

**Senate File 355 - Introduced**

SENATE FILE 355  
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO SSB 1004)

**A BILL FOR**

1 An Act relating to municipal utilities, by restricting the  
2 regulatory authority of the Iowa utilities board with  
3 regard to certain services, and authorizing city utilities  
4 to require deposits for gas or electric services for  
5 residential rental properties.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 384.84, subsection 3, Code 2017, is  
2 amended to read as follows:

3 3. a. A city utility or enterprise service to a property  
4 or premises, including services of sewer systems, storm water  
5 drainage systems, sewage treatment, solid waste collection,  
6 water, solid waste disposal, or any of these services, may be  
7 discontinued or disconnected if the account for the service  
8 becomes delinquent. Gas or electric service provided by a city  
9 utility or enterprise shall be discontinued or disconnected  
10 only as provided by [section 476.20](#), subsections 1 through 4,  
11 and discontinuance or disconnection of those services ~~are~~  
12 is subject to rules adopted by the utilities board of the  
13 department of commerce.

14 b. If more than one city utility or enterprise service is  
15 billed to a property or premises as a combined service account,  
16 all of the services may be discontinued or disconnected if the  
17 account becomes delinquent.

18 c. A city utility or enterprise service to a property or  
19 premises shall not be discontinued or disconnected unless prior  
20 written notice is sent, by ordinary mail, to the account holder  
21 in whose name the delinquent rates or charges were incurred,  
22 informing the account holder of the nature of the delinquency  
23 and affording the account holder the opportunity for a hearing  
24 prior to discontinuance or disconnection of service. If the  
25 account holder is a tenant, and if the owner or landlord of the  
26 property or premises has made a written request for notice, the  
27 notice shall also be given to the owner or landlord. If the  
28 account holder is a tenant and requests a change of name for  
29 service under the account, such request shall be sent to the  
30 owner or landlord of the property if the owner or landlord has  
31 made a written request for notice of any change of name for  
32 service under the account to the rental property.

33 d. (1) If a delinquent amount is owed by an account  
34 holder for a utility service associated with a prior property  
35 or premises, a city utility, city enterprise, or combined

1 city enterprise may withhold service from the same account  
2 holder at any new property or premises until such time as  
3 the account holder pays the delinquent amount owing on the  
4 account associated with the prior property or premises. A city  
5 utility, city enterprise, or combined city enterprise shall not  
6 withhold service from, or discontinue or disconnect service  
7 to, a subsequent owner who obtains fee simple title of the  
8 prior property or premises unless such delinquent amount has  
9 been certified in a timely manner to the county treasurer as  
10 provided in [subsection 4](#), paragraph "a", subparagraphs (1) and  
11 (2).

12 (2) Delinquent amounts that have not been certified in  
13 a timely manner to the county treasurer are not collectible  
14 against any subsequent owner of the property or premises.

15 e. (1) A legal entity created pursuant to [chapter 28E](#)  
16 by a city or cities, or other political subdivisions, and  
17 public or private agencies for the purposes of providing  
18 wastewater, sewer system, storm water drainage, or sewage  
19 treatment services shall have the same powers and duties as a  
20 city utility or enterprise under [this subsection](#) with respect  
21 to account holders and subsequent owners, or with respect to  
22 properties and premises, associated with a delinquent account  
23 under [this subsection](#).

24 (2) The governing body of a city utility, combined city  
25 utility, city enterprise, or combined city enterprise may  
26 enter into an agreement with a legal entity described in  
27 subparagraph (1) to discontinue or disconnect water service  
28 to a property or premises if an account owed the legal entity  
29 for wastewater, sewer system, storm water drainage, or sewage  
30 treatment services provided to that customer's property or  
31 premises becomes delinquent. The customer shall be responsible  
32 for all costs associated with discontinuing or disconnecting  
33 and reestablishing water service disconnected pursuant to this  
34 paragraph "e".

35 (3) This paragraph "e" shall not apply to a property or

1 premises if, prior to July 1, 2015, the account holder for  
2 that property or premises had an established account with a  
3 legal entity described in subparagraph (1) for the provision  
4 of wastewater, sewer system, storm water drainage, or sewage  
5 treatment services to the property or premises.

