SECOND REGULAR SESSION HOUSE COMMITTEE SUBSTITUTE FOR

HOUSE BILL NO. 2322

100TH GENERAL ASSEMBLY

3568H.02C

DANA RADEMAN MILLER, ChiefClerk

AN ACT

To repeal sections 204.602, 204.652, 249.1100, 249.1103, 249.1106, 249.1109, 249.1112, 249.1115, and 249.1118, RSMo, and to enact in lieu thereof seven new sections relating to utility districts.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Sections 204.602, 204.652, 249.1100, 249.1103, 249.1106, 249.1109, 249.1112, 249.1115, and 249.1118, RSMo, are repealed and seven new sections enacted in lieu thereof, to be known as sections 204.602, 204.642, 204.643, 204.644, 204.646, 204.647, and 204.652, to read as follows:

204.602. 1. Proceedings for the new formation of a reorganized common sewer district under sections 204.600 to 204.640 shall be substantially as follows: a petition in duplicate 2 3 describing the proposed boundaries of the reorganized district sought to be formed, accompanied by a plat of the proposed district, shall first be filed with each county commission having 4 5 jurisdiction in the geographic area the proposed district is situated. Such petition shall be ruled on by each county commission having jurisdiction within thirty days from the date of hearing the 6 petition. If the petition for the reorganized district is rejected by any county commission having 7 jurisdiction, no further action on the proposed district shall take place before the county 8 9 commission which rejected the petition or the circuit court of that county in the county which 10 rejected the petition. If approved by each county commission having jurisdiction, a petition in duplicate describing the proposed boundaries of the reorganized district sought to be formed, 11 12 accompanied by a plat of the proposed district, shall be filed with the clerk of the circuit court 13 of the county wherein the proposed district is situated or with the clerk of the circuit court of the 14 county having the largest acreage proposed to be included in the proposed district, in the event 15 that the proposed district embraces lands in more than one county. Such petition, in addition to

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

16 such boundary description, shall set forth an estimate of the number of customers of the proposed 17 district, the necessity for the formation of the district, the probable cost of acquiring or 18 constructing sanitary sewer improvements with the district, if appropriate, an approximation of 19 the assessed valuation of taxable property within the district, whether the board of trustees shall 20 be elected or appointed by the county commission, and such other information as may be useful 21 to the court in determining whether or not the petition should be granted and a decree of 22 incorporation entered. Such petition shall be accompanied by a cash deposit of fifty dollars as 23 an advancement of the costs of the proceeding. The petition shall be signed by not less than fifty 24 voters or property owners within the proposed district and shall request the incorporation of the 25 territory therein described into a reorganized common sewer district. The petition shall be 26 verified by at least one of the signers.

27 2. Upon filing, the petition shall be presented to the circuit court, and such court shall 28 fix a date for a hearing on such petition, as provided in this section. The clerk of the court shall 29 give notice of the petition filing in some newspaper of general circulation in the county in which 30 the proceedings are pending. If the district extends into any other county, such notice also shall 31 be published in some newspaper of general circulation in such other county. The notice shall 32 contain a description of the proposed boundary lines of the district and the general purposes of 33 the petition. The notice shall set forth the date fixed for the hearing on the petition, which shall 34 not be less than fifteen nor more than twenty-one days after the date of the last publication of the 35 notice, and shall be on some regular judicial day of the court that the petition is pending. Such 36 notice shall be signed by the clerk of the circuit court and shall be published in three successive 37 issues of a weekly newspaper or in a daily paper once a week for three consecutive weeks.

38 3. The court, for good cause shown, may continue the case or the hearing from time to 39 time until final disposition.

