

SUBJECT: Selling a municipal water or sewer utility system without an election

COMMITTEE: Natural Resources — favorable, without amendment

VOTE: 8 ayes — T. King, Harris, Bowers, Kacal, Lucio, Paul, Price, Wilson

0 nays

3 absent — Larson, Ramos, Walle

WITNESSES: For — Robert Laughman, Texas Association of Water Companies;
(*Registered, but did not testify*: Buddy Garcia, Aqua Texas)

Against — None

On — (*Registered, but did not testify*: Tammy Benter, Public Utility
Commission of Texas)

BACKGROUND: Government Code sec. 1502.055 requires a municipality to receive
authorization from a majority of voters in a municipal election before
selling a utility system, park, or pool.

Concerns have been raised that this requirement can be time-consuming
and costly for municipalities that are unable to restore certain out-of-
compliance utility systems and that seek to transfer such a system to
another entity for improvement.

DIGEST: HB 3717 would exempt a municipality from the requirement to hold an
election to authorize the sale of a municipal retail water or sewer utility
system if the Texas Commission on Environmental Quality had issued a
notice of violation to the system and the governing body of the
municipality found by official action that it was financially or technically
unable to restore the system to compliance with applicable law and
regulations.

The bill would take effect September 1, 2021.

