

BILL ANALYSIS

Senate Research Center
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S.J.R. 61
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Finance
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Economically Distressed Area Program (EDAP) was established by the 71st Legislature in 1989 to provide financial assistance in the form of grants and loans for water and wastewater service to economically distressed areas where services do not exist or systems do not meet minimum state standards. The Texas Water Development Board (TWDB), as the administrator of EDAP, sells bonds and uses the proceeds to fund the program, which includes measures to prevent future substandard developments.

S.J.R. 61 provides additional constitutional authorization of up to \$200 million for the EDAP. The most recent EDAP constitutional bonding authorization of \$250 million, approved by the 80th Legislature, is close to being exhausted.

Without this authority, TWDB will not be able to continue to provide financial assistance despite consistently high demand for the program. To date, TWDB has leveraged EDAP with its other associated programs to provide \$997 million for projects estimated to ultimately serve over 400,000 residents. However, there is still an outstanding need for the EDAP program.

S.J.R. 61 allows TWDB to also provide financial assistance for drainage projects, which could help address mosquito-borne pathogens such as Zika virus and help to ensure road access during storm events.

S.J.R. 61 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 Section 49-d-10, Article III, Texas Constitution, by adding Subsections (a-1) and (a-2), as follows:

(a-1) Authorizes the Texas Water Development Board (TWDB) to, in addition to the bonds authorized under Subsection (a) (relating to TWDB issuing additional general obligation bonds (GO) up to \$250 million for economically distressed areas program account), issue additional GO bonds, at its determination, for the economically distressed areas program account of the Texas Water Development Fund II, in an amount not to exceed \$200 million. Requires the bonds to be used to provide financial assistance for the development of water supply, sewer service, and drainage projects in economically distressed areas of the state as defined by law.

(a-2) Authorizes the additional GO bonds authorized by Subsection (a-1) of this section to be issued as bonds, notes, or other obligations as permitted by law and requires the bonds to be sold in forms and denominations, on terms, at times, in the 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 authorized by that subsection to be incontestable after execution by TWDB, approval by the Texas attorney general, and delivery to the purchaser or purchasers of the bonds.

SECTION 2. Requires that the proposed constitutional amendment be submitted to the voters at an election to be held November 7, 2017. Sets forth the required language of the ballot.