

# MAINE STATE LEGISLATURE

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# 117th MAINE LEGISLATURE

## SECOND REGULAR SESSION-1996

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Legislative Document

No. 1768

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H.P. 1288

House of Representatives, February 8, 1996

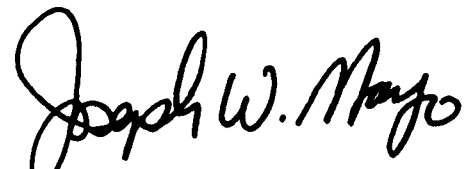
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**An Act to Standardize the Creation of Water Districts.**

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Reported by Representative KONTOS from the Joint Standing Committee on Utilities and Energy.

Reference to the Joint Standing Committee on Utilities and Energy suggested and printing ordered under Joint Rule 19.

  
JOSEPH W. MAYO, Clerk

Be it enacted by the People of the State of Maine as follows:

2  
4       **Sec. 1. 30-A MRSA §2356, sub-§3**, as amended by PL 1989, c. 104, Pt. C, §§8 and 10, is further amended to read:

6       **3. Trustees' compensation; water districts and sewer districts.** This chapter does not affect the procedures concerning changes in the compensation of trustees of water districts and sewer districts as provided in Title 35-A, section ~~6303~~ 6410, subsection --4- 7, and Title 38, section 1252, subsection 5.

12       **Sec. 2. 35-A MRSA §§6301 and 6302**, as enacted by PL 1987, c. 141, Pt. A, §6, are repealed.

16       **Sec. 3. 35-A MRSA §6303**, as amended by PL 1987, c. 769, Pt. A, §144, is repealed.

18       **Sec. 4. 35-A MRSA §6304**, as amended by PL 1987, c. 490, Pt. C, §12, is repealed.

22       **Sec. 5. 35-A MRSA §§6305 and 6306**, as enacted by PL 1987, c. 141, Pt. A, §6, are repealed.

24       **Sec. 6. 35-A MRSA §6307**, as amended by PL 1987, c. 490, Pt. C, §13, is repealed.

26       **Sec. 7. 35-A MRSA §6308**, as enacted by PL 1987, c. 141, Pt. A, §6, is repealed.

30       **Sec. 8. 35-A MRSA §6309**, as enacted by PL 1993, c. 651, §6, is repealed.

34       **Sec. 9. 35-A MRSA §6310** is enacted to read:

36       **§6310. Water districts; individual financing**

38       When the trustees of a water district vote to authorize  
40       bonds or notes, the estimated cost of which, singly or in the  
42       aggregate included in any one financing, is \$150,000 or more  
44       adjusted, relative to 1981 as the base year according to the  
46       annual Consumer Price Index, as defined in Title 5, section  
48       17001, subsection 9. The trustees shall provide notice to the  
50       general public of the proposed bond or note issue and the  
      purposes for which the debt is being issued. The notice must be  
      published at least once in a newspaper having general circulation  
      in the water district. The trustees shall give notice to each  
      ratepayer by mail. Notice of a rate change under section 6104  
      that contains the notice required by this section satisfies the  
      notice requirements. The debt may not be incurred by the vote of

2 the trustees until the expiration of 7 days following the date on  
3 which the notice was first published and mailed. Prior to the  
4 expiration of the 7-day period, the trustees shall call a special  
5 district meeting in order to collect testimony from the public  
6 concerning the amount of debt authorized. Except for  
7 indebtedness to fund projects specifically mandated by State  
8 Government and Federal Government, for debts in excess of the  
9 amount specified in this section, if requested by petition of not  
10 less than 50 voters of the district or 5% of the voters,  
11 whichever is greater, filed with the clerk of the water district  
12 on or before the date of the meeting, a vote of those attending  
13 the meeting must be called to approve or disapprove the amount of  
14 debt authorized. If a majority of voters present and voting  
15 disapprove of the amount of debt authorized by the trustees, the  
16 debt may not be incurred and the vote of the trustees authorizing  
17 the debt is void.