40 4. Exceptions to the formation of a district, or to the boundaries outlined in the petition 41 for incorporation, may be made by any voter or property owner within the proposed districts, 42 provided that such exceptions are filed not less than five days prior to the date set for the hearing 43 on the petition. Such exceptions shall specify the grounds upon which the exceptions are being 44 made. If any such exceptions are filed, the court shall take them into consideration in passing 45 upon the petition and also shall consider the evidence in support of the petition and in support 46 of the exceptions made. Should the court find that the petition should be granted but that 47 changes should be made in the boundary lines, it shall make such changes in the boundary lines 48 as set forth in the petition as the court may deem proper and enter its decree of incorporation, 49 with such boundaries as changed. No public sewer district shall be formed under this chapter, 50 chapter 249, section 247.035, or any sewer district created and organized under constitutional 51 authority, the boundaries of which shall encroach upon the corporate boundaries of any sewer 52 district then existing or upon the certificated boundaries then existing of any sewer corporation 53 providing service under a certificate of convenience and necessity granted by the public service 54 commission. Nor shall any public sewer district extend wastewater collection and treatment services within the boundaries of another district without a written cooperative agreement 55 56 between such districts or within the certificated boundaries then existing of any sewer 57 corporation providing service under a certificate of convenience and necessity granted by the 58 public service commission without a written cooperative agreement between the public sewer 59 district and the certificated sewer corporation.

60 5. Should the court find that it would not be in the public interest to form such a district, the petition shall be dismissed at the cost of the petitioners. If the court should find in favor of 61 62 the formation of such district, the court shall enter its decree of incorporation, setting forth the 63 boundaries of the proposed district as determined by the court under the hearing. The decree 64 shall further contain an appointment of five voters from the district to constitute the first board 65 of trustees of the district. The court shall designate such trustees to staggered terms from one 66 to five years such that one director is appointed or elected each year. The trustees appointed by 67 the court shall serve for the terms designated and until their successors have been appointed or 68 elected as provided in section 204.610. The decree shall further designate the name of the 69 district by which it shall officially be known.

6. The decree of incorporation shall not become final and conclusive until it is submitted to the voters residing within the boundaries described in such decree and until it is assented to by a majority of the voters as provided in subsection 9 of this section or by two-thirds of the voters of the district voting on the proposition. The decree shall provide for the submission of the question and shall fix the date of submission. The returns shall be certified by the election authority to the circuit court having jurisdiction in the case, and the court shall enter its order canvassing the returns and declaring the result of such election.

77 7. If a majority of the voters of the district voting on such proposition approve of the 78 proposition, then the court shall, in such order declaring the result of the election, enter a further 79 order declaring the decree of incorporation to be final and conclusive. In the event, however, that 80 the court should find that the question had not been assented to by the majority required in this 81 section, the court shall enter a further order declaring such decree of incorporation to be void. 82 No appeal shall be permitted from any such decree of incorporation nor from any of the aforesaid 83 orders. In the event that the court declares the decree of incorporation to be final, the clerk of 84 the circuit court shall file certified copies of such decree of incorporation and of such final order 85 with the secretary of state of the state of Missouri, with the recorder of deeds of the county or 86 counties in which the district is situated, and with the clerk of the county commission of the 87 county or counties in which the district is situated.

88 8. The costs incurred in the formation of the district shall be taxed to the district, if the 89 district is incorporated; otherwise the costs shall be paid by the petitioners.

90 9. If petitioners seeking formation of a reorganized common sewer district specify in 91 their petition that the district to be organized shall be organized without authority to issue general 92 obligation bonds, then the decree relating to the formation of the district shall recite that the 93 district shall not have authority to issue general obligation bonds. The vote required for such a 94 decree of incorporation to become final and conclusive shall be a simple majority of the voters 95 of the district.

96 10. Once a reorganized sewer district is established, the boundaries of the reorganized
97 sewer district may be extended or enlarged from time to time upon the filing, with the clerk of
98 the circuit court having jurisdiction, of a petition by either:

99 (1) The board of trustees of the reorganized sewer district and five or more voters or100 landowners within the territory proposed to be added to the district; or

101 (2) The board of trustees and a majority of the landowners within the territory that is 102 proposed to be added to the reorganized sewer district.

