

By: Representatives Bell (65th), Brown (70th), Crudup, Yates, Stamps, Gibbs (72nd), Holloway

To: Municipalities

HOUSE BILL NO. 359
(As Sent to Governor)

1 AN ACT TO ALLOW CERTAIN MUNICIPALITIES TO ADOPT RULES AND
2 PROCEDURES AUTHORIZING ACCOUNTING SYSTEM ACCOMMODATION OF CERTAIN
3 UNCOLLECTIBLE INDEBTEDNESS OWED BY A CUSTOMER FOR WATER AND SEWER
4 SERVICES; TO AMEND SECTIONS 31-19-27 AND 31-19-29, MISSISSIPPI
5 CODE OF 1972, DEALING WITH DOUBTFUL CLAIMS; AND FOR RELATED
6 PURPOSES.

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

8 **SECTION 1.** (1) A municipality having a population of one
9 hundred fifty thousand (150,000) as of the most recent decennial
10 census or more may institute a program to address certain disputed
11 or delinquent water and sewer customer accounts. The municipality
12 must adopt rules and procedures to implement the program if
13 instituted. Such rules may consider the customer's ability to pay
14 the full amount of the disputed or delinquent claim. In order for
15 the program to take effect, the mayor of the municipality, the
16 Municipal Director of Public Works, and Executive Director of the
17 the Mississippi Public Utilities Staff shall mutually approve such
18 rules and procedures by July 1, 2021. The rules and procedures
19 shall include, but not be limited to, an itemized summary of the
20 amount and number of all accounts judged to be disputed or



21 delinquent. The municipality's authority to compromise doubtful
22 claims is limited to the following cases:

23 (a) (i) Instances of error on the part of the
24 municipality such as equipment failure, process failure or billing
25 failure;

26 (ii) Instances of error on the part of the
27 municipality due to unforeseen circumstance such as damage,
28 extreme weather-related event, declared disaster or emergency, or
29 mandatory evacuation, but only to the extent the customer did not
30 receive the benefit of the water or sewer service; and

31 (b) Instances where the customer's ability to pay or
32 the amount of the customer's overdue balance for water and sewer
33 service can be reasonably adjudged to be uncollectible, in which
34 case the municipality may utilize an installment payment agreement
35 to allow the customer additional time to pay a prescribed portion
36 of the outstanding balance, and as part of the installment payment
37 plan, to offer the utilization by the municipality of accounting
38 procedures to move the remaining balance as an uncollectible debt
39 to a special municipal accounting category of uncollectible or
40 inactive accounts as outlined in the program rules if the customer
41 fulfills all terms of the installment plan. The prescribed
42 portion must require some payment by the customer. The program
43 must provide that the accounting adjustments under this paragraph
44 (b) do not result in forgiveness of uncollectible debts.



45 (2) The municipality may set program parameters to take into
46 account the principle of collateral estoppel as to its own prior
47 service, billing or collection actions.

48 (3) Any utility that participates in the program shall
49 provide by January 1, 2022, to the Governor, Lieutenant Governor,
50 Speaker of the House of Representatives, and Mississippi Public
51 Utilities Staff a report that details the utility's revenue
52 collection, the number of accounts that have been adjudged
53 uncollectable, the number of accounts that are participating in
54 the installment payment plans, the number of accounts that are
55 overdue, and the effect of the program on the utility's revenue
56 collection. Such report shall also include the utility's plan to
57 address any remaining disputed or delinquent claims that have not
58 been resolved, to provide fair and accurate bills to all of its
59 customers, and to reduce equipment failure, process failure, and
60 billing failures in the future.

61 (4) For the purpose of this section, the Executive Director
62 of the Mississippi Public Utilities Staff may enter into
63 professional services contracts to ensure the success of the
64 program. The municipally-owned utility shall reimburse the
65 Mississippi Public Utilities Staff for such contracts, not to
66 exceed Two Hundred Thousand Dollars (\$200,000.00) over the
67 duration of the program.

