

SUBJECT: Water and sewer service fund eligibility for individual households

COMMITTEE: Natural Resources — favorable, without amendment

VOTE: 7 ayes — Ritter, Callegari, Corte, Frost, Lucio, Martinez Fischer, D. Miller

1 nay — Laubenberg

3 absent — Creighton, T. King, Smithee

WITNESSES: For — Rhonda Tiffin, Webb County Commissioners Court; (*Registered, but did not testify*: Allen Beinke, San Antonio River Authority; Jorge Calderon, Webb County)

Against — None

On — Kevin Ward, Texas Water Development Board

BACKGROUND: The 71st Legislature in 1989 enacted SB 2 by Santiesteban, which established the Economically Distressed Areas Program (EDAP) to be administered by the Texas Water Development Board (TWDB). The program provides financial assistance to bring water and wastewater services to economically distressed areas in political subdivisions, including cities, counties, water districts, and nonprofit water supply corporations.

Since 1989, the Legislature and the voters have authorized through constitutional amendment a total of \$500 million in state general obligation bonds to finance EDAP, most recently in 2007 when the 80th Legislature adopted, and voters approved, SJR20 by Lucio, authorizing issuance of \$250 million in bonds to finance EDAP. The general appropriations act for fiscal 2008-09 appropriated \$8.5 million to pay for debt service on \$87.5 million in bonds to be issued for EDAP during the biennium.

Water Code, sec. 17.921(1) defines an economically distressed area as an area where:

- supply or sewer services are inadequate to meet the minimal needs of residential users, as defined by the TWDB;
- financial resources are inadequate to provide water supply or sewer services to satisfy those needs; and,
- an established residential subdivision was located on June 1, 2005, as determined by TWDB.

Water Code, sec. 17.929(b) outlines financial assistance guidelines for TWDB, including that the area served by a proposed project has a median household income not more than 75 percent of the state median.

DIGEST:

HB 2374 would amend Water Code, ch. 17 to authorize EDAP fund eligibility for residential plumbing assistance. The bill would allow financial assistance for first-time connection of public water and sewer services to residences in areas already receiving EDAP assistance. The bill also would state that it would be in the public interest to provide this assistance.

Under the bill, a political subdivision, such as a city, county, water district, or nonprofit water supply corporation, would be able to use financial assistance from EDAP to pay:

- costs to connect a residence to a water distribution system constructed under EDAP;
- costs to provide yard service connections;
- costs to provide a residence with indoor plumbing facilities and fixtures;
- costs of connecting a resident to a sewer collection system constructed under EDAP;
- necessary connection and permit fees; or,
- necessary costs of design-related plumbing improvements.

The bill would take effect September 1, 2009.

**SUPPORTERS
SAY:**

HB 2374 would help TWDB realize EDAP's purpose of providing needed water and wastewater services to economically distressed areas, including colonias where the health and safety of local residents are threatened by substandard water and sewer service. Currently, EDAP provides the main water and sewer infrastructure to these subdivisions, but has not regularly provided connections from the main line to individual homes because of

questions raised about the constitutional limitation on the use of public money for private benefit. This has created a situation where the public investment in clean water and sewer services is negated because home owners cannot afford to pay to connect to the system or lack proper plumbing in their homes to receive the connection. HB 2374 would clarify the law to allow state financing of the final phase of these projects.

HB 2374 would address public health and sanitation issues in some of the poorest communities in our state and would allow it to be done in a more cost-effective manner. While there are funds available through the state Office of Rural Community Affairs for individual connections via the U.S. Department of Housing and Urban Development, they are provided in a piecemeal fashion for individual projects. Allowing an EDAP project to combine the installation of the mainline water and sewer infrastructure as well as individual connections and plumbing services into one project would be a more efficient and cost-effective approach for the use of public funds.

Without public assistance, these needed plumbing and connections often would not occur. It clearly is in the public's interest to provide sanitation and water services to protect public health, and HB 2374 would put this legislative finding into statute to eliminate any ambiguity. Additionally, the state already is providing funds for the infrastructure, but, in many cases, without receiving the sanitation and public health benefits.

**OPPONENTS
SAY:**

HB 2374 would push EDAP beyond its original purpose by seeking to allow the state to spend taxpayer dollars to assume what should be the responsibility of the individual homeowner.

The state has been spending millions of dollars toward construction of water infrastructure in economically distressed areas since 1989, and the problem has not gone away. It is time for the state to consider other options to address this issue, such as giving counties more authority to regulate development and provide services in unincorporated areas.