6 *f.* (1) A legal entity providing wastewater, sewer system,  
7 storm water drainage, or sewage treatment services to a city or  
8 cities or other political subdivisions pursuant to a franchise  
9 or other agreement shall have the same powers and duties as a  
10 city utility or enterprise under *this subsection* with respect  
11 to account holders and subsequent owners, or with respect to  
12 properties and premises, associated with a delinquent account  
13 under *this subsection*.

14 (2) The governing body of a city utility, combined city  
15 utility, city enterprise, or combined city enterprise may  
16 enter into an agreement with a legal entity described in  
17 subparagraph (1) to discontinue or disconnect water service  
18 to a property or premises if an account owed the legal entity  
19 for wastewater, sewer system, storm water drainage, or sewage  
20 treatment services provided to that customer's property or  
21 premises becomes delinquent. The customer shall be responsible  
22 for all costs associated with discontinuing or disconnecting  
23 and reestablishing water service disconnected pursuant to this  
24 paragraph "f".

25 (3) This paragraph "f" shall not apply to a property or  
26 premises if, prior to July 1, 2015, the account holder for  
27 that property or premises had an established account with a  
28 legal entity described in subparagraph (1) for the provision  
29 of wastewater, sewer system, storm water drainage, or sewage  
30 treatment services to the property or premises.

31 Sec. 2. Section 384.84, subsection 4, paragraphs b and e,  
32 Code 2017, are amended to read as follows:

33 *b.* The lien under paragraph "a" may be imposed upon a  
34 property or premises even if a city utility or enterprise  
35 service to the property or premises has been or may be

1 discontinued or disconnected as provided in [this section](#).  
2 e. Residential rental property where a charge for any of the  
3 services of sewer systems, storm water drainage systems, sewage  
4 treatment, solid waste collection, and solid waste disposal  
5 is paid directly to the city utility or enterprise by the  
6 tenant is exempt from a lien for delinquent rates or charges  
7 associated with such services if the landlord gives written  
8 notice to the city utility or enterprise that the property is  
9 residential rental property and that the tenant is liable for  
10 the rates or charges. A city utility or enterprise may require  
11 a deposit not exceeding the usual cost of ninety days of the  
12 services of sewer systems, storm water drainage systems, sewage  
13 treatment, solid waste collection, and solid waste disposal  
14 to be paid to the utility or enterprise. A city utility or  
15 enterprise may require a deposit not exceeding the usual cost  
16 of sixty days of the services of gas and electric to be paid  
17 to the utility or enterprise. Upon receipt, the utility or  
18 enterprise shall acknowledge the notice and deposit. A written  
19 notice shall contain the name of the tenant responsible for  
20 the charges, the address of the residential rental property  
21 that the tenant is to occupy, and the date that the occupancy  
22 begins. A change in tenant shall require a new written notice  
23 to be given to the city utility or enterprise within thirty  
24 business days of the change in tenant. When the tenant moves  
25 from the rental property, the city utility or enterprise shall  
26 return the deposit if the charges for the services of gas,  
27 electric, sewer systems, storm water drainage systems, sewage  
28 treatment, solid waste collection, and solid waste disposal are  
29 paid in full. A change in the ownership of the residential  
30 rental property shall require written notice of such change  
31 to be given to the city utility or enterprise within thirty  
32 business days of the completion of the change of ownership.  
33 The lien exemption for rental property does not apply to  
34 charges for repairs related to a service of sewer systems,  
35 storm water drainage systems, sewage treatment, solid waste

1 collection, and solid waste disposal if the repair charges  
2 become delinquent.

3 Sec. 3. Section 384.84, subsection 8, paragraphs b and c,  
4 Code 2017, are amended to read as follows:

5 b. Two or more city utilities, combined utility systems,  
6 city enterprises, or combined city enterprises, including city  
7 utilities established pursuant to [chapter 388](#), may contract  
8 pursuant to [chapter 28E](#) for joint billing or collection, or  
9 both, of combined service accounts for utility or enterprise  
10 services, or both. The contracts may provide for the  
11 discontinuance or disconnection of one or more of the city  
12 utility or enterprise services if a delinquency occurs in the  
13 payment of any charges billed under a combined service account.

