

By: Gates, Thompson, Lopez of Cameron,
Harris, Muñoz, et al.

H.B. No. 2867

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 Z, Chapter 552, Local Government Code, is amended by adding Section 552.916 to read as follows:

Sec. 552.916. LATE PAYMENT FEES FOR WATER OR SEWER SERVICE.

(a) A municipal utility that provides water or sewer service may not charge a late payment fee that:

(1) before the 11th day of the late payment penalty period is more than the greater of:

(A) \$5; or

(B) two percent of the amount past due;

(2) on or after the 11th day but before the 20th day of the late payment penalty period is more than the greater of:

(A) \$5; or

(B) five percent of the amount past due; or

(3) on or after the 20th day of the late payment penalty period is more than the greater of:

(A) \$5; or

(B) 10 percent of the amount past due.

(b) A late payment penalty period may not begin before the 21st day after the date the municipal utility mails or transmits electronically the customer's bill.

1 (c) A late payment penalty period must end on the date the
2 customer pays all past due amounts to the municipal utility.

3 SECTION 2. The changes in law made by this Act apply only to
4 a fee charged on or after the effective date of this Act. A fee
5 charged before the effective date of this Act is governed by the law
6 in effect on the date the fee was charged, and the former law is
7 continued in effect for that purpose.

8 SECTION 3. This Act takes effect September 1, 2026.