

By: Representative Davis

To: Ways and Means

HOUSE BILL NO. 270

1 AN ACT TO AMEND SECTION 27-65-3, MISSISSIPPI CODE OF 1972, TO
2 PROVIDE THAT DELIVERY CHARGES SHALL NOT BE INCLUDED WITHIN THE
3 MEANING OF GROSS PROCEEDS OF SALES FOR PURPOSES OF THE STATE SALES
4 TAX LAW; TO AMEND SECTION 27-67-3, MISSISSIPPI CODE OF 1972, TO
5 PROVIDE THAT FREIGHT CHARGES SHALL NOT BE INCLUDED WITHIN THE
6 MEANING OF PURCHASE PRICE, SALES PRICE OR VALUE FOR PURPOSES OF
7 THE STATE USE TAX LAW; AND FOR RELATED PURPOSES.

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

9 SECTION 1. Section 27-65-3, Mississippi Code of 1972, is
10 amended as follows:

11 27-65-3. The words, terms and phrases, when used in this
12 chapter, shall have the meanings ascribed to them herein.

13 (a) "Tax Commission" means the State Tax Commission of
14 the State of Mississippi.

15 (b) "Commissioner" means the Chairman of the State Tax
16 Commission.

17 (c) "Person" means * * * any individual, firm,
18 copartnership, joint venture, association, corporation, estate,
19 trust or other group or combination acting as a unit, and includes
20 the plural as well as the singular in number. "Person" shall
21 include husband or wife or both where joint benefits are derived
22 from the operation of a business taxed hereunder. "Person" shall
23 also include any state, county, municipal or other agency or
24 association engaging in a business taxable under this chapter.

25 (d) "Tax year" or "taxable year" means either the
26 calendar year or the taxpayer's fiscal year.

27 (e) "Taxpayer" means any person liable for or having
28 paid any tax to the State of Mississippi under the provisions of
29 this chapter.



30 (f) "Sale" or "sales" includes the barter or exchange
31 of property as well as the sale thereof for money or other
32 consideration, and every closed transaction by which the title to
33 taxable property passes shall constitute a taxable event.

34 "Sale" shall also include the passing of title to property
35 for a consideration of coupons, trading stamps or by any other
36 means when redemption is subsequent to the original sale by which
37 the coupon, stamp or other obligation was created.

38 The situs of a sale for the purpose of distributing taxes to
39 municipalities shall be the same as the location of the business
40 from which the sale is made except that:

41 (i) Retail sales along a route from a vehicle or
42 otherwise by a transient vendor shall take the situs of delivery
43 to the customer.

44 (ii) The situs of wholesale sales of tangible
45 personal property taxed at wholesale rates, the amount of which is
46 allowed as a credit against the sales tax liability of the
47 retailer, shall be the same as the location of the business of the
48 retailer receiving the credit.

49 (iii) The situs of wholesale sales of tangible
50 personal property taxed at wholesale rates, the amount of which is
51 not allowed as a credit against the sales tax liability of the
52 retailer, shall have a rural situs.

53 (iv) Income received from the renting or leasing
54 of property used for transportation purposes between cities or
55 counties shall have a rural situs.

56 (g) "Delivery charges" * * * means * * * any expenses
57 incurred by a seller in acquiring merchandise for sale in the
58 regular course of business commonly known as "freight-in" or
59 "transportation costs-in." "Delivery charges" also include any
60 charges made by the seller for delivery of property sold to the
61 purchaser.



62 (h) "Gross proceeds of sales" means the value
63 proceeding or accruing from the full sale price of tangible
64 personal property, including installation charges, carrying
65 charges, or any other addition to the selling price on account of
66 deferred payments by the purchaser, without any deduction
67 for * * * cost of property sold, other expenses or losses, or
68 taxes of any kind except those expressly exempt by this chapter.

69 Where a trade-in is taken as part payment on tangible
70 personal property sold, "gross proceeds of sales" shall include
71 only the difference received between the selling price of the
72 tangible personal property and the amount allowed for a trade-in
73 of property of the same kind. When the trade-in is subsequently
74 sold, the selling price thereof shall be included in "gross
75 proceeds of sales."

76 "Gross proceeds of sales" shall include the value of any
77 goods, wares, merchandise or property purchased at wholesale or
78 manufactured, and any mineral or natural resources produced which
79 are excluded from the tax levied by Section 27-65-15, which are
80 withdrawn or used from an established business or from the stock
81 in trade for consumption or any other use in the business or by
82 the owner.

83 "Gross proceeds of sales" shall not include bad check or
84 draft service charges as provided for in Section 97-19-57.

85 "Gross proceeds of sales" does not include delivery charges.