18 This section applies to water districts formed on or after  
19 January 1, 1982, except that this section does not apply to any  
20 standard district created pursuant to chapter 64 whose debt limit  
21 is subject to voter approval as provided in section 6413.

22

**Sec. 10. 35-A MRSA c. 64 is enacted to read:**

24

**CHAPTER 64**

26

**WATER DISTRICTS AND**  
**STANDARD DISTRICTS**

28

30 **§6401. Purpose; scope and application; commission authority**

32 1. Purposes. The purpose of this chapter, which may be  
33 known and cited as the "Standard Water District Enabling Act," is  
34 to standardize the creation of water districts and to promote  
35 consistency among the powers and authorities of water districts  
36 in this State. It is the intent of the Legislature that  
37 districts chartered after January 1, 1997 be chartered in  
38 accordance with this chapter. It is also the intent of the  
39 Legislature that future legislative amendments to charters be  
40 consistent with this chapter and, whenever practicable, existing  
41 charter provisions be repealed and appropriate references to this  
42 chapter be inserted in their place.

44 2. Scope and application. The provisions of this chapter  
45 apply as follows.

46

48 A. The following provisions apply to all water districts,  
49 regardless of when chartered, and any portion of a water  
50 district charter that is contrary to the provisions is void  
and of no effect:

2                   (1) Section 6410, subsection 7; and

4                   (2) Section 6410, subsection 8.

6                   B. The following provisions apply to all water districts  
8                   formed on or after January 1, 1982:

10                   (1) Subsection 3;

12                   (2) Section 6410, subsection 5; and

14                   (3) Section 6416.

16                   C. Except as provided in paragraphs A and B or in subsection  
18                   3 or by charter or other provision of law, the provisions of  
                    this chapter do not apply to districts formed prior to  
                    January 1, 1997.

20                   3. Water districts; commission authority. Notwithstanding  
22                   any terms, conditions or limitations, either expressed or  
24                   implied, in a special Act of the Legislature under which a  
26                   district is organized or in any special Act of the Legislature  
28                   under which a district is franchised, the commission may  
                    establish reasonable terms upon which water districts shall  
                    extinguish their long-term indebtedness. This subsection does  
                    not authorize the commission to alter the terms of any existing  
                    obligations of a water district.

30                   **§6402. Definitions**

32                   As used in this chapter, unless the context otherwise  
34                   indicates, the following terms have the following meanings.

36                   1. Charter. "Charter" means a private and special law or a  
38                   series of private and special laws that establishes a water  
                    district and defines its responsibilities and authority.

40                   2. Standard district. "Standard district" means a water  
                    district formed and chartered pursuant to this chapter.

42                   3. Water district. "Water district" has the same meaning as  
44                   defined in section 6101, subsection 3 and includes, but is not  
                    limited to, standard districts.

46                   **§6403. Procedures; legal effect**

48                   1. Mandatory provisions. A standard district charter must  
50                   include the following, which are not specified in this chapter:

- 2           A. The corporate name of the standard district;
- 4           B. The territorial limits of the standard district;
- 6           C. The number of trustees of the standard district, which  
may not be less than 3;
- 8           D. The appointing authority responsible for appointing or  
the method of electing the first board of trustees;
- 10           E. The terms of the trustees who are elected or appointed  
subsequent to the first board. Terms may not be longer than  
3 years. Terms of the first board are determined pursuant  
to section 6410, subsection 4;
- 16           F. Whether the trustees, subsequent to the first board, are  
appointed or elected. Reference must be made to the  
appropriate subsections of section 6410; and
- 20           G. The procedures for a local referendum on the creation of  
a standard district.
- 22           2. Optional provisions. A standard district charter may  
include provisions relating to the following;
- 24           A. Special qualifications of trustees;
- 26           B. Election of trustees by other than at large elections as  
provided in section 6410, subsection 1. Any provision for  
election of trustees by other than at large elections must  
establish voting districts in conformance with the judicial  
principle of one person, one vote;
- 30           C. Additional purposes and powers of the standard district,  
such as authority to buy out an existing water company or to  
provide sewerage or other utility services;
- 34           D. Areas outside the standard district's territory in which  
the standard district is authorized to take water;
- 38           E. Notwithstanding section 6413, a specific debt limit;
- 40           F. Areas outside the standard district's territory in which  
the district is authorized to locate facilities;
- 42           G. Towns with which the standard district is authorized to  
contract to supply water; and
- 44
- 46
- 48

