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SENATE BILL NO. 1569

Senate Amendments in [] — February 3, 2017

A *BILL to amend and reenact § 15.2-2119 of the Code of Virginia, relating to water and sewer fees; calculation factors.*

Patron Prior to Engrossment—Senator Reeves (By Request)

Referred to Committee on Local Government

Be it enacted by the General Assembly of Virginia:**1. That § 15.2-2119 of the Code of Virginia is amended and reenacted as follows:****§ 15.2-2119. Fees and charges for water and sewer services.**

A. For water and sewer services provided by localities, fees and charges may be charged to and collected from (i) any person contracting for the same; (ii) the owner who is the occupant of the property or where a single meter serves multiple units; (iii) a lessee or tenant, provided that the lessee or tenant has written authorization from the owner of the property to obtain water and sewer services in the name of such lessee or tenant with such fees and charges applicable for water and sewer services (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 (iv) 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. A locality providing water and sewer services may establish, by adoption of a resolution, that water and sewer services may be provided to a lessee or tenant pursuant to provision (iii) without obtaining an authorization form from the property owner. For purposes of this section, a written or electronic authorization from the owner of the property to obtain water and sewer services in the name of such lessee or tenant substantially in the form as follows shall be sufficient compliance with this section:

DATE

[INSERT NAME OF WATER AND SEWER SERVICES PROVIDER AND ADDRESS]

RE: [INSERT FULL TENANT NAME AND ADDRESS]

To Whom It May Concern:

[INSERT TENANT NAME] has entered into a lease for the property located at [INSERT ADDRESS] and is authorized to obtain services at this address as a tenant of [INSERT PROPERTY OWNER NAME].

Signed: _____

PROPERTY OWNER

B. 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.

C. Water and sewer connection fees established by any locality shall be ~~fair and reasonable~~

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60 practicable and equitable [5 . For purposes of this subsection, "practicable and equitable" means fees]
61 shall be uniform for the same type, class, and amount of use or service of the water and sewer systems,
62 and may be based or computed on (i) the estimated consumption of water on or in connection with the
63 real estate, (ii) the number and kind of water outlets on or in connection with the real estate, (iii) the
64 number and kind of sewage fixtures or facilities on or in connection with the real estate, (iv) the number
65 or average number of persons residing or working on or otherwise connected or identified with the real
66 estate, or (v) any combination of such factors as the governing body may determine. Such fees shall be
67 reviewed by the locality periodically and shall be adjusted, if necessary, to assure that they continue to
68 be fair and reasonable practicable and equitable. Nothing herein shall affect existing contracts with
69 bondholders which are in conflict with any of the foregoing provisions.

70 D. If the fees and charges charged for water service or the use and services of the sewage disposal
71 system by or in connection with any real estate are not paid when due, a penalty and interest shall at
72 that time be owed as provided for by general law, and the owner, lessee, or tenant, as the case may be,
73 of such real estate shall, until such fees and charges are paid with such penalty and interest to the date
74 of payment, cease to dispose of sewage or industrial waste originating from or on such real estate by
75 discharge thereof directly or indirectly into the sewage disposal system. If such owner, lessee, or tenant
76 does not pay the full amount of charges, penalty, and interest for water provided or cease such disposal
77 within 30 days thereafter, the locality or person supplying water or sewage disposal services for the use
78 of such real estate shall notify such owner, lessee, or tenant of the delinquency. If such owner, lessee, or
79 tenant does not pay the full amount of charges, penalty, and interest for water provided or cease such
80 disposal within 60 days after the delinquent fees and charges charged for water or sewage disposal
81 services are due, the locality or person supplying water or sewage disposal services for the use of such
82 real estate may cease supplying water and sewage disposal services thereto unless the health officers
83 certify that shutting off the water will endanger the health of the occupants of the premises or the health
84 of others. At least ten business days prior to ceasing the supply of water or sewage disposal services,
85 the locality or person supplying such services shall provide the owner, lessee, or tenant with written
86 notice of such cessation.

87 E. Such fees and charges, and any penalty and interest thereon, shall constitute a lien against the
88 property, ranking on a parity with liens for unpaid taxes.

89 A lien may be placed on the property in the amount of (i) up to three months of delinquent water
90 and sewer charges when the water or sewer is, or both are, supplied to a lessee or tenant pursuant to
91 this section; (ii) when the water or sewer is, or both are, provided to the property owner, up to the
92 number of months of delinquent water or sewer charges, (iii) any applicable penalties and interest on
93 such delinquent charges, and (iv) reasonable attorney fees and other costs of collection not exceeding 20
94 percent of such delinquent charges. In no case shall a lien for less than \$25 be placed against the
95 property. In the case of services to a lessee or tenant, if the locality does not cease supplying water to
96 the lessee or tenant within 60 days after the bill becomes delinquent, unless water is required to be
97 provided pursuant to subsection D or other applicable law, there shall be no lien placed on the property
98 for charges and collection costs beyond the 60-day period and no recourse against the property owner
99 for service beyond the 60-day period.

