

By: Representative Ford

To: Ways and Means

COMMITTEE SUBSTITUTE  
FOR  
HOUSE BILL NO. 1639

1 AN ACT TO PROVIDE THAT A COUNTY THAT IS A MEMBER OF A  
2 REGIONAL ECONOMIC DEVELOPMENT ALLIANCE CREATED UNDER THE REGIONAL  
3 ECONOMIC DEVELOPMENT ACT SHALL HAVE THE AUTHORITY TO NEGOTIATE A  
4 PURCHASE OPTION FOR REAL PROPERTY TO BE USED FOR THE PURPOSES OF  
5 THE ALLIANCE; TO PROVIDE THAT A COUNTY MAY PAY ALL COSTS INCURRED  
6 FOR THE ACQUISITION OF SUCH AN OPTION REGARDLESS OF WHETHER THE  
7 COUNTY EXERCISES THE OPTION AT A LATER DATE; TO PROVIDE THAT AS A  
8 PART OF ANY SUCH OPTION, A COUNTY MAY NEGOTIATE THE RIGHT TO ENTER  
9 UPON THE REAL PROPERTY BEFORE THE PURCHASE FOR THE PURPOSE OF  
10 CONDUCTING ANY PRELIMINARY ENGINEERING, ENVIRONMENTAL AND RELATED  
11 SURVEYS OR STUDIES NECESSARY TO EFFECTUATE THE OPTION AND MAY PAY  
12 ALL COSTS INCURRED FOR SUCH STUDIES OR OPTIONS REGARDLESS OF  
13 WHETHER THE COUNTY EXERCISES THE OPTION AT A LATER DATE; TO  
14 PROVIDE THAT A COUNTY THAT IS A MEMBER OF A REGIONAL ECONOMIC  
15 DEVELOPMENT ALLIANCE MAY EXERCISE THE POWER OF EMINENT DOMAIN TO  
16 ACQUIRE PROPERTY FOR CERTAIN PROJECTS DESCRIBED UNDER THE  
17 MISSISSIPPI MAJOR ECONOMIC IMPACT ACT IF THE COUNTY HAS RECEIVED A  
18 BINDING COMMITMENT PROVIDING THAT SUCH A PROJECT WILL BE LOCATED  
19 IN A COUNTY IN THE REGIONAL ECONOMIC DEVELOPMENT ALLIANCE; TO  
20 AMEND SECTION 57-64-7, MISSISSIPPI CODE OF 1972, TO REVISE THE  
21 DEFINITION OF THE TERM "PROJECT" FOR PURPOSES OF THE REGIONAL  
22 ECONOMIC DEVELOPMENT ACT TO INCLUDE CERTAIN PROJECTS DESCRIBED  
23 UNDER THE MISSISSIPPI MAJOR ECONOMIC IMPACT ACT; TO PROVIDE  
24 INCENTIVES IN THE FORM OF TEMPORARY EXEMPTIONS FROM LOCAL AD  
25 VALOREM TAXES AND STATE INCOME, SALES AND CORPORATION FRANCHISE  
26 TAXES FOR BUSINESS ENTERPRISES OPERATING CERTAIN PROJECTS IN  
27 COUNTIES THAT ARE MEMBERS OF A REGIONAL ECONOMIC DEVELOPMENT  
28 ALLIANCE; TO AMEND SECTIONS 27-7-21, 27-13-5, 27-13-7 AND  
29 27-65-101, MISSISSIPPI CODE OF 1972, IN CONFORMITY THERETO; AND  
30 FOR RELATED PURPOSES.

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

32 **SECTION 1.** A county that is a member of a regional economic  
33 development alliance created under the Regional Economic  
34 Development Act is authorized to negotiate a purchase option for  
35 real property to be used for the purposes of the alliance. A  
36 county may pay all costs incurred for the acquisition of such an  
37 option regardless of whether the county exercises the option at a  
38 later date. As a part of any such option, a county may negotiate  
39 the right to enter upon the real property before the purchase for  
40 the purpose of conducting any preliminary engineering,  
41 environmental and related surveys or studies necessary to



42 effectuate the option. A county may pay all costs incurred for  
43 such surveys or studies regardless of whether the county exercises  
44 the option at a later date.

