

SENATE AMENDMENTS

2nd Printing

By: Gerdes, et al.

H.B. No. 29

A BILL TO BE ENTITLED

AN ACT

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

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

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

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

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

(c) A municipally owned utility that has filed an annual water audit under Section 16.0121 with the board indicating that the utility's real water loss meets or exceeds the threshold established by rule under Section 16.0121 shall:

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

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

1 (d) A municipally owned utility that has filed an annual
2 water audit under Section 16.0121 with the board indicating that
3 the utility's real water loss meets or exceeds the threshold
4 established by rule under Section 16.0121 for five consecutive
5 audit years shall:

6 (1) complete a more detailed validation of the
7 utility's most current water audit to:

8 (A) determine whether the implementation of
9 water leakage reduction strategies is appropriate; and

10 (B) investigate the accuracy of the utility's
11 billing data; and

12 (2) update the water loss mitigation plan developed by
13 the utility under Subsection (c)(2) accordingly.

14 (e) Each validation required under Subsection (c)(1) must
15 be performed by a person who has completed water audit validation
16 training and is certified to conduct the validation. The
17 validation:

18 (1) must follow board validation guidelines; and

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

21 (f) Each water loss mitigation plan developed under
22 Subsection (c)(2), as updated under Subsection (d)(2), if
23 applicable, must be incorporated into the utility's most recent
24 water conservation plan required under Section 13.146 not later
25 than the first anniversary of the date the mitigation plan is
26 completed. As part of the utility's annual water conservation
27 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

1 person who submitted the water audit.

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

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

ADOPTED

MAY 08 2025

Latey Law
Secretary of the Senate

By: Grerdes / Perry

H.B. No. 29

Substitute the following for H.B. No. 29:

By: Charles Perry

C.S. H.B. No. 29

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9 OWNED UTILITIES. (a) In this section, "municipally owned utility"
10 has the meaning assigned by Section 13.002.

11 (b) This section applies only to a municipally owned utility
12 that provides potable water through more than 150,000 service
13 connections.

14 (c) A municipally owned utility that has filed an annual
15 water audit under Section 16.0121 shall:

16 (1) not later than the 180th day after the date the
17 audit was filed, complete a validation of the audit to ensure the
18 utility accurately assessed potential inaccuracies in data used in
19 the audit; and

20 (2) not later than the first anniversary of the date
21 the audit was filed, develop and submit to the board a water loss
22 mitigation plan.

23 (d) Not later than December 31, 2030, and every 10 years
24 thereafter, a municipally owned utility that has filed an annual

1 water audit under Section 16.0121 shall:

2 (1) complete a more detailed validation of the
3 utility's most current water audit to:

4 (A) determine whether the implementation of
5 water leakage reduction strategies is appropriate; and

6 (B) investigate the accuracy of the utility's
7 billing data; and

8 (2) update the water loss mitigation plan developed by
9 the utility under Subsection (c)(2) accordingly.

10 (e) Each validation required under Subsection (c)(1) must
11 be performed by a person who has completed water audit validation
12 training and is certified to conduct the validation. The
13 validation:

14 (1) must follow board validation guidelines; and
15 (2) may not be conducted by a board staff member or the
16 person who submitted the water audit.

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

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

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

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

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

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

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

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

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

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

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

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

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

1 required by Subsection (c)(2).

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

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

May 9, 2025

TO: Honorable Dustin Burrows, Speaker of the House, House of Representatives

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB29 by Gerdes (Relating to water losses reported by certain municipally owned utilities to the Texas Water Development Board; authorizing administrative penalties.), **As Passed 2nd House**

No significant fiscal implication to the State is anticipated.

It is assumed that any costs and revenue implications associated with the bill would be insignificant.

Local Government Impact

There could be a cost to certain municipally owned water utilities with more than 150,000 service connections that would be required to conduct water loss audit validations, develop water loss mitigation plans, and update the utilities' water conservation plans. Municipally owned water utilities could be assessed a \$25,000 administrative penalty for each violation of the requirements outlined in the bill.

Source Agencies: 304 Comptroller of Public Accounts, 580 Water Development Board, 582 Commission on Environmental Quality

LBB Staff: JMc, SD, FV, BC, CWi, TUf, CMA, AJL

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

May 6, 2025

TO: Honorable Charles Perry, Chair, Senate Committee on Water, Agriculture and Rural Affairs

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB29 by Gerdes (relating to water losses reported by certain municipally owned utilities to the Texas Water Development Board; authorizing administrative penalties), **Committee Report 2nd House, Substituted**

No significant fiscal implication to the State is anticipated.

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Local Government Impact

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LEGISLATIVE BUDGET BOARD
Austin, Texas

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TO: Honorable Charles Perry, Chair, Senate Committee on Water, Agriculture and Rural Affairs

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB29 by Gerdes (Relating to water losses reported by certain municipally owned utilities to the Texas Water Development Board; authorizing administrative penalties.), **As Engrossed**

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Source Agencies: 304 Comptroller of Public Accounts, 580 Water Development Board, 582 Commission on Environmental Quality

LBB Staff: JMc, FV, CWi, TUf, BC, CMA, AJL

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

March 25, 2025

TO: Honorable Cody Harris, Chair, House Committee on Natural Resources

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB29 by Gerdes (Relating to water losses reported by certain municipally owned utilities to the Texas Water Development Board; authorizing administrative penalties.), **As Introduced**

No significant fiscal implication to the State is anticipated.

It is assumed that any costs and revenue implications associated with the bill would be insignificant.

Local Government Impact

There could be a cost to certain municipally owned water utilities with more than 150,000 service connections that would be required to conduct water loss audit validations, develop water loss mitigation plans, and update the utilities' water conservation plans. Municipally owned water utilities could be assessed a \$25,000 administrative penalty for each violation of the requirements outlined in the bill.

Source Agencies: 304 Comptroller of Public Accounts, 580 Water Development Board, 582 Commission on Environmental Quality

LBB Staff: JMc, TUf, BC, CWi, CMA, AJL

LEGISLATIVE BUDGET BOARD
Austin, Texas

WATER DEVELOPMENT POLICY IMPACT STATEMENT
89TH LEGISLATIVE REGULAR SESSION

March 26, 2025

TO: Honorable Cody Harris, Chair, House Committee on Natural Resources

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB29 by Gerdes (Relating to water losses reported by certain municipally owned utilities to the Texas Water Development Board; authorizing administrative penalties.), **As Introduced**

The Legislative Budget Board, in cooperation with the Texas Water Development Board, has determined that:

No Water Development Policy Impact Statement is required for this bill under the provisions of Texas Constitution, Article 16, Section 59(d), as this bill does not create a conservation and reclamation district.

Source
Agencies: 580 Water Development Board

LBB Staff: JMc, CMA