

By: Representative Williams

To: Ways and Means

HOUSE BILL NO. 1573

1 AN ACT TO AMEND SECTION 27-65-101, MISSISSIPPI CODE OF 1972,  
2 TO CREATE AN INDUSTRIAL SALES TAX EXEMPTION FOR SALES OF DIGITAL  
3 BROADCAST EQUIPMENT TO FEDERALLY LICENSED COMMERCIAL OR PUBLIC  
4 RADIO AND TELEVISION BROADCAST STATIONS MADE FOR THE PURPOSE OF  
5 ENABLING SUCH STATIONS TO COMPLY WITH THE TELECOMMUNICATIONS ACT  
6 OF 1996; AND FOR RELATED PURPOSES.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

76 (k) Sales of materials used in the construction of a  
77 building, or any addition or improvement thereon, and sales of any  
78 machinery and equipment not later than three (3) months after the  
79 completion of construction of the building, or any addition  
80 thereon, to be used therein, to qualified businesses, as defined  
81 in Section 57-51-5, which are located in a county or portion  
82 thereof designated as an enterprise zone pursuant to Sections  
83 57-51-1 through 57-51-15.

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

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

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

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

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

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

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

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

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

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

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

149 (v) Sales of digital broadcast equipment to a federally  
150 licensed commercial or public radio broadcast station or  
151 television broadcast station made for the purpose of enabling such  
152 station to comply with the Telecommunications Act of 1996, Public  
153 Law 104-104, as required by the Federal Communications Commission.  
154 This exemption shall not apply to sales of digital broadcast  
155 equipment made to repair or replace digital broadcast equipment  
156 for which an exemption was previously claimed under this paragraph  
157 (v). For the purposes of this exemption "digital broadcast  
158 equipment" means equipment purchased by a radio broadcast station  
159 or television broadcast station for the origination or integration  
160 of program materials for broadcast over the airwaves which uses or  
161 produces an electronic signal where the signal carries data  
162 generated, stored and processed as strings of binary data. The  
163 term "federally licensed commercial or public radio broadcast  
164 station or television broadcast station" means any entity or

165 enterprise, whether commercial or noncommercial, which operates  
166 under a license granted by the Federal Communications Commission  
167 for the purpose of free distribution of audio or video services,  
168 or both, when the distribution occurs by means of transmission  
169 over the public airwaves.

170       (2) Sales of component materials used in the construction of  
171 a building, or any addition or improvement thereon, sales of  
172 machinery and equipment to be used therein, and sales of  
173 manufacturing or processing machinery and equipment which is  
174 permanently attached to the ground or to a permanent foundation  
175 and which is not by its nature intended to be housed within a  
176 building structure, not later than three (3) months after the  
177 initial start-up date, to permanent business enterprises engaging  
178 in manufacturing or processing in moderately developed areas and  
179 developed areas (as such areas are designated in accordance with  
180 Section 57-73-21), which businesses are certified by the State Tax  
181 Commission as being eligible for the exemption granted in this  
182 paragraph, shall be exempt from one-half (1/2) of the taxes  
183 imposed on such transactions under this chapter.

184       SECTION 2. Nothing in this act shall affect or defeat any  
185 claim, assessment, appeal, suit, right or cause of action for  
186 taxes due or accrued under the sales tax laws before the date on  
187 which this act becomes effective, whether such claims,  
188 assessments, appeals, suits or actions have been begun before the  
189 date on which this act becomes effective or are begun thereafter;  
190 and the provisions of the sales tax laws are expressly continued  
191 in full force, effect and operation for the purpose of the  
192 assessment, collection and enrollment of liens for any taxes due  
193 or accrued and the execution of any warrant under such laws before  
194 the date on which this act becomes effective, and for the  
195 imposition of any penalties, forfeitures or claims for failure to  
196 comply with such laws.

197       SECTION 3. This act shall take effect and be in force from

198 and after July 1, 1999.