45 **SECTION 2.** The board of supervisors of any county that is a  
46 member of a regional economic development alliance created under  
47 the Regional Economic Development Act may exercise the power of  
48 eminent domain for the purpose of acquiring land, property and/or  
49 rights-of-way for a project as defined in Section 57-75-5(f)(i) or  
50 any facility related to the project as defined in Section  
51 57-75-5(d), or both. The board of supervisors of such a county  
52 shall not exercise the authority granted under this section  
53 without first receiving a binding commitment providing that such a  
54 project will be located in a county that is a member of the  
55 regional economic development alliance.

56 **SECTION 3.** Section 57-64-7, Mississippi Code of 1972, is  
57 amended as follows:

58 57-64-7. For the purposes of this chapter, the following  
59 words shall be defined as herein provided unless the context  
60 requires otherwise:

61 (a) "Alliance" means a regional economic development  
62 alliance created under this chapter.

63 (b) "Bond" or "bonds" means bonds, notes or other  
64 evidence of indebtedness of the local government unit issued  
65 pursuant to this chapter.

66 (c) "Cost of project" means all costs of site  
67 preparation and other start-up costs; all costs of construction;  
68 all costs of fixtures and of real and personal property required  
69 for the purposes of the project and facilities related thereto,  
70 including land and any rights or undivided interest therein,  
71 easements, franchises, fees, permits, approvals, licenses, and  
72 certificates and the securing of such permits, approvals,  
73 licenses, and certificates and all machinery and equipment,  
74 including motor vehicles which are used for project functions; and



75 including any cost associated with the closure, post-closure  
76 maintenance or corrective action on environmental matters,  
77 financing charges and interest prior to and during construction  
78 and during such additional period as the alliance may reasonably  
79 determine to be necessary for the placing of the project in  
80 operation; costs of engineering, surveying, environmental  
81 geotechnical, architectural and legal services; costs of plans and  
82 specifications and all expenses necessary or incident to  
83 determining the feasibility or practicability of the project;  
84 administrative expenses; and such other expenses as may be  
85 necessary or incidental to the financing authorized in this  
86 chapter. The costs of any project may also include funds for the  
87 creation of a debt service reserve, a renewal and replacement  
88 reserve, bond insurance and credit enhancement, and such other  
89 reserves as may be reasonably required by the alliance for the  
90 operation of its projects and as may be authorized by any bond  
91 resolution or trust agreement or indenture pursuant to the  
92 provisions of which the issuance of any such bonds may be  
93 authorized. Any obligation or expense incurred for any of the  
94 foregoing purposes shall be regarded as a part of the costs of the  
95 project and may be paid or reimbursed as such out of the proceeds  
96 of user fees, of revenue bonds or notes issued under this chapter  
97 for such project, or from other revenues obtained by the alliance.

98 (d) "County" means any county of this state.

99 (e) "Foreign governmental unit" means any county,  
100 parish, city, town, village, utility district, school district,  
101 any community college, any institution of higher learning, any  
102 municipal airport authority, regional airport authority, port  
103 authority or any other political subdivision of another state.

104 (f) "Governing body" means the board of supervisors of  
105 any county or the governing board of any city, town or village.

106 As to the state, the term governing body means the State Bond  
107 Commission.



108 (g) "Holder of bonds" or "bondholder" or any similar  
109 term means any person who shall be the registered owner of any  
110 such bond or bonds which shall at the time be registered.

111 (h) "Law" means any act or statute, general, special or  
112 local, of this state.

113 (i) "Local government unit" means any county or  
114 incorporated city, town or village in the state acting jointly or  
115 severally.

116 (j) "MDA" means the Mississippi Development Authority.

117 (k) "Municipality" means any incorporated municipality  
118 in the state.

119 (l) "Person" means a natural person, partnership,  
120 association, corporation, business trust or other business entity.

