

AN ACT

relating to the applicability of certain safety provisions and regulatory fees administered by the Railroad Commission of Texas to gas distribution pipelines.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Sections 121.211(a), (d), (e), and (g), Utilities Code, are amended to read as follows:

(a) The railroad commission by rule may adopt a fee to be assessed annually against operators of ~~[natural]~~ gas distribution pipelines and their pipeline facilities and ~~[natural]~~ gas master metered pipelines and their pipeline facilities subject to this title.

(d) The commission may assess each operator of a ~~[natural]~~ gas distribution system subject to this title an annual fee not to exceed one dollar for each service line reported by the system on the Distribution Annual Report, Form RSPA F7100.1-1, due on March 15 of each year. The fee is due March 15 of each year.

(e) The railroad commission may assess each operator of a ~~[natural]~~ gas master metered system subject to this title an annual fee not to exceed \$100 for each master metered system. The fee is due June 30 of each year.

(g) Each operator of a ~~[natural]~~ gas distribution system and each ~~[natural]~~ gas master meter operator shall recover as a surcharge to its existing rates the amounts paid to the commission

1 under this section. Amounts collected under this subsection by an
2 investor-owned ~~[natural]~~ gas distribution system or a
3 cooperatively owned ~~[natural]~~ gas distribution system shall not be
4 included in the revenue or gross receipts of the company for the
5 purpose of calculating municipal franchise fees or any tax imposed
6 under Subchapter B, Chapter 182, Tax Code, or under Chapter 122.
7 Those amounts are not subject to a sales and use tax imposed by
8 Chapter 151, Tax Code, or Subtitle C, Title 3, Tax Code.

9 SECTION 2. Section 121.213(a), Utilities Code, is amended
10 to read as follows:

11 (a) In this section, "distribution gas pipeline facility"
12 means a pipeline facility that distributes ~~[natural]~~ gas directly
13 to end-use customers.

14 SECTION 3. Section 121.214(a)(1), Utilities Code, is
15 amended to read as follows:

16 (1) "Distribution gas pipeline facility" means a
17 pipeline facility that distributes ~~[natural]~~ gas directly to end
18 use customers.

19 SECTION 4. This Act takes effect September 1, 2025.

H.B. No. 4042

President of the Senate

Speaker of the House

I certify that H.B. No. 4042 was passed by the House on May 1, 2025, by the following vote: Yeas 105, Nays 38, 3 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 4042 was passed by the Senate on May 23, 2025, by the following vote: Yeas 28, Nays 3.

Secretary of the Senate

APPROVED: _____

Date

Governor