

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION**

**May 4, 2011**

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

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

**IN RE: HB3668** by Callegari (Relating to certificates of public convenience and necessity for water or sewer services.), **Committee Report 1st House, Substituted**

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

The bill would allow the Texas Commission on Environmental Quality (TCEQ) to grant a certificate of convenience and necessity (CCN) to a retail public utility within the boundaries or extraterritorial jurisdiction (ETJ) of a municipality if the municipality has not consented to the inclusion of the CCN (CCN) within its boundaries or extraterritorial jurisdiction (ETJ) before 180th day after a landowner or municipality has made a formal request for service, including a capital improvement plan or a subdivision plat, if certain conditions apply.

The bill would provide that if a municipality refuses to provide service in the proposed area, as evidenced by a formal vote of the municipality's governing body or an official notification from the municipality, then the TCEQ does not have to make findings that would otherwise be required and would be authorized to grant the CCN to the retail public utility at any time after the date of the formal vote or receipt of the official notification from the municipality.

The bill would clarify that the TCEQ would not be authorized to extend a municipality's CCN beyond its ETJ if an owner of land that is wholly or partly outside the ETJ elects to exclusion of some or all of the property from the proposed service area. The bill also would clarify that a landowner is not entitled to make the election for the exclusion of his property from a CCN but is entitled to contest the involuntary certification of his property in a hearing if the land meets specific requirements, and it would stipulate that a CCN applicant that has land removed by landowner election may not be required to provide service to the removed land for any reason.

The bill would prohibit the TCEQ from denying an expedited release petition based on the fact that a CCN holder is a borrower under a federal loan program. The bill also would modify the petition requirements to receive an expedited release to require that the petition include approximate cost, flow, pressure and design requirements. The bill would shorten the TCEQ's review period from 90 to 60 days for expedited release petitions.

Passage of the bill is not expected to result in significant additional workload to the TCEQ.

**Local Government Impact**

The bill would have an indeterminate fiscal impact on localities in which a certificate of public convenience and necessity is granted under the provisions of the bill.

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

**LBB Staff:** JOB, SZ, TL