121 (m) "Project" means and includes any of the following  
122 which promotes economic development or which assists in the  
123 creation of jobs:

124 (i) Acquisition, construction, repair, renovation,  
125 demolition or removal of:

- 126 1. Buildings and site improvements (including  
127 fixtures);
- 128 2. Potable and nonpotable water supply systems;
- 129 3. Sewage and waste disposal systems;
- 130 4. Storm water drainage and other drainage  
131 systems;
- 132 5. Airport facilities;
- 133 6. Rail lines and rail spurs;
- 134 7. Port facilities;
- 135 8. Highways, streets and other roadways;
- 136 9. Fire suppression and prevention systems;
- 137 10. Utility distribution systems, including,

138 but not limited to, water, electricity, natural gas, telephone and  
139 other information and telecommunications facilities, whether by  
140 wire, fiber or wireless means; provided, however, that electrical,



141 natural gas, telephone and telecommunication systems shall be  
142 constructed, repaired or renovated only for the purpose of  
143 completing the project and connecting to existing utility systems  
144 (this provision shall not be construed to prevent a city, county  
145 or natural gas district from supplying utility service that it is  
146 authorized to supply in the service area that it is authorized to  
147 serve);

148                   11. Business, industrial and technology parks  
149 and the acquisition of land and acquisition or construction of  
150 improvements to land connected with any of the preceding purposes;

151                   (ii) County purposes authorized by or defined in  
152 Sections 17-5-3 and 19-9-1, (except Section 19-9-1(f));

153                   (iii) Municipal purposes authorized by or defined in  
154 Sections 17-5-3, 17-17-301 et seq., 21-27-23, 21-33-301; \* \* \*

155                   (iv) Refunding of bonds as authorized in Section  
156 21-27-1 et seq.; and

157                   (v) A project as defined in Section 57-75-5(f)(i)  
158 or a facility related to the project as defined in Section  
159 57-75-5(d), or both.

160                   (n) "Resolution" means a resolution, ordinance, act,  
161 record of minutes or other appropriate enactment of a governing  
162 body.

163                   (o) "Revenues" mean any and all taxes, fees, rates,  
164 rentals, profits and receipts collected by, payable to, or  
165 otherwise derived by, the local government units and foreign  
166 governmental units, and all other monies and income of whatsoever  
167 kind or character collected by, payable to, or otherwise derived  
168 by, the local government unit and foreign governmental units in  
169 connection with the economic development projects provided through  
170 this chapter.

171                   (p) "Security" means a bond, note or other evidence of  
172 indebtedness issued by a local government unit pursuant to the  
173 provisions of this chapter.



174 (q) "State" means the State of Mississippi.

175 **SECTION 4.** (1) For the purposes of this section, the  
176 following words and phrases shall have the meanings ascribed in  
177 this section unless the context clearly indicates otherwise:

178 (a) "Business enterprise" means a business enterprise  
179 operating a project.

180 (b) "Local tax" means any county or municipal ad  
181 valorem tax imposed on the business enterprise pursuant to law,  
182 except the school portion of the tax and any portion of the tax  
183 imposed to pay the cost of providing fire and police protection.

184 (c) "MDA" means the Mississippi Development Authority.

185 (d) "Project" means a project as defined in Section  
186 57-75-5(f)(i).

187 (e) "Regional economic development alliance" means a  
188 regional economic development alliance created under the Regional  
189 Economic Development Act.

190 (f) "State tax" means any sales and use tax imposed on  
191 the business enterprise pursuant to law related to the purchase of  
192 component building materials and equipment for initial  
193 construction of facilities or expansion of facilities in a county  
194 that is a member of a regional economic development alliance, all  
195 income tax imposed pursuant to law on income earned by the  
196 business enterprise in a county that is a member of a regional  
197 economic development alliance, and franchise tax imposed pursuant  
198 to law on the value of capital used, invested or employed by the  
199 business enterprise in a county that is a member of a regional  
200 economic development alliance.

201 (2) A business enterprise operating a project in a county  
202 that is a member of a regional economic development alliance shall  
203 be exempt from all local taxes levied by the county and all state  
204 taxes for a period of ten (10) years or until December 31, 2015,  
205 whichever occurs first, and upon consent of any municipality  
206 within such county, shall be exempt from all local taxes levied by



207 such municipality for a period of ten (10) years or until December  
208 31, 2015, whichever occurs first.

209 (3) (a) The following conditions, along with any other  
210 conditions the MDA shall promulgate from time to time by rule or  
211 regulation, shall apply to such exemptions: (a) any exemption  
212 provided under this section is nontransferable and cannot be  
213 applied, used or assigned to any other person or business or tax  
214 account; (b) no business enterprise may claim or use the exemption  
215 granted under this section unless that enterprise is in full  
216 compliance with all state and local tax laws, and related  
217 ordinances and resolutions; and (c) the business enterprise must  
218 enter into an agreement with the MDA which sets out, at a minimum  
219 the performance requirements of the business enterprise during the  
220 term of the exemption and provisions for the recapture of all or a  
221 portion of the taxes exempted if the performance requirements of  
222 the business enterprise are not met.