2           H. Any other powers or duties necessary to the  
accomplishment of legislative purposes for creating the  
standard district.

4  
6           3. Guidelines for modified standard charters. As  
determined appropriate by the Legislature, a standard district  
charter may provide for special exceptions to the provisions of  
8           this chapter.

10           4. Legal effect. A standard district is a quasi-municipal  
corporation constituted for the purpose of supplying persons of  
12           the standard district with potable water for domestic, sanitary,  
commercial, industrial, agricultural and municipal purposes.

14           **§6404. Standard districts; powers**

16           Except as otherwise provided by law, for the purposes of its  
18           incorporation, a standard district may take water from any source  
within the territory of the district. A standard district may  
20           also, for the purposes of its incorporation, locate, construct  
and maintain pipes, dams, wells, reservoirs, pumping stations,  
22           treatment plants and other necessary structures and equipment and  
take any action necessary to furnish water for those purposes and  
24           for the public health, comfort and convenience of the inhabitants  
and others of the district. A standard district may contract to  
26           accomplish any and all of the foregoing things.

28           All incidental powers, rights and privileges necessary to  
the accomplishment of the objectives set forth in this chapter  
30           are granted to a standard district.

32           **§6405. Standard districts; authorized to lay mains, pipes,**  
**conduits and other water conveyances through public ways**  
34           **and across private lands**

36           Except as otherwise provided by law and to the extent  
necessary for the purposes of its incorporation, a standard  
38           district may lay, maintain, repair and replace pipes, mains and  
other fixtures and appurtenances in, along and through the  
40           streets, roads, ways, highways, bridges, tidal waters, lakes,  
ponds, rivers and water courses in the district and across  
42           private lands in the district. When a standard district lays,  
maintains, repairs or replaces any fixtures or appurtenances in  
44           any street, road, way or highway, it shall do so with as little  
obstruction as practicable to public travel. At its own expense  
46           and without unnecessary delay, a standard district shall replace  
in proper condition the earth and pavement removed by it.

48           **§6406. Standard districts; authorized to erect dams and**  
50           **reservoirs, cross navigable waters, supply water to**

**utilities**

2  
4  
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8  
10

A standard district, for the purposes of its incorporation, may erect and maintain dams, reservoirs and structures. In accordance with applicable state and federal law, a standard district may lay, construct and maintain its pipes and fixtures in, over and under navigable waters and build and maintain structures for the pipes and fixtures. Subject to the consent of the commission, a standard district may supply water to any other public utility.

12 **§6407. Standard districts; procedure if public utility must be**  
14 **crossed**

16 If a standard district, in constructing, maintaining or  
18 replacing any of its facilities, must cross any property of  
20 another public utility, the standard district must obtain the  
22 consent of the other public utility and undertake the work in  
24 accordance with conditions established by agreement. If, within  
26 30 days after requesting consent, the standard district fails to  
28 reach an agreement with the public utility, the district may  
petition the commission to determine the time, place and manner  
of the crossing. All work done on the property of the public  
utility must be done under the supervision and to the  
satisfaction of the public utility or as prescribed by the  
commission. All work must be done at the expense of the standard  
district.

30 **§6408. Standard districts; authority to acquire property; rights**  
32 **of eminent domain**

34 To the extent necessary for purposes of incorporation, a  
36 standard district may take and hold any interest in real estate  
38 and personal estate.

