

## **BILL ANALYSIS**

C.S.H.B. 3284  
By: Guillen  
Natural Resources  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Water and sewer customers must use the existing utility in their community and cannot "shop around" for such services, creating a type of monopoly in the delivery of such services. To protect water and sewer users from sudden sharp increases in rates, this Act would require an election if such rates are increased over 25 percent in any calendar year.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

**Section 1:** Subchapter E, Chapter 13, Water Code is amended by adding Section 13.146 which:

- (a) allows a water or sewer or a water supply or sewer service corporation to increase rates if necessary to provide continuous and adequate services.
- (b) limits rate increases otherwise to a maximum of 25% in a calendar year unless approved by an election made up of voters who are customers of the system.
- (c) allows rates to increase with voter approval.
- (d) denies the rate increase if a majority of the voters oppose the issue.
- (e) affirms that such rates must also obtain approval under existing state law in Chapter F.

**Section 2:** Effective date.

### **EFFECTIVE DATE**

September 1, 2005

### **COMPARISON OF ORIGINAL TO SUBSTITUTE**

CSHB 3284 Adds water supply or sewer service corporations.