

Southern District Reports

2016



2016 State Legislative/Regulatory Profile

STATE: Mississippi
CAPITOL CITY: Jackson
GOVERNOR: Phil Bryant (R)
GENERAL ELECTIONS: 1st Tuesday after 1st Monday in November
LEGISLATURE CONVENES: 1st Tuesday after 1st Monday in January
FLOOR PERIODS: 125 days with new administration; 90 days for next 3 years

SENATE: 52 Members 34 Standing Committees
REPUBLICANS: 32
DEMOCRATS: 20
TERM: 4 years
PRESIDING OFFICER(S): Tate Reeves (R) (Lt. Governor);
Terry Burton (R) (President Pro-Tem)
MAJOR UTILITY COMMITTEE: Senate Energy Committee (14 members)
Chairman: Briggs Hopson (R)
Vice-Chairman: Josh Harkins (R)
CURRENT ISSUES: Budget, Tax Reductions, Transportation/Highways,
Economic Development, Workforce Training, Education

HOUSE: 122 Members 40 Standing Committees
REPUBLICANS: 72
DEMOCRATS: 47
VACANCIES: 3 (2 R, 1 D)
TERM: 4 years
PRESIDING OFFICER(S): Phillip Gunn (R) (Speaker)
Greg Snowden (R) (Speaker Pro Tem)
MAJOR UTILITY COMMITTEE: House Public Utilities Committee (23) members
Chairman: Jim Beckett (R)
Vice-Chairman: Jody Steverson (R)
CURRENT ISSUES: Budget, Tax Reductions, Transportation/Highways,
Economic Development, Workforce Training, Education

REGULATORY BODY: Public Service Commission
MEMBERS: Brandon Presley (D); Commissioner, Northern District
Cecil Brown (D); Commissioner, Central District
Sam Britton (R); Commissioner, Southern District
APPOINTMENT/ELECTION: Election - 4-year term
CURRENT ISSUES: Net Metering, Utility-scale Solar Generation, Baseload
Recovery, Energy Efficiency

Key Utility-Related Legislative Items of the 2016 Legislative Session

811 - Excavation of underground utilities

Effective July, 2016, stricter guidelines will be enforced on those who don't call 8-1-1 before digging a hole deeper than 12 inches or using mechanical equipment on private property. Certain routine maintenance activities on public roadways and rights-of-ways will be exempt from laws regulating the excavation of underground utility lines.

- First offense means the violator must complete a training course on compliance.
- Second offense in a five-year period requires a training course or a fine of up to \$500 per incident.
- Third offense in a five-year period requires a penalty of up to \$2,500 per incident, while a malicious act with intent to damage underground lines would mean a training course and up to \$5,000 per incident.

The law will also create an Underground Facilities Damage Prevention Board later this year.

Electric Co-op/Electric Power Association Bills

Clarifies Mississippi Public Service Commission (MPSC) regulatory authority over electric utility co-ops. Also addresses MPSC oversight of co-op mergers, net metering policies, energy efficiency programs & utility pole attachments.

Creates a new code section in the law to differentiate between generation & transmission (G&T) co-ops and non-generating co-ops. It also makes changes to the composition of the board of directors of the South Mississippi Electric Power Association (SMEPA), the only G&T co-op in the state.

Tax Cuts

This new law will phase out the 3% income tax bracket for individuals and corporations over a 5 year period from 2018 to 2022 and phases out the franchise tax over a 10 year period from 2018 to 2028. The full elimination of the franchise tax in 2028 would provide significant tax savings for investor owned utilities in Mississippi.

MS Dept. of Health fees

Allows the MS Department of Health to adjust fees, including Division of Radiological Health fees to monitor radiation levels at the Grand Gulf Nuclear power plant, to cover the cost of providing the services. Fees can be increased by up to 15% no more than two times from 2016 to 2020.

MPSC & MPUS Reauthorization

This bill reauthorizes the existence/authority of the Mississippi Public Service Commission (MPSC) and Mississippi Public Utility Staff (MPUS) through June 30, 2018. At that point, legislative action would be required to reauthorize the agencies.

Workforce Development

Mississippi employers currently pay 0.2 percent to 5.4 percent (depending on economic activity, such as layoffs and new hires) UI premiums based on employee wages. SB 2808 reduces the minimum rate to 0.0 percent. This tax reduction will result in savings to employers of approximately \$16 million this year, and nearly \$20 million each year thereafter.

This law also creates a workforce training fund known as the Mississippi Works Fund, which will provide approximately \$10 million in the first year, and about \$5 million in subsequent years that will be used for workforce training activities primarily to meet the training needs of new jobs created in the state, as well as to help with job retention and increasing the capacity of Mississippi's labor force pool. These funds are in addition to the nearly \$20 million deposited annually in the Workforce Enhancement Training (WET) fund, which will still be available to assist predominantly existing employers with various training needs through Mississippi's community colleges.

