

89th Texas Legislative Session - Summary

Introduction

On June 2, 2025, the 89th Texas Legislature's regular session adjourned *sine die*. The Texas State Senate and House of Representatives passed a series of bills related to the water and wastewater sector, working to improve water management and conservation and positively impact the Texas communities that WFX proudly supports. Our Texas technical assistance team collaborated with our Communications team to create the following summary of water provisions introduced and/or passed during the 89th Texas Legislature.

Water and Wastewater Infrastructure Funding

The primary pieces of legislation expanding Texas' funding landscape for water and wastewater are Senate Bill 7 and House Joint Resolution 7, which together mark a historic measure by proposing a constitutional amendment that dedicates a portion of state sales and use tax revenue to the Texas water fund. The constitutional amendment will be voted upon by the Texas voter constituency in this November's state and local election cycle. SB 7 and HJR 7 also provide clarity on revenue use and allocate up to one billion dollars each year for water supply and infrastructure funding every year for the next 20 years. This funding seeks to address two longstanding water infrastructure challenges facing Texas:

1. The need for expansion and diversification of water supply sources to accommodate the current and future threats of drought and population growth, and
2. Antiquated, failing water and wastewater systems.

In 2024, public policy think tank Texas 2036 published [two reports](#) documenting that lacking water supplies in the face of a drought could contribute to \$165 billion in economic losses over the next 25 years, including threats to the state's electric grid. Texas 2036 has also identified a [\\$154 billion gap](#) between available funds and infrastructure needs. These reports underscore the need for state investment, and the bills demonstrate the state's investment in its water supply network and economy overall.

Furthermore, a second tier of funding for the Economically Distressed Areas Program (EDAP), an initiative that provides financial assistance for projects in qualifying low-income residential communities where water and sewer services do not exist or do not meet minimum standards set by the State, was introduced as a part of this joint legislature resolution, with a measure increasing the maximum EDAP contribution to 90%, up from the previous maximum grant percentage of 70%.

In addition to SB 7 and HJR 7, the 89th Legislature passed Senate Bill 1967, which provides funding for financial assistance projects through TWDB; Senate Bill 1261, which authorizes the issuance of obligations in relation to financing water supply projects included in the state water plan; House Bill 3010, which authorizes the creation of the Rural Infrastructure Disaster Recovery Program, providing additional grant funding for water infrastructure improvement projects; and a provision added to the budget bill, appropriating \$500,000 in funding for the Texas Commission on Environmental Quality to conduct comprehensive studies and reports on the Upper San Saba River in the Texas Hill Country, its stream flow, observed irrigation practices, potential overuse or misuse of water rights, quality and use of alluvial wells, and the protection of superior water rights for communities that reside along the stream.

Groundwater

Most new legislation pertaining to the Texas water and wastewater sector focuses on groundwater conservation and improved groundwater management. While House Bill 1400, which specifically proposed to create a groundwater science, research, and innovation fund to be administered by the Texas Water Development Board (TWDB), did not pass to Enrollment, the bill's stated purpose did advance to the budget bill and led to a rider that allocates \$7 million in funding for groundwater research and development efforts. These updates indicate the state's essential support for the improvement and flourishing of groundwater conservation districts.

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Among the Senate and House bills that passed are House Bill 1689, which authorizes the use of funds collected from groundwater exports to keep wells operational and requires cooperation among distinct groundwater conservation districts; Senate Bill 1583, which requires that groundwater conservation districts adopt management plans; House Bill 1663, which requires groundwater conservation districts to consider the impacts on permit exempt wells when evaluating applications for groundwater permits; and HB 2078, which requires groundwater districts to include “plain language” of progress on future groundwater management goals in their management plans.

Regionalization

Regional water and wastewater solutions continue to be a priority for many Texas communities and technical assistance providers, and this priority was reflected in a handful of outcomes from the 89th Legislature Session. Senate Bill 1169 facilitates the establishment of a Public Utility Agency, as a mechanism for drinking water and wastewater utilities to collaborate, regionalize, and achieve economies of scale. Individual participating entities in a Public Utility Agency can maintain the level of control and autonomy they wish, setting a precedent for utilities to equally manage regional efforts and tailor regional solutions to fit their unique needs. The Public Utility Agency mechanism can allow communities to come together and submit one application for funding, which reduces competition and highlights each system’s projects as a benefit for the broader region. While not explicitly a provision for regional solutions, Senate Bill 480 further encourages and fosters collaboration between communities by authorizing interlocal contracts for water research and water management planning between local governments.

Furthermore, Senate Bill 565 clarified the parameters of the state’s Safe Harbor provisions, or incentives that prevent regulatory enforcement for water systems that assist other systems that are facing violations, to facilitate regional collaboration and solutions. With respect to SB 565, and to Senate Bill 764, which adds clear requirements for expediting the sale, transfer, and merger of water utilities and pursuing rate changes and system improvement charges, WFX senior leadership was proud to lend support, provide comments, make recommendations, and have WFX Managing Co-Founder Hank Habicht testify to facilitate the development and passage of these initiatives.

Additional Texas State House and Senate Bills

Senate Bill 2662 establishes compliance requirements pertaining to the creation and enforcement of drought contingency plans, with special attention paid to investor-owned utilities and groundwater conservation districts.

Senate Concurrent Resolution 13 urges federal action with respect to the 1944 Water Treaty with Mexico, in effort to ensure the Mexican government’s compliance.