

Chapter 849

H.B. No. 2369

1 AN ACT

2 relating to municipal fees charged to public school districts for
3 water and sewer service.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. The legislature finds that the imposition of
6 fees for water service that are based on the number of students or
7 employees of a public school district diverts to other purposes
8 money appropriated in accordance with Section 1, Article VII, Texas
9 Constitution, for the education of students. For that reason, the
10 imposition of fees on those bases by a political subdivision
11 violates the Texas Constitution.

12 SECTION 2. The heading to Section 13.044, Water Code, is
13 amended to read as follows:

14 Sec. 13.044. RATES CHARGED BY MUNICIPALITY TO CERTAIN
15 SPECIAL DISTRICTS [~~DISTRICT~~].

16 SECTION 3. Subchapter C, Chapter 13, Water Code, is amended
17 by adding Section 13.0441 to read as follows:

18 Sec. 13.0441. FEES CHARGED BY MUNICIPALITY TO PUBLIC SCHOOL
19 DISTRICTS. (a) This section applies only to fees charged by a
20 municipality for water or sewer service to a public school
21 district.

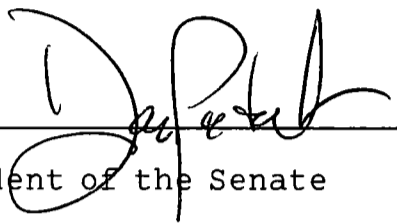
22 (b) Notwithstanding the provisions of a resolution,
23 ordinance, or agreement, a public school district charged a fee
24 that violates Section 13.088 may appeal the charge by filing a

1 petition with the utility commission. The utility commission shall
2 hear the appeal de novo, and the municipality charging the fee has
3 the burden of proof to establish that the fee complies with Section
4 13.088. The utility commission shall fix the fees to be charged by
5 the municipality in accordance with this chapter, including Section
6 13.088.

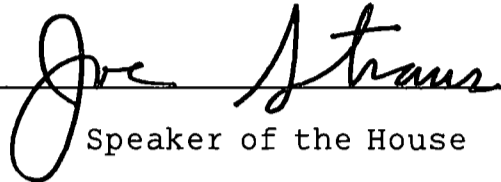
7 SECTION 4. Subchapter D, Chapter 13, Water Code, is amended
8 by adding Section 13.088 to read as follows:

9 Sec. 13.088. MUNICIPAL FEES FOR PUBLIC SCHOOL DISTRICTS. A
10 municipally owned utility that provides retail water or sewer
11 utility service to a public school district may not charge the
12 district a fee based on the number of district students or employees
13 in addition to the rates the utility charges the district for the
14 service.

15 SECTION 5. This Act takes effect immediately if it receives
16 a vote of two-thirds of all the members elected to each house, as
17 provided by Section 39, Article III, Texas Constitution. If this
18 Act does not receive the vote necessary for immediate effect, this
19 Act takes effect September 1, 2017.

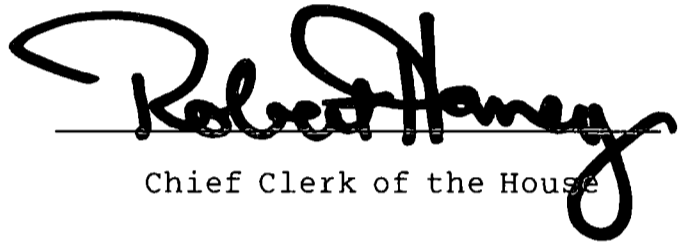


President of the Senate



Speaker of the House

I certify that H.B. No. 2369 was passed by the House on May 4, 2017, by the following vote: Yeas 145, Nays 0, 2 present, not voting.



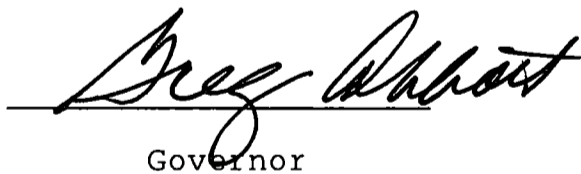
Chief Clerk of the House

I certify that H.B. No. 2369 was passed by the Senate on May 23, 2017, by the following vote: Yeas 31, Nays 0



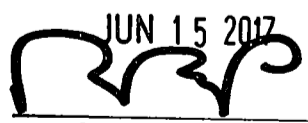
Secretary of the Senate

APPROVED: 6-10-2017
Date



Governor

FILED IN THE OFFICE OF THE
SECRETARY OF STATE
3 PM O'CLOCK

JUN 15 2017


Secretary of State

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 17, 2017

TO: Honorable Charles Perry, Chair, Senate Committee on Agriculture, Water & Rural Affairs

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2369 by Nevárez (Relating to municipal fees charged to public school districts for water and sewer service.), **As Engrossed**

<p>No significant fiscal implication to the State is anticipated.</p>
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The bill would amend the Water Code relating to municipal fees charged to public school districts for water and sewer service.

