

Water for Texas

Financial Assistance Programs

Federally Subsidized Programs

The **Clean Water State Revolving Fund** provides loans for wastewater-related projects at interest rates lower than those offered by commercial markets. The program also includes disadvantaged community funds that provide additional subsidies for applicants meeting the program criteria.

The **Drinking Water State Revolving Fund** provides loans for drinking water projects at interest rates lower than those offered by commercial markets. These projects include public drinking water systems that facilitate compliance with primary drinking water regulations or otherwise significantly further the health protection objectives of the federal Safe Drinking Water Act. The program also has disadvantaged community funds that provide additional subsidies for applicants meeting the program criteria.

State Programs

The **Texas Water Development Fund** is a streamlined state loan program that does not receive federal subsidies. The program includes loans for water supply, water quality enhancement, flood control, and municipal solid waste. This fund enables the Texas Water Development Board (TWDB) to fund multiple eligible components in one loan.

The **State Participation Program** enables the TWDB to assume a temporary ownership interest in a regional project when the local sponsors are unable to assume debt for the optimally sized facility. The loan repayments that would have been required had the assistance been from a conventional loan are deferred. The cost of the funding repaid to the TWDB is based upon purchase payments. This policy allows the TWDB to recover its principal, interest, issuance, and related expenses. Repayment, however, is on a deferred timetable.

State Water Plan Funding was established in response to the 2007 State Water Plan estimate that regional and local water supply entities will need to spend \$30.7 billion between 2007 and 2060 to meet the state's additional water supply needs. The Texas Legislature's 2007 and 2009 appropriations enabled issuance of over \$1.2 billion in bonds for State Water Plan projects. These projects must be recommended water management strategies in the most recent TWDB approved regional water plan and approved State Water Plan. Each of the various sources of water plan funding—the Water Infrastructure Fund, the Water Infrastructure Fund-Deferred, the Water Infrastructure Fund-Rural, the State Participation Program, and the Economically Distressed Areas Program—offer below-market financing options, depending on the type of project or applicant.

The Water Infrastructure Fund offers loans for up to 20 years at 2 percent below the TWDB's cost of funds for the planning, design, and construction of State Water Plan projects. The Water Infrastructure Fund-Deferred allows an applicant to defer payments for up to 10 years for projects with significant planning, design, and permitting requirements. The Water Infrastructure Fund-Rural offers up to 50 percent grant funding and 0 percent interest loans to finance State Water Plan projects in rural areas. The Economically Distressed Areas Program also offers grants for water plan projects.

Rural Area Assistance

The **Rural Water Assistance Fund** provides small rural water utilities with low-cost financing for water and wastewater construction projects. The TWDB offers attractive interest rate loans with long-term finance options at tax-exempt rates.

Nonprofit water supply corporations are exempt from paying sales tax incurred on any project financed by the program.

Financial Assistance for Special Needs

The **Agricultural Water Conservation Grant and Loan Program** provides agricultural water conservation loans to political subdivisions to use for improvements on their facilities or as loans to individuals. The TWDB may also provide grants to state agencies and political subdivisions for agricultural water conservation programs, including demonstration projects, technology transfer, and educational programs. Applications are normally accepted once each year for grants and continuously for loans.

The **Colonia Self-Help Program** provides financial assistance to grassroots initiatives in economically distressed areas, or colonias. Through this program, the TWDB provides grant assistance for the actual costs to provide adequate water and wastewater service to colonias. Local residents provide volunteer labor (sweat equity) to construct the facilities and/or donate equipment, materials, and supplies.

The **Economically Distressed Areas Program** was established by the 71st Texas Legislature (1989) to be administered by the TWDB. The program provides financial assistance in the form of a grant or a combination grant/loan to provide water and wastewater services to economically distressed areas where services do not exist or existing systems do not meet state standards. The program also includes measures to prevent future substandard development.

Other Financial Assistance Programs

- * Federal Emergency Management Agency—Flood Mitigation Assistance Grant Program
- * Federal Emergency Management Agency—Severe Repetitive Loss Grant Program
- * Flood Protection Planning Grant Program
- * Groundwater District Loan Program
- * Nonpoint Source Pollution Loan and Estuary Management Program (of the Clean Water State Revolving Fund)
- * Regional Water Planning Grant Program
- * Research and Planning Fund Grants

Where may I get more information?

For more information, contact the TWDB at (512) 463-8033. Additional information on other agency financial programs is also available on the TWDB Web site at <http://www.twdb.state.tx.us/financial/programs>.

Other funding information links

Financial assistance programs from other agencies—http://www.twdb.state.tx.us/assistance/financial/fin_infrastructure/fin_links/infrastructure_links.asp

Federal funding opportunities— <http://www.grants.gov/>

Texas Division of Emergency Management— <http://www.txdps.state.tx.us/dem/pages/hazardmitigation.htm>