

By: Nunnelee

To: Finance

SENATE BILL NO. 2053

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 (1) 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 of machinery and equipment to nonprofit
137 organizations if the organization: (i) is tax-exempt pursuant to

138 Section 501(c)(4) of the Internal Revenue Code of 1986, as
139 amended; (ii) assists in the implementation of the national
140 contingency plan or area contingency plan, and which is created in
141 response to the requirements of Title IV, Subtitle B of the Oil
142 Pollution Act of 1990, P.L. 101-380; and (iii) engages primarily
143 in programs to contain, clean up and otherwise mitigate spills of
144 oil or other substances occurring in the United States coastal and
145 tidal waters. For purposes of this exemption, "machinery and
146 equipment" means any ocean-going vessels, barges, booms, skimmers
147 and other capital equipment used primarily in the operations of
148 nonprofit organizations referred to herein.

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

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

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

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

183 SECTION 3. This act shall take effect and be in force from
184 and after July 1, 2000.