

By: Representative Williams

To: Ways and Means

HOUSE BILL NO. 1572  
(As Passed the House)

1 AN ACT TO AMEND SECTION 27-31-1, MISSISSIPPI CODE OF 1972, TO  
2 EXEMPT FROM AD VALOREM TAXATION PROPERTY OWNED BY NONPROFIT  
3 CORPORATIONS CREATED IN RESPONSE TO THE OIL POLLUTION ACT OF 1990  
4 TO ENGAGE PRIMARILY IN PROGRAMS TO CONTAIN, CLEAN UP AND OTHERWISE  
5 MITIGATE SPILLS OF OIL OR OTHER SUBSTANCES OCCURRING IN THE  
6 COASTAL WATERS OF THE UNITED STATES; TO AMEND SECTION 27-65-101,  
7 MISSISSIPPI CODE OF 1972, TO EXEMPT FROM SALES TAXATION SALES OF  
8 MACHINERY OR EQUIPMENT TO SUCH CORPORATIONS; AND FOR RELATED  
9 PURPOSES.

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

11 SECTION 1. Section 27-31-1, Mississippi Code of 1972, is  
12 amended as follows:

13 27-31-1. The following shall be exempt from taxation:

14 (a) All cemeteries used exclusively for burial  
15 purposes.

16 (b) All property, real or personal, belonging to the  
17 State of Mississippi or any of its political subdivisions, except  
18 property of a municipality not being used for a proper municipal  
19 purpose and located outside the county or counties in which such  
20 municipality is located. A proper municipal purpose within the  
21 meaning of this section shall be any authorized governmental or  
22 corporate function of a municipality.

23 (c) All property, real or personal, owned by units of  
24 the Mississippi National Guard, or title to which is vested in  
25 trustees for the benefit of any unit of the Mississippi National  
26 Guard; provided such property is used exclusively for such unit,  
27 or for public purposes, and not for profit.

28 (d) All property, real or personal, belonging to any  
29 religious society, or ecclesiastical body, or any congregation

30 thereof, or to any charitable society, or to any historical or  
31 patriotic association or society, or to any garden or pilgrimage  
32 club or association and used exclusively for such society or  
33 association and not for profit; not exceeding, however, the amount  
34 of land which such association or society may own as provided in  
35 Section 79-11-33. All property, real or personal, belonging to  
36 any rural waterworks system or rural sewage disposal system  
37 incorporated under the provisions of Section 79-11-1. All  
38 property, real or personal, belonging to any college or  
39 institution for the education of youths, used directly and  
40 exclusively for such purposes, provided that no such college or  
41 institution for the education of youths shall have exempt from  
42 taxation more than six hundred forty (640) acres of land;  
43 provided, however, this exemption shall not apply to commercial  
44 schools and colleges or trade institutions or schools where the  
45 profits of same inure to individuals, associations or  
46 corporations. All property, real or personal, belonging to an  
47 individual, institution or corporation and used for the operation  
48 of a grammar school, junior high school, high school or military  
49 school. All property, real or personal, owned and occupied by a  
50 fraternal and benevolent organization, when used by such  
51 organization, and from which no rentals or other profits accrue to  
52 the organization, but any part rented or from which revenue is  
53 received shall be taxed.

54 (e) All property, real or personal, held and occupied  
55 by trustees of public schools, and school lands of the respective  
56 townships for the use of public schools, and all property kept in  
57 storage for the convenience and benefit of the State of  
58 Mississippi in warehouses owned or leased by the State of  
59 Mississippi, wherein said property is to be sold by the Alcoholic  
60 Beverage Control Division of the State Tax Commission of the State  
61 of Mississippi.

62 (f) All property, real or personal, whether belonging  
63 to religious or charitable or benevolent organizations, which is  
64 used for hospital purposes, and nurses' homes where a part  
65 thereof, and which maintain one or more charity wards that are for  
66 charity patients, and where all the income from said hospitals and

67 nurses' homes is used entirely for the purposes thereof and no  
68 part of the same for profit.

69 (g) The wearing apparel of every person; and also  
70 jewelry and watches kept by the owner for personal use to the  
71 extent of One Hundred Dollars (\$100.00) in value for each owner.

72 (h) Provisions on hand for family consumption.