223 (b) Upon entering into such an agreement, the MDA shall  
224 forward such agreement to the State Tax Commission and the  
225 affected local taxing authorities so that the exemption can be  
226 implemented. The State Tax Commission shall promulgate rules and  
227 regulations, in accordance with the Mississippi Administrative  
228 Procedures Law, for the implementation of both local and state  
229 exemptions granted under this section.

230 (4) Any business enterprise that relocates its present  
231 operation and jobs to a county that is a member of a regional  
232 economic development alliance from another county in the state  
233 shall not receive any of the exemptions granted in this section.

234 **SECTION 5.** Section 27-7-21, Mississippi Code of 1972, is  
235 amended as follows:

236 27-7-21. (a) **Allowance of deductions.** In the case of a  
237 resident individual, the exemptions provided by this section, as  
238 applicable to individuals, shall be allowed as deductions in  
239 computing taxable income.



240           (b) **Single individuals.** In the case of a single individual,  
241 a personal exemption of Five Thousand Two Hundred Fifty Dollars  
242 (\$5,250.00) for the 1979 and 1980 calendar years and Six Thousand  
243 Dollars (\$6,000.00) for each calendar year thereafter.

244           (c) **Married individuals.** In the case of married individuals  
245 living together, a joint personal exemption of Eight Thousand  
246 Dollars (\$8,000.00) for the 1979 and 1980 calendar years and Nine  
247 Thousand Five Hundred Dollars (\$9,500.00) for the 1981 through  
248 1997 calendar years, Ten Thousand Dollars (\$10,000.00) for the  
249 calendar year 1998, Eleven Thousand Dollars (\$11,000.00) for the  
250 calendar year 1999, and Twelve Thousand Dollars (\$12,000.00) for  
251 each calendar year thereafter. A husband and wife living together  
252 shall receive but one (1) personal exemption in the amounts  
253 provided for in this subsection for each calendar year against  
254 their aggregate income.

255           (d) **Head of family individuals.** In the case of a head of  
256 family individual, a personal exemption of Eight Thousand Dollars  
257 (\$8,000.00) for the 1979 and 1980 calendar years and Nine Thousand  
258 Five Hundred Dollars (\$9,500.00) for each calendar year  
259 thereafter. The term "head of family" means an individual who is  
260 single, or married but not living with his spouse for the entire  
261 taxable year, who maintains a household which constitutes the  
262 principal place of abode of himself and one or more individuals  
263 who are dependents under the provisions of Section 152(a) of the  
264 Internal Revenue Code of 1954, as amended. The head of family  
265 individual shall be entitled to the additional dependent exemption  
266 as provided in subsection (e) of this section only to the extent  
267 of dependents in excess of the one (1) dependent needed to qualify  
268 as head of family.

269           (e) **Additional exemption for dependents.** In the case of any  
270 individual having a dependent, other than husband or wife, an  
271 additional personal exemption of One Thousand Five Hundred Dollars  
272 (\$1,500.00) for each such dependent, except as otherwise provided





273 in subsection (d) of this section. The term "dependent" as used  
274 in this subsection shall mean any person or individual who  
275 qualifies as a dependent under the provisions of Section 152,  
276 Internal Revenue Code of 1954, as amended.

277 (f) **Additional exemption for taxpayer or spouse aged**  
278 **sixty-five (65) or more.** In the case of any taxpayer or the  
279 spouse of the taxpayer who has attained the age of sixty-five (65)  
280 before the close of his taxable year, an additional exemption of  
281 One Thousand Five Hundred Dollars (\$1,500.00).

282 (g) **Additional exemption for blindness of taxpayer or**  
283 **spouse.** In the case of any taxpayer or the spouse of the taxpayer  
284 who is blind at the close of the taxable year, an additional  
285 exemption of One Thousand Five Hundred Dollars (\$1,500.00). For  
286 the purpose of this subsection, an individual is blind only if his  
287 central visual acuity does not exceed 20/200 in the better eye  
288 with correcting lenses, or if his visual acuity is greater than  
289 20/200 but is accompanied by a limitation in the fields of vision  
290 such that the widest diameter of the visual field subtends an  
291 angle no greater than twenty (20) degrees.

