

BILL ANALYSIS

S.B. 1413
By: Nichols
Natural Resources
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The bill sponsor has informed the committee that a certificate of convenience and necessity (CCN) grants a utility the exclusive right to provide water and sewer services in a specific area, preventing others from offering service there. The bill sponsor has also informed the committee that, prior to 2005, obtaining a CCN required minimal paperwork, a small fee, and no proof of service capability and that, as a result, a landowner could find their property encumbered by a CCN without their knowledge, often leading to cases where utility providers failed to deliver adequate service but refused to release the property. The bill sponsor has informed the committee that in 2005 H.B. 2876 introduced the first major CCN reform, including an expedited release process to help landowners exit inadequate CCNs, but this process was costly and cumbersome. The bill sponsor has also informed the committee that, to address these issues, S.B. 573 was passed in 2011 creating a more effective streamlined expedited release process which allowed certain landowners to petition for removal from a CCN if their property was at least 25 acres and not receiving service while ensuring fair compensation for utility providers. S.B. 1413 seeks to expand the streamlined expedited release process to more counties in order to reflect the state's rapid growth.

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. 1413 amends the Water Code to authorize a landowner who submits a petition for the streamlined expedited release of an area from a certificate of public convenience and necessity (CCN) to agree to pay to the CCN holder that is the subject of the petition an amount equal to the amount necessary to pay or defease a federal loan for a CCN holder that is a borrower under a federal loan program. The bill requires the CCN holder, on request from the petitioner, to provide the petitioner with the amount necessary to pay or defease the federal loan and authorizes the Public Utility Commission of Texas (PUC) to issue an order to require the CCN holder to accept a loan payment or defeasance.

S.B. 1413 includes among the landowners who may submit such a petition a landowner whose applicable property, subject to other statutory eligibility criteria, is located in a county adjacent to a county adjacent to a county with a population of at least 1.2 million. The bill removes the restriction that the property subject to such a petition not be located in a county that has a population of more than 50,500 and less than 52,000.

S.B. 1413 replaces the authorization for the PUC to require an award of compensation by the petitioner to the CCN holder with a requirement for the PUC, if it determines that compensation to the CCN holder is owed under applicable provisions, to require an award of compensation to be paid by the petitioner to the CCN holder.

S.B. 1413 does the following with respect to a petition for an applicable tract of land located in a county adjacent to a county adjacent to a county with a population of at least 1.2 million:

- requires the petitioner to provide written notice, by certified mail and regular mail, to the CCN holder of the petitioner's intent to petition the PUC for streamlined expedited release of an area from a CCN not later than the 60th day before the date on which the petitioner submits the petition to the PUC;
- requires the notice to include contact information for the property owner whose tract or tracts are the subject of the petition; and
- authorizes the CCN holder to waive the notice.

The bill, with respect to the prohibition against a CCN holder initiating an application to borrow money under a federal loan program after a certain date until the PUC issues a decision on a petition for streamlined expedited release, changes such date from the date the petition is filed to the date such notice is provided or waived.

S.B. 1413 applies only to a proceeding affecting a CCN that commences on or after the bill's effective date. A proceeding affecting a CCN that commenced before the bill's effective date is governed by the law in effect on the date the proceeding is commenced, and that law is continued in effect for that purpose.

EFFECTIVE DATE

September 1, 2025.