14 c. One or more city utilities or combined utility systems,  
15 including city utilities established pursuant to [chapter 388](#),  
16 may contract pursuant to [chapter 28E](#) with one or more sanitary  
17 districts established pursuant to [chapter 358](#) for joint billing  
18 or collection, or both, of combined service accounts from  
19 utility services and sanitary district services. The contracts  
20 may provide for the discontinuance or disconnection of one or  
21 more of the city water utility services or sanitary district  
22 services if a delinquency occurs in the payment of any charges  
23 billed under a combined service account.

24 Sec. 4. Section 476.1B, subsection 1, paragraph e, Code  
25 2017, is amended to read as follows:

26 e. Disconnection of service, as set forth in [section 476.20](#),  
27 subsections 1 through 4.

28 Sec. 5. Section 476.20, subsection 5, paragraph a,  
29 unnumbered paragraph 1, Code 2017, is amended to read as  
30 follows:

31 The board shall establish rules which shall be uniform with  
32 respect to all public utilities furnishing gas or electricity  
33 relating to deposits which may be required by the public  
34 utility for the initiation or reinstatement of service. This  
35 subsection shall not apply to municipally owned utilities,

1 which shall be governed by the provisions of section 384.84  
2 with respect to deposits and payment plans for delinquent  
3 amounts owed. Municipally owned utilities shall not be  
4 subject to the board's rules in regards to deposits and payment  
5 plans for delinquent amounts owed and repayment of past due  
6 debt. Municipally owned utilities shall be subject to the  
7 board's rules in regards to payment plans made prior to the  
8 disconnection of services.

9

EXPLANATION

10           The inclusion of this explanation does not constitute agreement with  
11           the explanation's substance by the members of the general assembly.

12       This bill relates to municipal utilities.

13       The bill modifies the terminology throughout Code section  
14 384.84(3), which relates to the discontinuance of services by  
15 city utilities, by changing references to the discontinuance of  
16 services to also include the disconnection of services.

17       Currently, Code section 476.1B provides that a municipally  
18 owned utility is not subject to regulation by the Iowa  
19 utilities board, subject to certain specified exceptions. One  
20 such exception is with regard to disconnection of service,  
21 as provided in Code section 476.20. The bill modifies this  
22 reference to Code section 476.20 to limit the applicability  
23 of board regulation to subsections 1 through 4 of the Code  
24 section. This renders provisions contained in Code section  
25 476.20, subsection 5, regarding the board establishing rules  
26 relating to deposits which may be required by a utility for  
27 the initiation or reinstatement of service, inapplicable to  
28 municipal utilities.

29       Current Code section 384.84(4)(e) allows a city utility or  
30 enterprise to require a deposit from a tenant of residential  
31 rental property not exceeding the usual cost of 90 days of the  
32 services of sewer systems, storm water drainage systems, sewage  
33 treatment, solid waste collection, and solid waste disposal to  
34 be paid to the utility or enterprise. The bill provides that a  
35 city utility may also require a deposit not exceeding the usual

1 cost of 60 days of gas and electric services to be paid to the  
2 utility or enterprise.

3 Current Code section 476.20(5) requires the board to  
4 establish uniform rules for public utilities with respect  
5 to deposits required for the initiation or reinstatement of  
6 service. The bill provides that Code section 476.20(5) does  
7 not apply to municipally owned utilities, which are governed by  
8 the provisions of Code section 384.84 with respect to deposits  
9 and payment plans for delinquent amounts owed. The bill  
10 provides that municipally owned utilities are not subject to  
11 the board's rules in regards to deposits and payment plans for  
12 delinquent amounts owed and repayment of past due debt. The  
13 bill provides that municipally owned utilities are subject to  
14 the board's rules in regards to payment plans made prior to the  
15 disconnection of services.