



Reprinted  
March 2, 2006

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# ENGROSSED HOUSE BILL No. 1018

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DIGEST OF HB 1018 (Updated March 1, 2006 7:44 pm - DI 114)

**Citations Affected:** IC 8-1; IC 13-18.

**Synopsis:** Water authority audits. Requires a nonprofit water utility that is reconstituted as a water authority to have an annual audit by a certified public accounting firm and to keep the audit report on file. Provides that the water authority is not subject to audit or examination by the state board of accounts, to the examination guidelines and reporting requirements of the state board of accounts, or to certain statutes that apply to political subdivisions. Provides that certain conservancy districts that provide water service are subject to Indiana utility regulatory commission (IURC) procedures for withdrawal of a utility from IURC jurisdiction. Provides for the participation of freeholders in that procedure.

**Effective:** July 1, 2006.

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## Robertson, Wolkins, Hinkle, Oxley

(SENATE SPONSORS — HERSHMAN, YOUNG R)

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January 4, 2006, read first time and referred to Committee on Utilities and Energy.  
January 19, 2006, reported — Do Pass.  
January 23, 2006, read second time, ordered engrossed. Engrossed.  
January 26, 2006, read third time, passed. Yeas 94, nays 0.

SENATE ACTION

February 1, 2006, read first time and referred to Committee on Homeland Security, Utilities and Public Policy.  
February 7, 2006, reported — Do Pass.  
February 16, 2006, read second time, amended, ordered engrossed.  
February 17, 2006, engrossed.  
February 23, 2006, returned to second reading.  
March 1, 2006, reread second time, amended, ordered engrossed.

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Reprinted  
March 2, 2006

Second Regular Session 114th General Assembly (2006)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2005 Regular Session of the General Assembly.

## ENGROSSED HOUSE BILL No. 1018

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A BILL FOR AN ACT to amend the Indiana Code concerning water utilities.

*Be it enacted by the General Assembly of the State of Indiana:*

1 SECTION 1. IC 8-1-2.7-1.3 IS AMENDED TO READ AS  
2 FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 1.3. (a) This chapter  
3 applies to the following:

- 4 (1) A public utility established to provide water service that is:  
5 (A) privately owned and serves less than three hundred (300)  
6 customers;  
7 (B) a not-for-profit utility (as defined by IC 8-1-2-125(a)); ~~or~~  
8 (C) a cooperative corporation exempt from state and federal  
9 income taxation; ~~or~~  
10 **(D) a conservancy district (as described in IC 14-33) in**  
11 **which:**  
12 **(i) water service is a purpose of the district as of January**  
13 **1, 2006; and**  
14 **(ii) the total number of freeholders provided water**  
15 **service by the district is less than four thousand (4,000).**  
16 (2) A public utility established to provide sewage disposal service  
17 (as defined in IC 8-1-2-89(a)(1)) that holds a certificate of

EH 1018—LS 6028/DI 52+



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- 1 territorial authority as required by IC 8-1-2-89, and that is:
- 2 (A) privately owned and serves less than three hundred (300)
- 3 customers;
- 4 (B) a not-for-profit utility (as defined in IC 8-1-2-125(a)); or
- 5 (C) a cooperative corporation exempt from state and federal
- 6 income taxation.
- 7 (3) Except as provided in subsection (b), a legal entity providing
- 8 only sewage treatment service to a not-for-profit sewage disposal
- 9 company.

10 (b) Subsection (a)(3) does not include a sewage treatment provider  
 11 that is otherwise subject to the commission's jurisdiction.

12 SECTION 2. IC 8-1-2.7-1.4 IS AMENDED TO READ AS  
 13 FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 1.4. As used in this  
 14 chapter:

- 15 (1) "members" of a not-for-profit water or sewage disposal
- 16 company; ~~and~~
- 17 (2) "shareholders" of a privately owned water or sewage disposal
- 18 company; ~~and~~
- 19 (3) "freeholders" of a conservancy district (as described in
- 20 IC 14-33); ~~shall~~

21 also include the customers of ~~that~~ the utility **or district.**

22 SECTION 3. IC 8-1-2.7-3 IS AMENDED TO READ AS  
 23 FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 3. A utility described  
 24 in section 1.3(a)(1) or 1.3(a)(2) of this chapter that proposes to  
 25 withdraw from the jurisdiction of the commission must first obtain  
 26 approval from its members, ~~or~~ shareholders, **or freeholders.**

27 SECTION 4. IC 8-1-2.7-4 IS AMENDED TO READ AS  
 28 FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 4. The board of  
 29 directors of a utility described in section 1.3(a)(1) or 1.3(a)(2) of this  
 30 chapter must conduct a referendum among its members, ~~or~~  
 31 shareholders, **or freeholders** to determine whether the members, ~~or~~  
 32 shareholders, **or freeholders** approve the withdrawal from commission  
 33 jurisdiction.