40 **1. Purchase or lease.** A standard district may take and  
42 hold an interest in real estate or personal estate by purchase,  
44 lease or other lawful means.

46 **2. Eminent domain.** For purposes of its incorporation, a  
48 standard district may exercise the right of eminent domain as  
50 provided in chapters 65 and 67 to acquire any interest in land or  
water rights:

A. For erecting and maintaining dams, plants and works, for  
flowage, power, pumping and supplying water through its  
mains;

B For reservoirs and for preserving and enhancing the  
purity of the water and related watershed;



- 2           C. For laying and maintaining aqueducts and other structures;  
4           D. For taking, distributing, discharging and disposing of  
              water; and  
6  
              E. For rights-of-way or roadways to its sources of supply,  
8           dams, power stations, reservoirs, mains, aqueducts,  
              structures and lands.

10           Except as otherwise provided by law, a standard district may not  
12           take by right of eminent domain any property or facilities of any  
14           other public utility used or acquired for future use in the  
              performance of a public duty.

16           **§6409. Standard districts; procedures in exercising eminent**  
              **domain**

18           Except as otherwise provided by law, a standard district  
20           must exercise the right of eminent domain granted under section  
              6408 in accordance with this chapter and chapters 65 and 67.

22           **§6410. Standard districts and water districts; trustees**

24           All of the affairs of a standard district must be managed by  
26           a board of trustees whose members must be residents of the  
28           district. The number of trustees must be specified in the  
30           standard district's charter. After selection of the first board,  
              each trustee is nominated and elected or appointed as provided in  
32           the charter creating the standard district and in accordance with  
              subsection 1 or 2, as applicable. If the charter does not  
34           indicate whether trustees are appointed or elected, the trustees,  
              after the selection of the first board, must be elected in  
              accordance with subsection 1.

36           **1. Standard districts; nominations and elections;**  
              **vacancies.** Nominations and elections of trustees are conducted  
38           in accordance with the laws relating to municipal elections.

40           When the term of office of a trustee expires, the trustee's  
42           successor is elected at large by a plurality vote of the voters  
              of the standard district. For the purpose of election, a special  
44           election must be called and held on the date established by the  
              trustees. The election must be called by the trustees of the  
46           standard district in the same manner as town meetings are called  
              and, for this purpose, the trustees are vested with the powers of  
48           municipal officers of towns. A vacancy is filled in the same  
              manner for the unexpired term by a special election called by the  
              trustees of the standard district.

50

2     The trustees shall appoint a registrar of voters for the standard  
 4     district, who may also be the registrar of voters for any town  
 6     within the standard district, and fix the registrar's salary. It  
 8     is the registrar's duty to make and keep a complete list of all  
 10    the eligible voters of the standard district. The list prepared  
 12    by the registrar governs the eligibility of any voter. Voters  
       who are resident outside the territorial limits of the standard  
       district, as defined in its charter, are not eligible voters and  
       the registrar of voters shall exclude those voters from the  
       registrar's lists. All warrants issued for elections by the  
       trustees must show that only the voters resident within the  
       territorial limits of the standard district are entitled to vote.

14           2. Standard districts; appointments. If the charter  
 16           creating a standard district specifies that the trustees are  
             appointed, the appointments must be made as provided in the  
             charter.

18           3. Standard districts; eligibility requirements. When a  
 20           trustee ceases to be a resident of a standard district, the  
 22           trustee shall vacate the office of trustee and the vacancy is  
 24           filled as provided in subsection 1 or 2, as applicable. All  
             trustees are eligible for reelection or reappointment, but a  
             person who is a municipal officer of any town located, in whole  
             or in part, within the standard district is not eligible for  
             appointment, nomination or election as a trustee of that district.

28           4. Standard districts; first board. The first board is  
 30           appointed or elected as provided in the charter creating the  
 32           standard district. At the first meeting, the initial trustees  
             shall determine by agreement or, failing to agree, they shall  
             determine by lot the term of office of each trustee. The terms  
             of the trustees must be determined in accordance with the  
             following table.