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104 If the petition is filed by a majority of the voters or landowners within the territory proposed to 105 be added to the reorganized sewer district, the publication of notice shall not be required, 106 provided notice is posted in three public places within such territory at least seven days before 107 the date of the hearing, and provided that there is sworn testimony by at least five landowners 108 in such territory, or a majority of the landowners if the total landowners in the area are fewer than 109 ten. Otherwise the procedures for notice substantially shall follow the procedures in subsection 110 2 of this section for formation. Territory proposed to be added to the reorganized sewer district 111 may be either contiguous or reasonably close to the boundaries of the existing district, provided 112 that it shall not include any territory within the corporate boundaries of any sewer district then 113 existing or within the certificated boundaries then existing of any sewer corporation providing 114 service under a certificate of convenience and necessity granted by the public service 115 commission. Upon the entry of a final judgment declaring the court's decree of territory 116 proposed to be added to the reorganized sewer district to be final and conclusive, the court shall 117 modify or rearrange the boundary lines of the reorganized sewer district as may be necessary or 118 advisable. The costs incurred in the enlargement or extension of the district shall be taxed to the 119 district, if the district is enlarged or extended. Otherwise, such costs shall be paid by the 120 petitioners. However, no costs shall be taxed to the trustees of the district.

121 11. Should any landowner who owns real estate that is not within the certificated 122 boundaries of any sewer corporation providing service under a certificate of convenience and 123 necessity granted by the public service commission or within another sewer district organized 124

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under this chapter or chapters 247 or 249 or under the Missouri Constitution, but that is contiguous or reasonably close to the existing boundaries of the reorganized sewer district, desire to have such real estate incorporated in the district, the landowner shall first petition the board

127 of trustees for its approval. If such approval is granted, the secretary of the board shall endorse 128 a certificate of the board's approval of the petition. The petition so endorsed shall be filed with 129 the clerk of the circuit court in which the reorganized sewer district is incorporated. It then shall 130 be the duty of the court to amend the boundaries of such district by a decree incorporating the 131 real estate. A certified copy of this amended decree including the real estate in the district then 132 shall be filed in the office of the recorder, in the office of the county clerk of the county in which 133 the real estate is located, and in the office of the secretary of state. The costs of this proceeding 134 shall be borne by the petitioning property owner.

135 12. The board of trustees of any reorganized common sewer district may petition the 136 circuit court of the county containing the majority of the acreage in the district for an amended 137 decree of incorporation to allow that district to engage in the construction, maintenance, and 138 operation of water supply and distribution facilities [that serve ten or more separate properties 139 located wholly within the district, are in an area not served by another political subdivision, 140 or are not located] within the certificated area of a water corporation, as defined in chapter 386, or within a public water supply district, as defined in chapter 247[, and the operation and 141 142 maintenance of all such existing water supply facilities]. The petition shall be filed by the board 143 of trustees, and all proceedings shall be in substantially the same manner as in action for initial 144 formation of a reorganized common sewer district, except that no vote of the residents of the 145 district shall be required. All applicable provisions of this chapter shall apply to the construction, 146 operation, and maintenance of water supply facilities in the same manner as they apply to like 147 functions relating to sewer treatment facilities.

204.642. 1. Except as otherwise provided in Section 30(a) of Article VI of the 2 Constitution of Missouri, if the governing bodies of one reorganized common sewer district 3 and one public water supply district located in any county with a charter form of 4 government and with more than two hundred thousand but fewer than three hundred fifty 5 thousand inhabitants determine that a consolidated sewer and water system would better 6 serve the area within their boundaries, the governing bodies shall submit the proposal for a consolidated reorganized common sewer and public water supply district to the 7 governing body of the county. The governing body of the county, after consultation with 8 9 the sewer engineer pursuant to sections 204.300 and 249.460, shall by resolution submit the 10 question of creating a consolidated reorganized common sewer and public water supply 11 district to all qualified voters residing within each existing district at a municipal, general, 12 or special election called for that purpose.

