HOUSE RESEARCH ORGANIZATION bill analysis | 5/1/2013 | HB 2585 Harper-Brown (CSHB 2585 by Phillips)

SUBJECT: Paying for relocating utilities for toll-road projects

COMMITTEE: Transportation — committee substitute recommended

VOTE: 9 ayes — Phillips, Martinez, Burkett, Fletcher, Guerra, Harper-Brown, Lavender, McClendon, Riddle

1 nay — Pickett

1 absent — Y. Davis

WITNESSES: For — Bob Digneo, AT&T; Richard Lawson, Verizon (*Registered, but did not testify*: Todd Baxter, Time Warner Cable; Jeff Burdett, Texas Cable Association; Jose Camacho, Texas Telephone Association; Walt Jordan, Oncor; Blanca Laborde, TW Telecom; Chris Miller, AECT; Leo Muñoz, Comcast; Jake Posey, Centerpoint Energy; Patrick Reinhart, El Paso Electric Co.)

Against — None

On — John Barton and Phil Wilson, Texas Department of Transportation

BACKGROUND: HB 2702, enacted by the 79th Legislature in 2005, amended the Transportation code by adding secs. 203.092 (a) (3) (a-1), (a-2), and (a-3), which state that the costs to relocate a utility facility related to the toll roads are borne equally between the utility and the Texas Department of Transportation (TxDOT).

DIGEST: CSHB 2585 would extend to September 1, 2017 from September 1, 2013 the 50-50 cost-sharing arrangement between the Texas Department of Transportation and utilities that had to move their infrastructure in connection with a toll-road construction, expansion, or conversion.

This bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2013.

SUPPORTERS CSHB 2585 would extend the cost-sharing arrangement between TxDOT

SAY:

and utilities that has worked well to expand toll-road construction, encourage development of services Texas needs and wants, and help relieve costs to small municipalities.

In recent years, Texas has expanded its roads and utility services to fast-growing areas and must continue to meet rising demand. Utility relocation is done most efficiently when the cost is shared by interested parties that also share the goal of keeping a lid on costs. The bill would allow utilities to devote their capital investments to expanding their networks and improving their services. Utilities that can focus on meeting the high demand for faster broadband, wireless communication, electricity, and other services can contribute more to the state's economic development.

The cost-sharing arrangement would not only extend to private companies but provide relief for municipalities that also bear the burden of moving utilities to accommodate new toll roads. The cost-sharing arrangement has worked well for Texas, its citizens, and its small communities and would continue to benefit them four more years.

OPPONENTS SAY:

CSHB 2585 would continue a cost-sharing arrangement that was not intended to be permanent and should be allowed to sunset. Historically, utilities, which pay nothing for infrastructure right-of-way to the state, have paid relocation costs on all roads. Legislation that instituted cost-sharing was passed in 2005 to expedite toll road projects and provide a temporary incentive for utilities to relocate in a timely manner. It is no longer necessary to continue to subsidize this aspect of utilities' cost of doing business, which they pay on non-toll roads, and the state never received binding cooperation standards from the utilities in the first place. The cost-sharing is just a subsidy to the utilities and a cost to the state, and it should be allowed to expire as intended.

The state's portion of the relocation costs, according to TxDOT, will be roughly $3.5 million in 2014 and $6 million to $8 million per year thereafter. Public and private utilities have years of advanced notice to factor in relocation costs that would result from the state's transportation plan, and it is not necessary for the state to continue sharing the cost.

NOTES:

The committee substitute differs from the bill as filed by extending the cost-sharing provision to September 1, 2017, rather than removing the expiration date as in the original.