

SUBJECT: Economic development programs by Lower Neches Valley Authority

COMMITTEE: Natural Resources — favorable, with amendment

VOTE: 8 ayes — Counts, Walker, Cook, Culberson, King, R. Lewis, Moffat,
Puente

0 nays

1 absent — Corte

WITNESSES: None

BACKGROUND : In 1933, the Legislature created the Lower Neches Valley Authority in Tyler, Hardin and Jefferson counties. The Lower Neches Valley Authority (LNVA) is a river authority funded from revenues generated by water and services; the LNVA does not have the authority to levy taxes and receives no appropriation from the Legislature. A nine-member board of directors, appointed by the Texas Water Development Board (TWDB) with the consent of the Senate, oversees the LNVA. Upon appointment, board members are required to file a \$5,000 bond with the TWDB.

DIGEST: HB 2919, as amended, would establish that the board of directors of the LNVA would be appointed by the governor, rather than the TWDB, with the consent of the Senate. The governor would begin appointing directors to the board as vacancies occurred, after September 1, 1997. Directors serving on the board on May 1, 1997 would be allowed to continue in office for the remainder of their terms. Upon appointment, directors would file a bond with the secretary of state.

The district would be permitted to sponsor and participate in a program to foster economic development within the areas served by the district, but the program could not be outside the district's service area unless the LNVA entered into an interlocal agreement with local entities who could be affected by the program. Such an agreement could be made with governmental bodies, local, public fire-fighting organizations, regional development councils, or other nonprofit or noncommercial organizations.

Each economic development program would be established by formal action of the board's directors. Directors of the board would also be required to establish goals for an economic development program, impose requirements on those who participate and benefit from it, and provide procedures and budget limits necessary to achieve program goals.

An economic development program would include a community assistance program, privatization program or any other program designed to encourage economic diversification, expand employment, eliminate conditions detrimental to public health and safety, improve attractiveness of the community to public and private enterprises, and improve services essential for the development of viable communities. These services would include education, transportation, public safety, recreation, health care, water and wastewater treatment, or rural water and sewer development.

The district could apply for money, grants or other assistance to carry out an economic development program and could enter into an agreement, along with any other public or private person, with respect to the program. LNVA's economic development programs would be considered a specific public purpose and function of the LNVA in accordance with the Texas Constitution, Article 3, secs. 52-a and 51-a-1, assuring that it would be eligible for constitutionally authorized loans and grants of public money for economic development and assistance for local fire departments.

An economic development program could include grants or loans of money, services or equipment to a person engaged in an economic development activity, public fire-fighting organizations, governmental bodies, nonprofit corporations, local or regional development councils, or other nonprofit or noncommercial organizations. Assistance could be granted as well to a for-profit entity if it were necessary or appropriate. The district could employ staff and expend resources for an economic development program but could not use the money from an ad valorem tax or general appropriation for this purpose.

If the district provided scholarships, grants or loans of financial assistance to a fire-fighting organization, the district would adopt guidelines to determine eligibility, the amount of money or help that could be made available, and the type of equipment, education or training to be used.

HB 2919
House Research Organization
page 3

The bill would take effect September 1, 1997, except for the provisions in the bill relating to economic development, which would take effect immediately if finally approved by a two-thirds record vote of the membership of each house.

**SUPPORTERS
SAY:**

HB 2919 would implement recommendations made by the Interim Subcommittee on the Lower Neches Valley Authority, a subcommittee of the House Natural Resources Committee.

The bill would standardize the the policy-making bodies of river authorities by requiring that the governor, rather than the TWDB, appoint the LNVA board of directors. Seventeen of the 22 river authorities in the state are appointed by the governor, and no other river authority's board is appointed by the Texas Water Development Board (TWDB).

The economic development provisions in the bill would encourage but not mandate, the authority to enter into joint ventures with local municipalities and other political subdivisions to enhance the economic development of the area it serves. Establishing the district's authority to sponsor and participate in economic development programs would help spur the district to become more active in efforts to tackle regional wastewater projects and other improvements that would benefit the area.

Some river authorities in the state, like the Lower Colorado River Authority, have become powerful engines of economic growth in their areas, and authorities in rural areas like the LNVA should also be encouraged to foster regional growth and economic development in the areas they serve. The bill would also ensure that an LNVA economic development program could not interfere with an area outside of its service area, but would allow cooperation between neighboring districts.

**OPPONENTS
SAY:**

No apparent opposition.

HB 2919
House Research Organization
page 4

NOTES:

The committee amendment would establish that the LNVA's economic development program could only be within the areas served by the district, unless the district had an interlocal agreement with entities in the area outside the service area that it would affect.