

By: Representative Powell

To: Ways and Means

## HOUSE BILL NO. 1196

1 AN ACT TO AMEND SECTION 41-3-16, MISSISSIPPI CODE OF 1972, TO  
2 AUTHORIZE THE PEARL RIVER VALLEY WATER SUPPLY DISTRICT TO  
3 PARTICIPATE IN THE LOCAL GOVERNMENTS AND RURAL WATER SYSTEMS  
4 IMPROVEMENTS REVOLVING LOAN AND GRANT PROGRAM ADMINISTERED BY THE  
5 STATE DEPARTMENT OF HEALTH; AND FOR RELATED PURPOSES.

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

7 **SECTION 1.** Section 41-3-16, Mississippi Code of 1972, is  
8 amended as follows:

9 41-3-16. (1) (a) There is established a local governments  
10 and rural water systems improvements revolving loan and grant  
11 program to be administered by the State Department of Health,  
12 referred to in this section as "department," for the purpose of  
13 assisting counties, incorporated municipalities, the Pearl River  
14 Valley Water Supply District, other districts \* \* \* and other  
15 water organizations that have been granted tax-exempt status under  
16 either federal or state law, in making improvements to their water  
17 systems, including construction of new water systems or expansion  
18 or repair of existing water systems. Loan and grant proceeds may  
19 be used by the recipient for planning, professional services,



20 acquisition of interests in land, acquisition of personal  
21 property, construction, construction-related services,  
22 maintenance, and any other reasonable use which the board, in its  
23 discretion, may allow. For purposes of this section, "water  
24 systems" has the same meaning as the term "public water system"  
25 under Section 41-26-3.

26 (b) (i) There is created a board to be known as the  
27 "Local Governments and Rural Water Systems Improvements Board,"  
28 referred to in this section as "board," to be composed of the  
29 following nine (9) members: the State Health Officer, or his  
30 designee, who shall serve as chairman of the board; the Executive  
31 Director of the Mississippi Development Authority, or his  
32 designee; the Executive Director of the Department of  
33 Environmental Quality, or his designee; the Executive Director of  
34 the Department of Finance and Administration, or his designee; the  
35 Executive Director of the Mississippi Association of Supervisors,  
36 or his designee; the Executive Director of the Mississippi  
37 Municipal League, or his designee; the Executive Director of the  
38 American Council of Engineering Companies of Mississippi, or his  
39 designee; the State Director of the United States Department of  
40 Agriculture, Rural Development, or his designee; and a manager of  
41 a rural water system.

42 The Governor shall appoint a manager of a rural water system  
43 from a list of candidates provided by the Executive Director of  
44 the Mississippi Rural Water Association. The Executive Director



of the Mississippi Rural Water Association shall provide the Governor a list of candidates which shall contain a minimum of three (3) candidates for each appointment.

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

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

(c) The department, if requested by the board, shall furnish the board with facilities and staff as needed to administer this section. The department may contract, upon approval by the board, for those facilities and staff needed to administer this section, including routine management, as it deems necessary. The board may advertise for or solicit proposals from public or private sources, or both, for administration of this section or any services required for administration of this section or any portion thereof. It is the intent of the Legislature that the board endeavor to ensure that the costs of administration of this section are as low as possible in order to provide the water consumers of Mississippi safe drinking water at affordable prices.



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

72           (2) (a) There is created a special fund in the State  
73 Treasury to be designated as the "Local Governments and Rural  
74 Water Systems Improvements Revolving Loan Fund," referred to in  
75 this section as "revolving fund," which fund shall consist of  
76 those monies as provided in Sections 6 and 13 of Chapter 521, Laws  
77 of 1995. The revolving fund may receive appropriations, bond  
78 proceeds, grants, gifts, donations or funds from any source,  
79 public or private. Except as otherwise provided in this section,  
80 the revolving fund shall be credited with all repayments of  
81 principal and interest derived from loans made from the revolving  
82 fund. Except as otherwise provided in this section, the monies in  
83 the revolving fund may be expended only in amounts appropriated by  
84 the Legislature, and the different amounts specifically provided  
85 for the loan program and the grant program shall be so designated.  
86 Except as otherwise provided in this section, monies in the fund  
87 may only be expended for the grant program from the amount  
88 designated for such program. The revolving fund shall be  
89 maintained in perpetuity for the purposes established in this  
90 section and Sections 6 through 20 of Chapter 521, Laws of 1995.  
91 Unexpended amounts remaining in the revolving fund at the end of a  
92 fiscal year shall not lapse into the State General Fund, and any  
93 interest earned on amounts in the revolving fund shall be



94 deposited to the credit of the fund. Monies in the revolving fund  
95 may not be used or expended for any purpose except as authorized  
96 under this section and Sections 6 through 20 of Chapter 521, Laws  
97 of 1995. Any monies in the fund may be used to match any federal  
98 funds that are available for the same or related purposes for  
99 which funds are used and expended under this section and Sections  
100 6 through 20 of Chapter 521, Laws of 1995. Any federal funds  
101 shall be used and expended only in accordance with federal laws,  
102 rules and regulations governing the expenditure of those funds.  
103 No person shall use any monies from the revolving fund for the  
104 acquisition of real property or any interest in real property  
105 unless that property is integral to the project funded under this  
106 section and the purchase is made from a willing seller. No  
107 county, incorporated municipality or district shall acquire any  
108 real property or any interest in any real property for a project  
109 funded through the revolving fund by condemnation. The board's  
110 application of Sections 43-37-1 through 43-37-13 shall be no more  
111 stringent or extensive in scope, coverage and effect than federal  
112 property acquisition laws and regulations.

