

BILL ANALYSIS

Senate Research Center
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S.B. 1413
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

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. Before 2005, obtaining a CCN required minimal paperwork, a small fee, and no proof of service capability. As a result, landowners 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.

In 2005, H.B. 2876 introduced the first major CCN reform, including an "expedited release" process to help landowners exit inadequate CCNs. However, this process was costly and cumbersome. To address these issues, Senator Robert Nichols and Representative Brandon Creighton passed S.B. 573 in 2011, creating a more effective "streamlined expedited release" process. This allowed landowners in 33 counties 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.

Building on S.B. 573's success, S.B. 1413 seeks to expand these reforms to more counties, reflecting Texas' rapid growth. The bill also protects landowners from being blocked from decertification due to minor federal loan debts held by CCN holders.

As proposed, S.B. 1413 amends current law relating to the procedure for amending or revoking certificates of public convenience and necessity issued to certain water utilities.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 13.2541, Water Code, by amending Subsection (b) and adding Subsection (e-1), as follows:

(b) Provides that the owner of a tract of land that is at least 25 acres and that is not receiving water or sewer service, as an alternative to decertification or expedited release under Section 13.254 (Decertification Initiated by Utility Commission or Utility; Expedited Release Initiated by Landowner), is authorized to petition for expedited release of the area from a certificate of public convenience and necessity in the manner provided by Section 13.2541 (Streamlined Expedited Release Initiated by Landowner) and is entitled to that release if the landowner's property is located in a county meeting certain criteria, including a county adjacent to a county adjacent to a county with a population of at least 1.2 million. Deletes existing text entitling the owner to release if the owner's property is located in counties meeting certain criteria, and not in a county that has a population of more than 50,500 and less than 52,000. Makes a nonsubstantive change.

(e-1) Authorizes a landowner that submits a petition under this section to agree to pay to the certificate holder that is the subject of the petition under this section an amount equal to the amount necessary to pay or defease a federal loan for a certificate holder that is a

borrower under a federal loan program. Requires the certificate holder, on request from the petitioner, to provide the petitioner with the amount necessary to pay or defease the federal loan. Authorizes the Public Utility Commission of Texas to issue an order to require the certificate holder to accept a loan payment or defeasance under this section.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: September 1, 2025.