

## CHAPTER 184

S.B. No. 885

## AN ACT

relating to revolving fund programs administered by the Texas Water Development Board to provide financial assistance to political subdivisions.

*Be it enacted by the Legislature of the State of Texas:*

SECTION 1. Section 15.601, Water Code, is amended to read as follows:

Sec. 15.601. CREATION OF FUND. (a) The state water pollution control revolving fund shall be administered by the board under this subchapter and rules adopted by the board. The fund shall be used to provide financial assistance to political subdivisions for construction of treatment works in accordance with the capitalization grant program established under the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.).

(b) *The board may establish one or more additional state revolving funds in accordance with other capitalization grant programs hereafter established by federal agencies or otherwise authorized by federal law. Such additional state revolving funds shall be held and administered by the board in the same manner as provided by Section 15.603 of this code for the administration of the state water pollution control revolving fund, except that such additional state revolving funds shall be held and administered in accordance with the federal legislation or federal agency program under which the additional state revolving fund was established and shall be used to provide financial assistance to political subdivisions for public works in accordance with such legislation or program. In the administration of such additional state revolving funds, the board shall have all rights and powers authorized to the board pursuant to this subchapter in connection with the administration of the state water pollution control revolving fund, together with such additional rights and powers as are necessary or appropriate in connection with the administration of such additional state revolving funds.*

(c) *The board may, in its discretion, provide for the state water pollution control revolving fund to be merged into any additional state revolving fund hereafter created.*

SECTION 2. Section 15.602, Water Code, is amended to read as follows:

Sec. 15.602. DEFINITIONS. In this subchapter:

(1) "Additional state revolving fund" means any state revolving fund hereafter established by the board to provide financial assistance to political subdivisions for public works in accordance with a capitalization grant program hereafter established by a federal agency or otherwise authorized by federal law.

(2) "Authorized investments" means:

- (A) direct obligations of the United States;
- (B) other obligations unconditionally guaranteed by the United States;
- (C) obligations of the State of Texas;
- (D) obligations of cities, counties, and other political subdivisions of the state, except bonds issued to finance ~~a project or~~ treatment works or public works described in this chapter; and
- (E) any authorized investments described in Section ~~404.024, Government Code [2.014, Chapter 240, Acts of the 69th Legislature, Regular Session, 1985 (Article 4393-1, Vernon's Texas Civil Statutes)].~~

(3) ~~(2)~~ "Construction" shall have the meaning assigned by the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.).

(4) ~~(3)~~ "Federal Act" means the Federal Water Pollution Control Act, as amended (33 U.S.C. 1251 et seq.).

(5) ~~(4)~~ "Political subdivision" means a municipality, intermunicipal, interstate, or state agency or any other public entity eligible for assistance under *this subchapter* ~~[the federal act].~~

(6) "Public works" means any project to acquire, construct, improve, repair, or otherwise provide any buildings, structures, facilities, equipment, or other real or personal property or improvements designed for public use, protection, or enjoyment undertaken by a political subdivision and paid for, in whole or in part, out of public funds.

(7) [(5)] "Revolving fund" means the state water pollution control revolving fund.

(8) [(6)] "Treatment works" has the meaning established by the federal act and the eligible components of the management programs established by Sections 319 and 320 of the federal act.

SECTION 3. Section 15.604, Water Code, is amended to read as follows:

Sec. 15.604. FINANCIAL ASSISTANCE UNDER THE REVOLVING FUND. (a) The board may use the revolving fund for financial assistance only as provided by the federal act:

(1) to make loans, on the conditions that:

(A) 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 any treatment works and all loans will be fully amortized not later than 20 years after completion of the treatment works;

(C) the recipient of a loan will establish a dedicated source of revenue for repayment of loans; and

(D) the revolving fund will be credited with all payments of principal of and interest on all loans;

(2) to buy or refinance the debt obligation of political subdivisions at or below market rates if the debt obligations were incurred after March 7, 1985;

(3) to guarantee or purchase insurance for political subdivisions if the guarantee or insurance would improve access to market credit or reduce interest rates;