		<u>TERM</u>		
<u>Total number</u>		<u>1 year</u>	<u>2 years</u>	<u>3 years</u>
<u>of trustees</u>				
3		<u>1</u>	<u>1</u>	<u>1</u>
4		<u>1</u>	<u>1</u>	<u>2</u>
5		<u>1</u>	<u>2</u>	<u>2</u>
6		<u>2</u>	<u>2</u>	<u>2</u>
7		<u>2</u>	<u>2</u>	<u>3</u>
8		<u>2</u>	<u>3</u>	<u>3</u>
9		<u>3</u>	<u>3</u>	<u>3</u>
10		<u>3</u>	<u>3</u>	<u>4</u>
11		<u>3</u>	<u>4</u>	<u>4</u>
12		<u>4</u>	<u>4</u>	<u>4</u>

	<u>13</u>	<u>4</u>	<u>4</u>	<u>5</u>
2	<u>14</u>	<u>4</u>	<u>5</u>	<u>5</u>
4	<u>15</u>	<u>5</u>	<u>5</u>	<u>5</u>

6 The trustees shall enter on their records the determination  
made. Vacancies are filled pursuant to subsection 1 or 2, as  
applicable.

8 At this original meeting, the trustees shall organize by electing  
from among their members a chair and a clerk, by adopting a  
corporate seal and by electing a treasurer who may or may not be  
a trustee.

14 **5. Water districts; organization; conduct of business.**  
Within one week after each annual appointment or election, the  
trustees of a water district shall meet for the purpose of  
electing a chair, treasurer and clerk from among them to serve  
for the ensuing year and until their successors are elected or  
appointed and qualified. The trustees, from time to time, may  
choose and employ and fix the compensation of any other necessary  
officers and agents who serve at the pleasure of the trustees.  
The treasurer shall furnish bond in the sum and with sureties  
approved by the trustees. The water district shall pay the cost  
of the bond.

26 The trustees may adopt and establish bylaws consistent with the  
laws of this State and necessary for the convenience and the  
proper management of the affairs of the water district, and  
perform other acts within the powers delegated by law to the  
trustees.

32 The trustees shall be sworn to the faithful performances of their  
duties including the duties of a member who serves as clerk or  
clerk pro tem. The trustees shall publish an annual report that  
includes a report of the treasurer.

36 The trustees shall develop an annual budget that includes in that  
budget anticipated capital improvement projects. The trustees  
shall forward plans for capital improvement projects to any  
municipality in which the projects will occur. To the extent  
practicable, trustees and municipal officials of affected  
municipalities shall coordinate district capital improvement  
projects with municipal public works projects.

44 Business of the district must be conducted in accordance with the  
applicable provisions of the freedom of access laws, Title 1,  
sections 401 to 410.

48 **6. Standard districts; decisions of the board.** All  
50 decisions of the board of trustees must be made by a majority of

2 those present and voting, except that a vote to approve the  
3 incurring of a debt which will not be paid in less than 12 months  
4 must be approved by a majority of the entire elected board. A  
5 quorum of the board of trustees consists of the total number of  
6 authorized trustees divided by 2 and, if necessary to obtain a  
7 whole number, the resulting number rounded up to the next whole  
8 number.

9 Trustees are subject to the conflict of interest provisions of  
10 Title 30-A, section 2605.

11 7. Water districts; trustees' compensation. The trustees of  
12 a water district receive compensation as established in the water  
13 district's bylaws. Compensation schedules in effect on January  
14 1, 1982, continue in effect until changed in the bylaws.

15 8. Water districts; trustees' retirement. Persons who have  
16 not been water district trustees prior to January 1, 1987, and  
17 who are not full-time employees, are not eligible to become  
18 members of the Maine State Retirement System as a result of their  
19 selection as trustees. For purposes of determining a water  
20 district trustee's eligibility to be a member of the Maine State  
21 Retirement System prior to January 1, 1987, the provisions of the  
22 appropriate governing charter in effect at the time of the  
23 trustee's application for membership controls.

