

By: Representatives Morris, Smith (39th),  
Chism, Harrison

To: Ways and Means

HOUSE BILL NO. 473

1 AN ACT TO AMEND SECTION 27-65-101, MISSISSIPPI CODE OF 1972,  
2 TO PROVIDE THAT ELECTRICITY USED DIRECTLY IN THE ELECTROLYSIS  
3 PROCESS IN THE PRODUCTION OF SODIUM CHLORATE SHALL BE CONSIDERED A  
4 RAW MATERIAL FOR PURPOSES OF THE INDUSTRIAL SALES TAX EXEMPTION  
5 FOR SALES OF RAW MATERIALS TO A MANUFACTURER FOR USE IN  
6 MANUFACTURING OR PROCESSING A PRODUCT FOR SALE; AND FOR RELATED  
7 PURPOSES.

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

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

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

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

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



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

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

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

47 (d) Sales to commercial fishermen of commercial fishing  
48 boats of over five (5) tons load displacement and not more than  
49 fifty (50) tons load displacement as registered with the United  
50 States Coast Guard and licensed by the Mississippi Commission on  
51 Marine Resources.

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

54 (f) Sales of petroleum products to vessels or barges  
55 for consumption in marine international commerce or interstate  
56 transportation businesses.

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



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

68           (i) Sales of machinery or tools or repair parts  
69 therefor or replacements thereof, fuel or supplies used directly  
70 in manufacturing, converting or repairing ships of three thousand  
71 (3,000) tons load displacement and over, but not to include office  
72 and plant supplies or other equipment not directly used on the  
73 ship being built, converted or repaired.

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

80           (k) Sales of materials used in the construction of a  
81 building, or any addition or improvement thereon, and sales of any  
82 machinery and equipment not later than three (3) months after the  
83 completion of construction of the building, or any addition  
84 thereon, to be used therein, to qualified businesses, as defined  
85 in Section 57-51-5, which are located in a county or portion  
86 thereof designated as an enterprise zone pursuant to Sections  
87 57-51-1 through 57-51-15.

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



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

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

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

103 (p) Sales of materials used in the construction of a  
104 building, or any addition or improvement thereon, and sales of any  
105 machinery and equipment not later than three (3) months after the  
106 completion of construction of the building, or any addition  
107 thereon, to be used therein, to qualified companies, certified as  
108 such by the Mississippi Development Authority under Section  
109 57-53-1.

110 (q) Sales of component materials used in the  
111 construction of a building, or any addition or improvement  
112 thereon, sales of machinery and equipment to be used therein, and  
113 sales of manufacturing or processing machinery and equipment which  
114 is permanently attached to the ground or to a permanent foundation  
115 and which is not by its nature intended to be housed within a  
116 building structure, not later than three (3) months after the  
117 initial start-up date, to permanent business enterprises engaging  
118 in manufacturing or processing in Tier Three areas (as such term  
119 is defined in Section 57-73-21), which businesses are certified by  
120 the State Tax Commission as being eligible for the exemption  
121 granted in this paragraph (q).

122 (r) Sales of component materials used in the  
123 construction of a building, or any addition or improvement  
124 thereon, and sales of any machinery and equipment not later than  
125 three (3) months after the completion of the building, addition or  
126 improvement thereon, to be used therein, for any company



127 establishing or transferring its national or regional headquarters  
128 from within or outside the State of Mississippi and creating a  
129 minimum of thirty-five (35) jobs at the new headquarters in this  
130 state. The Tax Commission shall establish criteria and prescribe  
131 procedures to determine if a company qualifies as a national or  
132 regional headquarters for the purpose of receiving the exemption  
133 provided in this paragraph.

134 (s) The gross proceeds from the sale of semitrailers,  
135 trailers, boats, travel trailers, motorcycles and all-terrain  
136 cycles if exported from this state within forty-eight (48) hours  
137 and registered and first used in another state.

138 (t) Gross income from the storage and handling of  
139 natural gas in underground salt domes and in other underground  
140 reservoirs, caverns, structures and formations suitable for such  
141 storage.

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

155 (v) Sales of component materials and equipment to  
156 approved business enterprises as provided under the Growth and  
157 Prosperity Act.

158 (w) From and after July 1, 2001, sales of pollution  
159 control equipment to manufacturers or custom processors for



160 industrial use. For the purposes of this exemption, "pollution  
161 control equipment" means equipment, devices, machinery or systems  
162 used or acquired to prevent, control, monitor or reduce air, water  
163 or groundwater pollution, or solid or hazardous waste as required  
164 by federal or state law or regulation.

165 (x) Sales or leases to a manufacturer of motor vehicles  
166 operating a project that has been certified by the Mississippi  
167 Major Economic Impact Authority as a project as defined in Section  
168 57-75-5(f)(iv)1 of machinery and equipment; special tooling such  
169 as dies, molds, jigs and similar items treated as special tooling  
170 for federal income tax purposes; or repair parts therefor or  
171 replacements thereof; repair services thereon; fuel, supplies,  
172 electricity, coal and natural gas used directly in the manufacture  
173 of motor vehicles or motor vehicle parts or used to provide  
174 climate control for manufacturing areas.

175 (y) Sales or leases of component materials, machinery  
176 and equipment used in the construction of a building, or any  
177 addition or improvement thereon to an enterprise operating a  
178 project that has been certified by the Mississippi Major Economic  
179 Impact Authority as a project as defined in Section  
180 57-75-5(f)(iv)1 and any other sales or leases required to  
181 establish or operate such project.

182 (2) Sales of component materials used in the construction of  
183 a building, or any addition or improvement thereon, sales of  
184 machinery and equipment to be used therein, and sales of  
185 manufacturing or processing machinery and equipment which is  
186 permanently attached to the ground or to a permanent foundation  
187 and which is not by its nature intended to be housed within a  
188 building structure, not later than three (3) months after the  
189 initial start-up date, to permanent business enterprises engaging  
190 in manufacturing or processing in Tier Two areas and Tier One  
191 areas (as such areas are designated in accordance with Section  
192 57-73-21), which businesses are certified by the State Tax



193 Commission as being eligible for the exemption granted in this  
194 paragraph, shall be exempt from one-half (1/2) of the taxes  
195 imposed on such transactions under this chapter.

196       **SECTION 2.** Nothing in this act shall affect or defeat any  
197 claim, assessment, appeal, suit, right or cause of action for  
198 taxes due or accrued under the sales tax laws before the date on  
199 which this act becomes effective, whether such claims,  
200 assessments, appeals, suits or actions have been begun before the  
201 date on which this act becomes effective or are begun thereafter;  
202 and the provisions of the sales tax laws are expressly continued  
203 in full force, effect and operation for the purpose of the  
204 assessment, collection and enrollment of liens for any taxes due  
205 or accrued and the execution of any warrant under such laws before  
206 the date on which this act becomes effective, and for the  
207 imposition of any penalties, forfeitures or claims for failure to  
208 comply with such laws.

209       **SECTION 3.** This act shall take effect and be in force from  
210 and after July 1, 2002.

