

By: Representatives Deweese, Crawford

To: Public Utilities; Ways  
and Means

HOUSE BILL NO. 1088  
(As Passed the House)

1 AN ACT TO AMEND SECTIONS 21-27-7 AND 19-5-181, MISSISSIPPI  
2 CODE OF 1972, TO GRANT MUNICIPALITIES AND COUNTIES THE AUTHORITY  
3 TO PURCHASE WATER ASSOCIATIONS THROUGH THE ISSUANCE OF REVENUE AND  
4 SPECIAL IMPROVEMENT BONDS; AND FOR RELATED PURPOSES.

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

6 **SECTION 1.** Section 21-27-7, Mississippi Code of 1972, is  
7 amended as follows:

8 21-27-7. (1) (a) The governing authorities of  
9 municipalities shall have the power to erect, purchase, maintain  
10 and operate waterworks, and to regulate the same, and to prescribe  
11 the rates at which water shall be supplied to the users. The  
12 rates at which water, wastewater, and sewer services shall be  
13 supplied shall be just and reasonable based on the actual cost to  
14 operate and maintain the systems, and rates may not be  
15 unreasonably preferential, prejudicial or discriminatory but shall  
16 be sufficient, equitable and consistent in application to each  
17 class of users. While a municipality may set different rates for  
18 different classifications of users, a municipality shall not  
19 discriminate in setting rates among members of the same



20 classification. The municipal governing authorities shall make a  
21 finding on the minutes of the governing body establishing the rate  
22 based on the actual cost to operate and maintain the system. A  
23 municipality shall not charge a user a fee for services received  
24 which is less than the cost incurred by the municipality to  
25 provide such services.

26 (b) The governing authorities of a municipality shall  
27 establish and maintain rates and charges in equitable proportion  
28 to the use of the services and benefits rendered by the waterworks  
29 systems and water treatment facilities serving the municipal area.  
30 From time to time the governing authorities shall adjust such  
31 rates, to the end that the revenues therefrom will be sufficient  
32 at all times to pay the expenses of operating and maintaining such  
33 works, facilities and systems and all of the municipality's  
34 obligations under any contract or bond resolution with respect  
35 thereto. The calculation of a user's bill shall be limited to the  
36 actual amount of volumetric usage, plus those fees reasonable and  
37 necessary for the cost of capital expenses, system operation and  
38 maintenance, and debt service.

39 (c) If a user's meter is tampered with, unreadable, or  
40 otherwise out-of-order, a municipality may render an estimated  
41 bill to that user for a period not to exceed six (6) months. In  
42 such circumstance, an estimated bill shall be based upon the prior  
43 average measured usage of the user or a similar user of the same  
44 classification.



(i) Only in the event a municipality is unable to meet the requirement of billing based solely on volumetric usage, such municipality may bill based on a flat fee rate where such municipality has established flat fee billing as its usual and customary billing practice prior to July 1, 2023, and where such municipality is actively billing based upon a flat fee rate as of July 1, 2023. In such circumstances, flat fee billing may be utilized until such time as the municipality implements upgrades to its system to provide for volumetric billing. In such circumstance, the municipality may set different flat fee rates for different classifications of users, but the municipality shall not discriminate in setting flat fee rates among members of the same classification, and the municipality shall not charge a user a fee for services received that is less than the cost incurred by the municipality to provide such services.

(ii) The governing authorities of the municipality shall make a finding annually on the minutes of the governing body establishing the rate based upon the actual cost to operate and maintain the system as determined under Generally Accepted Accounting Principles, and the municipality shall not charge a user a fee for services received that is less than the cost incurred by the municipality, or based on the assessed value of the property, to provide such services.

(d) Notice of any change in the rate or rate structure at which services are supplied shall be posted on all bills sent



70 to users at least one (1) month prior to the effective date of the  
71 rate change. Notice shall also be posted to the municipality's  
72 online web page or bill payment platform, if the municipality has  
73 an online web page or bill payment platform.

74 (e) Nothing in this statute shall be construed as  
75 prohibiting a user or governing authority of any municipality from  
76 applying for and receiving any federally or privately subsidized  
77 payment assistance, grant or other funds.

78 (f) The governing authority of a municipality may  
79 provide for the calculation of a user's bill by a method other  
80 than volumetric usage only in exchange for consideration as part  
81 of, or in connection with, an incentive contract or other form of  
82 benefit or assistance related to the user's location, expansion,  
83 or maintenance of its commercial or industrial operation within  
84 the municipality, so long as such rate is equitable, fair, and  
85 nondiscriminatory, and the municipality shall not charge such user  
86 a fee for services received that is less than the cost incurred by  
87 the municipality to provide such services.

