

1-1 By: Gerdes, Isaac (Senate Sponsor - Perry) H.B. No. 29  
1-2 (In the Senate - Received from the House April 28, 2025;  
1-3 April 29, 2025, read first time and referred to Committee on Water,  
1-4 Agriculture and Rural Affairs; May 7, 2025, reported adversely,  
1-5 with favorable Committee Substitute by the following vote: Yeas 8,  
1-6 Nays 0; May 7, 2025, sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	Perry	X		
1-10	Hancock	X		
1-11	Birdwell		X	
1-12	Blanco	X		
1-13	Gutierrez	X		
1-14	Hinojosa of Nueces	X		
1-15	Johnson	X		
1-16	Kolkhorst	X		
1-17	Sparks	X		

1-18 COMMITTEE SUBSTITUTE FOR H.B. No. 29 By: Perry

1-19 A BILL TO BE ENTITLED  
1-20 AN ACT

1-21 relating to water losses reported by certain municipally owned  
1-22 utilities to the Texas Water Development Board; authorizing  
1-23 administrative penalties.

1-24 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-25 SECTION 1. Subchapter B, Chapter 16, Water Code, is amended  
1-26 by adding Section 16.0122 to read as follows:

1-27 Sec. 16.0122. WATER AUDIT VALIDATION BY CERTAIN MUNICIPALLY  
1-28 OWNED UTILITIES. (a) In this section, "municipally owned utility"  
1-29 has the meaning assigned by Section 13.002.

1-30 (b) This section applies only to a municipally owned utility  
1-31 that provides potable water through more than 150,000 service  
1-32 connections.

1-33 (c) A municipally owned utility that has filed an annual  
1-34 water audit under Section 16.0121 shall:

1-35 (1) not later than the 180th day after the date the  
1-36 audit was filed, complete a validation of the audit to ensure the  
1-37 utility accurately assessed potential inaccuracies in data used in  
1-38 the audit; and

1-39 (2) not later than the first anniversary of the date  
1-40 the audit was filed, develop and submit to the board a water loss  
1-41 mitigation plan.

1-42 (d) Not later than December 31, 2030, and every 10 years  
1-43 thereafter, a municipally owned utility that has filed an annual  
1-44 water audit under Section 16.0121 shall:

1-45 (1) complete a more detailed validation of the  
1-46 utility's most current water audit to:

1-47 (A) determine whether the implementation of  
1-48 water leakage reduction strategies is appropriate; and

1-49 (B) investigate the accuracy of the utility's  
1-50 billing data; and

1-51 (2) update the water loss mitigation plan developed by  
1-52 the utility under Subsection (c)(2) accordingly.

1-53 (e) Each validation required under Subsection (c)(1) must  
1-54 be performed by a person who has completed water audit validation  
1-55 training and is certified to conduct the validation. The  
1-56 validation:

1-57 (1) must follow board validation guidelines; and

1-58 (2) may not be conducted by a board staff member or the  
1-59 person who submitted the water audit.

1-60 (f) Each water loss mitigation plan developed under

Subsection (c)(2), as updated under Subsection (d)(2), if applicable, must be incorporated into the utility's most recent water conservation plan required under Section 13.146 not later than the first anniversary of the date the mitigation plan is completed. As part of the utility's annual water conservation report under Section 16.402(b), the utility shall report the utility's progress in implementing the mitigation plan. The mitigation plan must include:

(1) one-year, three-year, five-year, and ten-year goals for water loss mitigation;

(2) descriptions of water loss mitigation projects or programs designed to meet those goals;

(3) estimated financial savings from the implementation of the projects or programs under Subdivision (2);

(4) estimated water savings from the implementation of the projects or programs under Subdivision (2); and

(5) cost estimates for implementing each project or program under Subdivision (2).

(g) If the utility must complete a validation under Subsection (d)(1), the utility shall update the water loss mitigation plan developed by the utility under Subsection (c)(2) to revise the utility's one-year, three-year, five-year, and ten-year goals.

(h) Each validation required under Subsection (d)(1) must be performed by a person who is experienced in performing required validation activities. The validation:

(1) must be based on the recommendations from the utility's validation performed under Subsection (c)(1);

(2) must be completed in consultation with the person who completed the validation under Subsection (c)(1);

(3) must be conducted in accordance with industry standards; and

(4) may not be conducted by a board staff member or the person who submitted the water audit.

(i) The commission shall assess against a municipally owned utility an administrative penalty of \$25,000 if the utility fails to develop and submit to the board a water loss mitigation plan required by Subsection (c)(2).

SECTION 2. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2025.

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