



General Assembly

January Session, 2007

Committee Bill No. 5728

LCO No. 5788

05788HB05728PD_

Referred to Committee on Planning and Development

Introduced by:
(PD)

AN ACT CONCERNING BONDS OF MUNICIPAL WATER POLLUTION CONTROL AUTHORITIES.

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

1 Section 1. (NEW) (*Effective October 1, 2007*) (a) As used in this
2 section:

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

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

15 (3) "Sewage system project" means the acquisition, purchase,
16 construction, reconstruction, improvement or extension of a sewage
17 system or sewerage system facility and includes repair, improvement,
18 acquisition or extension, and road, water and drainage improvements
19 customarily made in connection therewith; and

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

24 (b) For the purpose of financing any portion of a sewage system
25 project, a municipality may authorize and issue general obligation
26 bonds in the principal amount not exceeding three million dollars,
27 provided (1) such bonds are secured by a pledge of sewer system
28 revenue to pay the bonds when due, or (2) the water pollution control
29 authority agrees to levy, collect and pay to the municipality the
30 amount of debt service on the bonds from sewer revenues. An
31 agreement pursuant to subdivision (2) of this subsection may provide
32 that the water pollution control authority shall pay the municipality at
33 such times and in such amounts that vary from the debt service
34 payments, except that the total amount to be paid by the water
35 pollution control authority over the term of the bonds shall be less than
36 the total amount due on the general obligation bonds issued pursuant
37 to this section. The bonds authorized under this section may be issued
38 pursuant to the terms, conditions and provisions applicable to other
39 bonds authorized under chapter 103 of the general statutes.

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

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

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

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

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

74 Sec. 2. Section 7-261 of the general statutes is repealed and the
75 following is substituted in lieu thereof (*Effective July 1, 2007*):

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

77 1 of this act, except those which are secured only by sewerage system
78 use charges, shall be obligatory upon the municipality and the
79 inhabitants and property thereof according to the tenor and purport of
80 the same and the full faith and credit of the municipality shall be
81 pledged to the payment thereof, whether or not such pledge is stated
82 in the bonds or notes or in the vote authorizing their issuance, and
83 thereafter the municipality shall appropriate in each year during which
84 any such bonds or notes are outstanding, and there shall be available
85 on or before the date when the same are payable, an amount of money
86 which, together with other revenue available for such purpose, shall be
87 sufficient to pay the principal and interest on such bonds or notes
88 payable in that year, and there shall be included in the tax levy for
89 each such year an amount which, together with other revenues
90 available for such purpose, shall be sufficient to meet such
91 appropriation.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2007	New section
Sec. 2	July 1, 2007	7-261

Statement of Purpose:

To make financing of municipal sewerage system improvements more cost effective.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]

Co-Sponsors: REP. MALONE, 47th Dist.; REP. OLSON, 46th Dist.
SEN. PRAGUE, 19th Dist.

H.B. 5728