

By: Gates

H.B. No. 2787

A BILL TO BE ENTITLED

AN ACT

relating to late payment fees charged by a municipally owned water utility.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter C, Chapter 13, Water Code, is amended by adding Section 13.0442 to read as follows:

Sec. 13.0442. LATE PAYMENT FEES CHARGED BY MUNICIPALITY.

(a) Notwithstanding the provisions of a resolution or ordinance, a customer charged a fee that violates Section 13.089 may appeal the charge by filing a petition with the utility commission.

(b) The utility commission shall hear the appeal de novo, and the municipality charging the fee has the burden of proof to establish that the fee complies with Section 13.089. The utility commission shall set the fees to be charged by the municipality in accordance with Section 13.089.

SECTION 2. Subchapter D, Chapter 13, Water Code, is amended by adding Section 13.089 to read as follows:

Sec. 13.089. LATE PAYMENT FEES CHARGED BY MUNICIPALITY.

(a) A municipality may not charge a late payment fee that is more than the greater of:

(1) \$5; or

(2) two percent of the amount past due, not to exceed \$500.

(b) A late payment penalty period may not begin before the

1 30th day after the date the municipality mails or transmits  
2 electronically the customer's bill.

3 (c) A late payment penalty period must end on the date the  
4 customer pays all past due amounts to the municipality.

5 SECTION 3. The changes in law made by this Act apply only to  
6 a fee charged on or after the effective date of this Act. A fee  
7 charged before the effective date of this Act is governed by the law  
8 in effect on the date the fee was charged, and the former law is  
9 continued in effect for that purpose.

10 SECTION 4. This Act takes effect immediately if it receives  
11 a vote of two-thirds of all the members elected to each house, as  
12 provided by Section 39, Article III, Texas Constitution. If this  
13 Act does not receive the vote necessary for immediate effect, this  
14 Act takes effect September 1, 2023.