

STATE OF MISSISSIPPI

OFFICE OF THE STATE AUDITOR

SHAD WHITE, AUDITOR



State Auditor's Update

Presented by:

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CURRENT ISSUES FOR MUNICIPALITIES

Annual Reporting Non-Compliance

OSA will contact the municipality by certified mail regarding their reporting status.

Step 1: Notice of Noncompliant Municipality with MS Code Section 21-35-31

After receiving a Notice of Noncompliant Municipality letter, the municipality has 30 business days to respond to OSA, as directed in the letter. The response received by OSA will determine next steps.

Step 2: Certificate of Noncompliance (“Diversion Letter”) to the Municipality, the Department of Revenue (“DOR”), and to the Attorney General (“AG”).

If it is deemed by OSA that the Noncompliant Municipality is not taking steps to come into substantial compliance, then a “Diversion Letter” will be mailed by certified mail to the municipality, with copies mailed to the Commissioner of the DOR, and to the AG.

Step 3: Letter of Temporary Suspension of Diversion to Municipality, the Department of Revenue (“DOR”), and to the Attorney General (“AG”).

If it is deemed by OSA that the Noncompliant Municipality is taking steps to come into substantial compliance, OSA can make the determination to mail a certified letter to the municipality informing them of a temporary suspension of the diversion of revenue. If it is deemed by OSA that progress is not being made, then OSA will proceed with the diversion.

Step 4: Notice of Cancellation of Diversion Letter to Municipality, the Department of Revenue (“DOR”), and to the Attorney General (“AG”).

If it is deemed by OSA that the Noncompliant Municipality has submitted finalized financial reports for fiscal years which had been delinquent, or after OSA contracts this out and the contract is completed and services are paid in full, then a “Cancellation of Diversion Letter” will be mailed by certified mail to the municipality, with copies mailed to the Commissioner of the DOR, and to the AG. This letter will cancel the diversion of the municipality’s revenue.

Purchase Law

Penny

ADA Compliant Websites

Housing Municipal Prisoners

2026 SELECTED LEGISLATION

House Bill 420 (Effective July 1, 2026)

Amends 27-33-75 to provide that a veteran or the unremarried surviving spouse of a veteran who is an honorably discharged veteran 85 (from 90) years old or older is allowed an exemption from all ad valorem taxes on his or her homestead property.

House Bill 630 (Effective July 1, 2026)

Amends 23-15-231 to provide that if a municipality with a population of less than 2,000 may appoint a poll manager who is a qualified elector in the county instead of a qualified municipal elector living in the municipality.

House Bill 858 (Effective July 1, 2026)

Amends 23-15-507 to prohibit OMR voting equipment from being capable of establishing wireless connections when in use during an election, however it does not prohibit such a connection within the voting system so long as the hardware cannot be used during the election.

House Bill 859 (Effective July 1, 2026)

Amends several sections to require the use of OMR voting equipment to be used for in-person absentee voting and establish security measures. Also directs the Secretary of State to require the circuit clerk to generate and print a report from the OMR equipment each day with the total number of absentee ballots that were cast for the day during the period of in-person voting.

House Bill 898 (Effective July 1, 2026)

Created the sales tax diversion study committee to examine, evaluate and develop recommendations requiring the proper allocation of sales tax revenue between DOR and municipalities.

House Bill 907 (Effective July 1, 2026)

Amends 23-15-367 to require the Secretary of State to furnish a sample of the official ballot 60 days rather than 55 days before the election unless the deadline to certify a primary runoff makes it impossible.

House Bill 939 (Effective July 1, 2026)

Repealed the Rural Fire Truck Acquisition Assistance Program, the Supplemental Rural Fire Truck Acquisition Assistance Program and the Annual Fire Fund.

Created the Fire Grant Fund to assist counties and municipalities with fire safety, maintaining or lowering community fire ratings, recruiting and retaining firefighters, and defraying cost associated with creating a countywide fire program. Used for fire trucks and to reimburse expenses of the fire program. Must expend the grant award within 12 months. Also created the Fire Equipment Grant Fund to assist counties and municipalities with grants for safety protection and lifesaving equipment. Must expend the grant award within 12 months.

Established a Fire Grant Committee to provide recommendations to DFA regarding administration, scoring, selection process and authorizing of grant funds.

Counties and municipalities wishing to receive grants must complete an application by May 1 of each year to receive a grant during the following year beginning July 1.

House Bill 1073 (Effective July 1, 2026)

Amends 75-99-1 to rename the chapter to Consumer Freedom of Choice Act from Consumer Freedom of Choice in Appliance Act.

Amends 75-99-3 to add and define Farm equipment and motor vehicles to the act.

