



Water Highlights from the 89th Legislature Session

Sarah Kirkle, Director of Policy and Legislative Affairs, Texas Water Association

Legislative Recap

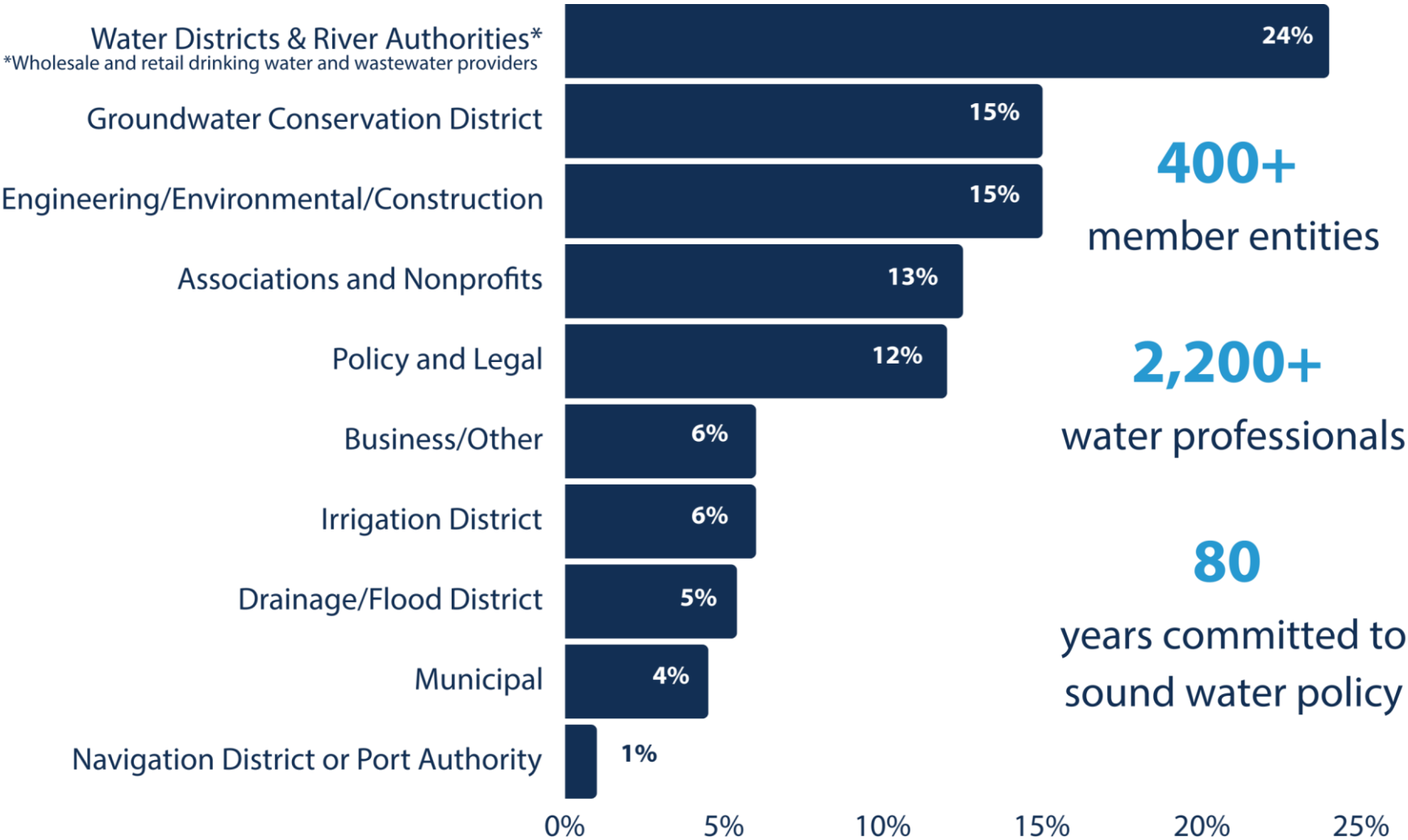
March 2026

Sarah Kirkle, TWA Director of Policy and Legislative Affairs

Who is the Texas Water Association?

TWA is a nonprofit policy association of the Texas water industry focusing on water supply and management.

From drought to flood, TWA works with its members and policy makers to develop sound water policy for Texas.