113           (b) There is created a special fund in the State  
114 Treasury to be designated as the "Local Governments and Rural  
115 Water Systems Emergency Loan Fund," hereinafter referred to as  
116 "emergency fund," which fund shall consist of those monies as  
117 provided in Sections 6 and 13 of Chapter 521, Laws of 1995. The  
118 emergency fund may receive appropriations, bond proceeds, grants,



119 gifts, donations or funds from any source, public or private.  
120 Except as otherwise provided in this section, the emergency fund  
121 shall be credited with all repayments of principal and interest  
122 derived from loans made from the emergency fund. Except as  
123 otherwise provided in this section, the monies in the emergency  
124 fund may be expended only in amounts appropriated by the  
125 Legislature. The emergency fund shall be maintained in perpetuity  
126 for the purposes established in this section and Section 6 of  
127 Chapter 521, Laws of 1995. Unexpended amounts remaining in the  
128 emergency fund at the end of a fiscal year shall not lapse into  
129 the State General Fund. Any interest earned on amounts in the  
130 emergency fund shall be deposited to the credit of the fund.  
131 Monies in the emergency fund may not be used or expended for any  
132 purpose except as authorized under this section and Section 6 of  
133 Chapter 521, Laws of 1995.

134           (c) The board created in subsection (1) shall establish  
135 loan and grant programs by which loans and grants may be made  
136 available to counties, incorporated municipalities, districts or  
137 other water organizations that have been granted tax-exempt status  
138 under either federal or state law, to assist those counties,  
139 incorporated municipalities, districts or water organizations in  
140 making water systems improvements, including the construction of  
141 new water systems or expansion or repair of existing water  
142 systems. Any entity eligible under this section may receive  
143 either a loan or a grant, or both. No grant awarded under the



144 program established in this section may be made using funds from  
145 the loan program. Grants may be awarded only when the Legislature  
146 specifically appropriates funds for that particular purpose. The  
147 interest rate on those loans may vary from time to time and from  
148 loan to loan, and will be at or below market interest rates as  
149 determined by the board. The board shall act as quickly as is  
150 practicable and prudent in deciding on any loan request that it  
151 receives. Loans from the revolving fund or emergency fund may be  
152 made to counties, incorporated municipalities, districts or other  
153 water organizations that have been granted tax-exempt status under  
154 either federal or state law, as set forth in a loan agreement in  
155 amounts not to exceed one hundred percent (100%) of eligible  
156 project costs as established by the board. The board may require  
157 county, municipal, district or other water organization  
158 participation or funding from other sources, or otherwise limit  
159 the percentage of costs covered by loans from the revolving fund  
160 or the emergency fund. The board may establish a maximum amount  
161 for any loan from the revolving fund or emergency fund in order to  
162 provide for broad and equitable participation in the programs.

163 (d) A county that receives a loan from the revolving  
164 fund or the emergency fund shall pledge for repayment of the loan  
165 any part of the homestead exemption annual tax loss reimbursement  
166 to which it may be entitled under Section 27-33-77, as may be  
167 required to meet the repayment schedule contained in the loan  
168 agreement. An incorporated municipality that receives a loan from



169 the revolving fund or the emergency fund shall pledge for  
170 repayment of the loan any part of the sales tax revenue  
171 distribution to which it may be entitled under Section 27-65-75,  
172 as may be required to meet the repayment schedule contained in the  
173 loan agreement. All recipients of such loans shall establish a  
174 dedicated source of revenue for repayment of the loan. Before any  
175 county or incorporated municipality shall receive any loan, it  
176 shall have executed with the Department of Revenue and the board a  
177 loan agreement evidencing that loan. The loan agreement shall not  
178 be construed to prohibit any recipient from prepaying any part or  
179 all of the funds received. The repayment schedule in each loan  
180 agreement shall provide for (i) monthly payments, (ii) semiannual  
181 payments, or (iii) other periodic payments, the annual total of  
182 which shall not exceed the annual total for any other year of the  
183 loan by more than fifteen percent (15%). Except as otherwise  
184 provided in subsection (4) of this section, the loan agreement  
185 shall provide for the repayment of all funds received from the  
186 revolving fund within not more than fifteen (15) years or a term  
187 as otherwise allowed by the federal Safe Drinking Water Act, and  
188 all funds received from the emergency fund within not more than  
189 five (5) years from the date of project completion, and any  
190 repayment shall commence not later than one (1) year after project  
191 completion. The Department of Revenue shall withhold semiannually  
192 from counties and monthly from incorporated municipalities from





the amount to be remitted to the county or municipality, a sum equal to the next repayment as provided in the loan agreement.

