

HB13S1 POLITICAL SUBDIVISION LIENS UPDATE



WHAT IS A UTILITY LIEN?

A lien is a legal claim against a person or property to secure payment of a utility debt or utility service.

MUNICIPAL LIENS LIMITS:

- Sewer
- Storm Drain Infrastructure
- Water

MUNICIPAL LIENS ARE AN EFFICIENT WAY TO COLLECT PAYMENTS FROM DEADBEATS WHO DON'T PAY THEIR UTILITY BILLS

LOWERS THE COST FOR HONEST TAXPAYERS SO THEY DON'T HAVE TO PAY FOR DEADBEATS' BILLS

KEY POLICY POINTS

- ✓ Municipalities must contact **both** the customer and the property owner (if rental)
- ✓ Special Service Districts (SSD) currently use liens for overdue water or sewer bills (~3%)
 - Average lien ~\$185
- ✓ HB13 Lowers max interest rate for SSDs from 18% to property tax max of 7-10%
- ✓ Municipalities limited to a 1-time penalty of up to 8%

- ✓ Political Subdivision liens get paid off each year with the property owner's property tax bill
- ✓ Limits foreclosures, lawsuits bad credit impacts, and collections problems. Improves safety for utility workers.