TWA Interim Consensus Process

TWA Consensus Process

Our stakeholder-driven Legislative Committee works during the interim to vet and recommend changes to water policy.



Legislative Committee includes 200+ participants from all types of water management and use



Proposals require a **90% consensus** among voting committee members to move forward



Committee will meet in 2026 to discuss issues and consider proposals ahead of the 90th Legislature

Texas Legislature

2025 KEY DATES

JUN 1 → Final Day of 89th Legislature

JUN 21 → Veto Deadline

JUL 21 → First day of First Special Session

AUG 19 → Last day of First Special Session

AUG 19 → First day of Second Special Session

SEP 3 → Last day of Second Special Session

NOV 4 → Election Day

JAN 12, 2027 → First Day of 90th Legislature



89th House Natural Resources Committee

Chair Rep. Cody Harris

Vice Chair Rep. Armando Martinez

Members

- Rep. Trent Ashby
- Rep. Jeff Barry
- Rep. Cecil Bell
- Rep. Brad Buckley
- Rep. Caroline Fairly
- Rep. Erin Gamez
- Rep. Josey Garcia
- Rep. Mary Gonzalez
- Rep. Ramon Romero
- Rep. Denise Villalobos
- Rep. Erin Zwiener

89th Senate Water, Agriculture & Rural Affairs Committee

Chair Sen. Charles Perry

Vice Chair Sen. Kelly Hancock

Members

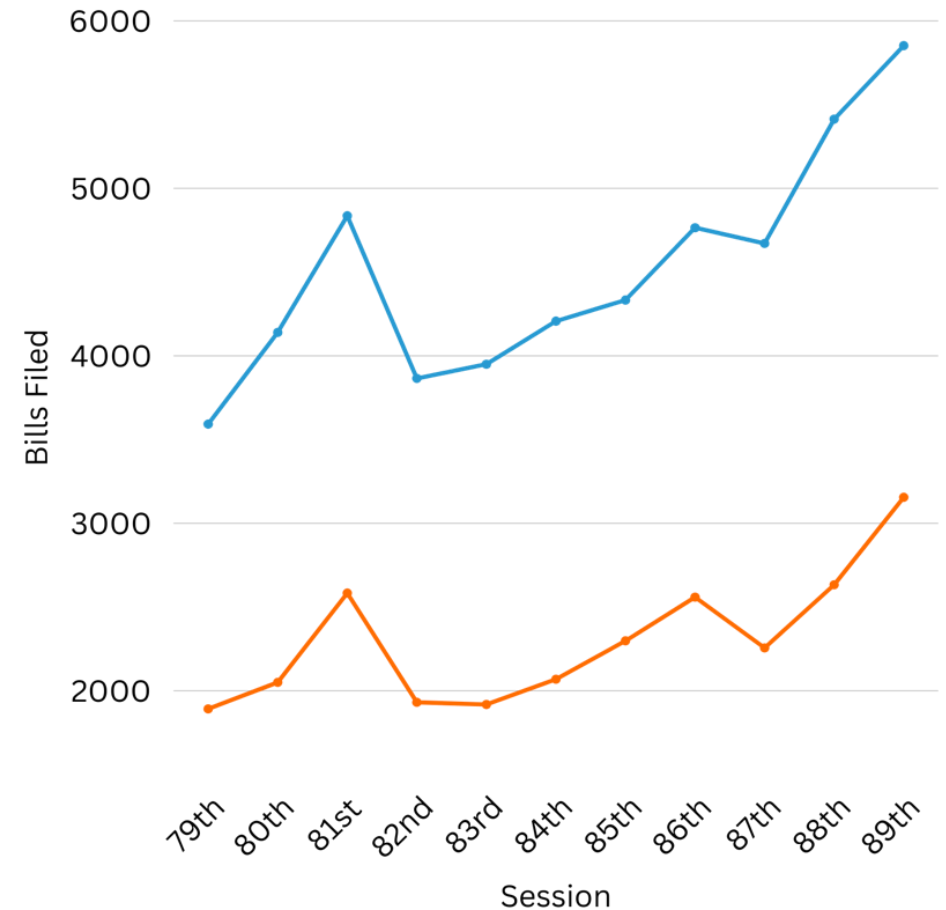
- Sen. Brian Birdwell
- Sen. César Blanco
- Sen. Roland Gutierrez
- Sen. Adam Hinojosa
- Sen. Nathan Johnson
- Sen. Lois Kolkhorst
- Sen. Kevin Sparks

