To: Ways and Means

MISSISSIPPI LEGISLATURE
REGULAR SESSION 2001
By: Representative Robinson (84th)

HOUSE BILL NO. 828

AN ACT TO IMPOSE AN AD VALOREM TAX ON ALL NONPRODUCING MINERAL ESTATES AND LEASEHOLD INTERESTS IN MINERALS OWNED SEPARATELY AND APART FROM THE SURFACE ESTATE; TO PROVIDE THAT WHERE THE TAX BECOMES DELINQUENT THE MINERAL ESTATE OR LEASEHOLD INTEREST SHALL BE SOLD IN THE SAME MANNER AS LANDS ARE SOLD FOR NONPAYMENT OF TAXES; TO AMEND SECTIONS 27-31-85 AND 27-31-1, MISSISSIPPI CODE OF 1972, IN CONFORMITY TO THE PROVISIONS OF THIS ACT; TO REPEAL SECTIONS 27-31-73 AND 27-31-75, MISSISSIPPI CODE OF 1972, WHICH RELATE TO THE EXEMPTION OF NONPRODUCING MINERAL AND LEASEHOLD INTERESTS FROM AD VALOREM TAXES; AND FOR RELATED PURPOSES.

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

SECTION 1. (1) From and after January 1, 2001, there shall be levied an ad valorem tax of Five Cents (5¢) per mineral or royalty acre, as defined in Section 27-31-71, upon all nonproducing mineral estates and all leasehold interests in minerals which are owned separately and apart from the surface estate. Such tax shall become due and be payable in the same manner as taxes on the surface estate. All nonproducing mineral estates and all leasehold interests in minerals which are not owned separately and apart from the surface estate shall be exempt from all ad valorem taxes levied on or after January 1, 2001, by the State of Mississippi, or any county, municipality, levee district, road district, school district, drainage district or other taxing district within the state.

(2) If the taxes provided for in subsection (1) of this section are not paid when they become due, such mineral estate or leasehold interest shall be sold in the same manner and in accordance with the same procedure as prescribed by law for the sale of lands for nonpayment of taxes, which procedure shall include the advertising of mineral estates and leasehold interests...
on which taxes have not been paid, the providing of notice that a
mineral estate or leasehold interest has been sold for nonpayment
of taxes, the right to redeem a mineral estate or leasehold
interest sold for nonpayment of taxes, the amount necessary to
redeem the mineral estate or leasehold interest from the tax sale
and the time when the redemption period will expire.

SECTION 2. Section 27-31-85, Mississippi Code of 1972, is
amended as follows:

27-31-85. From the taxes levied and collected under and by
virtue of Sections 27-31-77 to 27-31-83 inclusive, and Section 1
of this act, the chancery clerk shall retain ten percent (10%) as
a fee for the collection thereof, and shall pay the remainder
thereof into the proper depository to the credit of the county,
one-half (1/2) to the common county fund and one-half (1/2) to the
county school fund. Such deposit shall be made on or before the
fifteenth day of the month next succeeding that in which such
collection may be made. * * *

SECTION 3. Section 27-31-1, Mississippi Code of 1972, is
amended as follows:

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

(a) All cemeteries used exclusively for burial
purposes.

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

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

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

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

(f) All property, real or personal, whether belonging to religious or charitable or benevolent organizations, which is used for hospital purposes, and nurses' homes where a part thereof, and which maintain one or more charity wards that are for charity patients, and where all the income from said hospitals and nurses' homes is used entirely for the purposes thereof and no part of the same for profit.

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

(h) Provisions on hand for family consumption.

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

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

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

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

(m) All cattle and oxen.

(n) All sheep, goats and hogs.

(o) All horses, mules and asses.
(p) Farming tools, implements and machinery, when used exclusively in the cultivation or harvesting of crops or timber.

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

(r) The libraries of all persons.

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

(t) The tools of any mechanic necessary for carrying on his trade.

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

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

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

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

(y) (1) Boats, seines and fishing equipment used in fishing and shrimping operations and in the taking or catching of oysters.
(2) All towboats, tugboats and barges documented under the laws of the United States, except watercraft of every kind and character used in connection with gaming operations.

(z) All materials used in the construction and/or conversion of vessels in this state; vessels while under construction and/or conversion; vessels while in the possession of the manufacturer, builder or converter, for a period of twelve (12) months after completion of construction and/or conversion, and as used herein the term "vessel" shall include ships, offshore drilling equipment, dry docks, boats and barges, except watercraft of every kind and character used in connection with gaming operations.

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

(bb) All growing nursery stock.

(cc) A semitrailer used in interstate commerce.

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

(ee) All vessels while in the hands of bona fide dealers as merchandise and which are not being operated upon the waters of this state shall be exempt from ad valorem taxes. As used in this paragraph the terms "vessel" and "waters of this state" shall have the meaning ascribed to such terms in Section 59-21-3.
(ff) All property, real or personal, owned by a nonprofit organization that: (i) is qualified as tax exempt under Section 501(c)(4) of the Internal Revenue Code of 1986, as amended; (ii) assists in the implementation of the national contingency plan or area contingency plan, and which is created in response to the requirements of Title IV, Subtitle B of the Oil Pollution Act of 1990, P.L. 101-380; (iii) engages primarily in programs to contain, clean up and otherwise mitigate spills of oil or other substances occurring in the United States coastal or tidal waters; and (iv) is used for the purposes of the organization.

(gg) If a municipality changes its boundaries so as to include within the boundaries of such municipality the project site of any project as defined in Section 57-75-5(f)(iv)1, all real and personal property located on the project site within the boundaries of such municipality that is owned by a business enterprise operating such project, shall be exempt from ad valorem taxation for a period of time not to exceed thirty (30) years upon receiving approval for such exemption by the Mississippi Major Economic Impact Authority. The provisions of this subsection shall not be construed to authorize a breach of any agreement entered into pursuant to Section 21-1-59.

(hh) All nonproducing mineral estates and all leasehold interests in minerals that are not owned separately and apart from the surface estate shall be exempt from all ad valorem taxes levied on or after January 1, 2001.

SECTION 4. Sections 27-31-73 and 27-31-75, Mississippi Code of 1972, which relate to the exemption of nonproducing mineral and leasehold interests, are repealed.

SECTION 5. This act shall take effect and be in force retroactively from and after January 1, 2001.