

SUBJECT: River authority economic development programs

COMMITTEE: Energy Resources — favorable, without amendment

VOTE: 6 ayes — Holzheuser, West, Hawley, Jackson, Ramsay, Torres
0 nays
3 absent — Dutton, Hirschi, Smithee

SENATE VOTE: On final passage, March 22 — 30-0

WITNESSES: For — None
Against — None
On — Thomas Mason, Lower Colorado River Authority

BACKGROUND: River authorities are conservation and reclamation districts within particular river basin districts that typically have authority over water supply, flood control and hydro-electric production.

VACS art. 717p authorizes river authorities that sell electric energy to the public to hire staff and expend resources to encourage economic development.

DIGEST: SB 219 would authorize the formation of economic development programs by river authorities that generate an annual average of at least 55 million kilowatt hours of electricity and that distribute and sell electricity to the public. The bill would limit the river authority's development programs to the authority's statutory district and electric or water service areas. The governing body of the river authority would establish each development program's goals, budget limits, requirements on program beneficiaries and other appropriate restrictions and procedures.

SB 219 would define economic development programs as those that encourage economic diversification, contribute to the health and development of a community and improve the quality and quantity of

essential services such as education, transportation, recreation and development. The authority's programs could include grants or loans of money, services or equipment to a person engaged in economic development activity, including public firefighting organizations, governmental entities, regional development councils and nonprofit groups. The authority's economic programs could not include promotion of retail wheeling of electric power and energy. (Retail wheeling is the use of a utility transmission and distribution system by a third party to transmit and sell electricity directly to retail customers of the utility.)

A river authority could employ staff and expend resources, apply for and receive money, grants or other assistance and enter into agreements with any other public or private entity.

The river authority could not use ad valorem tax funds or direct legislative appropriations to support its programs and would be prohibited from making the receiving of an economic program conditional on receiving electric service from the authority. The authority would also be prohibited from using an economic development program to promote switching from another fuel source to electric power or to promote the use of electric power over other types of fuel if its authority to do so is not otherwise statutorily granted.

**SUPPORTERS
SAY:**

River authorities already have the authority to form economic development programs, but these are neither defined nor the authority's various powers spelled out clearly. SB 217 will give river authorities specific guidance over what constitutes economic development, and what does not, in setting up programs to promote the local communities that they serve.

**OPPONENTS
SAY:**

No apparent opposition.