89th Session Statistics

- Most bills + JRs ever filed: 9,014
- 58% of bills died without a first hearing
- Lowest passage rate in recent memory:
 - 13.5%, or 1221 bills + JRs

In comparison:

- 88th Passage Rate: 15%
- 25% passage rate in 2005 (highest)
- Regularly 19-23% passage rate



TWA tracked **1,042 bills** during the **89th Legislative Session**, an increase of **28%** from the 88th Session

Water Infrastructure is Under Pressure

The state's already aging water, wastewater, and flood infrastructure is under significant pressure from:



Population
Growth



Extreme
Weather



Economic
Development

All the cheap, easy water projects have already been developed.
Projects now are more costly and complex.

Texas Needs Additional Investment in Water Infrastructure

Existing Funding Falls Far Short of What's Necessary

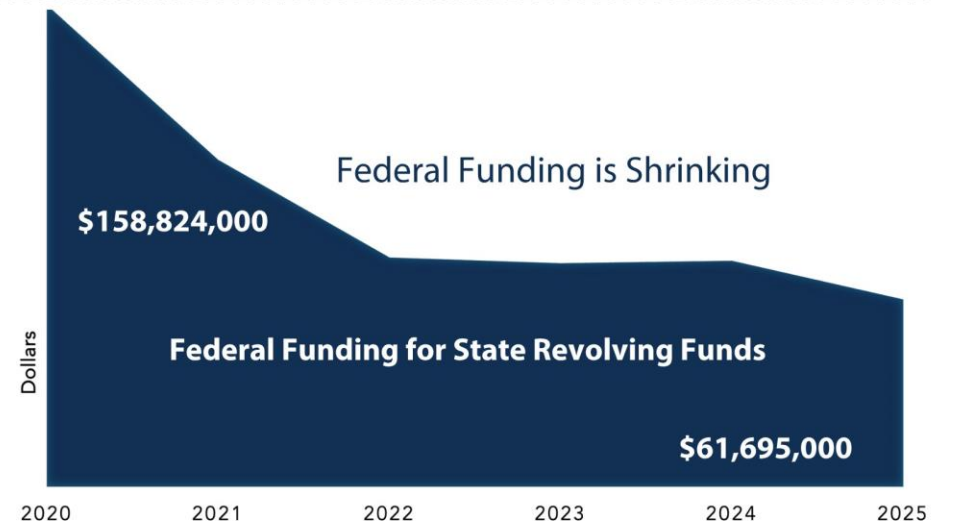
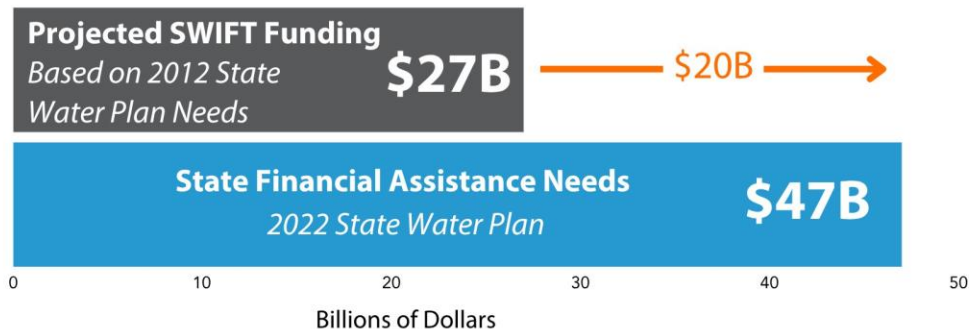
The price tag for Texas' water, wastewater, and flood infrastructure needs is in the hundreds of billions of dollars.



¹ \$47 billion of the \$80 billion in total 2022 State Water Plan project costs will need financial assistance from the State.


² Estimates are based on EPA's Drinking Water and Clean Water Infrastructure Needs Survey and Assessment and could contain a small amount of overlap with the State Water Plan.

\$20B Gap in State Water Plan Needs and Projected Funding



The Texas Water Development Board's financial assistance programs are as much as **ten times** oversubscribed.