88 (2) The governing authorities of municipalities shall have  
89 the power to acquire by purchase, donation or condemnation, in the  
90 name of the municipality, suitable grounds, within or without the  
91 corporate limits, upon which to erect waterworks, and also the  
92 right-of-way to and from such works and the right-of-way for  
93 laying water pipes within the corporate limits, and from such  
94 waterworks to the municipality, and to extend such right-of-way



95 from time to time. The governing authorities shall have the power  
96 to contract with any person for the maintenance and operation of  
97 waterworks. The authorities shall have the power to contract with  
98 any person for the erection and maintenance of waterworks for a  
99 term not exceeding twenty-five (25) years, fixing water rates in  
100 the contract subject to municipal regulations. A contract for the  
101 erection or purchase of waterworks shall not, however, be entered  
102 into until submitted to a vote of the qualified electors and  
103 approved by a majority of those voting. A contract for  
104 maintenance under which the person who will perform such  
105 maintenance is wholly or partially responsible for fixing water  
106 rates shall not be entered into until submitted to a vote of the  
107 qualified electors and approved by a majority of those voting. It  
108 shall be unlawful for any municipally owned waterworks to supply  
109 water free of charge, or in any amount less than the fixed  
110 charges, to any person, firm or corporation, except as is  
111 expressly authorized by law.

112 (3) The governing authorities of a municipality, with mutual  
113 agreement between the municipality and a water association, shall  
114 have the authority to purchase the assets of the water  
115 association, including water supply and distribution systems, by  
116 the issuance of revenue bonds, provided that such bonds are  
117 payable solely from the revenues generated by the waterworks  
118 system. The purchase shall be subject to the approval of the  
119 governing authorities, and the bonds may be issued as revenue



bonds or as special improvement bonds, as provided in Section  
19-5-181, for the purpose of acquiring, improving, or expanding  
waterworks facilities.

**SECTION 2.** Section 19-5-181, Mississippi Code of 1972, is  
amended as follows:

19-5-181. (1) Any such district shall have the power to  
provide funds for the purpose of constructing, acquiring,  
reconstructing, improving, bettering or extending the facilities  
of such district or for the purpose of buying, leasing, or  
otherwise acquiring the assets and facilities of any nonprofit  
corporation organized pursuant to the provisions of Sections  
79-11-101 through 79-11-399, or any other utility district by the  
issuance of revenue bonds. Such bonds shall be payable solely and  
only from the revenues of such facilities, and such revenues may  
be pledged from a portion of the service area of the district to  
the support of debt service for a specific series or issue of  
bonds if such apportionment is economically feasible.

(2) Any such district shall have the power to provide funds,  
in addition to or in conjunction with the funds authorized in  
subsection (1) above, for water supply or pollution abatement  
projects by issuing special improvement pollution abatement bonds,  
special improvement water bonds, or combinations of special  
improvement water and sewer bonds, if the resolution creating the  
district authorized the board of supervisors to make assessments  
against benefited properties as outlined in Section 19-5-191. Such



bonds shall be payable solely and only from charges assessed to benefited properties as outlined in said Section 19-5-191.

(3) If the board of supervisors of the county should levy a special tax, as provided in Section 19-5-189, and consent to the pledge of any part thereof, then that part of such tax levy may be pledged in addition to the revenues of such facilities to the payment of such bonds, and upon the pledge thereof such part of said levy so pledged shall not be reduced while such bonds are outstanding and unpaid. If the board of supervisors of the county should provide for special improvement bonds as outlined in Section 19-5-191, the funds received from the charges assessed to the properties being benefited shall be pledged, separately or in conjunction with the revenues and the avails of taxes described above, for payment of such bonds, and such assessments shall not be reduced while such bonds are outstanding and unpaid.

(4) The board of supervisors, with mutual agreement between the county and a water association, shall have the authority to issue revenue bonds or special improvement bonds to fund the purchase of the water association, water supply systems, or related facilities within the district. The issuance of such bonds shall be subject to the same procedures outlined herein, including the approval of the board of supervisors and the pledge of revenues from the purchased waterworks to repay the bonds.

**SECTION 3.** This act shall take effect and be in force from and after July 1, 2025.