34 SECTION 5. IC 8-1-2.7-5 IS AMENDED TO READ AS  
 35 FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 5. The referendum  
 36 must be conducted at a special meeting called by the board. Written  
 37 notice of the meeting must be sent to every member, ~~or~~ shareholder, **or**  
 38 **freeholder** of the withdrawing utility and to the secretary of the  
 39 commission not less than thirty (30) days before the date of the  
 40 meeting. The notice must contain the following information:

- 41 (1) The place, date, and hour of the meeting.
- 42 (2) The purpose of the meeting, including an explanation of what

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1 the withdrawal from commission jurisdiction entails.

2 (3) The fact that no proxies will be permitted.

3 SECTION 6. IC 8-1-2.7-6 IS AMENDED TO READ AS  
4 FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 6. A quorum consisting  
5 of not less than five percent (5%) of the members, **shareholders, or**  
6 **freeholders** must be present at the meeting to transact business and to  
7 take official action regarding the jurisdiction question.

8 SECTION 7. IC 8-1-2.7-7 IS AMENDED TO READ AS  
9 FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 7. The board shall  
10 distribute secret written ballots to the members, **or** shareholders, **or**  
11 **freeholders** present at the meeting. The form of the ballots must be as  
12 follows:

13  YES, I want to withdraw from the jurisdiction of the  
14 commission.

15  NO, I want to remain under the jurisdiction of the commission.

16 Only those members, **or** shareholders, **or freeholders** present at the  
17 meeting are eligible to vote, and proxy votes are not permitted. Each  
18 member, **or** shareholder, **or freeholder** present is entitled to one (1)  
19 vote on the question of withdrawal from commission jurisdiction. If a  
20 majority of members, **or** shareholders, **or freeholders** present vote in  
21 favor of the utility withdrawing from commission jurisdiction, the  
22 withdrawal becomes effective thirty (30) days after the date of the vote.  
23 If less than a majority of the members, **or** shareholders, **or freeholders**  
24 present vote in favor of withdrawal from commission jurisdiction, the  
25 utility is prohibited from seeking withdrawal for two (2) years  
26 following the date of the vote.

27 SECTION 8. IC 8-1-2.7-10 IS AMENDED TO READ AS  
28 FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 10. (a) If a utility  
29 successfully withdraws from commission jurisdiction, the board of  
30 directors shall, within five (5) days of the meeting, send written  
31 confirmation to the secretary of the commission containing the  
32 following information:

33 (1) The total membership or number of shareholders **or**  
34 **freeholders** of the utility.

35 (2) The total number present at the meeting.

36 (3) The vote totals both for and against withdrawal.

37 (4) Written verification of notice of the meeting.

38 (5) An affidavit, signed by all of the members of the board of  
39 directors, stating that all of the requirements of this chapter have  
40 been met.

41 (b) If a utility successfully withdraws from commission jurisdiction,  
42 the utility is not required to pay the public utility fee imposed under

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1 IC 8-1-6.

2 (c) Notwithstanding any other provision of this chapter, a utility  
3 described in section 1.3(a)(2) of this chapter that has withdrawn from  
4 commission jurisdiction remains subject to commission jurisdiction  
5 with regard to the requirements of IC 8-1-2-89(f).

6 (d) Whenever two (2) or more utilities described in section 1.3(a)(1)  
7 or 1.3(a)(2) of this chapter propose to consolidate, and at least one (1),  
8 but not all of the utilities have withdrawn from commission  
9 jurisdiction, then the following apply:

10 (1) For purposes of the consolidation, all of the utilities are under  
11 the commission's jurisdiction.

12 (2) The new corporation that is formed as a result of the  
13 consolidation is under the commission's jurisdiction for all  
14 purposes and must fully comply with this chapter in order to  
15 withdraw from commission jurisdiction.

16 (e) If two (2) or more utilities described in section 1.3(a)(1)(C) or  
17 1.3(a)(2)(C) of this chapter propose to consolidate, and all of the  
18 cooperatives have withdrawn from commission jurisdiction, the new  
19 utility continues to operate outside the commission's jurisdiction under  
20 the terms of this section.

21 (f) The commission's approval is not required for consolidation of  
22 two (2) or more utilities that have all withdrawn from commission  
23 jurisdiction.