292 (h) **Husband and wife--claiming exemptions.** In the case of  
293 husband and wife living together and filing combined returns, the  
294 personal and additional exemptions authorized and allowed by this  
295 section may be taken by either, or divided between them in any  
296 manner they may choose. If the husband and wife fail to choose,  
297 the commissioner shall divide the exemptions between husband and  
298 wife in an equitable manner. In the case of a husband and wife  
299 filing separate returns, the personal and additional exemptions  
300 authorized and allowed by this section shall be divided equally  
301 between the spouses.

302 (i) **Nonresidents.** A nonresident individual shall be allowed  
303 the same personal and additional exemptions as are authorized for  
304 resident individuals in subsection (a) of this section; however,  
305 the nonresident individual is entitled only to that proportion of



306 the personal and additional exemptions as his net income from  
307 sources within the State of Mississippi bears to his total or  
308 entire net income from all sources.

309 A nonresident individual who is married and whose spouse has  
310 income from independent sources must declare the joint income of  
311 himself and his spouse from sources within and without Mississippi  
312 and claim as a personal exemption that proportion of the  
313 authorized personal and additional exemptions which the total net  
314 income from Mississippi sources bears to the total net income of  
315 both spouses from all sources. If both spouses have income from  
316 sources within Mississippi and wish to file separate returns,  
317 their combined personal and additional exemptions shall be that  
318 proration of the exemption which their combined net income from  
319 Mississippi sources is of their total combined net income from all  
320 sources. The amount of the personal and additional exemptions so  
321 computed may be divided between them in any manner they choose.

322 In the case of married individuals where one (1) spouse is a  
323 resident and the other is a nonresident, the personal exemption of  
324 the resident individual shall be prorated on the same basis as if  
325 both were nonresidents having net income from within and without  
326 the State of Mississippi.

327 For the purpose of this subsection, the term "net income"  
328 means gross income less business expenses incurred in the  
329 taxpayer's regular trade or business and computed in accordance  
330 with the provisions of the Mississippi Income Tax Law.

331 (j) **Part-year residents.** An individual who is a resident of  
332 Mississippi for only a part of his taxable year by reason of  
333 either moving into the state or moving from the state shall be  
334 allowed the same personal and additional exemptions as authorized  
335 for resident individuals in subsection (a) of this section; the  
336 part-year resident shall prorate his exemption on the same basis  
337 as nonresidents having net income from within and without the  
338 state.



339 (k) **Estates.** In the case of an estate, a specific exemption  
340 of Six Hundred Dollars (\$600.00).

341 (l) **Trusts.** In the case of a trust which, under its  
342 governing instrument, is required to distribute all of its income  
343 currently, a specific exemption of Three Hundred Dollars  
344 (\$300.00). In the case of all other trusts, a specific exemption  
345 of One Hundred Dollars (\$100.00).

346 (m) **Corporations, foundations, joint ventures, associations.**  
347 In the case of a corporation, foundation, joint venture or  
348 association taxable herein, there shall be allowed no specific  
349 exemption, except as provided under the Growth and Prosperity Act  
350 and Section 4 of House Bill No. 1639, 2002 Regular Session.

351 (n) **Status.** The status on the last day of the taxable year,  
352 except in the case of the head of family as provided in subsection  
353 (d) of this section, shall determine the right to the exemptions  
354 provided in this section; provided, that a taxpayer shall be  
355 entitled to such exemptions, otherwise allowable, if the husband  
356 or wife or dependent has died during the taxable year.

357 (o) **Fiscal-year taxpayers.** Individual taxpayers reporting  
358 on a fiscal year basis shall prorate their exemptions in a manner  
359 established by regulations promulgated by the commissioner.

