

By: Representative Ford

To: Ways and Means

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 RIGHT OF IMMEDIATE
16 POSSESSION TO ACQUIRE PROPERTY FOR CERTAIN PROJECTS DESCRIBED
17 UNDER THE MISSISSIPPI MAJOR ECONOMIC IMPACT ACT IF THE COUNTY HAS
18 RECEIVED A BINDING COMMITMENT PROVIDING THAT SUCH A PROJECT WILL
19 BE LOCATED IN A COUNTY IN THE REGIONAL ECONOMIC DEVELOPMENT
20 ALLIANCE; TO AMEND SECTIONS 11-27-81 AND 11-27-85, MISSISSIPPI
21 CODE OF 1972, IN CONFORMITY THERETO; TO AMEND SECTION 57-64-7,
22 MISSISSIPPI CODE OF 1972, TO REVISE THE DEFINITION OF THE TERM
23 "PROJECT" FOR PURPOSES OF THE REGIONAL ECONOMIC DEVELOPMENT ACT TO
24 INCLUDE CERTAIN PROJECTS DESCRIBED UNDER THE MISSISSIPPI MAJOR
25 ECONOMIC IMPACT ACT; TO PROVIDE INCENTIVES IN THE FORM OF
26 TEMPORARY EXEMPTIONS FROM LOCAL AD VALOREM TAXES AND STATE INCOME,
27 SALES AND CORPORATION FRANCHISE TAXES FOR BUSINESS ENTERPRISES
28 OPERATING CERTAIN PROJECTS IN COUNTIES THAT ARE MEMBERS OF A
29 REGIONAL ECONOMIC DEVELOPMENT ALLIANCE; TO AMEND SECTIONS 27-7-21,
30 27-13-5, 27-13-7 AND 27-65-101, MISSISSIPPI CODE OF 1972, IN
31 CONFORMITY THERETO; AND FOR RELATED PURPOSES.

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

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



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

46 **SECTION 2.** Section 11-27-81, Mississippi Code of 1972, is
47 amended as follows:

48 11-27-81. The right of immediate possession pursuant to
49 Sections 11-27-81 through 11-27-89, Mississippi Code of 1972, may
50 be exercised only:

51 (a) By the State Highway Commission for the acquisition
52 of highway rights-of-way only;

53 (b) By any county or municipality for the purpose of
54 acquiring rights-of-way to connect existing roads and streets to
55 highways constructed or to be constructed by the State Highway
56 Commission;

57 (c) By any county or municipality for the purpose of
58 acquiring rights-of-way for widening existing roads and streets of
59 such county or municipality; provided, however, that said
60 rights-of-way shall not displace a property owner from his
61 dwelling or place of business;

62 (d) By the boards of supervisors of any county of this
63 state for the acquisition of highway or road rights-of-way in
64 connection with a state-aid project designated and approved in
65 accordance with Sections 65-9-1 through 65-9-31, Mississippi Code
66 of 1972;

67 (e) By the Mississippi Wayport Authority for the
68 purposes of acquiring land and easements for the Southeastern
69 United States Wayport Project as authorized by Sections 61-4-1
70 through 61-4-13, Mississippi Code of 1972;

71 (f) By any county or municipality for the purpose of
72 acquiring rights-of-way for water, sewer, drainage and other
73 public utility purposes; provided, however, that such acquisition



74 shall not displace a property owner from his dwelling or place of
75 business;

76 (g) By any county authorized to exercise the power of
77 eminent domain under Section 19-7-41 for the purpose of acquiring
78 land for construction of a federal correctional facility or other
79 federal penal institution;

80 (h) By the Mississippi Major Economic Impact Authority
81 for the purpose of acquiring land, property and rights-of-way for
82 a project as defined in Section 57-75-5(f)(iv)1 or any facility
83 related to the project as provided in Section 57-75-11(e)(ii);

84 (i) By the boards of supervisors of any county of this
85 state for the purpose of constructing dams or low-water control
86 structures on lakes or bodies of water under the provisions of
87 Section 19-5-92; * * *

88 (j) By the board of supervisors of any county of this
89 state for the purpose of acquiring land, property and/or
90 rights-of-way for any project the board of supervisors, by a duly
91 adopted resolution, determines to be related to a project as
92 defined in Section 57-75-5(f)(iv). The board of supervisors of a
93 county may not exercise the right to immediate possession under
94 this item (j) after July 1, 2003; or

95 (k) By the board of supervisors of any county that is a
96 member of a regional economic development alliance, created under
97 the Regional Economic Development Act, for the purpose of
98 acquiring land, property and rights-of-way for a project as
99 defined in Section 57-75-5(f)(i) or any facility related to the
100 project as defined in Section 57-75-5(d), or both. The board of
101 supervisors of such a county shall not exercise the authority
102 granted under this item (k) without first receiving a binding
103 commitment providing that such a project will be located in a
104 county that is a member of the regional economic development
105 alliance.



