

## **BILL ANALYSIS**

Senate Research Center  
89R18731 JBD/MCF-F

H.B. 4370  
By: Metcalf et al. (Blanco)  
Local Government  
5/18/2025  
Engrossed

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

The bill author has informed the committee that growing interest in renewable energy and sustainable infrastructure has led to the identification of efficient energy sources, such as geothermal water conveyance systems. The bill author has also informed the committee that special purpose districts should be allowed to support development and undertake infrastructure projects for these energy sources to promote innovative, sustainable projects while reducing strain on the Texas electric grid and preserving local control and fiscal accountability in public infrastructure development. H.B. 4370 seeks to address this issue by expanding the scope of permissible projects for certain special districts to include the development of geothermal water conveyance systems.

H.B. 4370 amends current law relating to the projects undertaken by a public improvement district, municipal management district, water control and improvement district, fresh water supply district, or municipal utility district.

### **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 372.003, Local Government Code, by amending Subsection (b) and adding Subsection (b-2), as follows:

(b) Authorizes a public improvement project to include certain objectives, including acquisition, construction, or improvement of geothermal water conveyance facilities or improvements.

(b-2) Authorizes payment of expenses under Subsection (b)(9) (relating to water facilities authorizing a public improvement project to include acquisition, construction, or improvement of certain facilities) to also include expenses related to the operation and maintenance of a geothermal water conveyance facility or improvement.

SECTION 2. Amends Section 372.023(a), Local Government Code, to authorize costs of improvements to be paid or reimbursed by any combination of the methods described by Section 372.023 (Payment of Costs) if the improvements are dedicated, conveyed, leased, or otherwise provided to or for the benefit of certain entities, including an entity subject to the regulatory jurisdiction of the Public Utility Commission of Texas, and to make nonsubstantive changes.

SECTION 3. Amends Section 375.093(c), Local Government Code, to require that, if a district, in exercising any of the powers conferred by Chapter 375 (Municipal Management Districts in General), requires the relocation, adjustment, raising, lowering, rerouting, or changing the grade of or altering the construction of certain facilities or property, including geothermal water conveyance pipes, pipelines, mains, or other facilities or property, those relocations, adjustments, raising, lowering, rerouting, or changing of grade, or altering of construction be accomplished at the sole cost and expense of the district, and requires that damages that are suffered by the owners of the property or facilities be borne by the district.

SECTION 4. Amends Section 375.112(a), Local Government Code, to authorize an improvement project or services provided by a municipal management district to include the construction, acquisition, improvement, relocation, operation, maintenance, or provision of certain facilities, including geothermal water conveyance facilities or improvements.

SECTION 5. Amends Section 51.121(b), Water Code, to authorize a water control and improvement district organized under the provisions of Article XVI (General Provisions), Section 59 (Conservation and Development of Natural Resources; Development of Parks and Recreational Facilities; Conservation and Reclamation Districts; Indebtedness and Taxation Authorized), of the Texas Constitution, to provide for certain services, including the preservation and conservation of all natural resources of the state, including through the use of geothermal water conveyance systems for the conservation of natural resources.

SECTION 6. Amends Section 51.125, Water Code, to authorize a water control and improvement district to construct all works and improvements necessary for certain actions, including for the construction of geothermal water conveyance systems necessary for the conservation of natural resources, and to make nonsubstantive changes.

SECTION 7. Amends Subchapter D, Chapter 53, Water Code, by adding Section 53.123, as follows:

Sec. 53.123. GEOTHERMAL WATER CONVEYANCE SYSTEMS. Authorizes a fresh water supply district to purchase, construct, acquire, own, operate, repair, improve, and extend geothermal water conveyance systems in the district.

SECTION 8. Amends Section 53.182, Water Code, by adding Subsection (d) to authorize a fresh water supply district, for the purposes of Section 53.123, to issue bonds payable from ad valorem taxes, revenues, or a combination thereof.

SECTION 9. Amends Section 54.012, Water Code, to require a municipal utility district to be created for the certain purposes, including the preservation of all natural resources of the state, including through the use of geothermal water conveyance systems for the preservation of natural resources.

SECTION 10. Amends Section 54.501, Water Code, to make a conforming change.

SECTION 11. Effective date: September 1, 2025.