

SUBJECT: Prohibiting per-unit water rate billing for recreational vehicle parks

COMMITTEE: Natural Resources — favorable, without amendment

VOTE: 10 ayes — Ritter, T. King, Beck, Creighton, Hopson, Keffer, Larson, Lucio, D. Miller, Price

0 nays

1 absent — Martinez Fischer

WITNESSES: For — Susan Evans, Palms RV Park; Brian Schaeffer, Texas Association of Campground Owners (TACO); Frank Schwalm, Bay RV Park; Jim Rowley.

Against — None

BACKGROUND: A recreational vehicle (RV) park is defined by the Water Code as a commercial property on which water service connections are made for RV transient guest use and for which fees are paid at intervals of one day or longer.

RV parks typically receive non-submetered, master-metered utility service, which is potable water (drinking water) service that is master-metered for the whole RV park and not submetered for each individual site. Wastewater service is based on master-metered, potable water service.

The Water Code requires a municipally owned utility that provides non-submetered, master-metered utility service to an RV park to determine the rates for that service on the same basis the utility uses to determine the rates for other commercial businesses, including hotels and motels, that serve transient customers and receive non-submetered, master-metered utility service.

DIGEST: HB 1210 would require water districts that provide non-submetered, master-metered utility service to an RV park to determine the rates for that service on the same basis the district uses to determine the rates for other

commercial businesses that serve transient customers and receive such service from the district.

The bill would take effect September 1, 2011, and would apply only to a rate established for non-submetered, master-metered utility service entered into by a district and RV park on or after the effective date of the bill.

**SUPPORTERS
SAY:**

HB 1210 would require water districts to charge RV parks for water and wastewater service based on water use, rather than on a per-unit basis. This would correct a disparity between water and wastewater rates charged to RV parks and the rates charged to similar commercial businesses that service transient guests, such as hotels and motels.

Some RV parks have experienced a change in billing structure from one based on water use to one based on the number of units in the park. This has resulted in huge increases in water bills at the affected parks, even though the amount of water used has not changed dramatically. A billing structure based on the number of units typically includes a base rate fee per unit, as well as a flat fee for a certain number of gallons of water per unit. These fees are charged whether or not a guest is parked on the unit site and hooked up to the connections and regardless of the amount of water used.

Due to the nature of their business, RV parks should be charged based on the number of gallons used rather than on the number of units. Guests that use the connections at the RV parks typically are tourists or retirees that travel through and park their RVs at a unit site for a short period of time, often just a few days. By being charged per unit, the RV park incurs water fees for each unit whether or not a guest was hooked up to the connections. This is causing a huge burden on affected RV parks, especially during the off season, when many of the sites go unoccupied.

Under HB 1210, paying for actual use would encourage conservation. By contrast, per-unit billing at RV parks is likely to result in more water use since the owner of the park must pay for it anyway. Per-unit billing also could negatively affect tourism because RV parks have to pass the increased expense on to their guests, making it harder to attract them, and in worst case scenarios, could cause RV parks to close.

OPPONENTS
SAY:

HB 1210 would place a burden on water districts. These district must provide the infrastructure to handle the full capacity of all units in their districts, but this bill would prevent them from charging a base rate for each of the units in an RV park. The state requires water districts to develop infrastructure, such as water towers, water lines, pump stations, fire hydrants, and wastewater treatment plants, to handle the full capacity of all units in the district, including each individual unit at RV parks. The base rate pays the debt service for capital infrastructure, so the requirements of the bill would make it difficult for a district to recoup its debt service.

While municipally owned utilities must, under current law, charge RV parks based on water use rather than on the number of units in the park, cities have multiple revenue streams and are better able than water districts to absorb this loss. Water districts have only water and wastewater rate and a small amount of ad valorem tax revenue as their revenue base. By contrast, cities receive more ad valorem tax revenue, as well as franchise tax and sales tax revenue.

NOTES:

The companion bill, SB 569 by Jackson, passed the Senate by 31-0 on the Local and Uncontested Calendar on March 31.