24 9. Standard districts; expenses. The trustees may obtain an  
25 office and incur necessary expenses.

26 §6411. Standard districts; authorized to make and assume  
27 contracts

28 A standard district, through its trustees, in order to carry  
29 out the purposes of its incorporation, may contract with persons,  
30 districts, municipalities, utilities or corporations.

31 §6412. Standard districts; authorized to receive government aid,  
32 borrow money, issue bonds and notes

33 1. Definition. For the purposes of this section, the term  
34 "necessary expenses and liabilities" means expenses and  
35 liabilities necessary to the operation of a standard district,  
36 including, but not limited to:

37 A. Reimbursement to a town for any organizational or other  
38 expenses and liabilities incurred by the town on behalf of  
39 the district;

40 B. Organizational expenses and liabilities incurred by the  
41 district;

- 2           C. Expenses and liabilities incurred in acquiring  
4           properties, paying damages and in laying pipes, mains,  
            aqueducts and conduits;
  
- 6           D. Expenses and liabilities incurred in constructing,  
8           maintaining and operating a water plant or system;
  
- 10          E. Expenses and liabilities incurred in making renewals,  
12          additions, extensions and improvements to a water plant or  
            system; and
  
- 14          F. Principal and interest payments associated with any of  
            the expenses and liabilities in paragraphs A to E.

16           2. Authorization. A standard district, through its  
18           trustees, in order to pay necessary expenses and liabilities  
20           incurred in accordance with the purposes of its incorporation,  
            may receive state and federal aid or grants and may borrow money  
            temporarily and issue for the money its negotiable notes in order  
22           to renew and refund the debt created.

24           A standard district, through its trustees, may also issue, in  
26           accordance with section 6413 and chapter 9, bonds, notes or other  
28           evidences of indebtedness of the standard district. The trustees  
30           shall determine the amount or amounts of the indebtedness, the  
32           rate or rates of interest, whether the instrument will be sold at  
34           par or at a discount or a premium, the manner of the sale,  
36           including whether the sale will be public or private and any  
            other terms and provisions of the offering. The trustees shall  
            determine whether the debt will be issued to mature serially or  
            made to run for a term of years. The standard district's debt  
            instruments may be issued with or without provisions for calling  
            the debt prior to maturity. If the debt is callable, the  
            trustees shall determine whether it will be callable at par or at  
            a premium.

38           3. Certain requirements concerning indebtedness. All bonds,  
40           notes or other evidences of indebtedness must have inscribed upon  
42           their face the corporate name of the standard district, as  
44           specified in the charter creating the district, and be signed by  
            the treasurer and countersigned by the chair of the board of  
            trustees of the standard district. If coupon bonds are issued,  
            the interest coupon attached to the coupon bonds must bear the  
            facsimile signature of the treasurer.

46           4. Legal effect; tax exemption; reissue and refund  
48           authorization. All bonds, notes and other evidences of  
50           indebtedness issued by a standard district in accordance with  
            this section are legal obligations of the standard district

2 within the meaning of Title 30-A, section 5701. All bonds,  
4 notes and other evidences of indebtedness issued by the standard  
6 district are legal investments for savings banks in this State  
8 and are exempt from state income tax.

10 A standard district, through its trustees, may refund and  
12 reissue, from time to time, in one or in separate series, its  
14 bonds, notes and other evidences of indebtedness, and each  
16 authorized issue constitutes a separate loan.

18 **§6413. Standard districts and water districts; debt and approval**  
20 **of inhabitants of the district**

22 A standard district is not required to obtain approval of  
24 the inhabitants of the standard district before receiving aid or  
26 grants. The trustees may not incur any debt without obtaining  
28 prior approval of the inhabitants of the standard district in  
30 accordance with this subsection.

