

## **BILL ANALYSIS**

Senate Research Center

S.B. 873  
By: Creighton  
Agriculture, Water & Rural Affairs  
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Enrolled

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Landlords often bill tenants for water usage to help limit consumption and promote conservation. This process is governed by the Public Utility Commission of Texas (PUC) under Chapter 13, Water Code. Under current law, tenants have extensive protections, including: notification before signing leases, required leak audits, repairs, and installation of water-efficient devices. Landlords may not profit from water bills.

Current law provides that a tenant may pursue a billing dispute at PUC or in court. Even though a billing miscalculation may be off by just a few dollars on a monthly bill, the penalty structure incentivizes attorneys to bypass PUC's water billing complaint process to file class action lawsuits against landlords. In recent months, there has been a marked increase in such lawsuits. This results in costly and time-consuming litigation that is ultimately passed on to other tenants.

S.B. 873 addresses this issue by requiring certain water billing complaints to go through the PUC complaint process. It also clarifies other issues related to charging tenants for submetered and nonsubmetered master metered water and wastewater services while maintaining rights and remedies that ultimately protect both landlords and tenants.

Specifically, this bill:

- requires water billing complaints to go through PUC;
- does not change existing consumer protections;
- clarifies that the owner is the person or entity expressly identified as such in a lease agreement;
- clarifies that fees unrelated to the water bill can be charged to residents;
- explicitly allows PUC to order landlords to repay the overcharge and to assess administrative penalties; and
- creates a safe harbor for retrofit requirements if an owner takes over a property that had previously been billing for water. (Original Author's / Sponsor's Statement of Intent)

S.B. 873 amends current law relating to the authority and liability of owners and managers of apartment houses, manufactured home rental communities, condominiums, and multiple use facilities in charging tenants for submetered and nonsubmetered master metered water and wastewater services.

### **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 13.501, Water Code, by adding Subdivisions (1-a) and (9) and amending Subdivision (5), as follows:

(1-a) Defines "condominium manager" and "manager of a condominium."

(5) Redefines "owner."

(9) Defines "utility costs" and "utility service costs."

SECTION 2. Amends Section 13.503, Water Code, by adding Subsection (f), to provide that this section does not limit the authority of certain individuals to charge, bill for, or collect rent, an assessment, an administrative fee, a fee relating to the upkeep or management of chilled water, boiler, heating, ventilation, air conditioning, or other building system, or any other amount that is unrelated to utility costs.

SECTION 3. Amends Section 13.5031, Water Code, as follows:

Sec. 13.5031. NONSUBMETERING RULES. (a) Creates this subsection from existing text. Makes no further changes to this subsection.

(b) Provides that this section does not limit the authority of certain individuals to charge, bill for, or collect rent, an assessment, an administrative fee, a fee relating to the upkeep or management of chilled water, boiler, heating, ventilation, air conditioning, or other building system, or any other amount that is unrelated to utility costs.

SECTION 4. Amends Section 13.505, Water Code, as follows:

Sec. 13.505. New heading: RESTITUTION. (a) Defines "overcharge."

(b) Provides that the Public Utility Commission of Texas (PUC) has exclusive jurisdiction for violations under this subchapter (Submetering and Nonsubmetering for Apartments and Manufactured Home Rental Communities and Other Multiple Use Facilities).

(c) Creates this subsection from existing text. Authorizes the person claiming the violation to file a complaint with PUC if a certain individual violates a PUC rule regarding utility costs, rather than authorizes the tenant to recover certain amounts from the owner or condominium manager if, in addition to the enforcement provisions contained in Subchapter K (Violations and Enforcement), a certain individual violates a PUC rule regarding submetering of utility service consumed exclusively within the tenant's dwelling unit or multiple use facility unit or nonsubmetered master metered utility costs. Requires PUC and the State Office of Administrative Hearings (SOAH) to establish an online and telephone formal complaint and hearing system through which a person is authorized to file a complaint under this subchapter and is authorized to appear remotely for a hearing before PUC or SOAH. Requires PUC to require the owner or condominium manager, as applicable, to repay the complaining tenant the amount overcharged, if PUC determines that the owner or condominium manager overcharged a complaining tenant for water or wastewater service from the retail public utility.

(d) Provides that nothing in this section limits or impairs PUC's enforcement authority under Subchapter K. Authorizes PUC to assess an administrative penalty under Section 13.4151 (Administrative Penalty) for a violation of this chapter (Water Rates and Services) or of any rule adopted under this chapter. Deletes existing text providing that certain individuals are not liable for a civil penalty if the owner or condominium manager proves the violation was a good faith, unintentional mistake.

SECTION 5. Effective date: upon passage or September 1, 2017.