

By: Senator(s) Harkins

To: Energy

SENATE BILL NO. 2866

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

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

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

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



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

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

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



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

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

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

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



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

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



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

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



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

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



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

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



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





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

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

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

210 (f) Any district created pursuant to Sections 19-5-151  
211 through 19-5-207 that receives a loan from the revolving fund or  
212 the emergency fund shall pledge for repayment of the loan any part  
213 of the revenues received by that district pursuant to Sections  
214 19-5-151 through 19-5-207, as may be required to meet the  
215 repayment schedule contained in the loan agreement.

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



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

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



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

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

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

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

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



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

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

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

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



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

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

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

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



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

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

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

