

AN ACT

relating to impact and production fees for certain water projects
and to the regulation of certain wells; authorizing a fee.

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

SECTION 1. Subchapter B, Chapter 395, Local Government
Code, is amended by adding Section 395.0231 to read as follows:

Sec. 395.0231. CONSERVATION AND REUSE CREDITS AGAINST WATER
AND WASTEWATER FEES. (a) A political subdivision shall provide a
credit against water and wastewater impact fees otherwise assessed
to a development to a builder or developer for the construction,
contribution, or dedication of an eligible facility, system, or
product that results in water reuse, conservation, or savings.

(b) A facility, system, or product eligible for a credit
under this section includes a facility, system, or product that:

(1) reduces per service unit water consumption, supply
requirements, or necessary treatment and distribution
infrastructure per service unit;

(2) decreases the need of wastewater collection and
treatment facilities per service unit;

(3) diminishes the demand for stormwater and drainage
facilities per service unit; or

(4) integrates practices or technologies that achieve
water efficiency, reuse, or conservation performance that exceed
standard compliance requirements.

1 (c) A political subdivision that provides a credit under
2 this section shall establish procedures for:

3 (1) calculating and applying the credits in a fair and
4 consistent manner; and

5 (2) reviewing and approving credits under this
6 section.

7 SECTION 2. Section 8843.152, Special District Local Laws
8 Code, is amended to read as follows:

9 Sec. 8843.152. SERVICE CONNECTION FEE AND PRODUCTION FEE.

10 (a) This section does not apply to a water utility that has surface
11 water as its sole source of water.

12 (b) The district may levy and collect a water utility
13 service connection fee not to exceed \$1,000 for each new water
14 service connection made after September 1, 2013.

15 (c) The district may assess a production fee as provided by
16 Section 36.205, Water Code. Subject to Subsection (d), a fee
17 assessed under this subsection may not exceed 30 cents per 1,000
18 gallons.

19 (d) Beginning January 1, 2026, and continuing on January 1
20 of each subsequent year, the maximum amount of the fee described by
21 Subsection (c) increases by five percent from the previous year's
22 maximum amount.

23 (e) The district may provide a credit against a service
24 connection fee otherwise assessed to a water utility that is also
25 assessed a production fee under this section for the construction,
26 contribution, or dedication of an eligible facility, system, or
27 product that results in water reuse, conservation, or savings as

1 described under Section 395.0231(b), Local Government Code.

2 SECTION 3. Section [8843.104](#), Special District Local Laws
3 Code, is repealed.

4 SECTION 4. This Act takes effect September 1, 2025.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 1253 passed the Senate on March 27, 2025, by the following vote: Yeas 30, Nays 0; and that the Senate concurred in House amendments on May 26, 2025, by the following vote: Yeas 30, Nays 1.

Secretary of the Senate

I hereby certify that S.B. No. 1253 passed the House, with amendments, on May 21, 2025, by the following vote: Yeas 112, Nays 28, two present not voting.

Chief Clerk of the House

Approved:

Date

Governor