360 **SECTION 6.** Section 27-13-5, Mississippi Code of 1972, is  
361 amended as follows:

362 27-13-5. (1) Franchise tax levy. Except as otherwise  
363 provided in subsections (3), (4) and (5) of this section, there is  
364 hereby imposed, to be paid and collected as hereinafter provided,  
365 a franchise or excise tax upon every corporation, association or  
366 joint-stock company or partnership treated as a corporation under  
367 the income tax laws or regulations, organized or created for  
368 pecuniary gain, having privileges not possessed by individuals,  
369 and having authorized capital stock now existing in this state, or  
370 hereafter organized, created or established, under and by virtue  
371 of the laws of the State of Mississippi, equal to Two Dollars and



372 Fifty Cents (\$2.50) for each One Thousand Dollars (\$1,000.00), or  
373 fraction thereof, of the value of the capital used, invested or  
374 employed in the exercise of any power, privilege or right enjoyed  
375 by such organization within this state, except as hereinafter  
376 provided. In no case shall the franchise tax due for the  
377 accounting period be less than Twenty-five Dollars (\$25.00). It  
378 is the purpose of this section to require the payment to the State  
379 of Mississippi of this tax for the right granted by the laws of  
380 this state to exist as such organization, and to enjoy, under the  
381 protection of the laws of this state, the powers, rights,  
382 privileges and immunities derived from the state by the form of  
383 such existence.

384 (2) Annual report of domestic corporations. Each domestic  
385 corporation shall file, within the time prescribed by Section  
386 79-3-251, an annual report as required by the provisions of  
387 Section 79-3-249.

388 (3) A corporation that has negotiated a fee-in-lieu as  
389 defined in Section 57-75-5 shall not be subject to the tax levied  
390 by this section on such project; provided, however, that the  
391 fee-in-lieu payment shall be otherwise treated in the same manner  
392 as the payment of franchise taxes.

393 (4) An approved business enterprise as defined in the Growth  
394 and Prosperity Act shall not be subject to the tax levied by this  
395 section on the value of capital used, invested or employed by the  
396 approved business enterprise in a growth and prosperity county or  
397 supervisors district as provided in the Growth and Prosperity Act.

398 (5) A business enterprise operating a project as defined in  
399 Section 4 of House Bill No. 1639, 2002 Regular Session, in a  
400 county that is a member of a regional economic development  
401 alliance created under the Regional Economic Development Act shall  
402 not be subject to the tax levied by this section on the value of  
403 capital used, invested or employed by the business enterprise in



404 such a county as provided in Section 4 of House Bill No. 1639,  
405 2002 Regular Session.

406 **SECTION 7.** Section 27-13-7, Mississippi Code of 1972, is  
407 amended as follows:

408 27-13-7. (1) Franchise tax levy. Except as otherwise  
409 provided in subsections (3), (4) and (5) of this section, there is  
410 hereby imposed, levied and assessed upon every corporation,  
411 association or joint-stock company, or partnership treated as a  
412 corporation under the Income Tax Laws or regulations as  
413 hereinbefore defined, organized and existing under and by virtue  
414 of the laws of some other state, territory or country, or  
415 organized and existing without any specific statutory authority,  
416 now or hereafter doing business or exercising any power, privilege  
417 or right within this state, as hereinbefore defined, a franchise  
418 or excise tax equal to Two Dollars and Fifty Cents (\$2.50) of each  
419 One Thousand Dollars (\$1,000.00), or fraction thereof, of the  
420 value of capital used, invested or employed within this state,  
421 except as hereinafter provided. In no case shall the franchise  
422 tax due for the accounting period be less than Twenty-five Dollars  
423 (\$25.00). It is the purpose of this section to require the  
424 payment of a tax by all organizations not organized under the laws  
425 of this state, measured by the amount of capital or its  
426 equivalent, for which such organization receives the benefit and  
427 protection of the government and laws of the state.

428 (2) Annual report of foreign corporations. Each foreign  
429 corporation authorized to transact business in this state shall  
430 file, within the time prescribed by Section 79-3-251, an annual  
431 report as required by the provisions of Section 79-3-249.

432 (3) A corporation that has negotiated a fee-in-lieu as  
433 defined in Section 57-75-5 shall not be subject to the tax levied  
434 by this section on such project; provided, however, that the  
435 fee-in-lieu payment shall be otherwise treated in the same manner  
436 as the payment of franchise taxes.



437 (4) An approved business enterprise as defined in the Growth  
438 and Prosperity Act shall not be subject to the tax levied by this  
439 section on the value of capital used, invested or employed by the  
440 approved business enterprise in a growth and prosperity county or  
441 supervisors district as provided in the Growth and Prosperity Act.

442 (5) A business enterprise operating a project as defined in  
443 Section 4 of House Bill No. 1639, 2002 Regular Session, in a  
444 county that is a member of a regional economic development  
445 alliance created under the Regional Economic Development Act shall  
446 not be subject to the tax levied by this section on the value of  
447 capital used, invested or employed by the business enterprise in  
448 such a county as provided in Section 4 of House Bill No. 1639,  
449 2002 Regular Session.

