

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

March 9, 2009

TO: Honorable Allan Ritter, Chair, House Committee on Natural Resources

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

IN RE: HB1669 by Callegari (Relating to certificates of public convenience and necessity for water or sewer services.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would allow the Texas Commission on Environmental Quality (TCEQ) grant to a retail public utility a certificate of public convenience and necessity (CCN) within a municipality's extraterritorial jurisdiction (ETJ) if the municipality refuses to provide service to property within its ETJ. The Commission would be authorized to grant the CCN without the consent of the municipality. The bill also would prohibit the TCEQ from extending a municipality's CCN area beyond its ETJ without the written consent of the landowner who owns the property in which the CCN is to be extended. The bill would make void any extensions of a CNN which extends beyond the ETJ of the municipality without the consent of the landowner.

Any costs to the TCEQ associated with the bill's implementation are expected to be absorbed within the agency's existing budget.

Local Government Impact

Currently a retail public utility that proposes to provide service within the city limits of a municipality must receive consent from the municipality. A municipality may exercise jurisdiction over the rates and services of a retail public utility providing services within the boundaries of the municipality. Under the provisions of the bill, if a municipality refuses to provide service to the municipality's extraterritorial jurisdiction, a retail public utility would be permitted to apply to the commission for a CNN to serve that area. Local governments that are CCN holders would experience a loss in revenue from the loss of customers.

Local governments also would incur other costs associated with mailing notices to landowners, and the requirement to obtain consent from a landowner to include their land in the proposed area. Costs associated with complying with the provisions of the bill would vary among local governments.

Source Agencies: 582 Commission on Environmental Quality

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