13 2. The resolution shall set forth the name for the proposed consolidated district, the 14 general nature of the proposed consolidated district, the estimated cost of the sewer or 15 other improvements for such consolidated district, the boundaries of the existing districts 16 to be consolidated, the proposed method or methods of assessment, and a statement of the final cost of such sewer or other improvements assessed against property within the 17 consolidated district. The amount of general obligation bonds issued therefor shall not 18 19 exceed the estimated cost of such sewer or other improvements, as stated in such notice, by 20 more than twenty-five percent.

204.643. The governing body of the county receiving the proposal pursuant to section 249.1100 shall set a day for a public hearing prior to election for the consolidation 2 of the reorganized common sewer district and public water supply district. The governing 3 4 body shall publish the resolution with a notice of the time and place of public hearing in 5 some local newspaper of general circulation, published in such county in which any 6 districts proposed to be consolidated lie, at least thirty days before the date of the hearing. At such hearing, anyone interested in the proposed consolidation of the reorganized 7 8 common sewer district and public water supply district may appear and present his or her 9 views to the governing body of the county.

204.644. 1. The ballot upon which the question of consolidating a reorganized common sewer district and public water supply district is submitted to the qualified voters residing within each existing district shall contain a question in substantially the following form:

5 Shall the (governing body's name) of (county's name) be 6 authorized to dissolve the existing (name of existing districts) and 7 create a consolidated district proposed for the (name of existing 8 districts to be consolidated) and authorize the consolidated districts to incur 9 indebtedness and issue general obligation bonds to pay for all or part of the 10 cost of the creation and maintenance of such consolidated reorganized 11 common sewer district, with the cost of all indebtedness so incurred to be 12 assessed by the (name of consolidated district) on the property 13 within the consolidated district?

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 \Box YES \Box NO

15If you are in favor of the question, place an "X" in the box opposite "YES".16If you are opposed to the question, place an "X" in the box opposite "NO".

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18 If a majority of the total votes cast on the question by the qualified voters of each existing 19 district voting thereon are in favor of the question, then the order shall become effective.

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If less than a majority is in favor of the question in at least one existing district, then the governing body of the county shall have no power to impose the consolidation of districts as authorized pursuant to this section unless and until the governing body of the county submits the question again and the question is approved by a majority of the total votes cast in each existing district.

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 2. The boundaries of the proposed consolidated reorganized common sewer district
 26 shall be described by metes and bounds, streets, or other sufficiently specific description.

3. There shall be separate submissions of the question of creating a consolidated
reorganized common sewer district to each group of voters within each existing district,
and the elections shall be held simultaneously.

204.646. 1. A consolidated reorganized common sewer district created pursuant to sections 249.1100 to 249.1118 shall have a board of directors, which shall consist of five members, appointed by the governing body of the county in which the consolidated district is located. Each member shall be a United States citizen, a registered voter, and over the age of twenty-five years and shall have been a resident within one of the districts forming the consolidated reorganized common sewer district for one whole year prior to appointment.

8 2. The board shall be responsible for the control and operation of the consolidated 9 reorganized common sewer district organized pursuant to section 249.1106.

3. Beginning with appointments of the initial board members made after August 28, 2001, one member shall be appointed for four years, two members shall be appointed for three years, and two members shall be appointed for two years. Following the initial appointments, the term of each board member shall be five years.

4. A vacancy in the office of a member shall be filled by appointment in the samemanner as the original appointments.

16 5. No member of the board shall be entitled to any compensation for the 17 performance of the member's official duties, but each member shall be reimbursed for 18 necessary and actual expenses incurred in the performance of the member's official duties 19 by the consolidated reorganized common sewer district. The board members shall be 20 reimbursed by the district for all reasonable expenses incurred in the performance of their 21 duties.

