

BILL ANALYSIS

Senate Research Center
85R20514 JXC-F

H.B. 2943
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Agriculture, Water & Rural Affairs
5/15/2017
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

H.B. 2943 amends the Water Code to clarify the state water pollution control revolving fund's purpose as being the provision of financial assistance to persons for projects eligible for assistance under certain provisions of the Federal Water Pollution Control Act, including water quality control projects provided by the bill. The bill requires the Texas Water Development Board (TWDB), in conjunction with or separate from the account in the revolving fund for nonpoint source pollution control and abatement projects, by rule to establish a program to promote the acquisition by eligible applicants of conservation easements and requires TWDB to adopt the rules not later than January 1, 2018. The bill requires acquisitions made through the program to have a demonstrable impact on water quality control, as determined by TWDB.

The bill requires TWDB to ensure that the amounts of any funds used for such a program are consistent with maintaining the perpetuity of the revolving fund. H.B. 2943 revises certain conditions under which TWDB may use the revolving fund to make a loan. The bill changes the term of a loan from a term capped at 20 years to a term capped at the lesser of 30 years or the projected useful life, as determined by TWDB, of the project to be financed with the proceeds of the loan.

The bill changes the commencement of principal and interest payments from not later than one year after completion of any treatment works to not later than one year after completion of the project to be financed with the proceeds of the loan. The bill changes the time frame by which a loan is to be fully amortized from not later than 20 years after completion of the treatment works to not later than the expiration date of the term of the loan. The bill requires certain projects financed through the revolving fund to have a demonstrable impact on water quality control, as determined by TWDB.

H.B. 2943 amends current law relating to the use of money in the state water pollution control revolving fund.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas Water Development Board in SECTION 2 (Section 15.603, Water Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 15.601(a), Water Code, as follows:

- (a) Requires that the state water pollution control revolving fund (revolving fund) be used to provide financial assistance to persons for projects eligible for assistance under Section 603(c) of the Federal Water Pollution Control Act (33 U.S.C. Section 1383(c)), including nonpoint source pollution control and abatement and water quality control projects described by Sections 15.603(h) (relating to a revolving fund for providing financial assistance to persons for nonpoint source pollution control and abatement projects) and (h-1) of this code (Water Code), in accordance with the capitalization grant program established under the Federal Water Pollution Control Act (33 U.S.C. Section 1251 et seq.), rather than requires the revolving fund to be used to provide financial assistance to political subdivisions for construction of treatment works and to persons for nonpoint

source pollution control and abatement projects under Section 15.603(h), in accordance with the capitalization grant program established under the Federal Water Pollution Control Act (33 U.S.C. Section 1251 et seq.).

SECTION 2. Amends Section 15.603, Water Code, by amending Subsection (a) and adding Subsection (h-1), as follows:

(a) Makes conforming changes.

(h-1) Requires the Texas Water Development Board (TWDB) by rule, in conjunction with or separate from the account described by Subsection (h), to establish a program to promote the acquisition by eligible applicants of conservation easements, as defined by Section 183.001 (Definitions), Natural Resources Code. Requires that acquisitions made through the program have a demonstrable impact on water quality control, as determined by TWDB. Requires TWDB to ensure that the amounts of any funds used for such a program are consistent with maintaining the perpetuity of the revolving fund.

SECTION 3. Amends Section 15.604, Water Code, by amending Subsection (a) and adding Subsection (c), as follows:

(a) Authorizes TWDB to use the revolving fund for financial assistance only as provided by the federal act.

(1) to make loans on the conditions that:

(A) the loan is made at or below market interest rates, including an interest-free loan, at a term not to exceed the lesser of 30 years or the projected useful life, as determined by TWDB, of the project to be financed with the proceeds of the loan, rather than those loans are made at or below market interest rates, including interest-free loans, at terms not to exceed 20 years;

(B) principal and interest payments will begin not later than one year after completion of the project to be financed with the proceeds of the loan and the loan will be fully amortized not later than the expiration date of the term of the loan, rather than not later than one year after completion of any treatment works and all loans will be fully amortized not later than 20 years after completion of the treatment works;

(C) and (D) makes no changes to these paragraphs;

(2) through (7) makes no changes to these subdivisions;

(8) to provide financial assistance to persons for a nonpoint source pollution control or water quality control project under Section 319 of the federal act or Section 15.603(h) or (h-1) of this code, rather than for a nonpoint source pollution control project under Section 319 of the federal act or for an estuary management project under Section 320 of the federal act; and

(9) and (10) makes no changes to these subdivisions.

(c) Requires that a project financed through the revolving fund, other than a project authorized under Section 603(c)(1), (5), or (11) of the federal act (33 U.S.C. Section 1383(c)(1), (5), or (11)), have a demonstrable impact on water quality control, as determined by TWDB. Requires TWDB to ensure that the amounts of any funds used for such a project are consistent with maintaining the perpetuity of the revolving fund.

SECTION 4. Amends Section 17.0821(c), Water Code, to require TWDB to use the revolving fund in accordance with Section 15.604(a)(4), rather than Section 15.604(4), of this code and the

Federal Water Pollution Control Act, Section 603(d)(4), as a source of revenue to be deposited in accordance with this chapter for certain payments.

SECTION 5. Requires TWDB to adopt rules under Section 15.603(h-1), Water Code, as added by this Act, not later than January 1, 2018.

SECTION 6. Effective date: upon passage or September 1, 2017.