

BILL ANALYSIS

Senate Research Center
79R2804 SGA-F

S.B. 355
By: Fraser
Natural Resources
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As Filed

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

Water districts may issue bonds to finance water and wastewater infrastructure projects and sell those bonds directly to the Texas Water Development Board (TWDB). Subchapter F, Chapter 49, Water Code governs the bond issuance process for water districts. The Texas Commission on Environmental Quality (TCEQ) is required by Section 49.181, Water Code, to make a determination that the project is "feasible," but only for projects to be financed by bonds sold on the open market. TCEQ is not required to make a project feasibility determination if bonds to fund the project are issued and approved by the Farmers Home Administration (FHA), the United States Department of Agriculture (USDA), the North American Development Bank (NAD Bank), or the TWDB. TWDB and TCEQ have an interagency letter of agreement requiring TWDB to review and process project plans and specifications for water facilities financed by the TWDB in a manner that will satisfy TCEQ's requirements.

During the 78th Texas Legislature, two bills (H.B. 1541 and H.B.1875) amended Section 49.181(a), Water Code, which led to confusion over whether TCEQ needed to make project feasibility determinations on refinancing bond issuances on already-built projects originally financed by TWDB. Refinancing of bonds typically occurs after a water or wastewater infrastructure project has been completed, so there is little reason for TCEQ to make a project feasibility determination.

As proposed, S.B. 355 clarifies that TCEQ does not have to make project feasibility determinations on refinancing bonds issues by water districts and sold to TWDB.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Reenacts and amends Section 49.181(a), Water Code, as amended by Chapters 248 and 608, Acts of the 78th Legislature, Regular Session, 2003, to include that this section does not apply to refunding bonds issued to refund bonds issued to and approved by the Farmers Home Administration, the United States Department of Agriculture, the North American Development Bank, or the Texas Water Development Board. Makes nonsubstantive changes.

SECTION 2. Effective date: upon passage or September 1, 2005.