

BILL ANALYSIS

Senate Research Center

S.C.R. 6
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As Filed

DIGEST

Current federal tax provisions place an arbitrary state cap on the volume of private activity bonds, which hinders the ability of Texas to meet its rapidly growing water infrastructure needs and private activity bonds afford a cost-effective, nonrecourse means of financing the development of adequate wastewater and drinking water facilities for the future and minimize the risk to the ratepayer. Other sources of municipal infrastructure financing, such as general obligation bonds, revenue bonds, and loans under the federal Environmental Protection Agency's state revolving loan fund program, are insufficient to allow Texas to comply with new federal environmental and public health mandates. The cap on the volume of private activity bonds forces water and wastewater projects to compete with other projects in Texas without regard to the urgent priority of protecting public health and the environment. Removing the financing cap would give public officials the maximum number of tools for meeting the growing public demand for water services while ensuring compliance with federal environmental and public health laws.

PURPOSE

As proposed, S.C.R. 6 submits the following resolutions:

Resolves the 78th Legislature of the State of Texas respectfully urge the Congress of the United States to amend the Internal Revenue code of 1986 to provide that the volume cap for private activity bonds not apply to bonds for water and wastewater facilities and requires that the Texas secretary of state forward official copies of this resolution to the president of the United States, to the speaker of the house of representatives and the president of the senate of the United States Congress, and to all members of the Texas delegation to the congress with the request that this resolution be officially entered in the congressional Record as a memorial to the Congress of the United States of America.