86 (i) "Gross income" means the total charges for service
87 or the total receipts (actual or accrued) derived from trades,
88 business or commerce by reason of the investment of capital in the
89 business engaged in, including the sale or rental of tangible
90 personal property, compensation for labor and services performed,
91 and including the receipts from the sales of property retained as
92 toll, without any deduction for rebates, cost of property sold,
93 cost of materials used, labor costs, interest paid, losses or any
94 expense whatever.



95 "Gross income" shall also include the cost of property given
96 as compensation when said property is consumed by a person
97 performing a taxable service for the donor.

98 However, "gross income" or "gross proceeds of sales" shall
99 not be construed to include the value of goods returned by
100 customers when the total sale price is refunded either in cash or
101 by credit, or cash discounts allowed and taken on sales. Cash
102 discounts shall not include the value of trading stamps given with
103 a sale of property.

104 (j) "Tangible personal property" means personal
105 property perceptible to the human senses or by chemical analysis
106 as opposed to real property or intangibles and shall include
107 property sold on an installed basis which may become a part of
108 real or personal property.

109 (k) "Installation charges" * * * means * * * the charge
110 for the application of tangible personal property to real or
111 personal property without regard to whether or not it becomes a
112 part of the real property or retains its personal property
113 classification. It shall include, but not be limited to, sales in
114 place of roofing, tile, glass, carpets, drapes, fences, awnings,
115 window air conditioning units, gasoline pumps, window guards,
116 floor coverings, carports, store fixtures, aluminum and plastic
117 siding, tombstones and similar personal property.

118 (l) "Newspaper" means a periodical which:

119 (i) Is not published primarily for advertising
120 purposes and has not contained more than seventy-five percent
121 (75%) advertising in more than one-half (1/2) of its issues during
122 any consecutive twelve-month period excluding separate advertising
123 supplements inserted into but separately identifiable from any
124 regular issue or issues;

125 (ii) Has been established and published
126 continuously for at least twelve (12) months;



127 (iii) Is regularly issued at stated intervals no
128 less frequently than once a week, bears a date of issue, and is
129 numbered consecutively; provided, however, that publication on
130 legal holidays of this state or of the United States and on
131 Saturdays and Sundays shall not be required, and failure to
132 publish not more than two (2) regular issues in any calendar year
133 shall not exclude a periodical from this definition;

134 (iv) Is issued from a known office of publication,
135 which shall be the principal public business office of the
136 newspaper and need not be the place at which the periodical is
137 printed and a newspaper shall be deemed to be "published" at the
138 place where its known office of publication is located;

139 (v) Is formed of printed sheets; provided,
140 however, that a periodical that is reproduced by the stencil,
141 mimeograph or hectograph process shall not be considered to be a
142 "newspaper"; and

143 (vi) Is originated and published for the
144 dissemination of current news and intelligence of varied, broad
145 and general public interest, announcements and notices, opinions
146 as editorials on a regular or irregular basis, and advertising and
147 miscellaneous reading matter.

148 The term "newspaper" shall include periodicals which are
149 designed primarily for free circulation or for circulation at
150 nominal rates as well as those which are designed for circulation
151 at more than a nominal rate.

152 The term "newspaper" shall not include a publication or
153 periodical which is published, sponsored by, is directly supported
154 financially by, or is published to further the interests of, or is
155 directed to, or has a circulation restricted in whole or in part
156 to any particular sect, denomination, labor or fraternal
157 organization or other special group or class or citizens.

158 For purposes of this paragraph, a periodical designed
159 primarily for free circulation or circulation at nominal rates



160 shall not be considered to be a newspaper unless such periodical
161 has made an application for such status to the Tax Commission in
162 the manner prescribed by the commission and has provided to the
163 Tax Commission documentation satisfactory to the commission
164 showing that such periodical meets the requirements of the
165 definition of the term "newspaper." However, if such periodical
166 has been determined to be a newspaper under action taken by the
167 State Tax Commission on or before April 11, 1996, such periodical
168 shall be considered to be a newspaper without the necessity of
169 applying for such status. A determination by the State Tax
170 Commission that a publication is a newspaper shall be limited to
171 the application of this chapter and shall not establish that the
172 publication is a newspaper for any other purpose.

173 SECTION 2. Section 27-67-3, Mississippi Code of 1972, is
174 amended as follows:

175 27-67-3. Whenever used in this article, the words, phrases
176 and terms shall have the meaning ascribed to them as follows:

177 (a) "Tax Commission" means the State Tax Commission of
178 the State of Mississippi.

179 (b) "Commissioner" means the Chairman of the State Tax
180 Commission.

