

CHAPTER 772

H.B. No. 2714

AN ACT

relating to the provision of water and sewer service to annexed areas of certain municipalities.

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

SECTION 1. Section 5.235(n), Water Code, is amended to read as follows:

(n)(1) Each provider of potable water or sewer utility service shall collect a regulatory assessment from each retail customer as follows:

(A) A public utility as defined in Section 13.002 of this code shall collect from each retail customer a regulatory assessment equal to one percent of the charge for retail water or sewer service.

(B) A water supply or sewer service corporation as defined in Section 13.002 of this code shall collect from each retail customer a regulatory assessment equal to one-half of one percent of the charge for retail water or sewer service.

(C) A district as defined in Section 50.001 of this code that provides potable water or sewer utility service to retail customers shall collect from each retail customer a regulatory assessment equal to one-half of one percent of the charge for retail water or sewer service.

(2) The regulatory assessment may be listed on the customer's bill as a separate item and shall be collected in addition to other charges for utility services.

(3) The commission shall use the assessments collected from districts solely to pay costs and expenses incurred by the commission in the regulation of districts.

(4) The commission shall use the assessments collected from water supply or sewer service corporations solely to pay costs and expenses incurred by the commission in the regulation of water supply or sewer service corporations.

(5) The commission shall use the assessments collected from public utilities solely to pay costs and expenses incurred by the commission in the regulation of public utilities.

(6) The commission shall annually use a portion of the assessments to provide on-site technical assistance and training to public utilities, water supply or sewer service corporations, and districts. The commission shall contract with others to provide the services.

(7) Except as provided by Paragraph (A) of this subdivision, assessments collected from retail customers for the prior 12 months are due on January 15 of each year. The executive director shall collect all assessments from the utility service providers, and those funds shall be paid into the state treasury and credited to the water utility fund.

(A) A utility service provider may make quarterly payments due on January 15, April 15, July 15, and October 15 of each year. If payments are made quarterly and received by the commission not later than the 30th day after the due date, the utility service provider may retain an administrative fee equal to 10 percent of the amount due for costs incurred in collecting and remitting the assessment.

(B) The commission shall assess on a utility service provider a penalty equal to 10 percent of the amount due for any payment received after January 31. Funds delinquent for more than 30 days shall draw interest at the rate of 10 percent a year on the assessment and penalty due.

(C) The commission shall assess a penalty against a municipality with a population of more than 1.5 million that does not provide municipal water and sewer services in an annexed area ~~[on or before 4½ years after the annexation takes effect]~~ in accordance with Section 43.0565 [43.056], Local Government Code. A penalty assessed under this paragraph shall be not more than \$1,000 for each day the services are not provided after *March 1, 1998, for areas annexed before January 1, 1993, or not provided within 4½*

years after the effective date of the annexation for areas annexed on or after January 1, 1993 [~~4½ years after the annexation~~]. A penalty collected under this paragraph shall be deposited into a special fund in the state treasury to be used to provide water and sewer service to residents of the city.

(8) The regulatory assessment does not apply to water that has not been treated for the purpose of human consumption.

SECTION 2. Subchapter C, Chapter 43, Local Government Code, is amended by adding Section 43.0565 to read as follows:

Sec. 43.0565. PROVISION OF WATER OR SEWER SERVICE IN POPULOUS MUNICIPALITY. (a) *The requirements of this section are in addition to those prescribed by Section 43.056.*

(b) *A municipality with a population of more than 1.5 million that includes within its boundaries annexed areas without water service, sewer service, or both:*

(1) *shall develop a service plan that:*

(A) *must identify developed tracts in annexed areas of the municipality that do not have water service, sewer service, or both and must provide a procedure for providing water service, sewer service, or both to those developed tracts;*

(B) *must establish a timetable for providing service based on a priority system that considers potential health hazards, population density, the number of existing buildings, the reasonable cost of providing service, and the desires of the residents;*

(C) *must include a capital improvements plan committing the necessary financing;*

(D) *may relieve the municipality from an obligation to provide water service, sewer service, or both in an area described in the service plan if a majority of the households in the area sign a petition stating they do not want to receive the services; and*

(E) *may require property owners to connect to service lines constructed to serve their area;*

(2) *shall provide water service, sewer service, or both to at least 75 percent of the residential buildings in annexed areas of the municipality that did not have water service, sewer service, or both on September 1, 1991;*

(3) *shall provide water service to each area annexed before January 1, 1993, if the area or subdivision as described in the service plan contains at least 25 residences without water service, unless a majority of the households in the area state in a petition that they do not want municipal water service; and*

(4) *is subject to the penalty prescribed by Section 5.235(n)(7)(C), Water Code, for the failure to provide services.*

SECTION 3. 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, and that this Act take effect and be in force from and after its passage, and it is so enacted.

Passed by the House on May 12, 1993, by a non-record vote; the House refused to concur in Senate amendments on May 26, 1993, and requested the appointment of a conference committee to consider the differences between the two houses; the House adopted the conference committee report on May 29, 1993, by a non-record vote; passed by the Senate, with amendments, on May 24, 1993: Yeas 31, Nays 0; at the request of the House, the Senate appointed a conference committee to consider the differences between the two houses; the Senate adopted the conference committee report on May 29, 1993: Yeas 31, Nays 0.

Approved June 18, 1993.

Effective Aug. 30, 1993, 90 days after date of adjournment.