Kicking Off the 89th Session



**EMERGENCY ITEM:
TEXAS-SIZE
INVESTMENT
IN WATER**

As people and businesses continue to flock to our state, Texas must invest in new, innovative water projects to tap into new water supplies and repair existing pipelines to save billions of gallons of water each year. By investing in sustainable long-term water infrastructure, we can ensure the Texas economic miracle continues and improve the livelihood of Texans for generations.

Working with the Texas Legislature, Governor Greg Abbott made historic investments to improve the reliability of the state's water supply, including:

- Funded over \$13 billion in low or no-interest loans to cities and water supply corporations to invest in water infrastructure through the State Water Infrastructure for Texas (SWIFT)
- Dedicated an additional \$1 billion to maintain existing and build new water infrastructure
- Created the New Water Supply for Texas fund, which funds innovative strategies to increase the state's water supply in addition to managing and developing existing sources

Yet, some of our water supplies are drying up. Many communities have leaking and broken water lines, and agriculture producers in the Rio Grande Valley and West Texas do not have enough water to grow their crops.

To put Texas on a path to have plenty of water for the next 50 years, Governor Abbott will work with the Texas Legislature to:

- Make the one-time largest investment in water in Texas history, as well as dedicate \$1 billion a year for 10 years to tap into new water supplies and repair existing pipes to save billions of gallons of water each year
- Invest in new water supply strategies that develop resources like desalination and move water from areas of abundance to areas of need
- Invest in existing programs to ensure rural communities throughout Texas have the necessary resources to maintain existing water supply systems
- Create a long-term dedicated funding stream to invest in critical water infrastructure for future generations of Texans to have a reliable water supply

BUILDING A STRONGER TEXAS

Texas-Size Investment in Water

- \$24 billion budget surplus
- Governor declares water infrastructure investment an emergency item, stating the need for a “Texas-Size Investment in Water”



7&7

Investment in Water Infrastructure

HJR 7 (Prop 4)

Constitutionally dedicated funding
for water infrastructure

SB 7

Extensive program changes to financial
assistance programs + oversight



PROP4 
PASSED

TEXAS' WATER FUTURE

PROP 4: WHAT IT IS

\$ 20B

**Investment in
Water Infrastructure**

\$1 BILLION PER YEAR

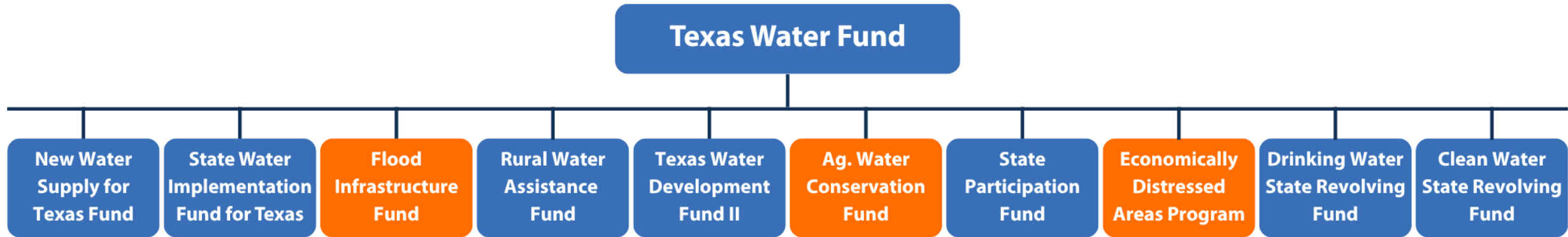
in dedicated state sales and use
tax revenues to the Texas Water

Fund administered by the TWDB
beginning in 2027 and ending 2047

SB 7 (Perry/Harris): Major Provisions

- Requires TWDB to facilitate planning and best practices for water supply conveyance projects, including minimizing eminent domain and promoting use of easements
- Adds programs eligible under the Texas Water Fund (TWF) (see slide)
- Amends projects eligible for the New Water Supply for Texas Fund (see slide)
- Specifies how dedicated funding in H.J.R. 7 should be allocated (see slide)
- Adds wastewater to TWF prioritization for infrastructure projects for small/rural cities and promotes technical assistance
- Defines brackish groundwater for the purposes of New Water as 3,000 TDS
- Authorizes Texas Water Trust to hold water rights from out of state
- Creates TWF advisory committee and requires reporting and studies

Texas Water Fund Financial Assistance Programs: 89th Legislature



Funding Allocation Restrictions:

- 25% of initial (2023) \$1 billion appropriation to TWF must go to NWSFT
- Of the \$1 billion/year dedicated revenue = 50% to NWSFT + SWIFT and 50% flexible

Note: Orange boxes indicate funds added during 89th Legislative Session. The Fund also supports certain other accounts outside of direct financial assistance.