Amends 75-99-5 to prohibit governmental entities from enforcing any regulation that prohibit or restricts the sale or use of farm equipment, motor vehicles or lawn tools based on fuel source.

House Bill 1224 (Effective July 1, 2026)

Requires MDE to prepare and publish on its website an internet safety resource publication as a simple, easy-to-use, general information source for students, families, and caregivers. Also requires MDE to prepare and offer a curriculum, including instructional materials for the instruction of social media safety for students in grades 6 through 12.

House Bill 1231 (Effective July 1, 2026)

Amends 19-3-19 to reduce the number of days it takes to call a special meeting for counties to 3 business days from 5 days. In addition to publishing/posting notice it also requires the notice to be posted on the official county website and/or the county's official social media webpage for the duration of at least 3 days immediately preceding the special meeting.

House Bill 1380 (Effective July 1, 2026)

Amends 27-33-31 to change a special homestead exemption to a regular homestead exemption when the qualifying spouse passes away and the surviving spouse's age or disability status is unknown. Also allows for when a homestead application is timely filed but applicant failed to make known his eligibility for additional exemption then an amended application may be filed and such amended application may be considered.

House Bill 1385 (Effective July 1, 2026)

Amends 27-33-31, 27-33-33, 27-33-35, and 27-33-41 to delete the requirement that counties submit paper originals of homestead exemption applications to DOR and that the DOR retain the paper originals. Also removed the requirement that DOR deliver to assessors a sufficient number of blanks for use of homeowners.

House Bill 1386 (Effective July 1, 2026)

Amended 27-67-35 to specify that sidewalks are an allowable purpose for which use tax money may be spent.

House Bill 1563 (Effective July 1, 2026)

Amends 21-27-13 to revise the composition of a municipal utility commission to consist of not less than 3 and not more than 7 (up from 5) commissioners, 2 of which must be customers who receive services provided by the utility at a location outside the boundaries of the municipality. If more than 20% of the customers live outside the municipality the county may appoint 1 member of the commission within 60 days of when after the municipality has appointed its initial commissioners. Additionally, each commissioner of the community public water system that receives a D or F rating from the Department of Health according to the provisions of HB 1632 of the 2026 regular session shall attend 8 hours of management training within 2 years of receiving such rating.

House Bill 1752 (Effective July 1, 2026)

Amends 25-3-35 and 9-9-11 increasing judges' salaries. From and after January 1, 2027 the annual salary of The Chief Justice of the Supreme Court \$194,171, Presiding Justices of the Supreme Court \$190,614, Associate Justices of the Supreme Court \$187,625, Chief Judge of the Court of Appeals \$182,624, Associate Judges of the Court of Appeals \$179,871, Chancery and Circuit Judges \$171,063. From and after January 1, 2028 annual salary of full-time district attorneys 95% (\$162,509.85) of the salary of Circuit and Chancery judges. Also, out of the Judicial System Operation Fund an annual salary supplement for county court judge of \$51,830 plus fringe. The counties shall submit reimbursement request monthly to the Administrative Office of Courts for the payment of the salary supplement.

House Bill 1793 (Effective January 1, 2026)

Amends 27-65-111 to exempt from sales tax retail sales of firearm safes during the annual second amendment weekend holiday.

House Bill 4044 (Effective July 1, 2026)

Amend sections 27-33-51 and 27-33-63 to provide that if a claimant for homestead exemption has failed to comply, or the claimant's spouse has failed to comply, with the income tax laws of this state, the claimant shall be eligible for homestead exemption, but the amount of the exemption determined for the property shall not be deducted from the ad valorem taxes due on the property. Also, to provide that for ad valorem taxes collected on such property, the amount of the ad valorem taxes collected, that is equal to the homestead exemption amount that was not deducted from the ad valorem taxes due on the property, shall be remitted by the tax collector to the department of revenue, not to exceed the amount of the obligation for which the taxpayer or taxpayer's spouse has failed to comply with the income tax laws of this state.

Senate Bill 2096 (Effective July 1, 2026)

Amends 23-15-165 to charge ITS with the establishment of a mandatory minimum cybersecurity standards and policies no later than January 1, 2027 for county registrars and election commissioners to ensure the integrity of the Statewide Elections Management System. Such standards shall include assessments of the registrar and commissioners of the adherence to them. Beginning January 1, 2028 any county in which the assessment finds the county registrar or election commissioners fail to meet the standards shall have limitations placed on the Election Support Fund monies to ensuring compliance with such standards.

Senate Bill 2189 (Effective from and after passage)

Local Projects Bill.

Senate Bill 2310 (Effective July 1, 2026)

Amends 77-3-22 to authorize the public service commission to cancel a municipality's certificate to provide water greater than 1 mile outside of its boundaries upon a finding of inadequacy of service.