24 SECTION 9. IC 8-1-2.7-11 IS AMENDED TO READ AS  
25 FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 11. (a) Whenever the  
26 members, ~~or~~ shareholders, **or freeholders** of a utility desire to return  
27 to commission jurisdiction, they must petition the commission. A  
28 petition signed by:

29 (1) at least fifteen percent (15%) of the members, ~~or~~ shareholders,  
30 **or freeholders**; or

31 (2) the board of directors of the utility;  
32 must first be submitted to the commission, informing that body of the  
33 utility's intent to conduct a referendum concerning the return to  
34 commission jurisdiction. The procedures outlined in sections 2 through  
35 7 of this chapter must be followed when conducting a referendum  
36 under this section, except that the form of the ballots must be as  
37 follows:

- 38  YES, I want to return to the jurisdiction of the commission.  
39  NO, I want to remain outside of the jurisdiction of the  
40 commission.

41 (b) The question of returning to commission jurisdiction may not be  
42 submitted to the members, ~~or~~ shareholders, **or freeholders** within four

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1 (4) years after the date the utility withdrew from commission  
2 jurisdiction.

3 SECTION 10. IC 8-1-2.7-12 IS AMENDED TO READ AS  
4 FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 12. If a utility returns  
5 to commission jurisdiction, the commission assumes jurisdiction thirty  
6 (30) days after the date of the vote over the following:

- 7 (1) Rates and charges.
- 8 (2) Stocks, bonds, notes, or other evidence of indebtedness.
- 9 (3) Rules.
- 10 (4) The annual report filing requirement.

11 If less than a majority of the members, ~~or~~ **shareholders, or freeholders**  
12 present vote in favor of returning to commission jurisdiction, a  
13 referendum on the question may not be conducted for four (4) years  
14 following the date of the vote.

15 SECTION 11. IC 8-1-2.7-13 IS AMENDED TO READ AS  
16 FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 13. If a utility attempts  
17 to return to commission jurisdiction, the board of directors shall, within  
18 five (5) days following the meeting, send written confirmation to the  
19 secretary of the commission containing the following information:

- 20 (1) The total membership or number of shareholders **or**  
21 **freeholders** of the utility.
- 22 (2) The total number present at the meeting.
- 23 (3) The vote totals both for and against the return.
- 24 (4) Written verification of notice of the meeting.
- 25 (5) An affidavit, signed by all the members of the board of  
26 directors, stating that all of the requirements of this chapter have  
27 been met.

28 SECTION 12. IC 13-18-16-16 IS AMENDED TO READ AS  
29 FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 16. (a) A nonprofit  
30 water utility may adopt a resolution approved by its board of directors  
31 under this section that reconstitutes the nonprofit water utility as a  
32 water authority to be named as provided in the resolution.

33 (b) A resolution adopted under this section must allow:  
34 (1) the structure of the board of directors; and  
35 (2) the rules governing the water authority;  
36 to remain the same as those applicable to the nonprofit water utility.

37 (c) The water authority shall retain all its powers, privileges, rights,  
38 and exemptions as a nonprofit water utility under:

- 39 (1) its existing bylaws and articles; and
- 40 (2) all laws applicable to nonprofit water utilities and local water  
41 corporations, including powers granted under IC 32-24-4-1.

42 (d) **Except as provided in subsection (g),** a water authority

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1 constituted under this section is a political subdivision of the state.

2 (e) A copy of a resolution adopted under this section must be filed

3 with the secretary of state. When the secretary of state receives a copy

4 of a resolution under this subsection, the secretary of state shall

5 dissolve the corporate status of the nonprofit water utility for purposes

6 of state law.

7 (f) A water authority constituted under this section shall:

8 (1) remain obligated under any existing contracts or agreements;

9 and

10 (2) remain obligated and assume the indebtedness;

11 of the nonprofit water utility.

12 (g) Notwithstanding any other law and subject to ~~subsection~~

13 **subsections (h) and (i)**, a water authority constituted under this section

14 is subject only to the laws applicable to nonprofit water utilities and

15 local water corporations **and is not subject to the following:**

16 (1) IC 5-3.

17 (2) IC 5-4-1.

18 (3) IC 5-11.

19 (4) IC 5-13.

20 (5) IC 5-14-1.5.

21 (6) IC 5-14-3.

22 (7) IC 5-22.

23 (8) IC 36-1-8.

24 (9) IC 36-1-10.

25 (10) IC 36-1-10.5.

26 (11) IC 36-1-11.

27 (12) IC 36-1-12.

28 (13) IC 36-1-15.