106 **SECTION 3.** Section 11-27-85, Mississippi Code of 1972, is
107 amended as follows:

108 11-27-85. (1) Upon the filing of the report of the
109 appraiser, the clerk shall within three (3) days mail notice to
110 the parties and the court that the report has been filed. The
111 court shall review the report of the appraiser and shall, after
112 not less than five (5) days' notice thereof to the defendants,
113 enter an order granting to the plaintiff title to the property,
114 less and except all oil, gas and other minerals which may be
115 produced through a well bore, and the right to immediate entry
116 unless, for other cause shown or for uncertainty concerning the
117 immediate public need for such property pursuant to Section
118 11-27-83, the judge shall determine that such passing of title,
119 and right of entry should be denied. However, no person lawfully
120 occupying real property shall be required to move from a dwelling
121 or to move his business or farm operation without at least ninety
122 (90) days' written notice prior to the date by which such move is
123 required.

124 (2) Upon entry of said order, the plaintiff may deposit not
125 less than eighty-five percent (85%) of the amount of the
126 compensation and damages as determined by the appraiser with the
127 clerk of the court, and upon so doing, the plaintiff shall be
128 granted title to the property, less and except all oil, gas and
129 other minerals which may be produced through a well bore, and
130 shall have the right to immediate entry to said property. The
131 defendant, or defendants, shall be entitled to receive the amount
132 so paid to the clerk of the court, which shall be disbursed as
133 their interest may appear, pursuant to order of the court.

134 (3) Notwithstanding any provisions of subsections (1) and
135 (2) of this section to the contrary, title and immediate
136 possession to real property, including oil, gas and other mineral
137 interests, may be granted under this section to (a) any county
138 authorized to exercise the power of eminent domain under Section



139 19-7-41 for the purpose of acquiring land for construction of a
140 federal correctional facility or other federal penal institution,
141 and (b) the Mississippi Major Economic Impact Authority for the
142 purpose of acquiring land, property and rights-of-way for a
143 project as defined in Section 57-75-5(f)(iv)1 and any facility
144 related to such project and (c) a county that is a member of a
145 regional economic development alliance, created under the Regional
146 Economic and Development Act, for the purpose of acquiring land,
147 property and rights-of-way for a project as defined in Section
148 57-75-5(f)(i) or any facility related to the project as defined in
149 Section 57-75-5(d), or both.

150 **SECTION 4.** Section 57-64-7, Mississippi Code of 1972, is
151 amended as follows:

152 57-64-7. For the purposes of this chapter, the following
153 words shall be defined as herein provided unless the context
154 requires otherwise:

155 (a) "Alliance" means a regional economic development
156 alliance created under this chapter.

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

160 (c) "Cost of project" means all costs of site
161 preparation and other start-up costs; all costs of construction;
162 all costs of fixtures and of real and personal property required
163 for the purposes of the project and facilities related thereto,
164 including land and any rights or undivided interest therein,
165 easements, franchises, fees, permits, approvals, licenses, and
166 certificates and the securing of such permits, approvals,
167 licenses, and certificates and all machinery and equipment,
168 including motor vehicles which are used for project functions; and
169 including any cost associated with the closure, post-closure
170 maintenance or corrective action on environmental matters,
171 financing charges and interest prior to and during construction



172 and during such additional period as the alliance may reasonably
173 determine to be necessary for the placing of the project in
174 operation; costs of engineering, surveying, environmental
175 geotechnical, architectural and legal services; costs of plans and
176 specifications and all expenses necessary or incident to
177 determining the feasibility or practicability of the project;
178 administrative expenses; and such other expenses as may be
179 necessary or incidental to the financing authorized in this
180 chapter. The costs of any project may also include funds for the
181 creation of a debt service reserve, a renewal and replacement
182 reserve, bond insurance and credit enhancement, and such other
183 reserves as may be reasonably required by the alliance for the
184 operation of its projects and as may be authorized by any bond
185 resolution or trust agreement or indenture pursuant to the
186 provisions of which the issuance of any such bonds may be
187 authorized. Any obligation or expense incurred for any of the
188 foregoing purposes shall be regarded as a part of the costs of the
189 project and may be paid or reimbursed as such out of the proceeds
190 of user fees, of revenue bonds or notes issued under this chapter
191 for such project, or from other revenues obtained by the alliance.

