

By: Representatives Bell (65th), Brown  
(70th), Banks, Clarke, Foster, Stamps, Crudup

To: Municipalities

HOUSE BILL NO. 498

1 AN ACT TO AMEND SECTION 21-27-77, MISSISSIPPI CODE OF 1972,  
2 TO EXTEND THE DATE OF REPEAL FROM JULY 1, 2023, TO JULY 1, 2026,  
3 ON THE PROVISION OF LAW THAT ALLOWS CERTAIN MUNICIPALITIES TO  
4 ADOPT RULES AND PROCEDURES FOR ACCOUNTING SYSTEM ACCOMMODATIONS OF  
5 CERTAIN UNCOLLECTIBLE INDEBTEDNESS OWED BY A CUSTOMER FOR WATER  
6 AND SEWER SERVICES; AND FOR RELATED PURPOSES.

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

8 **SECTION 1.** Section 21-27-77, Mississippi Code of 1972, is  
9 amended as follows:

10 21-27-77. (1) A municipality having a population of one  
11 hundred fifty thousand (150,000) as of the most recent decennial  
12 census or more may institute a program to address certain disputed  
13 or delinquent water and sewer customer accounts. The municipality  
14 must adopt rules and procedures to implement the program if  
15 instituted. Such rules may consider the customer's ability to pay  
16 the full amount of the disputed or delinquent claim. In order for  
17 the program to take effect, the mayor of the municipality, the  
18 Municipal Director of Public Works, and Executive Director of the  
19 Mississippi Public Utilities Staff shall mutually approve such  
20 rules and procedures by July 1, 2021. The rules and procedures



21 shall include, but not be limited to, an itemized summary of the  
22 amount and number of all accounts judged to be disputed or  
23 delinquent. The municipality's authority to compromise doubtful  
24 claims is limited to the following cases:

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

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

33 (b) Instances where the customer's ability to pay or  
34 the amount of the customer's overdue balance for water and sewer  
35 service can be reasonably adjudged to be uncollectible, in which  
36 case the municipality may utilize an installment payment agreement  
37 to allow the customer additional time to pay a prescribed portion  
38 of the outstanding balance, and as part of the installment payment  
39 plan, to offer the utilization by the municipality of accounting  
40 procedures to move the remaining balance as an uncollectible debt  
41 to a special municipal accounting category of uncollectible or  
42 inactive accounts as outlined in the program rules if the customer  
43 fulfills all terms of the installment plan. The prescribed  
44 portion must require some payment by the customer. The program



45 must provide that the accounting adjustments under this paragraph  
46 (b) do not result in forgiveness of uncollectible debts.

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

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

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



70 (5) This section shall stand repealed on July 1, \* \* \* 2026.

71 **SECTION 2.** This act shall take effect and be in force from  
72 and after July 1, 2023.

