

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 8, 2007

TO: Honorable Kip Averitt, Chair, Senate Committee on Natural Resources

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

IN RE: HB2655 by Puente (Relating to certificates of public convenience and necessity for water service and sewer service.), **As Engrossed**

No significant fiscal implication to the State is anticipated.

The bill would amend Chapter 13 of the Water Code to remove the current requirement for a municipality to obtain landowner consent when requesting a Certificate of Convenience and Necessity (CCN) for areas outside the municipality's extraterritorial jurisdiction (ETJ). In addition, a municipality requesting a CCN outside of its ETJ would be required to meet certain criteria in relation to the portion of the area outside the ETJ covered by the CCN. The Texas Commission on Environmental Quality (TCEQ) would be authorized, after providing notice to the municipality and allowing an opportunity for a hearing, to decertify an area outside of a municipality's ETJ if the municipality does not provide service to the area on or before the fifth anniversary of the date on which the CCN was granted.

The bill would also change from 50 acres to 25 acres the size of a tract of land within an area proposed to be certified for which TCEQ would be required to mail a notice to the landowner regarding the proposed certification.

The bill would apply to CCN applications filed with the the Texas Commission on Environmental Quality (TCEQ) on or after the date the bill becomes effective, to proceedings to amend or revoke a CCN on or after the date the bill becomes effective, to CCNs issued to a municipality, regardless when it was issued; and a proceeding to amend or revoke a CCN held by a municipality, regardless of when the proceeding was initiated.

The bill would take effect immediately if it were to receive the required two-thirds vote in each house; otherwise, it would take effect September 1, 2007.

According to the analysis of TCEQ, the agency could implement provisions of the bill utilizing existing resources.

Local Government Impact

TCEQ reports that many local governments already service areas outside their ETJ without having a CCN. No significant fiscal implication to units of local government is anticipated.

Source Agencies: 582 Commission on Environmental Quality

LBB Staff: JOB, WK, DB