(4) as a source of revenue or security for the payment of principal and interest on bonds issued by the state if the proceeds of the sale of those bonds will be deposited in the revolving fund;

(5) to provide loan guarantees to similar revolving funds established by municipalities or intermunicipal agencies;

(6) to earn interest on revolving fund accounts; [and]

(7) for the reasonable costs of administering the revolving fund and conducting activities provided for by Title VI of the federal act, except that those amounts may not exceed the amount authorized [~~four percent of all grant awards to the revolving fund~~] under Title VI of the federal act; and

(8) for other purposes as provided by the federal act.

(b) The board shall adopt rules specifying the manner in which any additional state revolving fund hereafter established by the board may be used to provide financial assistance to political subdivisions for public works. Such rules shall require financial assistance to be provided for the purpose or purposes and on the terms authorized by the federal legislation or federal agency program under which the additional state revolving fund was established.

SECTION 4. Section 17.853, Water Code, is amended to read as follows:

Sec. 17.853. TEXAS WATER RESOURCES FUND. (a) The Texas water resources fund is in the State Treasury.

(b) The fund shall be administered by the board in accordance with this subchapter, and the board shall create accounts within the fund that will facilitate the conservation of water resources and the payment of revenue bonds issued for the conservation of water resources.

(c) The board may use the fund only:

(1) to provide state matching funds for federal funds provided to the state water pollution control revolving fund or to any additional state revolving fund created under Subchapter J of Chapter 15 of this code;

(2) to provide financial assistance from the proceeds of taxable bond issues to water supply corporations organized under Chapter 76, Acts of the 43rd Legislature, 1st Called Session, 1933 (Article 1434a, Vernon's Texas Civil Statutes), and other participants;

(3) to provide financial assistance to participants for the construction of water supply projects and treatment works;

(4) to provide financial assistance for an interim construction period to participants for projects for which the board will provide long-term financing through the water development fund; and

(5) to provide financial assistance for water supply and sewer service projects in economically distressed areas as provided by Subchapter K of *Chapter 17* of this code to the extent the board can make that assistance without adversely affecting the current or future integrity of the fund or of any other financial assistance program of the board.

(d) Money in the fund may be invested by the board as permitted by this subchapter, other applicable law, or as provided by resolutions authorizing the issuance of revenue bonds.

SECTION 5. Section 17.0821, Water Code, is amended to read as follows:

Sec. 17.0821. TRANSFERS TO REVOLVING FUNDS [FUND]. (a) In order to meet requirements of Title VI of the Federal Water Pollution Control Act, the board may direct the comptroller to transfer amounts from the water quality enhancement account to the state water pollution control revolving fund created by Section 15.601 of this code to provide financial assistance pursuant to this chapter.

(b) *In order to meet requirements of any federal legislation or federal agency program under which an additional state revolving fund, as defined in Section 15.602 of this code, has been established, the board may direct the comptroller to transfer amounts from the water supply account, the flood control account, and the economically distressed areas account to such additional state revolving fund to provide financial assistance pursuant to this chapter.*

(c) The board shall use the state water pollution control revolving fund in accordance with 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 the payment of principal and interest on water quality enhancement bonds issued by the state, the proceeds of which are deposited into the *state water pollution control revolving fund*.

(d) *In the event amounts are transferred to any additional state revolving fund, as defined in Section 15.602 of this code, pursuant to Subsection (b) of this section, the board shall, to the extent permitted by the federal legislation or federal agency program under which such additional state revolving fund was established, use such additional state revolving fund as a source of revenue to be deposited in accordance with this chapter for the payment of principal and interest on water development bonds issued by the state, the proceeds of which are deposited into such additional state revolving fund.*

SECTION 6. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended, and that this Act take effect and be in force from and after its passage, and it is so enacted.

Passed the Senate on April 7, 1993: Yeas 29, Nays 0; passed the House on May 7, 1993: Yeas 139, Nays 0, two present not voting.

Approved May 19, 1993.

Effective May 19, 1993.