program.

### **RULEMAKING AUTHORITY**

Rulemaking authority is granted to the Texas Department of Housing and Community Affairs under SECTION 1 (Section 2306.098(c), Government Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 2306.098, Government Code, by adding Subsection (c), to require the comptroller each fiscal year to deposit \$2 million of the federal money received by the state under the community development block grant program in an account in the general revenue fund to be administered by the Texas Department of Housing and Community Affairs (department) under this section. Authorizes money in the account to be used only to provide financial assistance in economically distressed areas to pay for residential service lines, hookups, and plumbing improvements associated with being connected to a water supply or sewer service system financed under the economically distressed areas program established under Chapter 16J, Water Code, and Chapter 17K, Water Code. Requires the department, by rule, to provide that an application for assistance under the program authorized by this subsection may be submitted after construction of the water supply or sewer service system begins. Requires the department to approve or disapprove a timely application before construction of the water supply or sewer service system is completed in order to eliminate delay in hookups once construction is completed. Requires the department and

the Texas Water Development Board to coordinate and combine resources to streamline the application process for hookup funds under this subsection and under Chapter 15L, Water Code, and to share information elicited by each agency's application procedure in order to eliminate the need for applicants to complete different forms with similar information. Defines "economically distressed area."

SECTION 2. Effective date: September 1, 1997.

SECTION 3. Emergency clause.