

STATE OF MISSISSIPPI



JIM HOOD
ATTORNEY GENERAL

March 3, 2016

Via Hand Delivery

Honorable Phil Bryant
Governor, State of Mississippi
Post Office Box 139
Jackson, Mississippi 39205

Honorable Tate Reeves
Lieutenant Governor
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Honorable Philip Gunn
Speaker of the House
Mississippi House of Representatives
Post Office Box 1018
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Honorable Terry C. Burton
President Pro Tempore
Mississippi Senate
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Honorable Greg Snowden
Speaker Pro Tempore
Mississippi House of Representatives
Post Office Box 1018
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Honorable Eugene S. (Buck) Clarke
Chairman, Senate Appropriations
Post Office Box 1018
Jackson, Mississippi 39215

Honorable Herb Frierson
Chairman, House Appropriations
Post Office Box 1018
Jackson, Mississippi 39215

Re: Senate Bill 2362

Gentlemen:

The Senate recently passed Senate Bill 2362. Section 130 [Interagency Fees and Charges] of this bill, page 298, prohibits the Office of the Attorney General from billing other state agencies for fees, assessments, or other charges for services or resources provided by the Attorney General. A major problem with this proposed legislation is the loss of federal money.

As you know, many if not most major state agencies are at least partially federally funded. Some agencies are almost completely funded by the federal government. These state agencies seek federal reimbursement for expenditures charged to each grant or federal program. When a state agency pays the Attorney General's Office for legal fees/services, the federal government reimburses that state agency at a rate of 66-100%, depending on the match rate for various programs. If the expenditure of legal fees/services is not incurred and no payment is made, then the agency cannot claim the reimbursement from the federal government. Therefore, passage of this legislation will ensure the loss of federal dollars.

We have contacted two agencies that receive substantial federal funding and have determined that with these two agencies alone, our state will lose more than \$1.2 million in federal dollars if our fees/services are not billed.

State Agency	Estimated Attorney General Invoiced Fee	Estimated Portion Funded with Federal Funds
MS Dept of Rehab Services	\$ 106,000	\$ 101,000
MS Dept of Human Services	\$1,500,000	\$1,125,000

In addition to these losses to various state agencies, the Attorney General's Office will also experience a loss of federal dollars by not receiving bills from other state agencies. For example, our office allocates a portion of building rent paid to DFA, MMRS fees, Workers' Comp Assessments, Unemployment Insurance premiums, Tort Claims Board premiums, State Personnel Board fees, and ITS charges to various federal grants and contracts. In order to receive reimbursement from the federal government, a transaction must occur. If these interagency transactions do not occur and our agency does not pay for these billed services, we cannot request reimbursement from the various federal programs and entities. I am sure other agencies likewise allocate these types of expenditures to federal programs. Therefore, the interagency billing process enables agencies to draw down federal dollars which relieves the General Fund from this burden. As a result of this legislation, the State General Fund will have to bear these expenditures and the State of Mississippi will lose millions of federal funds.

I am requesting that Senate Bill 2362, be delayed and studied for further consideration at next year's session. I am requesting the same treatment for House Bill 298. As I am sure you can appreciate, our State cannot afford to lose any of the numerous avenues of federal funding that these bills implicate.

Thank you for your assistance, and feel free to contact me with any questions.

Sincerely,



Jim Hood
Attorney General
State of Mississippi