**BILL ANALYSIS**

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| Senate Research Center | S.B. 1253 |
|  | By: Perry |
|  | Water, Agriculture and Rural Affairs |
|  | 6/9/2025 |
|  | Enrolled |

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

Under existing law, political subdivisions charge developers impact fees for new developments to cover costs associated with the additional needs placed on the political subdivisions' water and wastewater systems associated with the new development.

S.B. 1253 is intended to incentivize the use of more efficient water and wastewater infrastructure and appliances in new developments by providing for credits against those impact fees when such equipment is installed by the developer, ultimately reducing both the cost of new housing and the impact of new developments to existing water and wastewater systems.

(Original Author's/Sponsor's Statement of Intent)

S.B. 1253 amends current law relating to impact and production fees for certain water projects and to the regulation of certain wells and authorizes a fee.

**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 Subchapter B, Chapter 395, Local Government Code, by adding Section 395.0231, as follows:

Sec. 395.0231. CONSERVATION AND REUSE CREDITS AGAINST WATER AND WASTEWATER FEES. (a) Requires a political subdivision to provide a credit against water and wastewater impact fees otherwise assessed to a development to a builder or developer for the construction, contribution, or dedication of an eligible facility, system, or product that results in water reuse, conservation, or savings.

(b) Provides that a facility, system, or product eligible for a credit under this section includes a facility, system, or product that:

(1) reduces per service unit water consumption, supply requirements, or necessary treatment and distribution infrastructure per service unit;

(2) decreases the need of wastewater collection and treatment facilities per service unit;

(3) diminishes the demand for stormwater and drainage facilities per service unit; or

(4) integrates practices or technologies that achieve water efficiency, reuse, or conservation performance that exceed standard compliance requirements.

(c) Requires a political subdivision that provides a credit under this section to establish procedures for calculating and applying the credits in a fair and consistent manner and reviewing and approving credits under this section.

SECTION 2. Amends Section 8843.152, Special District Local Laws Code, as follows:

Sec. 8843.152. New heading: SERVICE CONNECTION FEE AND PRODUCTION FEE. (a)-(b) Makes no changes to these subsections.

(c) Authorizes the Hays Trinity Groundwater Conservation District (district) to assess a production fee as provided by Section 36.205 (Authority to Set Fees), Water Code. Prohibits a fee assessed under this subsection, subject to Subsection (d), from exceeding 30 cents per 1,000 gallons.

(d) Provides that, beginning January 1, 2026, and continuing on January 1 of each subsequent year, the maximum amount of the fee described by Subsection (c) increases by five percent from the previous year's maximum amount.

(e) Authorizes the district to provide a credit against a service connection fee otherwise assessed to a water utility that is also assessed a production fee under this section for the construction, contribution, or dedication of an eligible facility, system, or product that results in water reuse, conservation, or savings as described under Section 395.0231(b), Local Government Code.

SECTION 3. Repealer: Section 8843.104 (Exempt Wells), Special District Local Laws Code.

SECTION 4. Effective date: September 1, 2025.