The bill permits a public school district to appeal to the Public Utility Commission (PUC) a fee charged to the district by a municipality for water and sewer service, even if the fee is set by provisions of a resolution, ordinance, or agreement. The bill requires PUC to fix the fee if it finds that it does not align with statute.

The bill prohibits municipally owned water or sewer utility from charging a public school district a fee based on the number of students or employees in the district in addition to the rates the utility charges the district for the service.

Based on the analysis of the PUC and the Texas Education Agency (TEA), duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

The bill would take effect immediately upon receipt of a two-thirds vote of all members elected to each house; otherwise, the bill would take effect on September 1, 2017.

Local Government Impact

According to TEA, public school districts would benefit from possibly reduced utility costs.

According to the Texas Municipal League, the fiscal impact to municipalities cannot be determined at this time.

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

LBB Staff: UP, AO, JGA, SZ, EH, AW

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 23, 2017

TO: Honorable Lyle Larson, Chair, House Committee on Natural Resources

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB2369** by Nevárez (relating to municipal fees charged to public school districts for water and sewer service.), **Committee Report 1st House, Substituted**

<p>No significant fiscal implication to the State is anticipated.</p>
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The bill would amend the Water Code relating to municipal fees charged to public school districts for water and sewer service.

The bill permits a public school district to appeal to the Public Utility Commission (PUC) a fee charged to the district by a municipality for water and sewer service, even if the fee is set by provisions of a resolution, ordinance, or agreement. The bill requires PUC to fix the fee if it finds that it does not align with statute.

The bill prohibits municipally owned water or sewer utility from charging a public school district a fee based on the number of students or employees in the district in addition to the rates the utility charges the district for the service. The bill requires municipally owned utilities to provide refunds to public school districts that were charged fees after September 1, 2009 that were based on number of district employees or students.

Based on the analysis of the PUC and the Texas Education Agency (TEA), duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

The bill would take effect immediately upon receipt of a two-thirds vote of all members elected to each house; otherwise, the bill would take effect on September 1, 2017.

Local Government Impact

According to TEA, public school districts would benefit from possibly reduced utility costs. Additionally, certain districts would be able to seek reimbursement from utilities over past billing rates based on student or employee numbers which are out of compliance with this bill.

According to the Texas Municipal League, the fiscal impact to municipalities cannot be determined at this time.

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

LBB Staff: UP, AO, JGA, SZ, EH, AW

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 11, 2017

TO: Honorable Lyle Larson, Chair, House Committee on Natural Resources

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2369 by Nevárez (Relating to municipal rates for water and sewer service charged to public school districts.), **As Introduced**

<p>No significant fiscal implication to the State is anticipated.</p>
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The bill would amend the Water Code relating to municipal rates for water and sewer service charged to public school districts.

The bill permits a public school district to appeal to the Public Utility Commission (PUC) the rates charged to the district by a municipality for water and sewer service, even if the rate is set by provisions of a resolution, ordinance, or agreement. The bill requires PUC to adjust rates if it finds that the rates do not align with statute or are not just and reasonable, and prohibits the municipality from increasing the adjusted rates without approval from PUC.

The bill requires a municipally owned water or sewer utility to charge a school district the lowest rates that it charges commercial businesses or nonprofit organizations, and prohibits the utility from charging a public school district a fee that it does not charge commercial businesses or a fee based on the number of students or employees in the district. The bill requires municipally owned utilities to provide refunds to public school districts that were charged rates or fees after August 1, 2012 that were based on number of district employees or students.

Based on the analysis of the PUC and the Texas Education Agency (TEA), duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

The bill would take effect immediately upon receipt of a two-thirds vote of all members elected to each house; otherwise, the bill would take effect on September 1, 2017

Local Government Impact

According to TEA, public school districts would benefit from possibly reduced utility costs. Additionally, certain districts would be able to seek reimbursement from utilities over past billing rates based on student or employee numbers which are out of compliance with this bill.

According to the Texas Municipal League, the fiscal impact to municipalities cannot be determined at this time.

Source Agencies: 473 Public Utility Commission of Texas, 701 Texas Education Agency
LBB Staff: UP, SZ, EH, AO, AW, JGA