100 F. Unless the locality has adopted a resolution to not require authorization from land owners for
101 water and sewer service provided to lessees or tenants pursuant to subsection A, a lien may be placed
102 on the property for water and sewer services used by a lessee or tenant only if the locality has (i)
103 advised the owner of the property in writing that a lien may be placed on the property if the lessee or
104 tenant fails to pay any delinquent water and sewer charges; (ii) mailed by first-class mail to the owner
105 of the property, or sent electronically if requested by the owner, at the address listed in the written
106 authorization from the owner of the property (or such other address as the owner may provide), a
107 duplicate copy of the final bill sent to the lessee or tenant at the time of sending the final bill to such
108 lessee or tenant; (iii) collected a security deposit from the lessee or tenant as reasonably determined by
109 the locality to be sufficient to collateralize the locality for not less than three and no more than five
110 months of water and sewer charges; (iv) applied the security deposit held by the locality to the payment
111 of the outstanding balance; (v) employed reasonable collection efforts and practices to collect amounts
112 due from a lessee or a tenant including filing for the Set-Off Debt Collection Program if the locality is a
113 participant; and (vi) provided the property owner with 30 days' written notice with a copy of the final
114 bill to allow the property owner a reasonable opportunity to pay the amount of any outstanding balance
115 and avoid the recordation of a lien against the property. If the property owner fails to pay the amount of
116 the outstanding balance within the 30-day period, the locality may record a lien in the amount of the
117 outstanding balance against the property owner. Upon payment of the outstanding balance, or any
118 portion thereof, or of any amounts of such fees and charges owed by the former tenant, the property
119 owner shall be entitled to receive any refunds and shall be subrogated against the former tenant in place
120 of the locality in the amount paid by the property owner. The locality shall execute all documents
121 necessary to perfect such subrogation in favor of the property owner.

G. When the owner has provided the lessee or tenant with written authorization from the owner of the property to obtain water and sewer services in the name of such lessee or tenant, nothing herein shall be construed to authorize the locality to require (i) the owner to put water and sewer services in the name of the owner, except in the case where a single meter serves multiple tenant units, or (ii) a security deposit or a guarantee of payment from an owner of property.

H. The locality shall not require a security deposit from the lessee or tenant to obtain water and sewer services in the name of such lessee or tenant if such lessee or tenant presents to the locality a landlord authorization letter which has attached documentation showing such lessee or tenant receives need-based local, state, or federal rental assistance, and the absence of a security deposit shall not prevent a locality from exercising its lien rights as authorized under subsection F.

I. Unless a lien has been recorded against the property owner, the locality shall not deny service to a new tenant who is requesting service at a particular property address based upon the fact that a former tenant has not paid any outstanding fees and charges charged for the use and services in the name of the former previous tenant. In addition, the locality shall provide information relative to a former tenant or current tenant to the property owner upon request of the property owner. If the property owner provides the locality a request to be notified of a tenant's delinquent water bill and provides an email address, the locality shall send the property owner notice when a tenant's water bill has become 15 days delinquent.

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

K. The lien shall not bind or affect a subsequent bona fide purchaser of the real estate for valuable consideration without actual notice of the lien until the amount of such delinquent charges is entered in the official records of the office of the clerk of the circuit court in the jurisdiction in which the real estate is located. The clerk shall make and index the entries in the clerk's official records for a fee of \$5 per entry, to be paid by the locality and added to the amount of the lien.

L. The lien on any real estate may be discharged by the payment to the locality of the total lien amount and the interest which has accrued to the date of the payment. The locality shall deliver a fully executed lien release substantially in the form set forth in this subsection to the person making the payment. The locality shall provide the fully executed lien release to the person who made payment within 10 business days of such payment if the person who made such payment did not personally appear at the time of such payment. Upon presentation of such lien release, the clerk shall mark the lien satisfied. There shall be no separate clerk's fee for such lien release. For purposes of this section, a lien release of the water and sewer lien substantially in the form as follows shall be sufficient compliance with this section:

Prepared By and When

Recorded Return to:

Tax Parcel/GPIN Number: _____

CERTIFICATE OF RELEASE OF WATER AND SEWER SERVICE LIEN

Pursuant to Va. Code Annotated § 15.2-2119 (L), this release is exempt from recordation fees.

Date Lien Recorded: _____ Instrument Deed Book No.: _____

Grantee for Index Purposes: _____

Claim Asserted: Delinquent water and sewer service charges in the amount of \$_____.

Description of Property: [Insert name of property owner and tax map parcel/GPIN Number]

The above-mentioned lien is hereby released.

BY: _____

TITLE: _____

COMMONWEALTH OF VIRGINIA

CITY/COUNTY OF _____, to-wit:

Acknowledged, subscribed, and sworn to before me this _____ day of _____,
by _____ as _____ of the [Insert Water/Sewer Provider Name]
on behalf of [Insert Water/Sewer Provider Name].

Notary Public

My commission expires: _____

Notary Registration Number: _____

183 [2. That the provisions of this act shall become effective on January 1, 2018.]