



Substitute House Bill No. 5728

Public Act No. 07-51

AN ACT CONCERNING BONDS OF MUNICIPAL WATER POLLUTION CONTROL AUTHORITIES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. (NEW) (*Effective from passage*) (a) As used in this section:

(1) "Bonds" means any bonds, notes or other obligations authorized to be issued by a municipality pursuant to this section;

(2) "Legislative body" means (A) the board of selectmen in a town that does not have a charter, special act or home rule ordinance relating to its government, (B) the council, board of aldermen, representative town meeting, board of selectmen or other elected legislative body described in a charter, special act or home rule ordinance relating to government in a city, consolidated town and city, consolidated town and borough or a town having a charter, special act, consolidation ordinance or home rule ordinance relating to its government, and (C) the board of burgesses or other elected legislative body in a borough;

(3) "Sewage system project" means the acquisition, purchase, construction, reconstruction, improvement or extension of a sewage system or sewage system facility and includes repair, improvement, acquisition or extension, and road, water and drainage improvements

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customarily made in connection therewith; and

(4) "Sewer revenue" means revenue derived by a water pollution control authority from the operation of a sewage system, including, but not limited to, revenue from sewage system use or connections and benefit assessments.

(b) For the purpose of financing any portion of a sewage system project under this section, a municipality may authorize and issue general obligation bonds in the principal amount not exceeding three million dollars, provided (1) such bonds are secured by a pledge of sewer system revenue to pay the bonds when due, or (2) the water pollution control authority agrees to levy, collect and pay to the municipality the amount of debt service on the bonds from sewer revenues. If the legislative body of the municipality is a town meeting, no bonds shall be issued under this section except upon recommendation of the board of finance of the municipality. An agreement pursuant to subdivision (2) of this subsection may provide that the water pollution control authority shall pay the municipality at such times and in such amounts that vary from the debt service payments, except that the total amount to be paid by the water pollution control authority over the term of the bonds shall be not less than the total amount due on the general obligation bonds issued pursuant to this section. The bonds authorized under this section may be issued pursuant to the terms, conditions and provisions applicable to other bonds authorized under chapter 103 of the general statutes.

(c) (1) If the water pollution control authority does not comply with the provisions of subsection (b) of this section, the municipality may seek reimbursement from the water pollution control authority and such municipality possesses and may exercise all rights against the water pollution control authority to enforce said subsection (b) that a bond holder would have under chapter 103 of the general statutes.

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(2) Any agreement under subsection (b) of this section may (A) contain any provision, term or covenant, including provisions for a pledge of and lien upon sewer revenues, (B) be executed by any member, director or agent, (C) be evidenced by any document or agreement, and (D) have the same effect that would be authorized or effected if the agreement were made to bond holders.

(3) The water pollution control authority shall be liable for all costs of collection, including attorney's fees, in any action brought by a municipality to enforce the provisions of subsection (b) of this section.

(d) Notwithstanding any provisions of the general statutes or any charter or special act, bonds issued pursuant to this section may be authorized, after a public hearing conducted by the water pollution control agency, upon a two-thirds vote of such legislative body and a two-thirds vote of the water pollution control authority. Notice of the time, place and purpose of such hearing shall be published at least five days before the date thereof in a newspaper having a general circulation in the municipality. Such hearing may be conducted in conjunction with any other public hearing required under this chapter.

(e) The provisions of this section shall apply to municipal water supply system improvements and bonds issued under chapter 102 of the general statutes except that (1) the votes shall be taken and the public hearings conducted by the agency having authority to implement water improvements and set water rates, (2) the term "water revenue" shall be substituted for "sewer revenue", and (3) the terms and conditions of bonds, notes and other obligations issued for sewer projects shall apply to water supply system improvements.

Sec. 2. Section 7-261 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

Bonds or notes issued under the authority of this chapter or section

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1 of this act, except those which are secured only by sewerage system use charges, shall be obligatory upon the municipality and the inhabitants and property thereof according to the tenor and purport of the same and the full faith and credit of the municipality shall be pledged to the payment thereof, whether or not such pledge is stated in the bonds or notes or in the vote authorizing their issuance, and thereafter the municipality shall appropriate in each year during which any such bonds or notes are outstanding, and there shall be available on or before the date when the same are payable, an amount of money which, together with other revenue available for such purpose, shall be sufficient to pay the principal and interest on such bonds or notes payable in that year, and there shall be included in the tax levy for each such year an amount which, together with other revenues available for such purpose, shall be sufficient to meet such appropriation.

Approved May 22, 2007