

1 State of Arkansas  
2 88th General Assembly  
3 Regular Session, 2011  
4

As Engrossed: H3/10/11  
**A Bill**

HOUSE BILL 1943

5 By: Representative Dale  
6

7 **For An Act To Be Entitled**

8 AN ACT TO PROVIDE THE ARKANSAS NATURAL RESOURCES  
9 COMMISSION WITH AUTHORITY TO ACT AS OR APPOINT A  
10 RECEIVER FOR PUBLIC WATER OR SEWER SYSTEMS THAT FAIL  
11 TO COMPLY WITH PUBLIC HEALTH LAWS OR FAIL TO  
12 ADEQUATELY OPERATE THEIR SYSTEM; AND FOR OTHER  
13 PURPOSES.  
14

15  
16 **Subtitle**

17 AN ACT TO PROVIDE THE ARKANSAS NATURAL  
18 RESOURCES COMMISSION WITH AUTHORITY TO  
19 ACT AS OR APPOINT A RECEIVER FOR PUBLIC  
20 WATER OR SEWER SYSTEMS THAT FAIL TO  
21 COMPLY WITH PUBLIC HEALTH LAWS OR  
22 ADEQUATELY OPERATE THEIR SYSTEMS.  
23

24  
25 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
26

27 SECTION 1. Arkansas Code Title 15, Chapter 22, Subchapter 2 is amended  
28 to add an additional section to read as follows:

29 15-22-224. Appointment of receiver.

30 (a) As used in this section:

31 (1) "Adequate financial operation" means operation of a public  
32 water system or public sewer system in such a manner so that the system has  
33 and will have the ability to provide sufficient funds for viable current and  
34 future operations, including without limitation:

35 (A) Operating costs;

36 (B) Debt repayment;



1                   (C) Replacement costs; and

2                   (D) Depreciation costs;

3                   (2) "Adequate managerial operation" means operation of a public  
4 water system or public sewer system by persons having sufficient leadership,  
5 knowledge, skills and abilities to manage the system for current and long-  
6 term viable operations of the system, including without limitation:

7                   (A) A functioning governing body; and

8                   (B) Adequate employee staffing;

9                   (3) "Adequate technical operation" means operation of a public  
10 water system or public sewer system with sufficient facilities, equipment and  
11 personnel for current and long-term viable operations of the system,  
12 including without limitation:

13                   (A) Employment of licensed operators;

14                   (B) Timely repair or replacement of equipment; and

15                   (C) Planning for long-term system continuation;

16                   (4) "Public sewer system" means a sewer collection or treatment  
17 system subject to regulation under the Federal Water Pollution Control Act,  
18 33 U.S.C. 1251 et seq., as existing on January 1, 2011, or the Arkansas Water  
19 and Air Pollution Control Act, § 8-4-101 et seq., which is owned by a  
20 municipal corporation, a governmental corporation, or a nonprofit  
21 corporation, including without limitation:

22                   (A) A municipality;

23                   (B) A public facilities board;

24                   (C) A public water authority;

25                   (D) A water association;

26                   (E) A regional water distribution district;

27                   (F) A rural development authority;

28                   (G) A sanitation authority;

29                   (H) An improvement district; or

30                   (I) A regional wastewater treatment district; and

31                   (5) "Public water system" means a water system subject to  
32 regulation under the Safe Drinking Water Act, 42 U.S.C. 300f, as existing on  
33 January 1, 2011, which is owned by a municipal corporation, a governmental  
34 corporation, or a nonprofit corporation, including without limitation:

35                   (A) A municipality;

36                   (B) A public facilities board;

- 1                   (C) A public water authority;  
2                   (D) A water association;  
3                   (E) A regional water distribution district;  
4                   (F) A rural development authority;  
5                   (G) A sanitation authority;  
6                   (H) An improvement district;  
7                   (I) A regional wastewater treatment district; or  
8                   (J) A consolidated waterworks.

9           (b)(1) Except as provided in subsection (g) of this section, a court  
10 having jurisdiction in any proper action, upon application of the Arkansas  
11 Natural Resources Commission or its successor or successors, may appoint a  
12 receiver to take charge of the public water system or public sewer system if  
13 a public water system or public sewer system for a period of not less than  
14 six (6) months:

15                   (A) Has failed to provide for the adequate financial  
16 operation of the system, provide for the adequate managerial operation of the  
17 system, or provide for the adequate technical operation of the system; or

18                   (B) Has failed to comply with:

19                               (i) Rules of the Department of Health or its  
20 successor or successors concerning drinking water standards and public water  
21 systems; or

22                               (ii) The Arkansas Water and Air Pollution Control  
23 Act, § 8-4-101 et seq. or rules promulgated in support of that act by the  
24 Pollution Control and Ecology Commission or any successor or successors and  
25 enforced by the Arkansas Department of Environmental Quality or any successor  
26 or successors.

27           (2) The receiver may:

28                   (A) Administer the public water system or public sewer  
29 system;

30                   (B) Make improvements to the public water system or public  
31 sewer system;

32                   (C) Operate and maintain the public water system or public  
33 sewer system;

34                   (D) Charge and collect rates and fees for the public water  
35 system or public sewer system sufficient to provide for the payment of:

36                               (i) Any costs of receivership;

1                   (ii) Debt service on any indebtedness secured by  
2 revenues of the public water system or public sewer system; and

3                   (iii) Operation and maintenance expenses and costs  
4 of improvements to the public water system or public sewer system; and

5                   (E) Apply the income and revenues of the public water  
6 system or public sewer system in conformity with Arkansas law.

7           (c) Notwithstanding any Arkansas law to the contrary, the Arkansas  
8 Natural Resources Commission may be appointed as receiver under this section.

9           (d)(1)(A) Before entering upon his or her duties, the receiver shall  
10 be sworn to perform them faithfully.

11                   (B) With one (1) or more sureties approved by the court,  
12 the receiver shall execute a bond to the person and in such sum as the court  
13 shall direct, to the effect that he or she will:

14                           (i) Faithfully discharge the duties of receiver in  
15 the action; and

16                                   (ii) Obey the orders of the court.

17           (2) Subdivision (d)(1) of this section does not apply if the  
18 Arkansas Natural Resources Commission is appointed as receiver under this  
19 section.

20           (e) The receiver may, under the control of the court:

21                           (1) Bring and defend actions;

22                           (2) Take and keep possession of the property of the public water  
23 system or public sewer system;

24                           (3) Receive rents;

25                           (4) Collect debts;

26                           (5) Sell or otherwise dispose of all or part of the real or  
27 personal property of a public water system or public sewer system; and

28                           (6) Take other actions concerning the public water system or  
29 public sewer system and its property as the court may authorize.

30           (f) Upon application by the Arkansas Natural Resources Commission to a  
31 court having jurisdiction and upon approval of the court, the receiver may  
32 sell, transfer, convey or donate the public water system or public sewer  
33 system to, or merge the public water system or public sewer system with,  
34 another public water system or public sewer system.

35           (g) Upon certification by the Department of Health that the public  
36 water system's or public sewer system's operation represents an immediate

1 public health threat or certification by the Arkansas Department of  
2 Environmental Quality that the public sewer system is being operated in a  
3 manner to allow the discharge of pollutants in quantities unacceptable under  
4 applicable permits or state water quality standards and posing an imminent  
5 threat to public health, a court having jurisdiction in any proper action  
6 may, upon application of the Arkansas Natural Resources Commission,  
7 immediately appoint a receiver to take charge of the public water system or  
8 public sewer system.

9  
10 */s/Dale*  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36