

BILL ANALYSIS

C.S.H.B. 2867
By: Gates
Natural Resources
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The bill author has informed the committee that consumers of water or sewer services in Texas can become encumbered by payment deadlines and fees, which disproportionately affect low-income households and can lead to service shutoff, and that without a regulated cap on these fees, consumers are not protected from potentially abusive practices. C.S.H.B. 2867 seeks to reduce the consumer burden for a late payment for water or sewer services by capping the late payment fees that an applicable municipal utility may charge.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 2867 amends the Local Government Code to cap the late payment fees that a municipal utility that provides water or sewer service may charge for the following time frames with respect to the late payment penalty period at the greater of \$5 or the specified percentage of the amount past due:

- before the 11th day of the period, two percent;
- on or after the 11th day but before the 20th day of the period, five percent; or
- on or after the 20th day of the period, 10 percent.

The bill prohibits a late payment penalty period from beginning before the 21st day after the date the municipal utility mails or transmits electronically the customer's bill and requires such a period to end on the date the customer pays all past due amounts to the municipal utility.

C.S.H.B. 2867 applies only to a fee charged on or after the bill's effective date. A fee charged before that date is governed by the law in effect on the date the fee was charged, and the former law is continued in effect for that purpose.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2025.

COMPARISON OF INTRODUCED AND SUBSTITUTE

While C.S.H.B. 2867 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

Although both versions of the bill provide for a cap on late payment fees charged by a municipal utility that is the greater of \$5 or a specified percentage of the amount past due that depends on the time frame with respect to the late payment penalty period, the introduced and substitute differ as follows:

- the introduced set the time frames for the 2 percent, 5 percent, and 10 percent cap as before the 32nd day of the late payment penalty period, on or after the 32nd day but before the 41st day of the period, and on or after the 41st day but before the 51st day of the period, respectively; and
- the substitute sets those time frames as before the 11th day of the late payment penalty period, on or after the 11th day but before the 20th day of the period, and on or after the 20th day of the period.