29 (h) A water authority constituted under this section is subject to

30 IC 8-1.5-3-8 for purposes of setting rates and charges.

31 (i) **For each fiscal or calendar year of a water authority**

32 **constituted under this section that ends after December 31, 2006,**

33 **the water authority:**

34 (1) shall:

35 (A) have an audit of its financial records performed by an

36 independent certified public accounting firm; and

37 (B) keep the audit report on file at the water authority; and

38 (2) notwithstanding IC 5-11-1-9, is not subject to the

39 following:

40 (A) Audit or examination by the state board of accounts.

41 (B) The examination guidelines and reporting

42 requirements of the state board of accounts.

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Utilities and Energy, to which was referred House Bill 1018, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

LUTZ J, Chair

Committee Vote: yeas 10, nays 0.



COMMITTEE REPORT

Madam President: The Senate Committee on Homeland Security, Utilities, and Public Policy, to which was referred House Bill No. 1018, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS.

(Reference is made to House Bill 1018 as printed January 20, 2006.)

WYSS, Chairperson

Committee Vote: Yeas 7, Nays 0.



SENATE MOTION

Madam President: I move that Engrossed House Bill 1018 be amended to read as follows:

Delete the title and insert the following:

A BILL FOR AN ACT to amend the Indiana Code concerning water utilities.

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 8-1-2.7-1.3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 1.3. (a) This chapter applies to the following:

- (1) A public utility established to provide water service that is:
  - (A) privately owned and serves less than three hundred (300) customers;
  - (B) a not-for-profit utility (as defined by IC 8-1-2-125(a)); or
  - (C) a cooperative corporation exempt from state and federal

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income taxation; **or**

**(D) a conservancy district (as described in IC 14-33).**

(2) A public utility established to provide sewage disposal service (as defined in IC 8-1-2-89(a)(1)) that holds a certificate of territorial authority as required by IC 8-1-2-89, and that is:

(A) privately owned and serves less than three hundred (300) customers;

(B) a not-for-profit utility (as defined in IC 8-1-2-125(a)); or

(C) a cooperative corporation exempt from state and federal income taxation.

(3) Except as provided in subsection (b), a legal entity providing only sewage treatment service to a not-for-profit sewage disposal company.

(b) Subsection (a)(3) does not include a sewage treatment provider that is otherwise subject to the commission's jurisdiction.

SECTION 2. IC 8-1-2.7-1.4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 1.4. As used in this chapter:

(1) "members" of a not-for-profit water or sewage disposal company; ~~and~~

(2) "shareholders" of a privately owned water or sewage disposal company; **and**

(3) "**freeholders**" of a conservancy district (as described in IC 14-33); ~~shall~~

also include the customers of ~~that the~~ utility **or district**.

SECTION 3. IC 8-1-2.7-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 3. A utility described in section 1.3(a)(1) or 1.3(a)(2) of this chapter that proposes to withdraw from the jurisdiction of the commission must first obtain approval from its members, ~~or~~ shareholders, **or freeholders**.

SECTION 4. IC 8-1-2.7-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 4. The board of directors of a utility described in section 1.3(a)(1) or 1.3(a)(2) of this chapter must conduct a referendum among its members, ~~or~~ shareholders, **or freeholders** to determine whether the members, ~~or~~ shareholders, **or freeholders** approve the withdrawal from commission jurisdiction.

SECTION 5. IC 8-1-2.7-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 5. The referendum must be conducted at a special meeting called by the board. Written notice of the meeting must be sent to every member, ~~or~~ shareholder, **or freeholder** of the withdrawing utility and to the secretary of the

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commission not less than thirty (30) days before the date of the meeting. The notice must contain the following information:

- (1) The place, date, and hour of the meeting.
- (2) The purpose of the meeting, including an explanation of what the withdrawal from commission jurisdiction entails.
- (3) The fact that no proxies will be permitted.

SECTION 6. IC 8-1-2.7-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 6. A quorum consisting of not less than five percent (5%) of the members, **shareholders, or freeholders** must be present at the meeting to transact business and to take official action regarding the jurisdiction question.

SECTION 7. IC 8-1-2.7-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 7. The board shall distribute secret written ballots to the members, **or shareholders, or freeholders** present at the meeting. The form of the ballots must be as follows:

YES, I want to withdraw from the jurisdiction of the commission.

NO, I want to remain under the jurisdiction of the commission.

Only those members, **or shareholders, or freeholders** present at the meeting are eligible to vote, and proxy votes are not permitted. Each member, **or shareholder, or freeholder** present is entitled to one (1) vote on the question of withdrawal from commission jurisdiction. If a majority of members, **or shareholders, or freeholders** present vote in favor of the utility withdrawing from commission jurisdiction, the withdrawal becomes effective thirty (30) days after the date of the vote. If less than a majority of the members, **or shareholders, or freeholders** present vote in favor of withdrawal from commission jurisdiction, the utility is prohibited from seeking withdrawal for two (2) years following the date of the vote.

