§ 99-t. Contracts with banks or trust companies for the collection of water or sewer user fees, charges, rates or rentals, or certain special assessments. 1. Notwithstanding any general, special or local law to the contrary, a municipal corporation having the responsibility for the collection of water or sewer user fees, charges, rates or rentals, or special assessments which are not collected together with real property taxes, may enter into a contract with one or more banks or trust companies, as those terms are defined in paragraphs d and e of subdivision one of section ten of this article, for the collection of any or all such user fees, charges, rates or rentals, or such special assessments. For purposes of this section, the term "special assessment" shall have the same meaning as in subdivision fifteen of section one hundred two of the real property tax law and shall be limited to those special assessments not collected together with real property taxes.

2. Such bank or trust company shall collect payments of water or sewer user fees, charges, rates or rentals, or special assessments, pursuant to such contract, which contract shall contain provisions relating to:

(a) the period during which payments may be collected;

(b) any authorized prompt payment discounts, penalties and interest for late payments, and acceptance of partial payments;

(c) the furnishing of receipts to each person paying such user fees, charges, rates or rentals, or special assessments;

(d) the deposit of all such user fees, charges, rates or rentals, or special assessments collected, immediately upon receipt, in the account or accounts designated by the municipal corporation in such bank or trust company, or in any other bank or trust company designated by the municipal corporation;

(e) the maintenance of appropriate records of deposits showing the dates and amounts of all user fees, charges, rates or rentals, or special assessments collected, and the individuals from whom such user fees, charges, rates or rentals, or special assessments were collected;

(f) the transmission to the appropriate municipal official of a daily report of the user fees, charges, rates or rentals, or special assessments collected, which report shall be accompanied by a statement showing the deposits credited to the account of the municipal corporation; and

(g) the performance of such other duties, and the maintenance of such other records, as the contract may provide.

3. (a) A bank or trust company which has entered into a contract with a municipal corporation pursuant to this section shall be liable to the municipal corporation for all loss or damage that may result from any failure of the bank's or trust company's officers, employees or agents to discharge their duties, or from any improper or incorrect discharge of those duties. The bank or trust company shall save the municipal corporation free and harmless from any and all loss occasioned by or incurred in the performance of services under a contract pursuant to this section.

(b) A bank or trust company which has entered into a contract with a municipal corporation pursuant to this section, and which receives moneys from an individual for payment of water or sewer user fees, charges, rates or rentals, or special assessments, shall be liable to such individual, upon failure to properly credit such payment, for the amount of the user fees, charges, rates or rentals, or special assessments, plus interest and penalties imposed thereon.

4. Moneys deposited with a bank or trust company pursuant to this section shall be secured in the manner provided by section ten of this chapter.

5. The statutory powers and duties of the municipal officer responsible for collecting water or sewer user fees, charges, rates or rentals, or special assessments, including the authority to receive such user fees, charges, rates or rentals, or special assessments shall not be affected by the existence of a contract executed pursuant to this section, except that such official shall:

a. notify the bank or trust company of the commencement of the collection period for such payments;

b. include in the appropriate notices the fact that payment may be made to the bank or trust company;

c. notify the bank or trust company of the date on which the interest-free or penalty-free collection period expires; and

d. make the appropriate entries in the official records of the municipal corporation, upon receiving each daily report of user fees, charges, rates or rentals, or special assessments, collected by the bank or trust company.

6. A contract executed pursuant to this section shall be subject to the requirements of article five-A of this chapter, and shall be for a term not to exceed five years, except that it shall be subject to cancellation by the municipal corporation at any time upon thirty days notice to the bank or trust company.