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

193 (e) "Foreign governmental unit" means any county,
194 parish, city, town, village, utility district, school district,
195 any community college, any institution of higher learning, any
196 municipal airport authority, regional airport authority, port
197 authority or any other political subdivision of another state.

198 (f) "Governing body" means the board of supervisors of
199 any county or the governing board of any city, town or village.
200 As to the state, the term governing body means the State Bond
201 Commission.

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



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

207 (i) "Local government unit" means any county or
208 incorporated city, town or village in the state acting jointly or
209 severally.

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

211 (k) "Municipality" means any incorporated municipality
212 in the state.

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

215 (m) "Project" means and includes any of the following
216 which promotes economic development or which assists in the
217 creation of jobs:

218 (i) Acquisition, construction, repair, renovation,
219 demolition or removal of:

- 220 1. Buildings and site improvements (including
221 fixtures);
- 222 2. Potable and nonpotable water supply systems;
- 223 3. Sewage and waste disposal systems;
- 224 4. Storm water drainage and other drainage
225 systems;
- 226 5. Airport facilities;
- 227 6. Rail lines and rail spurs;
- 228 7. Port facilities;
- 229 8. Highways, streets and other roadways;
- 230 9. Fire suppression and prevention systems;
- 231 10. Utility distribution systems, including,
232 but not limited to, water, electricity, natural gas, telephone and
233 other information and telecommunications facilities, whether by
234 wire, fiber or wireless means; provided, however, that electrical,
235 natural gas, telephone and telecommunication systems shall be
236 constructed, repaired or renovated only for the purpose of
237 completing the project and connecting to existing utility systems



238 (this provision shall not be construed to prevent a city, county
239 or natural gas district from supplying utility service that it is
240 authorized to supply in the service area that it is authorized to
241 serve);

242 11. Business, industrial and technology parks
243 and the acquisition of land and acquisition or construction of
244 improvements to land connected with any of the preceding purposes;

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

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

249 (iv) Refunding of bonds as authorized in Section
250 21-27-1 et seq.; and

251 (v) A project as defined in Section 57-75-5 (f)(i)
252 or a facility related to the project as defined in Section
253 57-75-5(d), or both.

254 (n) "Resolution" means a resolution, ordinance, act,
255 record of minutes or other appropriate enactment of a governing
256 body.

257 (o) "Revenues" mean any and all taxes, fees, rates,
258 rentals, profits and receipts collected by, payable to, or
259 otherwise derived by, the local government units and foreign
260 governmental units, and all other monies and income of whatsoever
261 kind or character collected by, payable to, or otherwise derived
262 by, the local government unit and foreign governmental units in
263 connection with the economic development projects provided through
264 this chapter.

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

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



269 SECTION 5. (1) For the purposes of this section, the
270 following words and phrases shall have the meanings ascribed in
271 this section unless the context clearly indicates otherwise:

272 (a) "Business enterprise" means a business enterprise
273 operating a project.

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

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

279 (d) "Project" means a project as defined in Section
280 57-75-5(f)(i).

281 (e) "Regional economic development alliance" means a
282 regional economic development alliance created under the Regional
283 Economic Development Act.

284 (f) "State tax" means any sales and use tax imposed on
285 the business enterprise pursuant to law related to the purchase of
286 component building materials and equipment for initial
287 construction of facilities or expansion of facilities in a county
288 that is a member of a regional economic development alliance, all
289 income tax imposed pursuant to law on income earned by the
290 business enterprise in a county that is a member of a regional
291 economic development alliance, and franchise tax imposed pursuant
292 to law on the value of capital used, invested or employed by the
293 business enterprise in a county that is a member of a regional
294 economic development alliance.

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



301 such municipality for a period of ten (10) years or until December
302 31, 2015, whichever occurs first.

303 (3) (a) The following conditions, along with any other
304 conditions the MDA shall promulgate from time to time by rule or
305 regulation, shall apply to such exemptions: (a) any exemption
306 provided under this section is nontransferable and cannot be
307 applied, used or assigned to any other person or business or tax
308 account; (b) no business enterprise may claim or use the exemption
309 granted under this section unless that enterprise is in full
310 compliance with all state and local tax laws, and related
311 ordinances and resolutions; and (c) the business enterprise must
312 enter into an agreement with the MDA which sets out, at a minimum
313 the performance requirements of the business enterprise during the
314 term of the exemption and provisions for the recapture of all or a
315 portion of the taxes exempted if the performance requirements of
316 the business enterprise are not met.

