

By: Representative Endt

To: Ways and Means

## HOUSE BILL NO. 194

1 AN ACT TO AMEND SECTION 27-31-34, MISSISSIPPI CODE OF 1972,  
2 TO PROVIDE THAT THE AD VALOREM TAX EXEMPTION FOR POSSESSORY AND  
3 LEASEHOLD INTERESTS OF LESSEES UNDER CERTAIN LEASE CONTRACTS,  
4 LEASES OR LEASEHOLDS SHALL NOT APPLY TO AD VALOREM TAXES FOR  
5 SCHOOL DISTRICT PURPOSES; AND FOR RELATED PURPOSES.

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

7 SECTION 1. Section 27-31-34, Mississippi Code of 1972, is  
8 amended as follows:

9 27-31-34. (1) For purposes of this section, "state" means  
10 the State of Mississippi or any county, district, municipality or  
11 other political subdivision thereof.

12 Except as otherwise provided in this section, all lease  
13 contracts, leases or leaseholds in existence on or before the  
14 effective date of this act (a) to which the state is a party, (b)  
15 which provide that the leased premises and all facilities and  
16 replacements thereof are and shall be the property of the state,  
17 and (c) which provide a term or period of time for exemption from  
18 ad valorem taxation, shall, along with the possessory and  
19 leasehold interests as described under and originally created by  
20 such lease contract, lease or leasehold, be exempt from all ad  
21 valorem taxation for the term or period of time as stated in such  
22 lease contracts, leases or leaseholds and any extension or renewal  
23 thereof. Except as otherwise provided in this section, lease  
24 contracts, leases, or leaseholds meeting the requirements of  
25 subparts (a) and (b) above, which were entered into prior to July  
26 1, 1984, and which do not contain an express term or period for  
27 exemption from ad valorem taxation, shall be exempt from all ad

28 valorem taxation for the term of such lease contracts, leases, or  
29 leaseholds, including any option periods which may be exercised by  
30 the lessee. No lease contract, lease or leasehold shall be exempt  
31 from ad valorem taxes for school district purposes, regardless of  
32 when any such lease contract, lease or leasehold was created.

33 (2) It is the sense of the Legislature that the provisions  
34 of Section 112, Mississippi Constitution of 1890, allowing the  
35 Legislature to exempt, by general laws, particular species of  
36 property from taxation, in whole or in part, authorize the  
37 enactment of this section. Further, the provisions of this  
38 section shall not be construed as the surrender or abridgement by  
39 the state of the power to tax the property which is the subject of  
40 the contracts, leases or leaseholds referred to in subsection (1)  
41 of this section. This section affirms the power of the state to  
42 grant such an exemption when it is in the best interests of the  
43 state to do so.

44 (3) The provisions of this section shall not apply to:

45 (a) A leasehold interest in property belonging to the  
46 Pearl River Water Supply District; or

47 (b) Any civil action filed before April 16, 1993.

48 SECTION 2. This act shall take effect and be in force from  
49 and after January 1, 2000.