181 (c) "Person" means any individual, firm, partnership,
182 joint venture, association, corporation, estate, trust, receiver,
183 syndicate or any other group or combination acting as a unit and
184 includes the plural as well as the singular in number. "Person"
185 shall also include husband or wife, or both, where joint benefits
186 are derived from the operation of a business taxed hereunder or
187 where joint benefits are derived from the use of property taxed
188 hereunder.

189 (d) "Taxpayer" means any person liable for the payment
190 of any tax hereunder, or liable for the collection and payment of
191 the tax.



192 (e) "Sale" or "purchase" means the exchange of
193 properties for money or other consideration, and the barter of
194 properties. Every closed transaction by which title to, or
195 possession of, tangible personal property passes shall constitute
196 a taxable event. A transaction whereby the possession of property
197 is transferred but the seller retains title as security for
198 payment of the selling price shall be deemed a sale.

199 (f) "Purchase price" or "sales price" means the total
200 amount for which tangible personal property is purchased or sold,
201 valued in money, including any additional charges for deferred
202 payment, installation and service charges, * * * without any
203 deduction for cost of property sold, expenses or losses, or taxes
204 of any kind except those exempt by the sales tax law. "Purchase
205 price" or "sales price" shall not include cash discounts allowed
206 and taken or merchandise returned by customers when the total
207 sales price is refunded either in cash or by credit, and shall not
208 include amounts allowed for a trade-in of similar property.
209 "Purchase price" or "sales price" does not include freight charges
210 to the point of use within this state.

211 (g) "Lease" or "rent" means any agreement entered into
212 for a consideration that transfers possession or control of
213 tangible personal property to a person for use within this state.

214 (h) "Value" means the estimated or assessed monetary
215 worth of a thing or property. The value of property transferred
216 into this state for sales promotion or advertising shall be an
217 amount not less than the cost paid by the transferor or donor. The
218 value of property which has been used in another state shall be
219 determined by its cost less straight line depreciation provided
220 that value shall never be less than twenty percent (20%) of the
221 cost or other method acceptable to the commissioner. On property
222 imported by the manufacturer thereof for rental or lease within
223 this state, value shall be the manufactured cost of the
224 property * * *.



225 (i) "Tangible personal property" means personal
226 property perceptible to the human senses or by chemical analysis,
227 as opposed to real property or intangibles. "Tangible personal
228 property" shall include printed, mimeographed, multigraphed
229 matter, or material reproduced in any other manner, and books,
230 catalogs, manuals, publications or similar documents covering the
231 services of collecting, compiling or analyzing information of any
232 kind or nature. However, reports representing the work of persons
233 such as lawyers, accountants, engineers and similar professionals
234 shall not be included. "Tangible personal property" shall also
235 include tangible advertising or sales promotion materials such as,
236 but not limited to, displays, brochures, signs, catalogs, price
237 lists, point of sale advertising materials and technical manuals.
238 Tangible personal property shall also include computer software
239 programs.

240 (j) "Person doing business in this state," "person
241 maintaining a place of business within this state," or any similar
242 term means any person having within this state an office, a
243 distribution house, a salesroom or house, a warehouse, or any
244 other place of business, or owning personal property located in
245 this state used by another person, or installing personal property
246 in this state. This definition also includes any person selling
247 or taking orders for any tangible personal property, either
248 personally, by mail or through an employee representative,
249 salesman, commission agent, canvasser, solicitor or independent
250 contractor or by any other means from within the state.

251 Any person doing business under the terms of the article by
252 reason of coming under any one or more of the qualifying
253 provisions listed above shall be considered as doing business on
254 all transactions involving sales to persons within this state.

255 (k) "Use" or "consumption" means the first use or
256 intended use within this state of tangible personal property and
257 shall include rental or loan by owners or use by lessees or other



258 persons receiving benefits from use of the property. "Use" or
259 "consumption" shall include the benefit realized or to be realized
260 by persons importing or causing to be imported into this state
261 tangible advertising or sales promotion materials.

262 (1) "Storage" means keeping tangible personal property
263 in this state for subsequent use or consumption in this state.

264 SECTION 3. Nothing in this act shall affect or defeat any
265 claim, assessment, appeal, suit, right or cause of action for
266 taxes due or accrued under the sales tax laws or use tax laws
267 before the date on which this act becomes effective, whether such
268 claims, assessments, appeals, suits or actions have been begun
269 before the date on which this act becomes effective or are begun
270 thereafter; and the provisions of the sales tax laws and use tax
271 laws are expressly continued in full force, effect and operation
272 for the purpose of the assessment, collection and enrollment of
273 liens for any taxes due or accrued and the execution of any
274 warrant under such laws before the date on which this act becomes
275 effective, and for the imposition of any penalties, forfeitures or
276 claims for failure to comply with such laws.

277 SECTION 4. This act shall take effect and be in force from
278 and after July 1, 2001.

