

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 8, 2003

TO: Honorable Robert Puente, Chair, House Committee on Natural Resources

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB3538 by Laubenberg (Relating to appraisals acquired by municipalities from rural water supply corporations.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would add three new subsections to Texas Water Code Section 13.255 (Single Certification in Incorporated or Annexed Areas). Proposed subsection (m) would impose a cap on the valuation of a retail public utility that is being acquired by a municipality based on the book value of the retail public utility. If the retail public utility being acquired is losing customers to the municipality, the valuation would be increased to include the amount of debt per customer located in the area being lost. Proposed subsection (n) would require the municipality to provide a replacement connection if the area it is acquiring includes infrastructure that the existing retail public utility uses to deliver water service to other portions of its service area. Proposed subsection (o) would provide that if the retail public utility being acquired would lose water service infrastructure, the value of this infrastructure would be deemed to have been included in the valuation criteria in existing subsection (g) and no additional compensation would be required.

The bill would take effect September 1, 2003.

The Texas Commission on Environmental Quality anticipates that implementation of the provisions of the bill would not have a significant fiscal impact on the agency.

Local Government Impact

According to a consultant for municipalities, no significant fiscal implication to units of local government is anticipated.

Source Agencies: 582 Commission on Environmental Quality

LBB Staff: JK, CL, DLBa