450 **SECTION 8.** Section 27-65-101, Mississippi Code of 1972, is  
451 amended as follows:

452 27-65-101. (1) The exemptions from the provisions of this  
453 chapter which are of an industrial nature or which are more  
454 properly classified as industrial exemptions than any other  
455 exemption classification of this chapter shall be confined to  
456 those persons or property exempted by this section or by the  
457 provisions of the Constitution of the United States or the State  
458 of Mississippi. No industrial exemption as now provided by any  
459 other section except Section 57-3-33 shall be valid as against the  
460 tax herein levied. Any subsequent industrial exemption from the  
461 tax levied hereunder shall be provided by amendment to this  
462 section. No exemption provided in this section shall apply to  
463 taxes levied by Section 27-65-15 or 27-65-21.

464 The tax levied by this chapter shall not apply to the  
465 following:

466 (a) Sales of boxes, crates, cartons, cans, bottles and  
467 other packaging materials to manufacturers and wholesalers for use  
468 as containers or shipping materials to accompany goods sold by  
469 said manufacturers or wholesalers where possession thereof will



470 pass to the customer at the time of sale of the goods contained  
471 therein and sales to anyone of containers or shipping materials  
472 for use in ships engaged in international commerce.

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

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

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

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

492 (f) Sales of petroleum products to vessels or barges  
493 for consumption in marine international commerce or interstate  
494 transportation businesses.

495 (g) Sales and rentals of rail rolling stock (and  
496 component parts thereof) for ultimate use in interstate commerce  
497 and gross income from services with respect to manufacturing,  
498 repairing, cleaning, altering, reconditioning or improving such  
499 rail rolling stock (and component parts thereof).

500 (h) Sales of raw materials, catalysts, processing  
501 chemicals, welding gases or other industrial processing gases  
502 (except natural gas) used or consumed directly in manufacturing,



503 repairing, cleaning, altering, reconditioning or improving such  
504 rail rolling stock (and component parts thereof). This exemption  
505 shall not apply to any property used as fuel.

506 (i) Sales of machinery or tools or repair parts  
507 therefor or replacements thereof, fuel or supplies used directly  
508 in manufacturing, converting or repairing ships of three thousand  
509 (3,000) tons load displacement and over, but not to include office  
510 and plant supplies or other equipment not directly used on the  
511 ship being built, converted or repaired.

512 (j) Sales of tangible personal property to persons  
513 operating ships in international commerce for use or consumption  
514 on board such ships. This exemption shall be limited to cases in  
515 which procedures satisfactory to the commissioner, ensuring  
516 against use in this state other than on such ships, are  
517 established.

518 (k) Sales of materials used in the construction of a  
519 building, or any addition or improvement thereon, and sales of any  
520 machinery and equipment not later than three (3) months after the  
521 completion of construction of the building, or any addition  
522 thereon, to be used therein, to qualified businesses, as defined  
523 in Section 57-51-5, which are located in a county or portion  
524 thereof designated as an enterprise zone pursuant to Sections  
525 57-51-1 through 57-51-15.

526 (l) Sales of materials used in the construction of a  
527 building, or any addition or improvement thereon, and sales of any  
528 machinery and equipment not later than three (3) months after the  
529 completion of construction of the building, or any addition  
530 thereon, to be used therein, to qualified businesses, as defined  
531 in Section 57-54-5.

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

534 (n) The value of natural gas lawfully injected into the  
535 earth for cycling, repressuring or lifting of oil, or lawfully





536 vented or flared in connection with the production of oil;  
537 however, if any gas so injected into the earth is sold for such  
538 purposes, then the gas so sold shall not be exempt.

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

541 (p) Sales of materials used in the construction of a  
542 building, or any addition or improvement thereon, and sales of any  
543 machinery and equipment not later than three (3) months after the  
544 completion of construction of the building, or any addition  
545 thereon, to be used therein, to qualified companies, certified as  
546 such by the Mississippi Development Authority under Section  
547 57-53-1.

