

## **BILL ANALYSIS**

H.B. 3713  
By: Capriglione  
State Affairs  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

The bill author has informed the committee that local exchange companies and cooperatives serving fewer than 31,000 access lines face financial challenges in maintaining reasonable rates for local exchange telephone service and that changes in Public Utility Commission of Texas (PUC) policies or federal regulations can lead to significant revenue reductions, putting the financial stability of these smaller providers at risk. Current law provides the PUC with some authority to maintain rates through the universal service fund, but the bill author has also informed the committee that statute lacks specific mechanisms for addressing revenue shortfalls caused by regulatory changes or other factors impacting small providers in rural and less densely populated areas. H.B. 3713 seeks to enhance the financial stability of small local exchange companies and cooperatives by providing for the PUC's ability to address certain revenue reductions.

### **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**

H.B. 3713 amends the Utilities Code to remove the requirement for the Public Utility Commission of Texas to implement a mechanism to replace the reasonably projected change in revenue caused by an FCC order, rule, or policy that changes the federal universal service fund revenue of a local exchange company or costs or revenue assigned to the intrastate jurisdiction.

### **EFFECTIVE DATE**

September 1, 2025.