

*****Adopted*****

AMENDMENT No. 1 PROPOSED TO

Senate Bill NO. 2966

By Representative(s) Committee

9 Amend by striking all after the enacting clause and inserting
10 in lieu thereof the following:

11

12 SECTION 1. Section 41-3-16, Mississippi Code of 1972, is
13 amended as follows:

14 41-3-16. (1) (a) There is established a local governments
15 and rural water systems improvements revolving loan program to be
16 administered by the State Department of Health, referred to in
17 this section as "department," for the purpose of assisting
18 counties, incorporated municipalities, districts or other water
19 organizations that have been granted tax exempt status under
20 either federal or state law, in making improvements to their water
21 systems, including construction of new water systems or expansion
22 or repair of existing water systems. Loan proceeds may be used by
23 the recipient for planning, professional services, acquisition of
24 interests in land, acquisition of personal property, construction,
25 construction-related services, maintenance, and any other
26 reasonable use which the board, in its discretion, may allow. For
27 purposes of this section, "water systems" has the same meaning as
28 the term "public water system" under Section 41-26-3.

29 (b) (i) There is created a board to be known as the
30 "Local Governments and Rural Water Systems Improvements Board,"
31 referred to in this section as "board," to be composed of the

32 following nine (9) members: * * * the State Health Officer, or his
33 designee, who shall serve as chairman of the board; the Executive
34 Director of the Department of Economic and Community Development,
35 or his designee; the Executive Director of the Department of
36 Environmental Quality, or his designee; the Executive Director of
37 the Department of Finance and Administration, or his designee; the
38 Executive Director of the Mississippi Association of Supervisors,
39 or his designee; * * * the Executive Director of the Mississippi
40 Municipal Association, or his designee; the Executive Director of
41 the Consulting Engineers Council, or his designee; the State
42 Director of the United States Department of Agriculture, Rural
43 Development, or his designee; and a manager of a rural water
44 system. * * *

45 * * *

46 The Governor shall appoint a manager of a rural water
47 system * * * from a list of candidates provided by the Executive
48 Director of the Mississippi Rural Water Association. The
49 Executive Director of the Mississippi Rural Water Association
50 shall provide the Governor a list of candidates which shall
51 contain a minimum of three (3) candidates for each appointment.

52 (ii) Nonappointed members of the board may
53 designate another representative of their agency or association to
54 serve as an alternate.

55 (iii) The gubernatorial appointee shall serve a
56 term concurrent with the term of the Governor and until a
57 successor is appointed and qualified. No member, officer or
58 employee of the Board of Directors of the Mississippi Rural Water
59 Association * * * shall be eligible for appointment.

60 (c) The department, if requested by the board, shall
61 furnish the board with facilities and staff as needed to
62 administer this section. The department may contract, upon
63 approval by the board, for those facilities and staff needed to
64 administer this section, including routine management, as it deems
65 necessary. If the department contracts for facilities and staff
66 to administer this section, the indirect cost rate paid under the

67contract shall not exceed the indirect cost rate charged by the
68department. The board may advertise for or solicit proposals from
69public or private sources, or both, for administration of this
70section or any services required for administration of this
71section or any portion thereof. The board shall endeavor to
72ensure that the costs of administration of this section are as low
73as possible in order to provide the water consumers of Mississippi
74safe drinking water at affordable prices.

75 (d) Members of the board may not receive any salary,
76 compensation or per diem for the performance of their duties under
77 this section.

78 (2) (a) There is created a special fund in the State
79 Treasury to be designated as the "Local Governments and Rural
80 Water Systems Improvements Revolving Loan Fund," referred to in
81 this section as "revolving fund," which fund shall consist of
82 those monies as provided in Sections 6 and 13 of Chapter 521, Laws
83 of 1995. The revolving fund may receive appropriations, bond
84 proceeds, grants, gifts, donations or funds from any source,
85 public or private. The revolving fund shall be credited with all
86 repayments of principal and interest derived from loans made from
87 the revolving fund. The monies in the revolving fund may be
88 expended only in amounts appropriated by the Legislature. The
89 revolving fund shall be maintained in perpetuity for the purposes
90 established in this section and Sections 6 through 20 of Chapter
91 521, Laws of 1995. Unexpended amounts remaining in the revolving
92 fund at the end of a fiscal year shall not lapse into the State
93 General Fund, and any interest earned on amounts in the revolving
94 fund shall be deposited to the credit of the fund. Monies in the
95 revolving fund may not be used or expended for any purpose except
96 as authorized under this section and Sections 6 through 20 of
97 Chapter 521, Laws of 1995. Any monies in the fund may be used to
98 match any federal funds that are available for the same or related
99 purposes for which funds are used and expended under this section
100 and Sections 6 through 20 of Chapter 521, Laws of 1995. Any
101 federal funds shall be used and expended only in accordance with

