

(The House considered SB 2126 by Estes, the Senate companion bill, in lieu of HB 3501, the House version of the bill, which had been set on the daily calendar and was analyzed by the House Research Organization. The bill subsequently was enacted as SB 2126.)

HOUSE  
RESEARCH

ORGANIZATION bill analysis

5/8/2009

HB 3501  
D. Miller

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SUBJECT: Fee for submetering of water services in apartment buildings and condos

COMMITTEE: Natural Resources — favorable, without amendment

VOTE: 7 ayes — Ritter, Callegari, Corte, T. King, Laubenberg, Martinez Fischer,  
D. Miller

1 nay — Frost

1 present not voting — Creighton

2 absent — Lucio, Smithee

WITNESSES: For — Kim Cole, Utility Conservation Coalition; David Mintz, Texas  
Apartment Association; (*Registered, but did not testify*: Laura Matz,  
Community Associations Institute, Texas Legislative Action Committee)

Against — Carol Biedrzycki

On — Doug Holcomb, Texas Commission on Environmental Quality

BACKGROUND: Water Code, sec. 13.5031 allows apartment owners, condominium  
managers, mobile home parks, or owners of multiple-use facilities to  
allocate the costs of nonsubmetered, master-metered water and wastewater  
utility service among tenants. The rental agreement must describe how the  
allocation is calculated.

Water Code, sec. 13.503 provides that the owner, operator, or manager of  
these units can install submetering equipment for each unit not  
individually metered for the purpose of fairly allocating the cost of each  
individual unit's water consumption, including wastewater charges, in an  
effort to encourage conservation of water resources.

Under current law, owners or managers of mobile home parks can impose  
a service charge of no more than 9 percent of the costs related to  
submetering.

**DIGEST:** HB 3501 would amend Water Code, sec. 13.503 to authorize the owner or manager of an apartment building or condominium to impose a service charge of no more than nine percent of costs related to water and wastewater submetering to each submetered unit to cover related water costs and other applicable taxes and surcharges incurred by the owner or manager from a retail public utility.

The bill would take effect September 1, 2009.

**SUPPORTERS SAY:** HB 3501 simply would provide parity for owners and managers of apartment buildings and condominiums to pass along costs of submetering to their tenants that owners of mobile home parks currently have. Currently, an owner or manager of a mobile home park can charge a nominal fee of 9 percent or less of water costs to their tenants to defray the cost of providing submetering service. These costs include the capital cost to install the submetering equipment as well as ongoing costs related to maintenance.

The bill also would promote water conservation by encouraging owners and landlords to promulgate the use of submetering. Submetering encourages water conservation since it rewards financially those who conserve water by having tenants pay according to their consumption. Given the increasing water demands facing Texas, any measure to conserve water should be pursued.

**OPPONENTS SAY:** While no one disputes the merits of submetering, HB 3501 would unduly burden apartment tenants. The cost of administering the submeters is a business cost that property owners should incur in administering their properties.