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SENATE BILL NO. 1216

AMENDMENT IN THE NATURE OF A SUBSTITUTE
(Proposed by the Senate Committee on Local Government
on February 1, 2011)

(Patron Prior to Substitute—Senator Smith)

A BILL to amend and reenact §§ 15.2-2119 and 15.2-5139 of the Code of Virginia, relating to liens for water and waste services.

Be it enacted by the General Assembly of Virginia:

1. That §§ 15.2-2119 and 15.2-5139 of the Code of Virginia are amended and reenacted as follows:

§ 15.2-2119. Fees and charges for water and sewer services.

For water and sewer ~~service~~ services provided by localities, fees and charges may be charged to and collected from: (i) any person contracting for the same; (ii) the owner, lessee or tenant, or some or all of them who use or occupy any real estate (a) which directly or indirectly is or has been connected with the sewage disposal system and (b) from or on which sewage or industrial wastes originate or have originated and have directly or indirectly entered or will enter the sewage disposal system; or (iii) any user of a municipality's water or sewer system with respect to combined sanitary and storm water sewer systems where the user is a resident of the municipality and the purpose of any such fee or charge is related to the control of combined sewer overflow discharges from such systems. Such fees and charges shall be practicable and equitable and payable as directed by the respective locality operating or providing for the operation of the water or sewer system.

Such fees and charges, being in the nature of use or service charges, shall, as nearly as the governing body deems practicable and equitable, be uniform for the same type, class and amount of use or service of the sewage disposal system, and may be based or computed either on the consumption of water on or in connection with the real estate, making due allowances for commercial use of water, or on the number and kind of water outlets on or in connection with the real estate or on the number and kind of plumbing or sewage fixtures or facilities on or in connection with the real estate or on the number or average number of persons residing or working on or otherwise connected or identified with the real estate or any other factors determining the type, class and amount of use or service of the sewage disposal system, or any combination of such factors, or on such other basis as the governing body may determine. Such fees and charges shall be due and payable at such time as the governing body may determine, and the governing body may require the same to be paid in advance for periods of not more than six months. The revenue derived from any or all of such fees and charges is hereby declared to be revenue of such sewage disposal system.

Water and sewer connection fees established by any locality shall be fair and reasonable. Such fees shall be reviewed by the locality periodically and shall be adjusted, if necessary, to assure that they continue to be fair and reasonable. Nothing herein shall affect existing contracts with bondholders which are in conflict with any of the foregoing provisions.

If the fees and charges charged for the use and services of the sewage disposal system by or in connection with any real estate are not paid when due, a penalty and interest shall at that time be owed as provided for by general law, and the owner, lessee or tenant, as the case may be, of such real estate shall, until such fees and charges are paid with such penalty and interest to the date of payment, cease to dispose of sewage or industrial waste originating from or on such real estate by discharge thereof directly or indirectly into the sewage disposal system. If such owner, lessee or tenant does not cease such disposal within two months thereafter, the locality or person supplying water for the use of such real estate shall cease supplying water thereto unless the health officers certify that shutting off the water will endanger the health of the occupants of the premises or the health of others.

Such fees and charges, and any penalty and interest thereon shall constitute a lien against the property, ranking on a parity with liens for unpaid taxes. However, prior to recording a lien against the property owner, the locality or service authority shall obtain a judgment in a court of competent jurisdiction against the ~~lessee or~~ former tenant who contracted for such services for the amount of any delinquencies. After obtaining judgment against the ~~lessee or~~ former tenant as contracting party and using reasonable efforts to collect on the judgment, if the locality or service authority is unable to collect the balance due on the money judgment, the locality or service authority shall provide the property owner with 30 ~~days~~ days' written notification to allow the property owner a reasonable opportunity to pay the amount of the lien and avoid the recordation of a lien against the property. If the property owner fails to pay the amount of the outstanding judgment within the 30-day period, the locality or the service authority may record a lien in the amount of the outstanding judgment against the property owner. Upon payment of the outstanding judgment, or any portion thereof, ~~or of any amounts of such fees and charges owed by the former tenant but for which judgment has not been obtained, the~~