102 federal laws, rules and regulations governing the expenditure of
103 those funds. No person shall use any monies from the revolving
104 fund for the acquisition of real property or any interest in real
105 property unless that property is integral to the project funded
106 under this section and the purchase is made from a willing seller.
107 No county, incorporated municipality or district shall acquire
108 any real property or any interest in any real property for a

137incorporated municipalities, districts or water organizations in
138making water systems improvements, including the construction of
139new water systems or expansion or repair of existing water
140systems. The interest rate on those loans may vary from time to
141time and from loan to loan, and will be at or below market
142interest rates as determined by the board. The board shall act as
143quickly as is practicable and prudent in deciding on any loan
144request that it receives. Loans from the revolving fund or
145emergency fund may be made to counties, incorporated
146municipalities, districts or other water organizations that have
147been granted tax exempt status under either federal or state law,
148as set forth in a loan agreement in amounts not to exceed one
149hundred percent (100%) of eligible project costs as established by
150the board. The board may require county, municipal, district or
151other water organization participation or funding from other
152sources, or otherwise limit the percentage of costs covered by
153loans from the revolving fund or the emergency fund. The maximum
154amount for any loan from the emergency fund shall be Five Hundred
155Thousand Dollars (\$500,000.00), and the maximum amount for any
156loan from the revolving fund shall be One Million Five Hundred
157Thousand Dollars (\$1,500,000.00).

158 (d) A county that receives a loan from the revolving
159fund or the emergency fund shall pledge for repayment of the loan
160any part of the homestead exemption annual tax loss reimbursement
161to which it may be entitled under Section 27-33-77, as may be
162required to meet the repayment schedule contained in the loan
163agreement. An incorporated municipality that receives a loan from
164the revolving fund or the emergency fund shall pledge for
165repayment of the loan any part of the sales tax revenue
166distribution to which it may be entitled under Section 27-65-75,
167as may be required to meet the repayment schedule contained in the
168loan agreement. All recipients of such loans shall establish a
169dedicated source of revenue for repayment of the loan. Before any
170county or incorporated municipality shall receive any loan, it
171shall have executed with the State Tax Commission and the board a

172 loan agreement evidencing that loan. The loan agreement shall not
173 be construed to prohibit any recipient from prepaying any part or
174 all of the funds received. The repayment schedule in each loan
175 agreement shall provide for (i) monthly payments, (ii) semiannual
176 payments or (iii) other periodic payments, the annual total of
177 which shall not exceed the annual total for any other year of the
178 loan by more than fifteen percent (15%). The loan agreement shall
179 provide for the repayment of all funds received from the revolving
180 fund within not more than fifteen (15) years or a term as
181 otherwise allowed by the federal Safe Drinking Water Act, and all
182 funds received from the emergency fund within not more than five
183 (5) years from the date of project completion, and any repayment
184 shall commence not later than one (1) year after project
185 completion. The State Tax Commission shall withhold semiannually
186 from counties and monthly from incorporated municipalities from
187 the amount to be remitted to the county or municipality, a sum
188 equal to the next repayment as provided in the loan agreement.

189 (e) Any county, incorporated municipality, district or
190 other water organization desiring to construct a project approved
191 by the board which receives a loan from the state for that purpose
192 but which is not eligible to pledge for repayment under the
193 provisions of paragraph (d) of this subsection, shall repay that
194 loan by making payments each month to the State Treasurer through
195 the Department of Finance and Administration for and on behalf of
196 the board according to Section 7-7-15, to be credited to either
197 the revolving fund or the emergency fund, whichever is
198 appropriate, in lieu of pledging homestead exemption annual tax
199 loss reimbursement or sales tax revenue distribution.

200 Loan repayments shall be according to a repayment schedule
201 contained in each loan agreement as provided in paragraph (d) of
202 this subsection.

203 (f) Any district created pursuant to Sections 19-5-151
204 through 19-5-207 that receives a loan from the revolving fund or
205 the emergency fund shall pledge for repayment of the loan any part
206 of the revenues received by that district pursuant to Sections

20719-5-151 through 19-5-207, as may be required to meet the
208repayment schedule contained in the loan agreement.

209 (g) The State Auditor, upon request of the board, shall
210audit the receipts and expenditures of a county, an incorporated
211municipality, district or other water organization whose loan
212repayments appear to be in arrears, and if the Auditor finds that
213the county, incorporated municipality, district or other water
214organization is in arrears in those repayments, the Auditor shall
215immediately notify the chairman of the board who may take any
216action as may be necessary to enforce the terms of the loan
217agreement, including liquidation and enforcement of the security
218given for repayment of the loan, and the Executive Director of the
219Department of Finance and Administration who shall withhold all
220future payments to the county of homestead exemption annual tax
221loss reimbursements under Section 27-33-77 and all sums allocated
222to the county or the incorporated municipality under Section
22327-65-75 until such time as the county or the incorporated
224municipality is again current in its loan repayments as certified
225by the board.