32 **1. Standard districts; debt limit.** Prior to incurring any  
34 debt on behalf of a standard district, the trustees shall propose  
36 a debt limit for the standard district that the trustees must  
38 submit for approval in a districtwide referendum. The referendum  
40 must be called, advertised and conducted according to the law  
42 relating to municipal elections, except the standard district's  
44 registrar of voters is not required to prepare or the clerk to  
46 post a new list of voters. For the purpose of registering  
48 voters, the registrar of voters must be in session on the regular  
50 work day preceding the election. The question presented must  
conform to one of the following forms:

**A. For establishment of an initial debt limit:**

Do you favor establishing the debt limit of the (insert  
name of standard district) at an initial ceiling of  
(insert amount)?; or

**B. For amendment of an existing debt limit:**

Do you favor changing the debt limit of the (insert  
name of standard district) from (insert current debt  
limit) to (insert proposed debt limit)?

The voters shall indicate by cross or check mark placed against  
the words "Yes" or "No" their opinion on the question.

The results must be declared by the trustees and entered upon the  
standard district's records. Due certificate of the results must  
be filed by the clerk with the Secretary of State.

2 A debt limit proposal becomes effective upon its acceptance by a  
3 majority of the legal voters within the standard district voting  
4 at the referendum. Failure of approval by the majority of voters  
5 voting at the referendum does not prevent subsequent referenda  
6 from being held for the same purpose. The costs of referenda are  
7 borne by the standard district.

8 Trustees may not incur any debt unless the total amount of all  
9 debt incurred is no more than an amount approved by referendum  
10 under this section.

12 **§6414. Standard districts; rates**

14 The rates of a standard district must be established in  
15 accordance with chapter 61. The rates must be sufficient to  
16 provide revenue to the standard district to carry out the  
17 purposes of its incorporation, without the need for any financial  
18 assistance from any municipality, other than the normal payment  
19 of water charges for services rendered and any loan or loans  
20 provided to the district for initial funds as set forth in  
21 section 6412. All customers of a standard district shall pay to  
22 the treasurer or other designated officer of the district the  
23 rates established for the water used by them.

24 **§6415. Standard districts; tax exempt**

26 A standard district is a public municipal corporation within  
27 the meaning of Title 36, section 651 and the property of the  
28 district is exempt from taxation to the extent provided in that  
29 section.

32 **§6416. Water districts; mutual funds**

34 A water district may invest its funds, including sinking  
35 funds, reserve funds and trust funds, to the extent that the  
36 terms of any instrument creating the funds do not prohibit the  
37 investment, in shares of an investment company registered under  
38 the federal Investment Company Act of 1940, whose shares are  
39 registered under the United States Securities Act of 1933, only  
40 if the investments of the investment company are limited to  
41 obligations of the United States or any agency or  
42 instrumentality, corporate or otherwise, of the United States, or  
43 repurchase agreements secured by obligations of the United States  
44 or any agency or instrumentality, corporate or otherwise, of the  
45 United States. This section is in addition to and does not limit  
46 the power of a water district to invest its funds.

48 **§6417. Water districts; rights conferred subject to provisions**  
49 **of law**

50

2       Except as otherwise specifically provided by law, all the  
rights and duties mentioned in this chapter must be exercised and  
4       performed in accordance with all the applicable provisions of  
this Title to the extent this Title affects the operations of a  
water district.

6

**§6418. Water districts; legislative acts**

8

10       Prior to acting upon any proposal to create or to amend a  
water district charter, the joint standing committee of the  
Legislature having jurisdiction over public utilities shall  
12       obtain written comments from the municipalities that lie in whole  
or in part within the district or proposed district.

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**STATEMENT OF FACT**

18

This bill is the product of a legislative staff study  
conducted by the staff of the Joint Standing Committee on  
20       Utilities and Energy. The study was approved by the Legislative  
Council on July 31, 1995.

22

24       This bill standardizes the creation of water districts. For  
a more detailed description of this bill, the nonpartisan staff  
study report entitled "Standard Water District Enabling  
26       Legislation," dated December 1995, may be consulted.

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