

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 26, 2015

TO: Honorable Jim Keffer, Chair, House Committee on Natural Resources

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB2852** by Nevárez (relating to municipal fees charged to public school districts for water and sewer service.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would amend the Water Code to permit a public school district charged with fees that violate Section 13.088 to appeal the charge by filing a petition with the Public Utility Commission (PUC). Under the provisions of the bill, the PUC would be required to hear the appeal de novo and the burden of proof to establish that the fee complies with Section 13.088 falls on the municipality charging the fee. The bill would permit the PUC to fix the fees charged by the municipality. The bill would prohibit a municipal owned utility that provides retail water or sewer services to a public school district from charging the district a fee based on the number of students or employees in addition to the rates the utility charges the district for the service.

Local Government Impact

The Texas Education Agency reported that school districts could experience reduced costs if they had previously been subjected to fees based on the number of district students or employees.

The savings to a school district would be a corresponding revenue loss to municipality that charged the school district for services based on a number of students or employees. There could be administrative costs to municipalities if a school district appealed a charge with the PUC.

The City of Austin reported there would be costs associated with a school district challenging rates to the PUC. However, the likelihood of a school district challenging Austin's water fees is low. The city also reported the district undergoes an extensive public review process each year.

Source Agencies: 473 Public Utility Commission of Texas, 701 Central Education Agency

LBB Staff: UP, SZ, SD, EK, JLi, JBi