

SUBJECT: Prohibiting comparably higher water utility rates for tax-exempt entities

COMMITTEE: Natural Resources — favorable, without amendment

VOTE: 6 ayes — Larson, Metcalf, Dominguez, Harris, Lang, Nevárez

2 nays — Farrar, Ramos

3 absent — T. King, Oliverson, Price

SENATE VOTE: On final passage, April 30 — 22-9 (Alvarado, Johnson, Menéndez, Miles, Powell, Rodríguez, West, Whitmire, Zaffirini)

WITNESSES: *On House companion bill HB 4114:*
For — (*Registered, but did not testify:* Joshua Houston, Texas Impact; Scot Wall)

Against — Paul Mendes, City of Magnolia

DIGEST: SB 2322 would prohibit a municipality or municipally owned utility from establishing a higher rate for water and sewer services for entities that qualified for a sales or property tax exemption than for other entities receiving comparable service.

The bill would take effect September 1, 2019.

SUPPORTERS SAY: SB 2322 would protect tax-exempt entities such as schools and churches from being targeted by municipalities trying to recoup lost property and sales taxes through increased utility rates for water and sewer services. The bill would ensure each customer was treated the same.

OPPONENTS SAY: SB 2322 would deprive communities of local control to set the rates they deemed most appropriate in their service area.