AN ACT relating to sewer charges imposed by sanitation districts.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

Section 1. KRS 220.510 is amended to read as follows:

(1) Subject to the requirements of subsection (3) of this section, the board of directors shall, by resolution, determine the rates and compensation or rentals to be charged for the use of the sanitary works. The board of directors may provide for a sewer service charge to be imposed and collected, beginning at the time the plan for the improvement has been approved by the Energy and Environment Cabinet and work is begun on plans and specifications for the improvement. The rates shall at all times be reasonable, taking into account the cost of the works, the cost of operation and maintenance, and the amount necessary for the amortization of the bonds issued to finance the works. The same schedule of rates and charges shall apply to all users of the same class. The rates shall be binding upon all users of the system. The board may alter and revise the rates in its discretion. In case of failure of any user to pay for services rendered, the board may compel payment and may enjoin further use until the payment is made, or it may institute an action in any court having jurisdiction for the recovery of charges for services rendered, or the board may, by a notice in writing, signed by its chairman or any member of said board, notify the municipality, or person, firm, or corporation, which furnishes water to the user's premises, to shut off the water service to said user's premises, until such time as all delinquent charges, plus a reasonable charge for turning off and on the water service, against said user, are paid in full. Upon receipt of such notice in writing, the municipality, or the person, firm, or corporation, which furnishes water to the said user's premises shall immediately shut off and discontinue the water service to the said user's premises. Upon full payment of such account, plus a reasonable charge for turning off and on the water service, the chairman, or any member of said board, shall notify the said municipality, person, firm, or corporation, which furnishes
water to said user, that the account is paid in full, including such reasonable charge
for turning off and on the water service, and that the said water service can again be
provided to said user's premises. The board of directors shall promptly pay to such
municipality, person, firm, or corporation, such fee or charge collected for turning
off and on such water service. The board may enter into contracts with public
corporations or other large users of sewer services. The board may provide by
resolution any provisions and stipulations it deems necessary for the administration
of the revenue of the district, and for the security of the bondholders.

(2) No moneys received on account of the existence or operation of construction
subdistricts shall be used for the payment of district obligations, and no other
moneys received by the district shall be used for the payment of construction
subdistrict bonds or obligations. Except as provided in the preceding sentence the
use of all moneys of the district received from any and all sources is hereby limited
exclusively and shall be devoted solely to the payment of all obligations of the
district and board created by KRS 220.010 to 220.540, and no funds from any
sources authorized by KRS 220.010 to 220.540 shall be diverted to any other
purposes than those in KRS 220.010 to 220.540 set forth, except that the district
shall pay from district area revenues an equitably allocable share of the cost of
constructing and operating any nondistrict area facilities to which sewage from the
district area is diverted in order to relieve district facilities from excessive sewage
and costs described in KRS 220.561 but otherwise paid for.

(3) Notwithstanding any provisions of this chapter to the contrary, no sanitation
district shall charge any fee, tax, surcharge, or other charge to a property owner
or other responsible party for the provision of a service, unless:
(a) The property that is subject to the charge is connected to a sanitary sewer
owned or maintained by the sanitation district;
(b) There is an approved plan by the sanitation district to connect the property
subject to the charge to a sanitary sewer owned or maintained by the sanitation district within five (5) years;

(c) The property subject to the charge discharges storm water to a storm sewer or other storm water improvement owned or maintained by the sanitation district;

(d) A storm sewer or other storm water improvement owned or maintained by the sanitation district controls storm water that flows to the property that is subject to the charge; or

(e) The person responsible for paying the charge has contracted with the sanitation district to provide the service.

Section 2. KRS 220.515 is amended to read as follows:

Subject to the requirements of subsection (3) of Section 1 of this Act, the district may establish a surcharge or other rate, fee, or charge to be made applicable to users in areas where facilities are to be acquired, constructed, or established, and to amortize part or all of the costs thereof, in addition to the charge authorized by KRS 220.510. The surcharges, rates, fees, or charges shall be determined on the basis of one (1) or more of the factors stated in KRS 220.510, and may include, at the discretion of the district, a finance charge not to exceed ten percent (10%). In carrying out any rate, fee, or charge classification, the district shall follow the procedures set forth in KRS 220.593(2).

Section 3. This Act may be cited as the Ensuring Fair Sewer Charges Act.