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60 property owner shall be entitled to receive any refunds and shall be subrogated against the lessee or
61 former tenant in place of the locality or the service authority in the amount paid by the property owner.
62 The locality or service authority shall execute all documents necessary to perfect such subrogation in
63 favor of the property owner. Such amounts, plus reasonable attorney's or collection agency's fees which
64 shall not exceed 20 percent of the delinquent tax bill, may be recovered by the locality by action at law
65 or suit in equity. In any city with a population greater than 390,000, such fees and charges, along with
66 delinquent water and sewer connection fees, and any penalty and interest thereon shall constitute a lien
67 against the property, ranking on a parity with liens for unpaid taxes. Such amounts, plus reasonable
68 attorney's or collection agency's fees which shall not exceed 20 percent of the delinquent fee or charge,
69 may be recovered by such city by action at law or suit in equity. *Unless a lien has been recorded*
70 *against the property owner, the locality or service authority shall not deny service to a new tenant who*
71 *is requesting service at a particular property address based upon the fact that a former tenant has not*
72 *paid any outstanding fees and charges charged for the use and services in the name of the former*
73 *previous tenant. In addition, the locality or service authority shall provide information relative to a*
74 *former tenant or current tenant to the property owner upon request of the property owner. If the*
75 *property owner provides the locality a request to be notified of a tenant's delinquent water bill and*
76 *provides an email address, the locality shall send the property owner notice when a tenant's water bill*
77 *has become 15 days delinquent.*

78 Notwithstanding any provision of law to the contrary, any town with a population between 11,000
79 and 14,000, with the concurrence of the affected county, which provides and operates sewer services
80 outside its boundaries may provide sewer services to industrial and commercial users outside its
81 boundaries and collect such compensation therefor as may be contracted for between the town and such
82 user. Such town shall not thereby be obligated to provide sewer services to any other users outside its
83 boundaries.

84 § 15.2-5139. Lien for charges.

85 A. There shall be a lien upon real estate for the amount of any fees, rents or other charges by an
86 authority to the owner or lessee or tenant of the real estate for the use and services of any system of the
87 authority by or in connection with the real estate from the time when the fees, rents or charges are due,
88 and for the interest which may accrue thereon. Such lien shall be superior to the interest of any owner,
89 lessee or tenant of the real estate and rank on a parity with liens for unpaid real estate taxes. An
90 authority may contract with a locality to collect amounts due on properly recorded utility liens in the
91 same manner as unpaid real estate taxes due the locality. A lien for delinquent rates or charges
92 applicable to three or fewer months may be placed by an authority if the authority or its billing and
93 collection agent (i) has advised the owner of such real estate at the time of initiating service to a lessee
94 or tenant of such real estate that a lien will be placed on the real estate if the lessee or tenant fails to
95 pay any fees, rents or other charges when due for services rendered to the lessee or tenant; (ii) has
96 mailed to the owner of the real estate a duplicate copy of the final bill rendered to the lessee or tenant
97 at the time of rendering the final bill to such lessee or tenant; and (iii) employs the same collection
98 efforts and practices to collect amounts due the authority from a lessee or a tenant as are employed with
99 respect to collection of such amounts due from customers who are owners of the real estate for which
100 service is provided.

101 *However, prior to recording any lien on the owner's property, the authority shall provide the*
102 *property owner with 30 days' written notification to allow the property owner a reasonable opportunity*
103 *to pay the amount of the lien and avoid the recordation of a lien against the property. If the property*
104 *owner fails to pay the amount of the former tenant's obligations within the 30-day period, the authority*
105 *may record a lien in the amount of such outstanding obligations against the property owner. Upon*
106 *payment of any outstanding amounts due by a former tenant of the property owner, the property owner*
107 *shall be entitled to receive any refunds and shall be subrogated against the former tenant in place of*
108 *the authority in the amount paid by the property owner. The authority shall execute all documents*
109 *necessary to perfect such subrogation in favor of the property owner. Unless a lien has been recorded*
110 *against the property owner, the authority shall not deny service to a new tenant requesting service at a*
111 *particular property address based upon the fact that a former tenant has not paid any outstanding fees*
112 *and charges charged for the use and services in the name of the former tenant. In addition, the*
113 *authority shall provide information relative to a former tenant or current tenant to the property owner*
114 *upon request of the property owner with the written notification to the property owner as otherwise*
115 *provided herein. If the property owner provides the authority a request to be notified of a tenant's*
116 *delinquent water bill and provides an email address, the authority shall send the property owner notice*
117 *when a tenant's water bill has become 15 days delinquent.*

118 B. The lien shall not bind or affect a subsequent bona fide purchaser of the real estate for valuable
119 consideration without actual notice of the lien until the amount of such fees, rents and charges is entered
120 in a judgment lien book in the office where deeds may be recorded in the locality in which the real
121 estate or a part thereof is located. The clerk in whose office deeds may be recorded shall make and

122 index the entries therein upon certification by the authority, for which he shall be entitled to a fee of
123 two dollars per entry, to be paid by the authority and added to the amount of the lien. The authority
124 shall give the owner of the real estate notice in writing that it has made such certification to the clerk.
125 C. The lien on any real estate may be discharged by the payment to the authority of the total lien
126 amount, and the interest which has accrued to the date of the payment. The authority shall deliver a
127 certificate thereof to the person making the payment. Upon presentation of such certificate, the clerk
128 having the record of the lien shall mark the entry of the lien satisfied, for which he shall be entitled to a
129 fee of one dollar.