

## **BILL ANALYSIS**

S.B. 2322  
By: Creighton  
Natural Resources  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

It has been reported that municipalities or municipally owned utilities are able to establish higher utility rates for certain entities that qualify for sales tax or property tax exemptions, such as churches, nonprofit organizations, and independent school districts, compared to other entities receiving comparable services, which effectively eliminates the tax benefits experienced by these exempt entities. S.B. 2322 seeks to address this issue by prohibiting municipalities or municipally owned utilities from establishing a higher rate for entities that qualify for certain tax exemptions than entities receiving comparable utility services.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

S.B. 2322 amends the Water Code to prohibit a municipality or a municipally owned utility from establishing a water rate applicable only to entities that qualify for a sales tax or property tax exemption that is higher than a rate established for entities that receive comparable utility services.

### **EFFECTIVE DATE**

September 1, 2019.