

## CHAPTER 358. STATE WATER PLANNING GUIDELINES

### SUBCHAPTER B. DATA COLLECTION

#### 31 TAC §358.6

The Texas Water Development Board (TWDB) proposes the repeal of 31 Texas Administrative Code (TAC) §358.6 as part of a reorganization.

#### BACKGROUND AND SUMMARY OF THE FACTUAL BASIS FOR THE PROPOSED AMENDMENT.

This rulemaking implements House Bill (HB) 29 from the 89th Texas Legislative Session, codified as Texas Water Code §16.0122. HB 29 created certain new responsibilities for municipally owned utilities that provide potable water through more than 150,000 service connections. This rulemaking covers the portions of Texas Water Code §16.0122 that deal with the Texas Water Development Board's responsibilities.

In a separate filing with the Texas Register, the TWDB proposes new sections within 31 TAC Chapter 358, within a new Subchapter C (relating to Water Loss Audits). With that rulemaking, the TWDB proposes to reorganize the subchapter. The existing text of §358.6, with some proposed amendments, will remain in those proposed new sections.

#### SECTION BY SECTION DISCUSSION OF PROPOSED AMENDMENTS.

##### Section 358.6. Water Loss Audits.

TWDB proposes to repeal this section to renumber the section with proposed changes to the text filed separately in this issue of the *Texas Register*.

#### FISCAL NOTE: COSTS TO STATE AND LOCAL GOVERNMENTS (Texas Government Code §2001.024(a)(4))

Ms. Georgia Sanchez, Chief Financial Officer, has determined that there will be no fiscal implications for state or local governments as a result of the proposed rule. For the first five years these rules are in effect, there is no expected additional cost to state or local governments resulting from their administration.

These rules are not expected to result in reductions in costs to either state or local governments. There is no change in costs because this repeal is proposed to renumber sections. These rules are not expected to have any impact on state or local revenues. The rules do not require any increase in expenditures for state or local governments as a result of administering these rules. Additionally, there are no foreseeable implications relating to state or local governments' costs or revenue resulting from these rules.

Because these rules will not impose a cost on regulated persons, the requirement included in Texas Government Code, §2001.0045 to repeal a rule does not apply. Furthermore, the requirement in §2001.0045 does not apply because these rules are necessary to implement legislation.

The TWDB invites public comment regarding this fiscal note. Written comments on the fiscal note may be submitted to the contact person at the address listed under the Submission of Comments section of this preamble.

#### PUBLIC BENEFITS AND COSTS (Texas Government Code §2001.024(a)(5))

Ms. Georgia Sanchez also has determined that for each year of the first five years the proposed rulemaking is in effect, the public will benefit from the rulemaking as it clarifies requirements for TWDB borrowers and other stakeholders. Ms. Georgia Sanchez also has determined that for each year of the first five years the proposed rulemaking is in effect, the rules will not impose an economic cost on persons required to comply with the rule as these requirements are imposed by statute.

#### ECONOMIC AND LOCAL EMPLOYMENT IMPACT STATEMENT (Texas Government Code §§2001.022, 2006.002); REGULATORY FLEXIBILITY ANALYSIS (Texas Government Code §2006.002)

The TWDB has determined that a local employment impact statement is not required because the proposed rule does not adversely affect a local economy in a material way for the first five years that the proposed rule is in effect because it will impose no new requirements on local economies. The TWDB also has determined that there will be no adverse economic effect on small businesses, micro-businesses, or rural communities as a result of enforcing this rulemaking. The TWDB also has determined that there is no anticipated economic cost to persons who are required to comply with the rulemaking as proposed. Therefore, no regulatory flexibility analysis is necessary.

#### DRAFT REGULATORY IMPACT ANALYSIS DETERMINATION (Texas Government Code §2001.0225)

The TWDB reviewed the proposed rulemaking in light of the regulatory analysis requirements of Texas Government Code §2001.0225 and determined that the rulemaking is not subject to Texas Government Code §2001.0225, because it does not meet the definition of a "major environmental rule" as defined in the Administrative Procedure Act. A "major environmental rule" is defined as a rule with the specific intent to protect the environment or reduce risks to human health from environmental exposure and that may adversely affect in a material way the economy or a sector of the economy, productivity, competition, jobs, the environment, or the public health and safety of the state or a sector of the state. The intent of the rulemaking is to clarify requirements for TWDB borrowers and other stakeholders by better organizing these rules.

Even if the proposed rule were a major environmental rule, Texas Government Code §2001.0225 still would not apply to this rulemaking because Texas Government Code §2001.0225 only applies to a major environmental rule, the result of which is to: (1) exceed a standard set by federal law, unless the rule is specifically required by state law; (2) exceed an express requirement of state law, unless the rule is specifically required by federal law; (3) exceed a requirement of a delegation agreement or contract between the state and an agency or representative of the federal government to implement a state and federal program; or (4) adopt a rule solely under the general powers of the agency instead of under a specific state law. This rulemaking does not meet any of these four applicability criteria because it: (1) does not exceed any federal law; (2) does not exceed an express requirement of state law; (3) does not exceed a requirement of a delegation agreement or contract between the state and an

agency or representative of the federal government to implement a state and federal program; and (4) is not proposed solely under the general powers of the agency, but rather Texas Water Code §16.0121. Therefore, this proposed rule does not fall under any of the applicability criteria in Texas Government Code §2001.0225.