68 (5) This section shall stand repealed on July 1, 2022.



69 **SECTION 2.** Section 31-19-27, Mississippi Code of 1972, is
70 amended as follows:

71 31-19-27. A doubtful claim of the state, or of the county,
72 city, town, village, or levee board is one for which judgment has
73 been rendered and for the collection of which the ordinary process
74 of law has been ineffectual; debts due by drainage districts or
75 other taxing districts or sinking funds to counties under the
76 Rehabilitation Act of 1928, being Chapter 88 * * *, Laws of 1928,
77 and Chapter 16 of the Acts of the Special Session of 1931; those
78 debts due counties by drainage districts, which the Reconstruction
79 Finance Corporation has heretofore refused to refinance; those
80 debts due a municipal utility system as authorized under Section 1
81 of this act; debts due for sixteenth section township school fund
82 loans made to churches, where the board of supervisors finds that
83 the value of the security given therefor is insufficient or
84 inadequate to pay or satisfy the principal and interest of said
85 loan, and when the church repays the principal of said loan; and
86 debts due by counties and townships to drainage districts for
87 drainage district assessments or taxes levied and assessed upon
88 sixteenth section lands.

89 **SECTION 3.** Section 31-19-29, Mississippi Code of 1972, is
90 amended as follows:

91 31-19-29. The Governor, on the advice of the Attorney
92 General or * * * the Commissioner of Revenue at the State
93 Department of Revenue, may, upon application of the defendant or



94 debtor proposing a compromise, settle and compromise any doubtful
95 claim of the state, or of any county, city, town, or village, or
96 of any levee board against such defendant or debtor, upon such
97 terms as he may deem proper, the board of supervisors in the case
98 of a county, and the municipal authorities in the case of a city,
99 town or village, and the levee board in the case of a claim of a
100 levee board, concurring therein. The Governor, upon application
101 of a drainage district having obligations outstanding to a county
102 under the provisions of Chapter 88, Laws of 1928, and Chapter 16,
103 Laws of the Extraordinary Session of 1931, or obligations which
104 the Reconstruction Finance Corporation has heretofore refused to
105 refinance, may settle and compromise any claim, debt or obligation
106 that said drainage district may owe any county in the State of
107 Mississippi for money loaned said district under the provisions of
108 said Chapter 88, Laws of 1928, or any other claim, debt or
109 obligation that said drainage district may owe the county which
110 the Reconstruction Finance Corporation has heretofore refused to
111 finance, if the board of supervisors of said county concurs in the
112 application of the drainage district. A municipality may
113 compromise a debt owed for water and sewer service only as
114 provided in Section 1 of this act. The Governor, upon application
115 by the board of supervisors for any taxing districts of said
116 county or sinking funds of said county under the control and
117 supervision of said board of supervisors having obligations
118 outstanding and due to said county under the provisions of Chapter



119 88, Laws of 1928, and Chapter 16, Laws of the Extraordinary
120 Session of 1931, may settle and compromise any claim, debt, or
121 obligation that said taxing districts or sinking funds may owe
122 said county for money loaned said taxing districts or sinking
123 funds under the provisions of said Chapter 88, Laws of 1928; and
124 provided that the Governor, on the advice of the Attorney General,
125 and upon application of a church owing a sixteenth section
126 township school fund loan, may settle and compromise such debt or
127 obligation if the board of supervisors of the said county concurs
128 in the application of the said church. The Governor may, on the
129 advice of the Attorney General, in like manner compromise and
130 settle a claim of a drainage district for unpaid assessments or
131 taxes upon sixteenth section lands upon application of the board
132 of supervisors wherein such sixteenth section is situated, if the
133 commissioners of the drainage district concur therein.

134 **SECTION 4.** This act shall take effect and be in force from
135 and after its passage.

