

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION**

**May 28, 2005**

**TO:** Honorable David Dewhurst , Lieutenant Governor, Senate  
Honorable Tom Craddick, Speaker of the House, House of Representatives

**FROM:** John S. O'Brien, Deputy Director, Legislative Budget Board

**IN RE: HB2876** by Callegari (Relating to certificates of public convenience and necessity for water service and sewer service.), **Conference Committee Report**

**No significant fiscal implication to the State is anticipated.**

The bill would amend Chapter 13, Water Code, relating to requirements imposed on the Texas Commission on Environmental Quality (TCEQ) regarding its consideration of applications for certificates of convenience and necessity (CCN) for water service and sewer service. The bill would also amend the list of requirements that an application must include.

The bill includes various administrative requirements for TCEQ, including a provision that the agency would be prohibited from granting a CCN to a retail public utility within the boundaries or extraterritorial jurisdiction (ETJ) of a municipality with a population of 500,000 or more without the consent of the municipality unless certain conditions exist.

The bill would require a CCN holder to record a copy of the CCN in the real property records of each county included within the CCN and mandate the counties to accept the recording. The bill includes other administrative requirements of the CCN holders.

The bill would amend Sections 13.245, 13.246, 13.247, and 13.254 of the Water Code to apply those statutes only within a municipality with a population of 500,000 or more.

The bill would repeal Section 13.254(h), Water Code, regarding payment of compensation when an area is decertified, to prevent conflict with the proposed revisions in the bill. Section 13.2541, Water Code, would also be repealed. This section applies only to a municipality with a population of more than 1.3 million regarding CCNs and decertification.

The bill would require TCEQ to promulgate rules implementing the changes in law affected by the bill by January 1, 2006, or to report to the Governor, Lieutenant Governor, and the Speaker of the House any failure to comply with the deadline. TCEQ anticipates being able to implement provisions of the bill using existing resources.

**Local Government Impact**

Local governments, who are CCN holders, would experience increased costs associated with mailing notices to landowners, obtaining consent from landowners, and exercising rights of eminent domain. Local governments may also experience increased costs to put survey data in an acceptable data format compatible with TCEQ's GIS system used to review data pertaining to water supply data. Costs for complying with the provisions of the bill would vary among local governments.

**Source Agencies:** 582 Commission on Environmental Quality

**LBB Staff:** JOB, WK, DLBa