204.647. At the time of the effective date of the consolidation, all the property of the original districts shall be combined and administered as one unit, which shall be subject to the liens, liabilities and obligations of the original districts, provided that if any district included in the consolidated district has issued general obligation bonds which are outstanding at the time of the consolidation, any taxes to be levied to pay the bonds and

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interest thereon shall be levied only upon the property within the original district issuing the bonds as it existed on the date of such issuance. All special obligation or revenue bonds issued by any district included in the consolidated district shall be paid in accordance with the terms thereof, without preference, from the revenue received by the consolidated district. The consolidated district shall retain all the powers, privileges, and duties therein

conferred and provided upon each original individual reorganized common sewer district
 or public water supply district pursuant to this chapter and chapter 247, whichever it was
 created and organized under.

204.652. As an alternative to all other methods provided by law or charter, the governing body of any sewer district or reorganized sewer district organized and operated under this chapter 2 3 or chapter 249 or of any metropolitan sewer district organized under the Constitution of [this 4 state.] Missouri may make, [or] cause to be made, or provide improvements [that confer a benefit upon property] and service within a sanitary sewer improvement area under sections 5 204.650 to 204.672. The governing body of such district may issue temporary notes and revenue 6 bonds under sections 204.650 to 204.672 to pay for all or part of the cost of such improvements 7 and service. An improvement may be combined with one or more other improvements for the 8 9 purpose of issuing a single series of revenue bonds to pay all or part of the cost of the sanitary 10 sewer improvement area's improvements, but separate funds or accounts shall be established within the records of the district for each improvement project as provided in sections 204.650 11 12 to 204.672. [Such] In addition to any other fees or charges imposed by the district to 13 provide services or pay debt, the district [shall] may make assessments and may impose user fees on the property located within the sanitary sewer improvement area [, in addition to any 14 other fees or charges imposed by the district to provide services or pay debt. The district shall 15 16 use the moneys collected from such assessments and user fees from a sanitary sewer 17 improvement area to reimburse the district for all amounts paid or to be paid by it as principal of and interest on its temporary notes and revenue bonds issued for the improvements made in 18 the sanitary sewer improvement area.] to pay for all or part of the costs of improvements and 19 20 service including, but not limited to, the cost of any principal of or interest on temporary 21 notes and revenue bonds.

[249.1100. 1. Except as otherwise provided in Section 30(a) of Article VI of the Missouri Constitution, regardless of being a sewer district pursuant to chapter 204 or this chapter, when the governing bodies of two or more contiguous sewer districts located in any county of the first classification without a charter form of government having not less than one hundred seventy thousand and not more than two hundred thousand inhabitants determine that a consolidated sewer system would better serve the area within their boundaries, the governing bodies shall submit the proposal for a consolidated sewer district to the governing body of such county. The governing body of the county after
 consultation with the sewer engineer pursuant to section 204.300 and section
 249.460 shall by resolution submit the question of creating a consolidated sewer
 district to all qualified voters residing within each existing district at a municipal
 or general or special election called for that purpose.

14 2. The resolution shall set forth the project name for the proposed consolidated sewer district, the general nature of the proposed consolidated sewer 15 district, the estimated cost of the sewer improvements for such consolidated 16 17 sewer district, the boundaries of the existing districts to be consolidated, the proposed method or methods of assessment, and a statement that the final cost 18 19 of such sewer improvements assessed against property within the consolidated sewer district and the amount of general obligation bonds issued therefor shall 20 not exceed the estimated cost of such sewer improvements, as stated in such 21 22 notice, by more than twenty-five percent.]

[249.1103. The governing body of the county receiving the proposal pursuant to section 249.1100 shall set a day for a public hearing prior to election for the creation of a consolidated sewer district and shall publish the resolution with a notice of the time and place of public hearing in some local newspaper of general circulation, published in such county in which any district proposed to be consolidated lies at least thirty days before the date of the hearing. At such hearing anyone interested in the proposed consolidation of sewer districts may appear and present their views to the governing body of the county.]