73 (i) All farm products grown in this state for a period  
74 of two (2) years after they are harvested, when in the possession  
75 of or the title to which is in the producer, except the tax of  
76 one-fifth of one percent (1/5 of 1%) per pound on lint cotton now  
77 levied by the Board of Commissioners of the Mississippi Levee  
78 District; and lint cotton for five (5) years, and cottonseed,  
79 soybeans, oats, rice and wheat for one (1) year regardless of  
80 ownership.

81 (j) All guns and pistols kept by the owner for private  
82 use.

83 (k) All poultry in the hands of the producer.

84 (l) Household furniture, including all articles kept in  
85 the home by the owner for his own personal or family use; but this  
86 shall not apply to hotels, rooming houses or rented or leased  
87 apartments.

88 (m) All cattle and oxen.

89 (n) All sheep, goats and hogs.

90 (o) All horses, mules and asses.

91 (p) Farming tools, implements and machinery, when used  
92 exclusively in the cultivation or harvesting of crops or timber.

93 (q) All property of agricultural and mechanical  
94 associations and fairs used for promoting their objects, and where  
95 no part of the proceeds is used for profit.

96 (r) The libraries of all persons.

97 (s) All pictures and works of art, not kept for or  
98 offered for sale as merchandise.

99 (t) The tools of any mechanic necessary for carrying on

100 his trade.

101           (u) All state, county, municipal, levee, drainage and  
102 all school bonds or other governmental obligations, and all bonds  
103 and/or evidences of debts issued by any church or church  
104 organization in this state, and all notes and evidences of  
105 indebtedness which bear a rate of interest not greater than the  
106 maximum rate per annum applicable under the law; and all money  
107 loaned at a rate of interest not exceeding the maximum rate per  
108 annum applicable under the law; and all stock in or bonds of  
109 foreign corporations or associations shall be exempt from all ad  
110 valorem taxes.

111           (v) All lands and other property situated or located  
112 between the Mississippi River and the levee shall be exempt from  
113 the payment of any and all road taxes levied or assessed under any  
114 road laws of this state.

115           (w) Any and all money on deposit in either national  
116 banks, state banks or trust companies, on open account, savings  
117 account or time deposit.

118           (x) All wagons, carts, drays, carriages and other horse  
119 drawn vehicles, kept for the use of the owner.

120           (y) (1) Boats, seines and fishing equipment used in  
121 fishing and shrimping operations and in the taking or catching of  
122 oysters.

123           (2) All towboats, tugboats and barges documented  
124 under the laws of the United States, except watercraft of every  
125 kind and character used in connection with gaming operations.

126           (z) All materials used in the construction and/or  
127 conversion of vessels in this state; vessels while under  
128 construction and/or conversion; vessels while in the possession of  
129 the manufacturer, builder or converter, for a period of twelve  
130 (12) months after completion of construction and/or conversion,  
131 and as used herein the term "vessel" shall include ships, offshore  
132 drilling equipment, dry docks, boats and barges, except watercraft

133 of every kind and character used in connection with gaming  
134 operations.

135 (aa) Sixty-six and two-thirds percent (66-2/3%) of  
136 nuclear fuel and reprocessed, recycled or residual nuclear fuel  
137 by-products, fissionable or otherwise, used or to be used in  
138 generation of electricity by persons defined as public utilities  
139 in Section 77-3-3.

140 (bb) All growing nursery stock.

141 (cc) A semitrailer used in interstate commerce.

142 (dd) All property, real or personal, used exclusively  
143 for the housing of and provision of services to elderly persons,  
144 disabled persons, mentally impaired persons or as a nursing home,  
145 which is owned, operated and managed by a not-for-profit  
146 corporation, qualified under Section 501(c)(3) of the Internal  
147 Revenue Code, whose membership or governing body is appointed or  
148 confirmed by a religious society or ecclesiastical body or any  
149 congregation thereof.

150 (ee) All vessels while in the hands of bona fide  
151 dealers as merchandise and which are not being operated upon the  
152 waters of this state shall be exempt from ad valorem taxes. As  
153 used in this paragraph the terms "vessel" and "waters of this  
154 state" shall have the meaning ascribed to such terms in Section  
155 59-21-3.

156 (ff) All property, real or personal, owned by a  
157 nonprofit organization that: (i) is qualified as tax exempt under  
158 Section 501(c)(4) of the Internal Revenue Code of 1986, as  
159 amended; (ii) assists in the implementation of the national  
160 contingency plan or area contingency plan, and which is created in  
161 response to the requirements of Title IV, Subtitle B of the Oil  
162 Pollution Act of 1990, Public Law 101-380; (iii) engages primarily  
163 in programs to contain, clean up and otherwise mitigate spills of  
164 oil or other substances occurring in the United States coastal or  
165 tidal waters; and (iv) is used for the purposes of the

166 organization.

