

## **BILL ANALYSIS**

Senate Research Center  
81R8484 TRH-F

S.B. 1371  
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As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Currently only one organization qualifies as a sponsor for projects through the colonia self-help program established by the Texas Water Development Board (TWDB) under Chapter 15, Water Code. Current law allows only nonprofit organizations specifically organized under Section 501(c)(3), Internal Revenue Code, that have a demonstrated record of experience in self-help projects as of January 1, 2001, to participate in the colonia self-help program. Also under current law, a "colonia" is required to be composed of at least 11 dwellings, which limits the number of communities that may be served through the program.

As proposed, S.B. 1371 allows a greater pool of sponsors to be eligible for the program and allows political subdivisions to act as sponsors. The bill removes the requirement that "colonia" consist of at least 11 dwellings, and allows TWDB to determine whether the project will be beneficial and cost-effective. The bill also allows advance financing, not to exceed 10 percent of the total grant, on a determination that participating utilities are sufficiently committed to actually providing service upon completion of the project.

### **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. Amends Section 15.951, Water Code, by amending Subdivision (2) and adding Subdivisions (2-a) and (2-b), to redefine "colonia" and define "nonprofit organization" and "political subdivision."

SECTION 2. Amends Section 15.953, Water Code, as follows:

Sec. 15.953. USE OF ACCOUNT. (a) Authorizes the Texas Water Development Board (TWDB) to use funds in the colonia self-help account to reimburse a political subdivision or a nonprofit organization for eligible expenses incurred in a self-help project that results in the provision of adequate water or wastewater services to a colonia. Sets forth certain eligible expenses under this subsection. Deletes existing text authorizing TWDB to use funds in the account only to reimburse nonprofit organizations eligible under Section 15.954 for expenses incurred in a self-help project that results in the provision of adequate water or wastewater services to a colonia.

(b) Authorizes TWDB to award a grant under the program directly to a political subdivision or nonprofit organization to reimburse the subdivision or organization for expenses incurred in a self-help project described by Subsection (a). Authorizes TWDB to make an advance of grant funds if TWDB determines that a retail public utility described by Section 15.955(8) (relating to certain information that retail public utilities authorized to provide water or wastewater services to the colonia are required to include) has made a commitment to the self-help project sufficient to ensure that retail water or wastewater service will be extended to the colonia. Provides that an advance under this subsection is subject to the terms determined by TWDB and is prohibited from exceeding 10 percent of the total amount of the grant.

SECTION 3. Amends Section 15.954, Water Code, as follows:

Sec. 15.954. New heading: ELIGIBLE POLITICAL SUBDIVISIONS AND NONPROFIT ORGANIZATIONS. Requires a political subdivision or a nonprofit organization, to be eligible to receive a grant under the program, to demonstrate work experience relevant to extending retail water or wastewater utility service to colonias in coordination with retail public utilities and develop a plan that requires self-help project beneficiaries to actively participate in the implementation of the project, in coordination with a retail public utility described by Section 15.955(8). Deletes existing text requiring an organization, to be eligible to receive a grant under the program, to apply for the grant; qualify for an exemption; qualify for an exemption from federal income taxes under Section 501(c)(3), Internal Revenue Code of 1986, as amended; and as of January 1, 2001, have a demonstrated record of completing in coordination with a retail public utility construction of self-help projects described by Section 15.953(a).

SECTION 4. Amends Section 15.955, Water Code, to require an eligible political subdivision or nonprofit organization to apply to TWDB for a grant under the program before incurring any expense associated with a self-help project described by Section 15.953(a). Requires the application to include the name of the political subdivision or nonprofit organization, the names of the political subdivision's authorized representative or the non organization's principal officers and verification of the nonprofit organization's 501(c)(3) status, among other information required by TWDB.

SECTION 5. Amends Section 15.956, Water Code, to require TWDB, in evaluating an application for a grant under the program, to consider the number of colonia residents to be served by the self-help project, the capability of the political subdivision or nonprofit organization to complete the self-help project in a timely manner, the quality of any projects previously completed by the applicant, and the commitment demonstrated by the retail public utility to provide water or wastewater services to the colonia on completion of the project. Makes nonsubstantive changes.

SECTION 6. Repealer: Section 15.959 (Co-Administration), Water Code.

SECTION 7. Effective date: upon passage or September 1, 2009.