Senate Bill 2378 (Effective July 1, 2026)

Amends 25-7-89 to increase the amount each court reporter receives to \$4 per page up from \$2.40 for each transcript of testimony, or copy of such transcript. Also adds the court reporter shall use such font, spacing and indentures, as practical, to reasonably minimize the number of pages.

Senate Bill 2416 (Effective July 1, 2026)

Creates 45-6-16 to allow for follow up test for a law enforcement officer who test positive for illegal drug use. If officer submits to a urine test and the results are positive the officer shall be relieved of duty and placed on administrative leave without pay. The officer can contest the results within 2 days and shall submit to a hair follicle test with-in an additional 5 days and if the results are negative may be reinstated and receive pay from the date of the suspension.

Senate Bill 2420 (Effective from and after passage)

Amends 49-7-31, 49-7-31.2, 49-7-31.3, and 49-7-31.4 to extend hunting seasons in those statutes when they end on a Saturday to 30 minutes after sunset on the following Sunday.

Senate Bill 2458 (Effective July 1, 2026)

Amends 43-26-11 to require the board of supervisors of each county which has a local office of the Department of Child Protection Services to provide adequate and habitable office space for such office.

Senate Bill 2578 (Effective July 1, 2026)

Creates the small municipalities federal match fund as a special fund in the State Treasury to provide matching funds for municipalities with a population of less than 10,000.

Senate Bill 2588 (Effective January 1, 2026)

Amends 23-15-15 to require the registrar follow the procedures that an applicant to register to vote is a noncitizen if the applicant does not provide their driver's license number on the application and the Statewide Elections Management System is unable to retrieve the same from DPS based on other information provided.

Senate Bill 2787 (Effective July 1, 2026)

An act to require the person responsible for a school facility to perform pressure test on the liquified petroleum gas piping system in the school facility. Also amends 77-11-405 to require a person responsible for a school facility to perform a pressure test on 50% of the natural gas piping systems in the facility by January 1, 2027 and the remaining 50% no later than January 1, 2028.

Senate Bill 2794 (Effective July 1, 2026)

Amends 45-2-1 to revise the definition of "cause of death" for a law enforcement officer or firefighter to include a cause of death when in the discretion of the Commissioner of Public Safety would be covered under the Public Safety Officer Support Act of 2022.

Senate Bill 2824 (Effective July 1, 2026)

Amends 27-31-46.1 to extend the initial construction begin date to no later than December 31, 2031 (from 2027) for projects engaged in renewable energy to be eligible for an ad valorem tax exemption. Any exemption allowed under this section must be authorized by a county or municipality before July 1, 2030 (extended from 2026).

Senate Bill 2846 (Effective July 1, 2026)

Creates a new section 21-45-23 to authorize municipalities to enter into voluntary taxpayer agreements in conjunction with TIF financing redevelopment projects for optional security for such projects.

Senate Bill 2873 (Effective July 1, 2026)

Creates new sections 75-101-7.1 and 75-102-3 to provide administrative forfeiture procedures for cigarettes and electronic nicotine delivery system (ENDS) products if the value of the seized product does not exceed \$20,000.

Senate Bill 2882 (Effective July 1, 2026)

Amends 27-33-31 to provide that no applicant shall be required to produce a copy of any closing statement or disclosure in order to qualify for homestead exemption. Also, the requirement to file a new application for homestead exemption shall not apply to any conveyance of homestead property whereby the grantor reserves a life estate interest in the property.

Senate Bill 3110 (Effective July 1, 2026)

Authorizes an income tax credit, insurance premium tax credit and an ad valorem tax credit for cash contributions by certain taxpayers to certain eligible hospitals. The amount of credits to a single hospital is \$100,000 in any year and the aggregate amount of credits that maybe allocated by DOR in any one year is \$1,000,000.

Senate Bill 3116 (Effective July 1, 2026)

Amends 27-31-46 to revise the definition “project” to include facilities storing energy using battery energy storage systems, whether standalone or co-located with renewable generation facility, for the purpose of county’s authority to grant ad valorem tax exemptions.

House Bill 4073 (Effective March 1, 2026 and July 1, 2026)

Effective March 1, 2026

Changes the definition of Average Compensation to the 4 highest years reducing Tier 5 employees from 8 consecutive years and reduced the years required to retire to 30 from 35.

Effective July 1, 2026

Changed the required amount of time required to be rehired to 30 days from 90 days.

Once rehired you can pay 1 of 2 ways:

Can pay 50% of salary for the position at 50% of the hours and also pay the employer's portion of the PERS contribution.

OR with an agreement between the employee and employer pay up to 80% of what the position pays and an agreed amount of hours in the agreement and have to pay the employee's and employer's portion of the PERS contribution.