Special Fund Agencies

"The Mississippi Budget Transparency and Simplification Act of 2016" dissolves the Special Fund accounts of certain state agencies, including the MPSC & MPUS, and requires those agencies to be funded through appropriation from the State General Fund. It also requires that "no state agency shall charge another state agency a fee, assessment, rent, audit fee, personnel fee or other charge for services or resources received". However, this provision shall not apply to grants, contracts, pass-through funds, or project fees. As a result of this legislation, approximately \$7.8M was swept from the PSC & PUS special fund and placed into the General Fund.

Extend Energy Efficiency standards for certain buildings

Extends, through June 30, 2019, the requirements for the Mississippi Development Authority to promote the efficient use of energy through energy code standards for buildings such as public buildings, industrial buildings, hotels, malls, universities and sports arenas.

MPSC - No Call

Adds cell phone numbers and "text messaging" to the No Call for telemarketers law that is enforced by the MPSC.

Duty of Care to a Trespasser

Limits the burden of private property owners from civil liability for injuries to trespassers that occur on their property.

Special Session called to pass incentives for Economic Development Projects

Governor Phil Bryant, Mississippi Development Authority and legislative leaders worked to pass incentive packages to help attract two new industries to Mississippi.

Continental Tire will build a 5 million-square-foot plant off I-20 between Clinton and Bolton, bringing 2,500 jobs with production to start in 2020. The German company with

\$42.5 billion in sales will invest \$1.45 billion in the project. The state will borrow \$263 million for the tire plant and help with site acquisition and prep work, roads and other infrastructure. Hinds County will pay off \$20 million of the debt.

In addition to state borrowing, the tire plant will be given 25-year income tax and corporate franchise tax exemptions, sales tax exemptions, and roughly \$3 million a year in rebates on employee income tax collections from its expected \$100 million-a-year payroll. The company would pay only one-third of normal property taxes to Hinds County and Clinton schools for 10 years.

The project also included an incentive package for Topship LLC, a Louisiana company that is expected to produce 1,000 jobs at the Port of Gulfport. Topship is investing \$68 million while the state is providing \$11 million in bonds for infrastructure, \$25 million in federal funds from Hurricane Katrina restoration and giving 20-year tax exemptions.

Other New Laws to Note

Firearms

This legislation, called the “Mississippi Church Protection Act,” allows a church's governing body to designate individuals that possess an enhanced carry firearm permit to carry weapons for protection purposes on church property. It would provide criminal and legal protections – similar to the “Castle Doctrine” - to those serving as church security.

The bill also would allow **any Mississippi residents** that are eligible to own a gun, to carry a concealed weapon without a permit. This expands a measure passed last year that allowed concealed carry without a permit in a purse, satchel or briefcase, and another recent law that allows open carry (not concealed) in public.

Jackson Airport

The enactment of this legislation changes the makeup of the board that governs the Jackson Medgar Wiley Evers International Airport and Hawkins Field Airport from a 5-member board appointed by the mayor of the City of Jackson to a 9-member board with appoints by the Adjutant General of the Mississippi National Guard, the Executive Director of the Mississippi Development Authority, Jackson's mayor, the Jackson City Council, the Madison County Board of Supervisors, the Rankin County Board of Supervisors, the Governor (2), and the lieutenant governor. A majority of the board must be residents of Jackson.

The Jackson Municipal Airport Authority announced that it will file a lawsuit to prevent the state from taking the airport away from the City of Jackson, claiming that a Federal Aviation Administration (FAA) policy requires consent from the city or a resolution of the dispute, before the law can take effect on July 1st.

Religious Liberty Accommodations Act AKA: Protection Freedom of Conscience from Government Discrimination Act

Arguably the most controversial bill of the 2016 Session, this bill (according to its authors) is designed to provide state protections to Mississippi citizens and faith-based entities for acting or choosing not to act in accordance with their religious beliefs or moral convictions by refusing to host, participate in, or provide services to a same-sex wedding or other similar event.

Opponents of the law argue that it allows almost any individual or organization to use religion as a justification to discriminate against LGBT Mississippians in some of the most important aspects of their lives, including at work, at school, and in their communities. The law, which may contradict Federal law, is being challenged in court.

Special Session called to pass incentives to address FY2016 Budget Shortfall

Governor Phil Bryant called a special session in June to acquire authority from the legislature to tap the "Rainy Day Fund" to fill shortages in the state budget for Fiscal Year 2016. State law requires the government to operate a balanced budget, which the Legislature set at \$6.3 billion. The special session legislation authorized the governor to access as much of the \$350 million in the fund to fill fund the budget. It was estimated that the he would need about \$50M to \$75M.

On two prior occasions in FY 2016, Governor Phil Bryant had to make mid-year budget cuts and pull from the state's Rainy Day Fund, taking a total of \$45.2 million.

Utility-Related Bills That Died

Net Metering; renewable portfolio standards
Tax credits for solar installations
Solar energy equipment installers regulations
Pre-qualified providers for public contracts for energy efficiency services
Consolidate MS Dept of Agriculture & DEQ
Drone Regulations
Gas tax increase for Road & Bridge Repair