Project Eligibility – New Water Supply for Texas Fund

- Marine and brackish groundwater desalination*
- Aquifer storage and recovery*
- Use of produced water outside of oil/gas
- Transport of ~~new~~ water*
 - Transport of any water — including surface water or out-of-state water — except groundwater not part of an eligible project (brackish, ASR, reuse)
- Reservoirs, but must have state/federal permits + acquired 100% of property
- Water and wastewater reuse*
- Purchase of out of state water
- Prohibits purchase of water rights

**H.J.R. 7 language is more restrictive and prohibits construction of infrastructure to transport groundwater that is not brackish (defined as 3,000 TDS); excepts ASR wells if the injected water is surface water.*

Note: Light blue text indicates changes made during the 89th legislative session.



Key Water Bills

89TH LEGISLATIVE SESSION

Key Groundwater Bills

HB 1689

(Gerdes/Kolkhorst)

Interlocal contracts
for mitigation

HB 1633

(Gerdes/Kolkhorst)

Consider registered
wells in permitting

HB 5560

(Harris/Perry)

Increases civil penalties
recoverable by a GCD

HB 2080

(Gerdes/Perry)

TCEQ's petition for
inquiry process

HB 2078

(Gerdes/Perry)

Milestones for DFC
achievement

SB 480

(Perry/Canales)

Interlocal contracts
for water research
and planning

Key Water-Related Bills

SB 1145

(Birdwell/Landgraf)

Land application of
produced water

SB 1261

(Gerdes/Perry)

Extends loan repayment
terms for certain large
water projects

SB 2662 (Perry/Harris)

Drought contingency
plans in IOU tariffs +
model DCPs updates
every 5 years

SB 1967

(Hinojosa, J./Martinez)

Expands projects
eligible for the Flood
Infrastructure Fund

SB 2885

(Flores/Buckley)

Authorizes use of
reclaimed water for
ASR projects

HB 29

(Gerdes/Perry)

Detailed water loss
validations for
5 biggest cities

Growth & Development Bills

H.B. 2559 (Patterson/Bettencourt)

Adds requirements to impose a moratorium on new development

H.B. 2512 (Geren/King)

Expands exclusions from ability to petition for release from ETJ

S.B. 1883 (Bettencourt/Buckley)

Requires 2/3 approval to impose an impact fee; prohibits increases more often than every three years



Special Sessions

89TH LEGISLATIVE SESSION

House Natural Resources Committee: NTVGCD Permit Hearing

JULY 15 HEARING


- 11 hours – invited testimony only
- Topic – Permit application to the Neches and Trinity Valleys GCD, discussions focused on groundwater export
- Governor added issue to call for 2nd Special Session




Results from the 89th Special Sessions

Five of TWA's tracked bills made it to the finish line during the second special session


 **SB 1 (Perry/Darby)**
Campground and youth camp safety

 **SB 3 (Bettencourt/Wilson)**
Outdoor warning sirens
in flash flood areas

 **SB 5 (Huffman/Bonnen)**
\$50M for sirens/gauges in
Hill Country, etc.

 **SB 8 (Middleton/Orr)**
Bathroom bill for political
subdivisions/state agencies

 **SB 14 (Perry/Bell, C.)**
Impact fee credits to developers
for water conservation

 **HB 27 (Harris/Nichols)**
The Neches and Trinity Valleys GCD
export study and moratorium bill,
did not pass because Chairman
Harris did not accept Senate
changes to remove the moratorium



Created special investigating committees
related to the Hill Country flood response

Thinking Ahead...

Interim focused on:

- Groundwater export/management
- Data Centers
- Water Infrastructure Financing
- Banning PFAS in biosolids or biosolids application altogether
- Potential for further flood discussions
- Water planning process
- Growth/Development strains



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SB14 Implementation: How Utilities are Addressing Impact Fees