226 (h) All monies deposited in the revolving fund or the
227emergency fund, including loan repayments and interest earned on
228those repayments, shall be used only for providing loans or other
229financial assistance to water systems as the board deems
230appropriate. In addition, any amounts in the revolving fund or
231the emergency fund may be used to defray the reasonable costs of
232administering the revolving fund or the emergency fund and
233conducting activities under this section and Sections 6 through 20
234of Chapter 521, Laws of 1995, subject to any limitations
235established in the federal Safe Drinking Water Act, as amended and
236subject to annual appropriation by the Legislature. The
237department is authorized, upon approval by the board, to use
238amounts available to it from the revolving fund or the emergency
239fund to contract for those facilities and staff needed to
240administer and provide routine management for the funds and loan
241program.

242 (3) In administering this section and Sections 6 through 20
243 of Chapter 521, Laws of 1995, the board created in subsection (1)
244 of this section shall have the following powers and duties:

245 (a) To supervise the use of all funds made available
246 under this section and Sections 6 through 20 of Chapter 521, Laws
247 of 1995, for local governments and rural water systems
248 improvements;

249 (b) To promulgate rules and regulations, to make
250 variances and exceptions thereto, and to establish procedures in
251 accordance with this section and Sections 6 through 20 of Chapter
252 521, Laws of 1995, for the implementation of the local governments
253 and rural water systems improvements revolving loan program;

254 (c) To require, at the board's discretion, any loan
255 recipient to impose a per connection fee or surcharge or amended
256 water rate schedule or tariff on each customer or any class of
257 customers, benefiting from an improvement financed by a loan made
258 under this act, for repayment of any loan funds provided under
259 this section and Sections 6 through 20 of Chapter 521, Laws of
260 1995. The board may require any loan recipient to undergo a water
261 system viability analysis and may require a loan recipient to
262 implement any result of the viability analysis. If the loan
263 recipient fails to implement any result of a viability analysis as
264 required by the board, the board may impose a monetary penalty or
265 increase the interest rate on the loan, or both;

266 (d) To review and certify all projects for which funds
267 are authorized to be made available under this section and
268 Sections 6 through 20 of Chapter 521, Laws of 1995, for local
269 governments and rural water systems improvements;

270 (e) To requisition monies in the Local Governments and
271 Rural Water Systems Improvements Revolving Loan Fund and the Local
272 Governments and Rural Water Systems Emergency Loan Fund and
273 distribute those monies on a project-by-project basis in
274 accordance with this section;

275 (f) To ensure that the funds made available under this
276 section and Sections 6 through 20 of Chapter 521, Laws of 1995,

277to a county, an incorporated municipality, a district or a water
278organization that has been granted tax exempt status under either
279federal or state law provide for a distribution of projects and
280funds among the entities under a priority system established by
281the board;

282 (g) To maintain in accordance with generally accepted
283government accounting standards an accurate record of all monies
284in the revolving fund and the emergency fund made available to
285counties, incorporated municipalities, districts or other water
286organizations under this section and Sections 6 through 20 of
287Chapter 521, Laws of 1995, and the costs for each project;

288 (h) To establish policies, procedures and requirements
289concerning viability and financial capability to repay loans that
290may be used in approving loans available under this section,
291including a requirement that all loan recipients have a rate
292structure which will be sufficient to cover the costs of
293operation, maintenance, major equipment replacement and repayment
294of any loans made under this section; and

295 (i) To file annually with the Legislature a report
296detailing how monies in the Local Governments and Rural Water
297Systems Improvements Revolving Loan Fund and the Local Governments
298and Rural Water Systems Emergency Loan Fund were spent during the
299preceding fiscal year in each county, incorporated municipality,
300district or other water organization, the number of projects
301approved and constructed, and the cost of each project.

302 For efficient and effective administration of the loan
303program, revolving fund and emergency fund, the board may
304authorize the department or the State Health Officer to carry out
305any or all of the powers and duties enumerated above.

306 SECTION 2. This act shall take effect and be in force from
307and after its passage.

**Further, amend by striking the title in its entirety and
inserting in lieu thereof the following:**

1 AN ACT TO AMEND SECTION 41-3-16, MISSISSIPPI CODE OF 1972, TO

2REVISE THE SIZE AND MEMBERSHIP OF THE LOCAL GOVERNMENTS AND RURAL
3WATER SYSTEMS IMPROVEMENTS BOARD; TO PROVIDE FOR AN INDIRECT COST
4RATE TO BE PAID FOR CONTRACTUAL SERVICES; TO INCREASE FROM
5\$1,000,000.00 TO \$1,500,000.00 THE MAXIMUM LOAN AMOUNT UNDER THE
6LOCAL GOVERNMENTS AND RURAL WATER SYSTEMS IMPROVEMENTS LOAN
7PROGRAM; AND FOR RELATED PURPOSES.