

BILL ANALYSIS

Senate Research Center
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C.S.S.J.R. 79
By: Lucio et al.
Water & Rural Affairs
4/14/2019
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Economically Distressed Areas Program (EDAP) administered by the Texas Water Development Board (TWDB) provides financial assistance for construction of water and wastewater infrastructure projects in economically distressed areas across the state where services either do not exist or existing systems do not meet minimum state standards. EDAP was created in 1989 by the 71st Legislature with two major goals: deliver water and wastewater services to meet immediate health and safety concerns and stop the proliferation of substandard residential subdivision planning using model subdivision rules.

Eligible applicants include political subdivisions such as cities, counties, and water districts, as well as nonprofit water supply corporations. EDAP funding may be provided in the form of a grant or a grant/loan combination and can be used for planning, land acquisition, design, and construction. To date, TWDB has leveraged EDAP and other associated programs to provide over \$1 billion for projects estimated to ultimately serve approximately 400,000 residents.

Constitutional bond authorizations totaling \$500 million provide funding for the program, and historically the legislature has appropriated funds to support issuance of \$50 million in bonds each fiscal year of the biennium to fund EDAP projects. There is currently no remaining unissued EDAP bonding authority.

S.J.R. 79, as filed, would provide additional general obligation bonding authority in an amount not to exceed \$400 million to TWDB to provide financial assistance to eligible applicants from the EDAP program. TWDB has issued bonds and provided financial assistance for all of its existing bonding authority, so the additional bonding authority as proposed in S.J.R. 79 is necessary to continue providing financial assistance from this program. This proposed constitutional amendment would add drainage projects to the list of eligible projects under the EDAP program. This proposed constitutional amendment will be submitted to the voters on November 5, 2019. (Original Author's/Sponsor's Statement of Intent)

C.S.S.J.R. 79 proposes a constitutional amendment providing for the issuance of additional general obligation bonds by the Texas Water Development Board to provide financial assistance for the development of certain projects in economically distressed areas.

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 Article III, Texas Constitution, by adding Section 49-d-14, as follows:

Sec. 49-d-14. (a) Authorizes the Texas Water Development Board (TWDB), in addition to the bonds authorized by the other provisions of this article, to issue general obligation bonds, at its determination and on a continuing basis, for the economically distressed areas program account of the Texas Water Development Fund II in amounts such that the aggregate principal amount of the bonds issued by TWDB under this section that are outstanding at any time does not exceed \$400 million. Requires the bonds to be used to

provide financial assistance for the development of water supply and sewer service projects in economically distressed area of the state as defined by law.

(b) Authorizes the additional general obligation bonds authorized by this section to be issued as bonds, notes, or other obligations as permitted by law and requires that they be sold in forms and denominations, on terms, at times, in a manner, at places, and in installments, as determined by TWDB. Requires the bonds to bear a rate or rates of interest TWDB determines. Requires the bonds to be incontestable after execution by TWDB, approval by the attorney general, and delivery to the purchaser or purchasers of the bonds.

(c) Provides that Section 49-d-8(e) (relating to the requirement that the principal of and interest on the general obligation bonds be paid for purposes of this section) of this article applies to the additional general obligation bonds authorized by this section. Provides that the limitation in Section 49-d-8 of this article that TWDB may not issue bonds in excess of the aggregate principle amount of general obligation bonds previously authorized for the economically distressed areas program does not apply to the bonds authorized by and issued under this section.

SECTION 2. Requires that the proposed constitutional amendment be submitted to the voters at an election to be held November 5, 2019. Sets forth the language of the ballot.