

By: Gates

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 32nd 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 32nd day but before the 41st 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 41st day but before the 51st 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 immediately if it receives
9 a vote of two-thirds of all the members elected to each house, as
10 provided by Section 39, Article III, Texas Constitution. If this
11 Act does not receive the vote necessary for immediate effect, this
12 Act takes effect September 1, 2025.