167 SECTION 2. Section 27-65-101, Mississippi Code of 1972, is  
168 amended as follows:

169 27-65-101. (1) The exemptions from the provisions of this  
170 chapter which are of an industrial nature or which are more  
171 properly classified as industrial exemptions than any other  
172 exemption classification of this chapter shall be confined to  
173 those persons or property exempted by this section or by the  
174 provisions of the Constitution of the United States or the State  
175 of Mississippi. No industrial exemption as now provided by any  
176 other section except Section 57-3-33 shall be valid as against the  
177 tax herein levied. Any subsequent industrial exemption from the  
178 tax levied hereunder shall be provided by amendment to this  
179 section. No exemption provided in this section shall apply to  
180 taxes levied by Section 27-65-15 or 27-65-21.

181 The tax levied by this chapter shall not apply to the  
182 following:

183 (a) Sales of boxes, crates, cartons, cans, bottles and  
184 other packaging materials to manufacturers and wholesalers for use  
185 as containers or shipping materials to accompany goods sold by  
186 said manufacturers or wholesalers where possession thereof will  
187 pass to the customer at the time of sale of the goods contained  
188 therein and sales to anyone of containers or shipping materials  
189 for use in ships engaged in international commerce.

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

198 (c) The gross proceeds of sales of dry docks, offshore

199 drilling equipment for use in oil exploitation or production,  
200 vessels or barges of fifty (50) tons load displacement and over,  
201 when sold by the manufacturer or builder thereof.

202 (d) Sales to commercial fishermen of commercial fishing  
203 boats of over five (5) tons load displacement and not more than  
204 fifty (50) tons load displacement as registered with the U.S.  
205 Coast Guard and licensed by the Mississippi Marine Conservation  
206 Commission.

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

209 (f) Sales of petroleum products to vessels or barges  
210 for consumption in marine international commerce or interstate  
211 transportation businesses.

212 (g) Sales and rentals of rail rolling stock (and  
213 component parts thereof) for ultimate use in interstate commerce  
214 and gross income from services with respect to manufacturing,  
215 repairing, cleaning, altering, reconditioning or improving such  
216 rail rolling stock (and component parts thereof).

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

223 (i) Machinery or tools or repair parts therefor or  
224 replacements thereof, fuel or supplies used directly in  
225 manufacturing, converting or repairing ships of three thousand  
226 (3,000) tons load displacement and over, but not to include office  
227 and plant supplies or other equipment not directly used on the  
228 ship being built, converted or repaired.

229 (j) Sales of tangible personal property to persons  
230 operating ships in international commerce for use or consumption  
231 on board such ships. This exemption shall be limited to cases in

232 which procedures satisfactory to the commissioner, ensuring  
233 against use in this state other than on such ships, are  
234 established.

235           (k) Sales of materials used in the construction of a  
236 building, or any addition or improvement thereon, and sales of any  
237 machinery and equipment not later than three (3) months after the  
238 completion of construction of the building, or any addition  
239 thereon, to be used therein, to qualified businesses, as defined  
240 in Section 57-51-5, which are located in a county or portion  
241 thereof designated as an enterprise zone pursuant to Sections  
242 57-51-1 through 57-51-15.

243           (l) Sales of materials used in the construction of a  
244 building, or any addition or improvement thereon, and sales of any  
245 machinery and equipment not later than three (3) months after the  
246 completion of construction of the building, or any addition  
247 thereon, to be used therein, to qualified businesses, as defined  
248 in Section 57-54-5.

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

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

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

258           (p) Sales of materials used in the construction of a  
259 building, or any addition or improvement thereon, and sales of any  
260 machinery and equipment not later than three (3) months after the  
261 completion of construction of the building, or any addition  
262 thereon, to be used therein, to qualified companies, certified as  
263 such by the Mississippi Department of Economic and Community  
264 Development under Section 57-53-1.



