

By: Representative Cameron

To: Ways and Means

HOUSE BILL NO. 1474

1 AN ACT TO AMEND SECTION 27-65-101, MISSISSIPPI CODE OF 1972,
2 TO PROVIDE AN INDUSTRIAL SALES TAX EXEMPTION FOR CERTAIN SALES ON
3 OR AFTER JULY 1, 1999, OF ENVIRONMENTAL POLLUTION CONTROL
4 EQUIPMENT, DEVICES, MACHINERY OR SYSTEMS; AND FOR RELATED
5 PURPOSES.

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

7 SECTION 1. Section 27-65-101, Mississippi Code of 1972, is
8 amended as follows:

9 27-65-101. (1) The exemptions from the provisions of this
10 chapter which are of an industrial nature or which are more
11 properly classified as industrial exemptions than any other
12 exemption classification of this chapter shall be confined to
13 those persons or property exempted by this section or by the
14 provisions of the Constitution of the United States or the State
15 of Mississippi. No industrial exemption as now provided by any
16 other section except Section 57-3-33 shall be valid as against the
17 tax herein levied. Any subsequent industrial exemption from the
18 tax levied hereunder shall be provided by amendment to this
19 section. No exemption provided in this section shall apply to
20 taxes levied by Section 27-65-15 or 27-65-21.

21 The tax levied by this chapter shall not apply to the
22 following:

23 (a) Sales of boxes, crates, cartons, cans, bottles and
24 other packaging materials to manufacturers and wholesalers for use
25 as containers or shipping materials to accompany goods sold by
26 said manufacturers or wholesalers where possession thereof will
27 pass to the customer at the time of sale of the goods contained

28 therein and sales to anyone of containers or shipping materials
29 for use in ships engaged in international commerce.

30 (b) Sales of raw materials, catalysts, processing
31 chemicals, welding gases or other industrial processing gases
32 (except natural gas) to a manufacturer for use directly in
33 manufacturing or processing a product for sale or rental or
34 repairing or reconditioning vessels or barges of fifty (50) tons
35 load displacement and over. This exemption shall not apply to any
36 property used as fuel except to the extent that such fuel
37 comprises by-products which have no market value.

38 (c) The gross proceeds of sales of dry docks, offshore
39 drilling equipment for use in oil exploitation or production,
40 vessels or barges of fifty (50) tons load displacement and over,
41 when sold by the manufacturer or builder thereof.

42 (d) Sales to commercial fishermen of commercial fishing
43 boats of over five (5) tons load displacement and not more than
44 fifty (50) tons load displacement as registered with the U.S.
45 Coast Guard and licensed by the Mississippi Marine Conservation
46 Commission.

47 (e) The gross income from repairs to vessels and barges
48 engaged in foreign trade or interstate transportation.

49 (f) Sales of petroleum products to vessels or barges
50 for consumption in marine international commerce or interstate
51 transportation businesses.

52 (g) Sales and rentals of rail rolling stock (and
53 component parts thereof) for ultimate use in interstate commerce
54 and gross income from services with respect to manufacturing,
55 repairing, cleaning, altering, reconditioning or improving such
56 rail rolling stock (and component parts thereof).

57 (h) Sales of raw materials, catalysts, processing
58 chemicals, welding gases or other industrial processing gases
59 (except natural gas) used or consumed directly in manufacturing,
60 repairing, cleaning, altering, reconditioning or improving such
61 rail rolling stock (and component parts thereof). This exemption
62 shall not apply to any property used as fuel.

63 (i) Machinery or tools or repair parts therefor or
64 replacements thereof, fuel or supplies used directly in

65 manufacturing, converting or repairing ships of three thousand
66 (3,000) tons load displacement and over, but not to include office
67 and plant supplies or other equipment not directly used on the
68 ship being built, converted or repaired.

69 (j) Sales of tangible personal property to persons
70 operating ships in international commerce for use or consumption
71 on board such ships. This exemption shall be limited to cases in
72 which procedures satisfactory to the commissioner, ensuring
73 against use in this state other than on such ships, are
74 established.

75 (k) Sales of materials used in the construction of a
76 building, or any addition or improvement thereon, and sales of any
77 machinery and equipment not later than three (3) months after the
78 completion of construction of the building, or any addition
79 thereon, to be used therein, to qualified businesses, as defined
80 in Section 57-51-5, which are located in a county or portion
81 thereof designated as an enterprise zone pursuant to Sections
82 57-51-1 through 57-51-15.

83 (l) Sales of materials used in the construction of a
84 building, or any addition or improvement thereon, and sales of any
85 machinery and equipment not later than three (3) months after the
86 completion of construction of the building, or any addition
87 thereon, to be used therein, to qualified businesses, as defined
88 in Section 57-54-5.

89 (m) Income from storage and handling of perishable
90 goods by a public storage warehouse.

