

By: Representatives Deweese, Crawford

To: Public Utilities; Ways
and Means

COMMITTEE SUBSTITUTE
FOR
HOUSE BILL NO. 1088

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.



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

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

68 (d) Notice of any change in the rate or rate structure
69 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



120 bonds or as special improvement bonds, as provided in Section
121 19-5-181, for the purpose of acquiring, improving, or expanding
122 waterworks facilities.

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

125 19-5-181. (1) Any such district shall have the power to
126 provide funds for the purpose of constructing, acquiring,
127 reconstructing, improving, bettering or extending the facilities
128 of such district or for the purpose of buying, leasing, or
129 otherwise acquiring the assets and facilities of any nonprofit
130 corporation organized pursuant to the provisions of Sections
131 79-11-101 through 79-11-399, or any other utility district by the
132 issuance of revenue bonds. Such bonds shall be payable solely and
133 only from the revenues of such facilities, and such revenues may
134 be pledged from a portion of the service area of the district to
135 the support of debt service for a specific series or issue of
136 bonds if such apportionment is economically feasible.

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



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

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

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

168 **SECTION 3.** This act shall take effect and be in force from
169 and after July 1, 2025, and shall stand repealed on June 30, 2025.