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[249.1106. 1. The ballot upon which the question of creating a consolidated sewer district is submitted to the qualified voters residing within each existing sewer district or districts shall contain a question in substantially the following form:

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6	name) be authorized to dissolve the existing (name of
7	existing sewer district) and create a consolidated sewer district
8	proposed for the (name of existing sewer districts to be
9	consolidated) and authorize the consolidated sewer districts to
10	incur indebtedness and issue general obligation bonds to pay for
11	all or part of the cost of the creation and maintenance of such
12	consolidated sewer district, with the cost of all indebtedness so
13	incurred to be assessed by the (name of consolidated
14	sewer district) on the property within the consolidated sewer
15	district?
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17	If you are in favor of the question, place an "X" in the box
18	opposite "YES". If you are opposed to the question, place an "X"
19	in the box opposite "NO".

20 If a majority of the total votes cast on the proposal by the qualified voters of each existing district or districts voting thereon are in favor of the proposal, then the 21 order shall become effective. If the proposal receives less than the required 22 majority in at least one existing district, then the governing body of the county 23 24 shall have no power to impose the consolidation of sewer districts as authorized pursuant to this section unless and until the governing body of the county shall 25 again have submitted another proposal to authorize the governing body of the 26 county to consolidate authorized by this section and such proposal is approved 27 28 by the required majority of the total votes cast on the proposal by the qualified 29 voters of each existing district or districts voting on such proposal. 30 2. The boundaries of the proposed consolidated sewer district shall be described by metes and bounds, streets or other sufficiently specific description. 31 3. There shall be separate submissions of the question of creating a 32 33 consolidated sewer district to each group of voters within each existing sewer district or districts, and the elections shall be held simultaneously. 34 35 [249.1109. At the time of the effective date of the consolidation, all the property of the original districts shall be combined and administered as one unit, 2 3 which shall be subject to the liens, liabilities and obligations of the original districts, provided that if any district included in the consolidated district has 4 5 issued general obligation bonds which are outstanding at the time of the 6 consolidation, any taxes to be levied to pay the bonds and interest thereon shall be levied only upon the property within the original district issuing the bonds as 7 8 it existed on the date of such issuance. All special obligation or revenue bonds 9 issued by any district included in the consolidated district shall be paid in accordance with the terms thereof, without preference, from the revenue received 10 by the consolidated district.] 11 12 [249.1112. 1. A sewer district created pursuant to sections 249.1100 to 249.1127 shall have a board of directors which shall consist of five members, 2 appointed by the governing body of the county in which the consolidated sewer 3 4 district is located. Each member shall be a United States citizen, a registered voter, over the age of twenty-five years and shall have been a resident within the 5 consolidated sewer district for one whole year prior to appointment. 6 2. The board shall be responsible for the control and operation of all such 7 8 sewer districts organized pursuant to section 249.1106. 9 3. Beginning with appointments made after August 28, 2001, one member shall be appointed for four years, two members shall be appointed for 10 three years and two members shall be appointed for two years. Following the 11 initial appointments, the term of each board member shall be five years. 12 4. A vacancy in the office of a member shall be filled by appointment in 13 14 the same manner as the original appointments.

15	5. No member of the board shall be entitled to any compensation for the
16	performance of the member's official duties, but each member shall be
17	reimbursed for necessary and actual expenses incurred in the performance of the
18	member's official duties by the consolidated sewer district. The board members
19	shall be reimbursed by the district for all reasonable expenses incurred in the
20	performance of their duties.]
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	[249.1115. The consolidated sewer district shall retain all the powers,
2	privileges and duties therein conferred and provided upon each original
3	individual sewer district pursuant to chapter 204, or this chapter, whichever it
4	was created and organized under.]
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	[249.1118. Dissolution of a sewer district created pursuant to section
2	249.1106 shall follow the procedures established in sections 67.950 to 67.955.]
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