

SEWERAGE SYSTEM STATUTES RELATED TO FINANCIAL ASSURANCE

(NOTE: The information contained in this document was current as of July 2012 but is subject to change without notice. It is provided here only as a convenience. For the most complete and up-to-date legal information, please access Tennessee Code Annotated [here](#).)

69-3-122. Sewerage system contractors or operators -- Bonds or security -- Noncomplying or abandoned facilities.

(a) No person shall construct, operate or hold out to the public as proposing to construct or operate a sewerage system unless such person first provides a bond or other financial security to the department, and has received approval of the same.

(b) The board may by regulation establish the amount and form of such bond or financial security for various sizes and types of facilities. In no case shall the amount of the bond or financial security exceed seventy-five thousand dollars (\$75,000). The purpose of the bond or financial security shall be the protection of the public health, welfare, and the environment of the state.

(c) The commissioner may petition the chancery court of the county in which the facility is located for forfeiture of the bond or other financial security, if the department determines that:

(1) The continued operation or lack of operation of a facility covered by this section represents a threat to the health of the public or is causing or will cause violations of classified water uses that the board has established;

(2) All reasonable and practical efforts under the circumstances have been made to obtain corrective actions from persons responsible for the facility; and

(3) It does not appear that corrective actions can or will be taken within an appropriate time or it appears that the facility has been abandoned.

(d) The proceeds of such forfeiture shall be paid into the court and, pursuant to the order of the court, used in combination with any remedy provided by law or equity that will correct or mitigate the noncompliance of such facility.

(e) If the court finds that a facility covered by this section has been abandoned or that services of the facility have been terminated, the court may enter such orders regarding the continued operations of such facility as it deems necessary to protect the public.

(f) This section does not apply to the following:

(1) Facilities owned or operated by a governmental entity or agency; or

(2) Facilities in operation prior to May 25, 1984.