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

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

(f) Any district created pursuant to Sections 19-5-151 through 19-5-207 that receives a loan from the revolving fund or the emergency fund shall pledge for repayment of the loan any part of the revenues received by that district pursuant to Sections 19-5-151 through 19-5-207, as may be required to meet the repayment schedule contained in the loan agreement.

(g) The State Auditor, upon request of the board, shall audit the receipts and expenditures of a county, an incorporated municipality, district or other water organization whose loan



218 repayments appear to be in arrears, and if the Auditor finds that  
219 the county, incorporated municipality, district or other water  
220 organization is in arrears in those repayments, the Auditor shall  
221 immediately notify the chairman of the board who may take any  
222 action as may be necessary to enforce the terms of the loan  
223 agreement, including liquidation and enforcement of the security  
224 given for repayment of the loan, and the Executive Director of the  
225 Department of Finance and Administration who shall withhold all  
226 future payments to the county of homestead exemption annual tax  
227 loss reimbursements under Section 27-33-77 and all sums allocated  
228 to the county or the incorporated municipality under Section  
229 27-65-75 until such time as the county or the incorporated  
230 municipality is again current in its loan repayments as certified  
231 by the board.

232           (h) Except as otherwise provided in this section, all  
233 monies deposited in the revolving fund or the emergency fund,  
234 including loan repayments and interest earned on those repayments,  
235 shall be used only for providing loans or other financial  
236 assistance to water systems as the board deems appropriate. In  
237 addition, any amounts in the revolving fund or the emergency fund  
238 may be used to defray the reasonable costs of administering the  
239 revolving fund or the emergency fund and conducting activities  
240 under this section and Sections 6 through 20 of Chapter 521, Laws  
241 of 1995, subject to any limitations established in the federal  
242 Safe Drinking Water Act, as amended and subject to annual



243 appropriation by the Legislature. The department is authorized,  
244 upon approval by the board, to use amounts available to it from  
245 the revolving fund or the emergency fund to contract for those  
246 facilities and staff needed to administer and provide routine  
247 management for the funds and loan program. However,  
248 notwithstanding any other provision of law to the contrary, all or  
249 any portion of repayments of principal and interest derived from  
250 the fund uses described in this section may be designated or  
251 pledged for repayment of a loan as provided for in Section  
252 31-25-28 in connection with a loan from the Mississippi  
253 Development Bank.

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

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

261 (b) To promulgate rules and regulations, to make  
262 variances and exceptions thereto, and to establish procedures in  
263 accordance with this section and Sections 6 through 20 of Chapter  
264 521, Laws of 1995, for the implementation of the local governments  
265 and rural water systems improvements revolving loan program;

266 (c) To require, at the board's discretion, any loan or  
267 grant recipient to impose a per connection fee or surcharge or



268 amended water rate schedule or tariff on each customer or any  
269 class of customers, benefiting from an improvement financed by a  
270 loan or grant made under this section, for repayment of any loan  
271 funds provided under this section and Sections 6 through 20 of  
272 Chapter 521, Laws of 1995. The board may require any loan or  
273 grant recipient to undergo a water system viability analysis and  
274 may require a loan or grant recipient to implement any result of  
275 the viability analysis. If the loan recipient fails to implement  
276 any result of a viability analysis as required by the board, the  
277 board may impose a monetary penalty or increase the interest rate  
278 on the loan, or both. If the grant recipient fails to implement  
279 any result of a viability analysis as required by the board, the  
280 board may impose a monetary penalty on the grant;

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

285 (e) To requisition monies in the Local Governments and  
286 Rural Water Systems Improvements Revolving Loan Fund and the Local  
287 Governments and Rural Water Systems Emergency Loan Fund and  
288 distribute those monies on a project-by-project basis in  
289 accordance with this section;

290 (f) To ensure that the funds made available under this  
291 section and Sections 6 through 20 of Chapter 521, Laws of 1995, to  
292 a county, an incorporated municipality, a district or a water



organization that has been granted tax-exempt status under either federal or state law provide for a distribution of projects and funds among the entities under a priority system established by the board;

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

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

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



317           For efficient and effective administration of the loan  
318 program, revolving fund and emergency fund, the board may  
319 authorize the department or the State Health Officer to carry out  
320 any or all of the powers and duties enumerated above.

321           (4) The board may, on a case-by-case basis and to the extent  
322 allowed by federal law, renegotiate the payment of principal and  
323 interest on loans made under this section to the six (6) most  
324 southern counties of the state covered by the Presidential  
325 Declaration of Major Disaster for the State of Mississippi  
326 (FEMA-1604-DR) dated August 29, 2005, and to incorporated  
327 municipalities, districts or other water organizations located in  
328 such counties; however, the interest on the loans shall not be  
329 forgiven for a period of more than twenty-four (24) months and the  
330 maturity of the loans shall not be extended for a period of more  
331 than forty-eight (48) months.

332           **SECTION 2.** This act shall take effect and be in force from  
333 and after July 1, 2025.