SECTION 8. IC 8-1-2.7-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 10. (a) If a utility successfully withdraws from commission jurisdiction, the board of directors shall, within five (5) days of the meeting, send written confirmation to the secretary of the commission containing the following information:

- (1) The total membership or number of shareholders **or freeholders** of the utility.
- (2) The total number present at the meeting.
- (3) The vote totals both for and against withdrawal.
- (4) Written verification of notice of the meeting.
- (5) An affidavit, signed by all of the members of the board of

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directors, stating that all of the requirements of this chapter have been met.

(b) If a utility successfully withdraws from commission jurisdiction, the utility is not required to pay the public utility fee imposed under IC 8-1-6.

(c) Notwithstanding any other provision of this chapter, a utility described in section 1.3(a)(2) of this chapter that has withdrawn from commission jurisdiction remains subject to commission jurisdiction with regard to the requirements of IC 8-1-2-89(f).

(d) Whenever two (2) or more utilities described in section 1.3(a)(1) or 1.3(a)(2) of this chapter propose to consolidate, and at least one (1), but not all of the utilities have withdrawn from commission jurisdiction, then the following apply:

- (1) For purposes of the consolidation, all of the utilities are under the commission's jurisdiction.
- (2) The new corporation that is formed as a result of the consolidation is under the commission's jurisdiction for all purposes and must fully comply with this chapter in order to withdraw from commission jurisdiction.

(e) If two (2) or more utilities described in section 1.3(a)(1)(C) or 1.3(a)(2)(C) of this chapter propose to consolidate, and all of the cooperatives have withdrawn from commission jurisdiction, the new utility continues to operate outside the commission's jurisdiction under the terms of this section.

(f) The commission's approval is not required for consolidation of two (2) or more utilities that have all withdrawn from commission jurisdiction.

SECTION 9. IC 8-1-2.7-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 11. (a) Whenever the members, ~~or~~ shareholders, **or freeholders** of a utility desire to return to commission jurisdiction, they must petition the commission. A petition signed by:

- (1) at least fifteen percent (15%) of the members, ~~or~~ shareholders, **or freeholders**; or
- (2) the board of directors of the utility;

must first be submitted to the commission, informing that body of the utility's intent to conduct a referendum concerning the return to commission jurisdiction. The procedures outlined in sections 2 through 7 of this chapter must be followed when conducting a referendum under this section, except that the form of the ballots must be as follows:

YES, I want to return to the jurisdiction of the commission.

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[ ] NO, I want to remain outside of the jurisdiction of the commission.

(b) The question of returning to commission jurisdiction may not be submitted to the members, ~~or~~ shareholders, **or freeholders** within four (4) years after the date the utility withdrew from commission jurisdiction.

SECTION 10. IC 8-1-2.7-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 12. If a utility returns to commission jurisdiction, the commission assumes jurisdiction thirty (30) days after the date of the vote over the following:

- (1) Rates and charges.
- (2) Stocks, bonds, notes, or other evidence of indebtedness.
- (3) Rules.
- (4) The annual report filing requirement.

If less than a majority of the members, ~~or~~ shareholders, **or freeholders** present vote in favor of returning to commission jurisdiction, a referendum on the question may not be conducted for four (4) years following the date of the vote.

SECTION 11. IC 8-1-2.7-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 13. If a utility attempts to return to commission jurisdiction, the board of directors shall, within five (5) days following the meeting, send written confirmation to the secretary of the commission containing the following information:

- (1) The total membership or number of shareholders **or freeholders** of the utility.
- (2) The total number present at the meeting.
- (3) The vote totals both for and against the return.
- (4) Written verification of notice of the meeting.
- (5) An affidavit, signed by all the members of the board of directors, stating that all of the requirements of this chapter have been met."

Renumber all SECTIONS consecutively.

(Reference is to EHB 1018 as printed February 8, 2006.)

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SENATE MOTION

Madam President: I move that Engrossed House Bill 1018, which is eligible for third reading, be returned to second reading for purposes of amendment.

HERSHMAN

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SENATE MOTION

Madam President: I move that Engrossed House Bill 1018 be amended to read as follows:

Page 1, line 10, delete "." and insert "**in which:**

**(i) water service is a purpose of the district as of January 1, 2006; and**

**(ii) the total number of freeholders provided water service by the district is less than four thousand (4,000)."**

(Reference is to EHB 1018 as reprinted February 17, 2006)

LAWSON C

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