

CHAPTER 394

H.B. No. 1823

An Act relating to natural gas suppliers contracting with agriculture energy users and providing guidelines for price determination.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. This Act shall be known as the Agriculture Gas Users Act of 1985.

SECTION 2. In this Act:

- (1) "Person" includes natural persons, partnerships of two or more persons having a joint or common interest, mutual or cooperative associations, and corporations as defined in this Act.
- (2) "Supplier" means any person who furnishes natural gas to agriculture energy users.
- (3) "Agriculture energy user" means any person who purchases or utilizes natural gas for fuel for irrigation wells.
- (4) "Corporation" means any corporation, joint-stock company, or association, domestic or foreign, and its lessees, assignees, trustees, receivers, or other successors in interest, having any of the powers or privileges of corporations not possessed by individuals or partnerships, including, for purposes of this Act, the Agriculture Energy Users Association, Incorporated.

SECTION 3. (a) Prices and other terms of service for the furnishing of natural gas under this Act may be established pursuant to a contract between a supplier and agriculture energy user, and any such contract shall be valid and binding for all purposes, provided that it is negotiated in good faith and is the result of arms-length bargaining between the parties.

(b) The parties shall each provide such information and keep such records as are reasonably necessary for contracting purposes.

(c) Prices charged to an agriculture energy user pursuant to this section shall not exceed the prices charged to a majority of the supplier's commercial or other similar large-volume users.

SECTION 4. When the supplier does not deliver gas to a municipality, this Act does not apply unless the supplier and the agriculture energy user both agree it shall apply to their transaction and it is so stated in their contract.

SECTION 5. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended.

Passed by the House on April 25, 1985, by a non-record vote; House concurred in Senate amendments to H.B. No. 1823 on May 23, 1985, by the following vote: Yeas 129, Nays 0, 6 present, not voting; passed by the Senate, with amendments, on May 21, 1985, by the following vote: Yeas 31, Nays 0.

Approved: June 10, 1985

Effective: August 26, 1985