

By: Representatives Powell, Oliver

To: Public Utilities

HOUSE BILL NO. 1185

1 AN ACT TO AUTHORIZE LOCAL MUNICIPAL WATER AUTHORITIES AND
2 WATER ASSOCIATIONS TO BOTTLE AND SELL WATER SOURCED FROM THEIR
3 MUNICIPAL SUPPLIES DIRECTLY TO CONSUMERS; TO AMEND SECTION
4 21-27-7, MISSISSIPPI CODE OF 1972, TO CONFORM TO THE PRECEDING
5 SECTION; AND FOR RELATED PURPOSES.

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

7 **SECTION 1.** (1) Local municipal water authorities and water
8 associations are authorized to bottle and sell water sourced from
9 their municipal supplies directly to consumers.

10 (2) Such municipal water authorities and associations
11 shall comply with all state and federal health, safety and labeling
12 regulations governing bottled water production and distribution.

13 (3) Revenues generated pursuant to the sale of bottled
14 water, as authorized under this section, shall be reinvested into
15 water infrastructure maintenance and community development
16 projects within the respective municipalities.

17 **SECTION 2.** Section 21-27-7, Mississippi Code of 1972, is
18 amended as follows:

19 21-27-7. (1) (a) The governing authorities of
20 municipalities shall have the power to erect, purchase, maintain
21 and operate waterworks, and to regulate the same, and to prescribe
22 the rates at which water shall be supplied to the users. The
23 rates at which water, wastewater, and sewer services shall be
24 supplied shall be just and reasonable based on the actual cost to
25 operate and maintain the systems, and rates may not be
26 unreasonably preferential, prejudicial or discriminatory but shall
27 be sufficient, equitable and consistent in application to each
28 class of users. While a municipality may set different rates for
29 different classifications of users, a municipality shall not
30 discriminate in setting rates among members of the same
31 classification. The municipal governing authorities shall make a
32 finding on the minutes of the governing body establishing the rate
33 based on the actual cost to operate and maintain the system. A
34 municipality shall not charge a user a fee for services received
35 which is less than the cost incurred by the municipality to
36 provide such services.

37 (b) The governing authorities of a municipality shall
38 establish and maintain rates and charges in equitable proportion
39 to the use of the services and benefits rendered by the waterworks
40 systems and water treatment facilities serving the municipal area.
41 From time to time the governing authorities shall adjust such
42 rates, to the end that the revenues therefrom will be sufficient
43 at all times to pay the expenses of operating and maintaining such

44 works, facilities and systems and all of the municipality's
45 obligations under any contract or bond resolution with respect
46 thereto. The calculation of a user's bill shall be limited to the
47 actual amount of volumetric usage, plus those fees reasonable and
48 necessary for the cost of capital expenses, system operation and
49 maintenance, and debt service.

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

56 (i) Only in the event a municipality is unable to
57 meet the requirement of billing based solely on volumetric usage,
58 such municipality may bill based on a flat fee rate where such
59 municipality has established flat fee billing as its usual and
60 customary billing practice prior to July 1, 2023, and where such
61 municipality is actively billing based upon a flat fee rate as of
62 July 1, 2023. In such circumstances, flat fee billing may be
63 utilized until such time as the municipality implements upgrades
64 to its system to provide for volumetric billing. In such
65 circumstance, the municipality may set different flat fee rates
66 for different classifications of users, but the municipality shall
67 not discriminate in setting flat fee rates among members of the
68 same classification, and the municipality shall not charge a user

69 a fee for services received that is less than the cost incurred by
70 the municipality to provide such services.

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

79 (d) Notice of any change in the rate or rate structure
80 at which services are supplied shall be posted on all bills sent
81 to users at least one (1) month prior to the effective date of the
82 rate change. Notice shall also be posted to the municipality's
83 online web page or bill payment platform, if the municipality has
84 an online web page or bill payment platform.

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

89 (f) The governing authority of a municipality may
90 provide for the calculation of a user's bill by a method other
91 than volumetric usage only in exchange for consideration as part
92 of, or in connection with, an incentive contract or other form of
93 benefit or assistance related to the user's location, expansion,

94 or maintenance of its commercial or industrial operation within
95 the municipality, so long as such rate is equitable, fair, and
96 nondiscriminatory, and the municipality shall not charge such user
97 a fee for services received that is less than the cost incurred by
98 the municipality to provide such services.

99 (2) The governing authorities of municipalities shall have
100 the power to acquire by purchase, donation or condemnation, in the
101 name of the municipality, suitable grounds, within or without the
102 corporate limits, upon which to erect waterworks, and also the
103 right-of-way to and from such works and the right-of-way for
104 laying water pipes within the corporate limits, and from such
105 waterworks to the municipality, and to extend such right-of-way
106 from time to time. The governing authorities shall have the power
107 to contract with any person for the maintenance and operation of
108 waterworks. The authorities shall have the power to contract with
109 any person for the erection and maintenance of waterworks for a
110 term not exceeding twenty-five (25) years, fixing water rates in
111 the contract subject to municipal regulations. A contract for the
112 erection or purchase of waterworks shall not, however, be entered
113 into until submitted to a vote of the qualified electors and
114 approved by a majority of those voting. A contract for
115 maintenance under which the person who will perform such
116 maintenance is wholly or partially responsible for fixing water
117 rates shall not be entered into until submitted to a vote of the
118 qualified electors and approved by a majority of those voting. It

119 shall be unlawful for any municipally owned waterworks to supply
120 water free of charge, or in any amount less than the fixed
121 charges, to any person, firm or corporation, except as is
122 expressly authorized by law.

123 (3) The governing authorities of a municipality under this
124 section are authorized to carry out the provisions under Section 1
125 of this act, which pertains to the bottling and selling of water
126 sourced from municipal supplies.

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