

By: Senator(s) Nunnelee

To: Finance

SENATE BILL NO. 2699

1 AN ACT TO AMEND SECTION 27-65-101, MISSISSIPPI CODE OF 1972,
2 TO EXEMPT FROM SALES TAXATION SALES OF ENVIRONMENTAL POLLUTION
3 CONTROL EQUIPMENT TO MANUFACTURERS OR CUSTOM PROCESSORS FOR
4 INDUSTRIAL USE; AND FOR RELATED PURPOSES.

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

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

8 27-65-101. (1) The exemptions from the provisions of this
9 chapter which are of an industrial nature or which are more
10 properly classified as industrial exemptions than any other
11 exemption classification of this chapter shall be confined to
12 those persons or property exempted by this section or by the
13 provisions of the Constitution of the United States or the State
14 of Mississippi. No industrial exemption as now provided by any
15 other section except Section 57-3-33 shall be valid as against the
16 tax herein levied. Any subsequent industrial exemption from the
17 tax levied hereunder shall be provided by amendment to this
18 section. No exemption provided in this section shall apply to
19 taxes levied by Section 27-65-15 or 27-65-21.

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

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

28 for use in ships engaged in international commerce.

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

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

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

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

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

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

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

62 (i) Machinery or tools or repair parts therefor or
63 replacements thereof, fuel or supplies used directly in
64 manufacturing, converting or repairing ships of three thousand

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

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

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

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

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

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

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

97 (p) Sales of materials used in the construction of a

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

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

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

128 (s) The gross proceeds from the sale of semitrailers,
129 trailers, boats, travel trailers, motorcycles and all-terrain
130 cycles if exported from this state within forty-eight (48) hours

131 and registered and first used in another state.

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

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

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

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

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

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

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