The TWDB invites public comment regarding this draft regulatory impact analysis determination. Written comments on the draft regulatory impact analysis determination may be submitted to the contact person at the address listed under the Submission of Comments section of this preamble.

#### TAKINGS IMPACT ASSESSMENT (Texas Government Code §2007.043)

The TWDB evaluated this proposed rule and performed an analysis of whether it constitutes a taking under Texas Government Code, Chapter 2007. The specific purpose of this rule is to clarify requirements for TWDB borrowers and other stakeholders. The proposed rule would substantially advance this stated purpose by reorganizing the rules in an easier to read manner.

The TWDB's analysis indicates that Texas Government Code, Chapter 2007 does not apply to this proposed rule because this is an action that is reasonably taken to fulfill an obligation mandated by state law, which is exempt under Texas Government Code §2007.003(b)(4). The TWDB is the agency that implements certain provisions related to water loss audits and validations included in HB 29.

Nevertheless, the TWDB further evaluated this proposed rule and performed an assessment of whether it constitutes a taking under Texas Government Code Chapter 2007. Promulgation and enforcement of this proposed rule would be neither a statutory nor a constitutional taking of private real property. Specifically, the subject proposed regulation does not affect a landowner's rights in private real property because this rulemaking does not burden, restrict, or limit the owner's right to property and reduce its value by 25% or more beyond that which would otherwise exist in the absence of the regulation. In other words, this rule repeals certain sections for renumbering. Therefore, the proposed rule does not constitute a taking under Texas Government Code, Chapter 2007.

#### GOVERNMENT GROWTH IMPACT STATEMENT (Texas Government Code §2001.0221)

The TWDB reviewed the proposed rulemaking in light of the government growth impact statement requirements of Texas Government Code §2001.0221 and has determined, for the first five years the proposed rule would be in effect, the proposed rule will not: (1) create or eliminate a government program; (2) require the creation of new employee positions or the elimination of existing employee positions; (3) require an increase or decrease in future legislative appropriations to the agency; (4) require an increase or decrease in fees paid to the agency; (5) create a new regulation; (6) expand, limit, or repeal an existing regulation; (7) increase or decrease the number of individuals subject to the rule's applicability; or (8) positively or adversely affect this state's economy.

#### SUBMISSION OF COMMENTS (Texas Government Code §2001.024(a)(7))

Written comments on the proposed rulemaking may be submitted by mail to Office of General Counsel, Texas Water Development Board, P.O. Box 13231, Austin, Texas 78711-3231, by email to [rulescomments@twdb.texas.gov](mailto:rulescomments@twdb.texas.gov) or by fax to (512) 475-

2053. If sent via email, all public comments should be sent directly to [rulescomments@twdb.texas.gov](mailto:rulescomments@twdb.texas.gov). Please do not submit comments through any third-party forms or websites. Receipt of third-party submissions cannot be guaranteed. Comments will be accepted until 5:00 p.m. of the 31st day following publication in the *Texas Register*. Include Chapter 358 in the subject line of any comments submitted.

#### STATUTORY AUTHORITY (Texas Government Code §2001.024(a)(3))

The repeal is proposed under the authority of Texas Water Code §6.101, which provides the TWDB with the authority to adopt rules necessary to carry out the powers and duties in the Water Code and other laws of the State, and also under the authority of Texas Water Code §16.0121.

This rulemaking affects Water Code, Chapter 16.

#### §358.6. *Water Loss Audits.*

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on April 2, 2026.

TRD-202601462

Ashley Harden

General Counsel

Texas Water Development Board

Earliest possible date of adoption: May 17, 2026

For further information, please call: (512) 475-1673



## SUBCHAPTER C. WATER LOSS AUDITS

### 31 TAC §§358.10 - 358.15

The Texas Water Development Board (TWDB) proposes new 31 Texas Administrative Code (TAC) §§358.10 - 358.15.

#### BACKGROUND AND SUMMARY OF THE FACTUAL BASIS FOR THE PROPOSED AMENDMENT.

This rulemaking implements House Bill (HB) 29 from the 89th Texas Legislative Session, codified as Texas Water Code §16.0122. HB 29 created certain new responsibilities for municipally owned utilities that provide potable water through more than 150,000 service connections. This rulemaking covers the portions of Texas Water Code §16.0122 that deal with the TWDB's responsibilities.

In a separate filing with the Texas Register, the TWDB proposes a repeal within 31 TAC Chapter 358. With this proposed rulemaking, the TWDB proposes to reorganize that chapter and add a new subchapter. The existing text of §358.6, with some proposed amendments, will remain in the new sections proposed in this rulemaking.

#### SECTION BY SECTION DISCUSSION OF PROPOSED AMENDMENTS.

##### Subchapter C. Water Loss Audits.

The TWDB proposes to add a new subchapter within chapter 358 to better organize the chapter.

##### Section 358.10 Definitions.

The TWDB proposes to include definitions for the subchapter for ease of reading. All but one of these definitions were previ-