

BILL ANALYSIS

Senate Research Center
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S.B. 117
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently, normal operational and maintenance expenses of a utility are, by law, superior to the obligation to pay bond indebtedness. It is a first lien against a utility's bonded indebtedness. However, it is unclear whether low-income customer bill payment assistance programs qualify as a maintenance and operation expense.

The Government Code currently allows a gas or electric utility in a municipality with a population of more than one million people to qualify a low-income customer assistance program as a lawful maintenance and operation expense of a municipally owned utility, but does not mention a water or wastewater utility in that section. The Government Code does define a utility as a gas, electric, water or wastewater operation. This legislation would simply remove the qualifying parenthetical phrase that specifies only gas or electric utilities when allowing low-income customer assistance programs to be deemed maintenance and operation expenses.

As proposed, S.B. 117 amends current law relating to allowing municipally owned utility systems in certain cities to fund a program to aid low-income residents in paying their bills.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 1502.056 (a), Government Code, to provide that, for a municipality with a population of more than one million, the first lien against the revenue of a municipally owned utility system, rather than a municipally owned electric or gas utility system, that secures the payment of public securities issued or obligations incurred under this chapter also applies to funding, as a necessary operations expense, for a bill payment assistance program for utility system customers who have been threatened with disconnection from service for nonpayment of bill and who have been determined by the municipality to be low-income customers.

SECTION 2. Effective date: upon passage or September 1, 2011.