265           (q) Sales of component materials used in the  
266 construction of a building, or any addition or improvement  
267 thereon, sales of machinery and equipment to be used therein, and  
268 sales of manufacturing or processing machinery and equipment which  
269 is permanently attached to the ground or to a permanent foundation  
270 and which is not by its nature intended to be housed within a  
271 building structure, not later than three (3) months after the  
272 initial start-up date, to permanent business enterprises engaging  
273 in manufacturing or processing in less developed areas (as such  
274 term is defined in Section 57-73-5), which businesses are  
275 certified by the State Tax Commission as being eligible for the  
276 exemption granted in this paragraph (q).

277           (r) Sales of component materials used in the  
278 construction of a building, or any addition or improvement  
279 thereon, and sales of any machinery and equipment not later than  
280 three (3) months after the completion of the building, addition or  
281 improvement thereon, to be used therein, for any company  
282 establishing or transferring its national or regional headquarters  
283 from within or outside the State of Mississippi and creating a  
284 minimum of thirty-five (35) jobs at the new headquarters in this  
285 state. The Tax Commission shall establish criteria and prescribe  
286 procedures to determine if a company qualifies as a national or  
287 regional headquarters for the purpose of receiving the exemption  
288 provided in this paragraph.

289           (s) The gross proceeds from the sale of semitrailers,  
290 trailers, boats, travel trailers, motorcycles and all-terrain  
291 cycles if exported from this state within forty-eight (48) hours  
292 and registered and first used in another state.

293           (t) Gross income from the storage and handling of  
294 natural gas in underground salt domes and in other underground  
295 reservoirs, caverns, structures and formations suitable for such  
296 storage.

297           (u) Sales between July 1, 1993, and June 30, 1994, of

298 machinery and equipment to corporations qualified as tax-exempt  
299 organizations under Section 501(c)(4) of the Internal Revenue Code  
300 and established in response to the Federal Oil Pollution Act of  
301 1990 to provide a private capability to respond to major oil  
302 spills. For purposes of this exemption, "machinery and equipment"  
303 means property with a useful life of at least three (3) years  
304 which is used primarily in the operations of the Marine Oil Spill  
305 Response Corporation and shall include, without limitation,  
306 vessels, barges, booms and skimmers. This paragraph shall stand  
307 repealed on July 1, 1995.

308 (v) Sales of machinery and equipment to nonprofit  
309 organizations if the organization: (i) is tax exempt pursuant to  
310 Section 501(c)(4) of the Internal Revenue Code of 1986, as  
311 amended; (ii) assists in the implementation of the national  
312 contingency plan or area contingency plan, and which is created in  
313 response to the requirements of Title IV, Subtitle B of the Oil  
314 Pollution Act of 1990, Public Law 101-380; and (iii) engages  
315 primarily in programs to contain, clean up and otherwise mitigate  
316 spills of oil or other substances occurring in the United States  
317 coastal and tidal waters. For purposes of this exemption,  
318 "machinery and equipment" means any ocean-going vessels, barges,  
319 booms, skimmers and other capital equipment used primarily in the  
320 operations of nonprofit organizations referred to herein.

321 (2) Sales of component materials used in the construction of  
322 a building, or any addition or improvement thereon, sales of  
323 machinery and equipment to be used therein, and sales of  
324 manufacturing or processing machinery and equipment which is  
325 permanently attached to the ground or to a permanent foundation  
326 and which is not by its nature intended to be housed within a  
327 building structure, not later than three (3) months after the  
328 initial start-up date, to permanent business enterprises engaging  
329 in manufacturing or processing in moderately developed areas and  
330 developed areas (as such areas are designated in accordance with

331 Section 57-73-21), which businesses are certified by the State Tax  
332 Commission as being eligible for the exemption granted in this  
333 paragraph, shall be exempt from one-half (1/2) of the taxes  
334 imposed on such transactions under this chapter.

335 SECTION 3. Nothing in this act shall affect or defeat any  
336 claim, assessment, appeal, suit, right or cause of action for  
337 taxes due or accrued under the ad valorem tax or sales tax laws  
338 before the date on which this act becomes effective, whether such  
339 claims, assessments, appeals, suits or actions have been begun  
340 before the date on which this act becomes effective or are begun  
341 thereafter; and the provisions of the ad valorem tax and sales tax  
342 laws are expressly continued in full force, effect and operation  
343 for the purpose of the assessment, collection and enrollment of  
344 liens for any taxes due or accrued and the execution of any  
345 warrant under such laws before the date on which this act becomes  
346 effective, and for the imposition of any penalties, forfeitures or  
347 claims for failure to comply with such laws.

348 SECTION 4. This act shall take effect and be in force from  
349 and after July 1, 1999.