91 (n) The value of natural gas lawfully injected into the
92 earth for cycling, repressuring or lifting of oil, or lawfully
93 vented or flared in connection with the production of oil;
94 however, if any gas so injected into the earth is sold for such
95 purposes, then the gas so sold shall not be exempt.

96 (o) The gross collections from self-service commercial
97 laundering, drying, cleaning and pressing equipment.

98 (p) Sales of materials used in the construction of a
99 building, or any addition or improvement thereon, and sales of any
100 machinery and equipment not later than three (3) months after the
101 completion of construction of the building, or any addition
102 thereon, to be used therein, to qualified companies, certified as
103 such by the Mississippi Department of Economic and Community
104 Development under Section 57-53-1.

105 (q) Sales of component materials used in the
106 construction of a building, or any addition or improvement
107 thereon, sales of machinery and equipment to be used therein, and
108 sales of manufacturing or processing machinery and equipment which
109 is permanently attached to the ground or to a permanent foundation
110 and which is not by its nature intended to be housed within a
111 building structure, not later than three (3) months after the
112 initial start-up date, to permanent business enterprises engaging
113 in manufacturing or processing in less developed areas (as such
114 term is defined in Section 57-73-5), which businesses are
115 certified by the State Tax Commission as being eligible for the
116 exemption granted in this paragraph (q).

117 (r) Sales of component materials used in the
118 construction of a building, or any addition or improvement
119 thereon, and sales of any machinery and equipment not later than
120 three (3) months after the completion of the building, addition or
121 improvement thereon, to be used therein, for any company
122 establishing or transferring its national or regional headquarters
123 from within or outside the State of Mississippi and creating a
124 minimum of thirty-five (35) jobs at the new headquarters in this
125 state. The Tax Commission shall establish criteria and prescribe
126 procedures to determine if a company qualifies as a national or
127 regional headquarters for the purpose of receiving the exemption
128 provided in this paragraph.

129 (s) The gross proceeds from the sale of semitrailers,
130 trailers, boats, travel trailers, motorcycles and all-terrain

131 cycles if exported from this state within forty-eight (48) hours
132 and registered and first used in another state.

133 (t) Gross income from the storage and handling of
134 natural gas in underground salt domes and in other underground
135 reservoirs, caverns, structures and formations suitable for such
136 storage.

137 (u) Sales between July 1, 1993, and June 30, 1994, of
138 machinery and equipment to corporations qualified as tax-exempt
139 organizations under Section 501(c)(4) of the Internal Revenue Code
140 and established in response to the Federal Oil Pollution Act of
141 1990 to provide a private capability to respond to major oil
142 spills. For purposes of this exemption, "machinery and equipment"
143 means property with a useful life of at least three (3) years
144 which is used primarily in the operations of the Marine Oil Spill
145 Response Corporation and shall include, without limitation,
146 vessels, barges, booms and skimmers. This paragraph shall stand
147 repealed on July 1, 1995.

148 (v) Sales on or after July 1, 1999, to manufacturers or
149 custom processors of environmental pollution control equipment.
150 For the purposes of this exemption, "environmental pollution
151 control equipment" means equipment, devices, machinery or systems
152 used or acquired to prevent, control, monitor or reduce air, water
153 or groundwater pollution, solid or hazardous waste or required by
154 federal or state law or regulation.

155 (2) Sales of component materials used in the construction of
156 a building, or any addition or improvement thereon, sales of
157 machinery and equipment to be used therein, and sales of
158 manufacturing or processing machinery and equipment which is
159 permanently attached to the ground or to a permanent foundation
160 and which is not by its nature intended to be housed within a
161 building structure, not later than three (3) months after the
162 initial start-up date, to permanent business enterprises engaging
163 in manufacturing or processing in moderately developed areas and

164 developed areas (as such areas are designated in accordance with
165 Section 57-73-21), which businesses are certified by the State Tax
166 Commission as being eligible for the exemption granted in this
167 paragraph, shall be exempt from one-half (1/2) of the taxes
168 imposed on such transactions under this chapter.

169 SECTION 2. Nothing in this act shall affect or defeat any
170 claim, assessment, appeal, suit, right or cause of action for
171 taxes due or accrued under the sales tax laws before the date on
172 which this act becomes effective, whether such claims,
173 assessments, appeals, suits or actions have been begun before the
174 date on which this act becomes effective or are begun thereafter;
175 and the provisions of the sales tax laws are expressly continued
176 in full force, effect and operation for the purpose of the
177 assessment, collection and enrollment of liens for any taxes due
178 or accrued and the execution of any warrant under such laws before
179 the date on which this act becomes effective, and for the
180 imposition of any penalties, forfeitures or claims for failure to
181 comply with such laws.

182 SECTION 3. This act shall take effect and be in force from
183 and after July 1, 1999.