

- SUBJECT:** Allowing voluntary contributions on certain water and wastewater utility bills
- COMMITTEE:** Natural Resources — favorable, without amendment
- VOTE:** 7 ayes — Counts, Walker, Cook, King, R. Lewis, Moffat, Puente  
0 nays  
2 absent — Corte, Culberson
- WITNESSES:** None
- BACKGROUND :** Nonprofit water supply or sewer service corporations are permitted by law to collect through their billing process voluntary fees from customers to benefit volunteer fire departments or other emergency medical services.
- DIGEST:** HB 1406 would allow other water or wastewater utilities in Texas to collect voluntary fees from their customers for volunteer fire departments or emergency medical services. The bill would apply to for-profit investor-owned utilities and nonprofit homeowner and property owner association utilities.
- Under HB 1406, utility bills that included a voluntary contribution would have to clearly state that the contribution was voluntary and that it could be deducted from the bill. The utility would be required to promptly deliver voluntary contributions to the intended department or service, after subtracting a certain amount to pay for administering the program. The amount subtracted could be either the cost of administering the program or five percent of the amount collected, whichever was less. Voluntary contributions would not be considered rates and would not be required to be shown in tariffs that utilities are required to file with the Texas Natural Resource Conservation Commission (TNRCC).
- A utility wishing to collect voluntary contributions would be required to notify all new customers about the contribution and send annual statements to all customers explaining that the contribution was voluntary and whether or not it could be considered a tax deduction. The written statement would

also have to indicate the recipient of the contributions and procedures by which a customer could make a contribution.

The bill would validate all programs previously implemented that conformed to its requirements.

HB 1406 would take immediate effect if finally approved by a two-thirds record vote of the membership in each house.

**SUPPORTERS  
SAY:**

HB 1406 would encourage retail water customers to donate funds to volunteer fire departments and emergency medical services in areas of Texas where they are sorely needed. Investor-owned water and wastewater utilities are common in small communities that often are also served by volunteer and emergency departments. These departments are in need of funds because firefighting and medical equipment is very expensive. It makes sense to use the regular water or wastewater bill as a recurring opportunity to help out these civic organizations, even with just a few pennies on the bill.

Non-profit water and sewer service corporations are already allowed to collect voluntary contributions from their customers and have provided needed funding to emergency service providers, with few, if any, complaints from retail customers. HB 1406 would ensure that retail water customers would realize that the fee was voluntary by requiring utilities to clearly state this fact. Retail water customers would also receive an annual notice about the fee and new customers would be promptly informed.

Investor-owned utilities could not make a profit from collecting contributions since the bill would limit the fee they could retain for the expenses of administering the program.

**OPPONENTS  
SAY:**

For-profit utilities should not be allowed to collect voluntary contributions from their customers, especially if the contribution was added into the bill itself. Many people assume that their bill must be paid in full or else their water will be turned off. Customers might miss the note that a contribution for emergency services was voluntary and could be subtracted from their bill. Because of these problems, TNRCC rules prohibit listing on a customer's bill anything other than the charges for the utility service. If the state were to allow contributions to emergency services on water bills,

before long other groups would be clamoring to be added, causing even greater confusion.

Investor-owned utilities might be tempted to claim that they needed five percent of the contributions to run the program, when the actual cost would be much less. It would be very hard for an outside auditor to determine how much a utility actually spent to administer such a program.

**OTHER  
OPPONENTS  
SAY:**

Investor-owned utilities should be required to notify TNRCC about any voluntary contributions they accept when they file their tariffs with the agency, because when people call to complain about their rates, it would be difficult for agency staff to iron out problems if they did not know that a voluntary contribution was included in the bill.