

SUBJECT: Water Development Board grants for certain projects

COMMITTEE: Appropriations — favorable, without amendment

VOTE: 16 ayes — Junell, Delisi, Coleman, Conley, H. Cuellar, R. Cuellar, Davis, Gallego, Glaze, Gray, Hernandez, Kubiak, Mowery, Ogden, Raymond, Swinford

1 nay — Heflin

10 absent — Carona, Clemons, Cook, Greenberg, Haggerty, Harris, Johnson, McDonald, Park, S. Turner

WITNESSES: For — Louis Rosenberg, Bexar Metropolitan Water District

Against — None

BACKGROUND: The Water Assistance Loan Fund is administered by the Texas Water Development Board. The fund may be used to provide loans of financial assistance to political subdivisions or federal agencies for a variety of projects including water conservation, water development, water quality enhancement, flood control, drainage, revenue generating recreational improvements within any watershed and subsidence control.

Water Code, sec. 15.102(b) provides that the fund may also be used by the Texas Water Development Board to provide grants for projects that include supplying water and wastewater services in economically distressed areas, including projects involving retail distribution of those services.

Economically distressed areas are defined in the Water Code, sec. 16.341 as areas in which the water supply or sewer services are inadequate to meet the minimal needs of residential users, financial resources are inadequate to supply water or sewer to satisfy those needs, and 80 percent of the dwellings were occupied on June 1, 1989. Commonly called "colonias" these areas are usually found in unincorporated areas of counties along the Texas-Mexico border. They often lack sewers, water, electric or gas services, and paved roads, even though such services may have been promised to homeowners by a land developer.

DIGEST: HB 3035 would amend Water Code, sec. 15.102(b) to provide that the Texas Water Development Board could provide grants from the Water Assistance Fund for projects identified in legislative appropriations. The bill would take immediate effect if approved by two thirds of the membership of each house.

SUPPORTERS SAY: HB 3035 would clarify that a project identified in legislative appropriations could be funded by grants from the Water Loan Assistance Fund by providing a general law foundation for any appropriation that identified a specific project. A project "identified in legislative appropriations" is one that legislators have earmarked as particularly important to the state by earmarking funding in the appropriations bill. There is no reason why such projects, which undergo intense legislative scrutiny, should not be funded by grants from the Water Loan Assistance Fund.

The Texas Water Development Board should not delay the funding of projects specifically designated by riders. A rider to the appropriations bill is reflective of the will of the Legislature, and ultimately the voters in the state.

A rider to the appropriations bill in 1991 appropriated money for a colonia in south Bexar county, but there was confusion over whether or not area the area could qualify for funds under Water Code, sec. 15.102 (b). HB 3035 would clarify that a project identified in legislative appropriation would qualify for those type of grant funds. These grant funds are badly needed for certain situations when there is no other funding mechanism to address the problems in the area.

OPPONENTS SAY: HB 3035 would substantially expand the kind of projects eligible to be funded through the Water Assistance Fund, and erode the Water Development Board's authority to decide which water projects are and or deserving of grant money. The board should be left the discretion to allocate funds for the areas they deem most critical, without outside pressure from legislators to fund specific projects in their areas.

HB 3035 could open up the Water Assistance Fund to a wide variety of riders identifying specific projects across the state, allowing the Legislature,

rather than the board, to decide what projects should be funded. HB 3035 would make it difficult for the board to refuse funding for a project designated by legislative appropriation, under the provisions of this bill.

NOTES: The companion bill, SB 1482 by Madla, was referred to Senate Natural Resources.