548 (q) Sales of component materials used in the  
549 construction of a building, or any addition or improvement  
550 thereon, sales of machinery and equipment to be used therein, and  
551 sales of manufacturing or processing machinery and equipment which  
552 is permanently attached to the ground or to a permanent foundation  
553 and which is not by its nature intended to be housed within a  
554 building structure, not later than three (3) months after the  
555 initial start-up date, to permanent business enterprises engaging  
556 in manufacturing or processing in Tier Three areas (as such term  
557 is defined in Section 57-73-21), which businesses are certified by  
558 the State Tax Commission as being eligible for the exemption  
559 granted in this paragraph (q).

560 (r) Sales of component materials used in the  
561 construction of a building, or any addition or improvement  
562 thereon, and sales of any machinery and equipment not later than  
563 three (3) months after the completion of the building, addition or  
564 improvement thereon, to be used therein, for any company  
565 establishing or transferring its national or regional headquarters  
566 from within or outside the State of Mississippi and creating a  
567 minimum of thirty-five (35) jobs at the new headquarters in this  
568 state. The Tax Commission shall establish criteria and prescribe



569 procedures to determine if a company qualifies as a national or  
570 regional headquarters for the purpose of receiving the exemption  
571 provided in this paragraph.

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

576 (t) Gross income from the storage and handling of  
577 natural gas in underground salt domes and in other underground  
578 reservoirs, caverns, structures and formations suitable for such  
579 storage.

580 (u) Sales of machinery and equipment to nonprofit  
581 organizations if the organization: (i) is tax-exempt pursuant to  
582 Section 501(c)(4) of the Internal Revenue Code of 1986, as  
583 amended; (ii) assists in the implementation of the national  
584 contingency plan or area contingency plan, and which is created in  
585 response to the requirements of Title IV, Subtitle B of the Oil  
586 Pollution Act of 1990, Public Law 101-380; and (iii) engages  
587 primarily in programs to contain, clean up and otherwise mitigate  
588 spills of oil or other substances occurring in the United States  
589 coastal and tidal waters. For purposes of this exemption,  
590 "machinery and equipment" means any ocean-going vessels, barges,  
591 booms, skimmers and other capital equipment used primarily in the  
592 operations of nonprofit organizations referred to herein.

593 (v) Sales of component materials and equipment to  
594 approved business enterprises as provided under the Growth and  
595 Prosperity Act.

596 (w) From and after July 1, 2001, sales of pollution  
597 control equipment to manufacturers or custom processors for  
598 industrial use. For the purposes of this exemption, "pollution  
599 control equipment" means equipment, devices, machinery or systems  
600 used or acquired to prevent, control, monitor or reduce air, water



601 or groundwater pollution, or solid or hazardous waste as required  
602 by federal or state law or regulation.

603 (x) Sales or leases to a manufacturer of motor vehicles  
604 operating a project that has been certified by the Mississippi  
605 Major Economic Impact Authority as a project as defined in Section  
606 57-75-5(f)(iv)1 of machinery and equipment; special tooling such  
607 as dies, molds, jigs and similar items treated as special tooling  
608 for federal income tax purposes; or repair parts therefor or  
609 replacements thereof; repair services thereon; fuel, supplies,  
610 electricity, coal and natural gas used directly in the manufacture  
611 of motor vehicles or motor vehicle parts or used to provide  
612 climate control for manufacturing areas.

613 (y) Sales or leases of component materials, machinery  
614 and equipment used in the construction of a building, or any  
615 addition or improvement thereon to an enterprise operating a  
616 project that has been certified by the Mississippi Major Economic  
617 Impact Authority as a project as defined in Section  
618 57-75-5(f)(iv)1 and any other sales or leases required to  
619 establish or operate such project.

620 (z) Sales of component materials and equipment to a  
621 business enterprise as provided under Section 4 of House Bill No.  
622 1639, 2002 Regular Session.

623 (2) Sales of component materials used in the construction of  
624 a building, or any addition or improvement thereon, sales of  
625 machinery and equipment to be used therein, and sales of  
626 manufacturing or processing machinery and equipment which is  
627 permanently attached to the ground or to a permanent foundation  
628 and which is not by its nature intended to be housed within a  
629 building structure, not later than three (3) months after the  
630 initial start-up date, to permanent business enterprises engaging  
631 in manufacturing or processing in Tier Two areas and Tier One  
632 areas (as such areas are designated in accordance with Section  
633 57-73-21), which businesses are certified by the State Tax



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

637         **SECTION 9.** This act shall take effect and be in force from  
638 and after its passage.