317 (b) Upon entering into such an agreement, the MDA shall
318 forward such agreement to the State Tax Commission and the
319 affected local taxing authorities so that the exemption can be
320 implemented. The State Tax Commission shall promulgate rules and
321 regulations, in accordance with the Mississippi Administrative
322 Procedures Law, for the implementation of both local and state
323 exemptions granted under this section.

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

328 **SECTION 6.** Section 27-7-21, Mississippi Code of 1972, is
329 amended as follows:

330 27-7-21. (a) **Allowance of deductions.** In the case of a
331 resident individual, the exemptions provided by this section, as
332 applicable to individuals, shall be allowed as deductions in
333 computing taxable income.



334 (b) **Single individuals.** In the case of a single individual,
335 a personal exemption of Five Thousand Two Hundred Fifty Dollars
336 (\$5,250.00) for the 1979 and 1980 calendar years and Six Thousand
337 Dollars (\$6,000.00) for each calendar year thereafter.

338 (c) **Married individuals.** In the case of married individuals
339 living together, a joint personal exemption of Eight Thousand
340 Dollars (\$8,000.00) for the 1979 and 1980 calendar years and Nine
341 Thousand Five Hundred Dollars (\$9,500.00) for the 1981 through
342 1997 calendar years, Ten Thousand Dollars (\$10,000.00) for the
343 calendar year 1998, Eleven Thousand Dollars (\$11,000.00) for the
344 calendar year 1999, and Twelve Thousand Dollars (\$12,000.00) for
345 each calendar year thereafter. A husband and wife living together
346 shall receive but one (1) personal exemption in the amounts
347 provided for in this subsection for each calendar year against
348 their aggregate income.

349 (d) **Head of family individuals.** In the case of a head of
350 family individual, a personal exemption of Eight Thousand Dollars
351 (\$8,000.00) for the 1979 and 1980 calendar years and Nine Thousand
352 Five Hundred Dollars (\$9,500.00) for each calendar year
353 thereafter. The term "head of family" means an individual who is
354 single, or married but not living with his spouse for the entire
355 taxable year, who maintains a household which constitutes the
356 principal place of abode of himself and one or more individuals
357 who are dependents under the provisions of Section 152(a) of the
358 Internal Revenue Code of 1954, as amended. The head of family
359 individual shall be entitled to the additional dependent exemption
360 as provided in subsection (e) of this section only to the extent
361 of dependents in excess of the one (1) dependent needed to qualify
362 as head of family.

363 (e) **Additional exemption for dependents.** In the case of any
364 individual having a dependent, other than husband or wife, an
365 additional personal exemption of One Thousand Five Hundred Dollars
366 (\$1,500.00) for each such dependent, except as otherwise provided



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

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

376 (g) **Additional exemption for blindness of taxpayer or**
377 **spouse.** In the case of any taxpayer or the spouse of the taxpayer
378 who is blind at the close of the taxable year, an additional
379 exemption of One Thousand Five Hundred Dollars (\$1,500.00). For
380 the purpose of this subsection, an individual is blind only if his
381 central visual acuity does not exceed 20/200 in the better eye
382 with correcting lenses, or if his visual acuity is greater than
383 20/200 but is accompanied by a limitation in the fields of vision
384 such that the widest diameter of the visual field subtends an
385 angle no greater than twenty (20) degrees.

386 (h) **Husband and wife--claiming exemptions.** In the case of
387 husband and wife living together and filing combined returns, the
388 personal and additional exemptions authorized and allowed by this
389 section may be taken by either, or divided between them in any
390 manner they may choose. If the husband and wife fail to choose,
391 the commissioner shall divide the exemptions between husband and
392 wife in an equitable manner. In the case of a husband and wife
393 filing separate returns, the personal and additional exemptions
394 authorized and allowed by this section shall be divided equally
395 between the spouses.

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



400 the personal and additional exemptions as his net income from
401 sources within the State of Mississippi bears to his total or
402 entire net income from all sources.

403 A nonresident individual who is married and whose spouse has
404 income from independent sources must declare the joint income of
405 himself and his spouse from sources within and without Mississippi
406 and claim as a personal exemption that proportion of the
407 authorized personal and additional exemptions which the total net
408 income from Mississippi sources bears to the total net income of
409 both spouses from all sources. If both spouses have income from
410 sources within Mississippi and wish to file separate returns,
411 their combined personal and additional exemptions shall be that
412 proration of the exemption which their combined net income from
413 Mississippi sources is of their total combined net income from all
414 sources. The amount of the personal and additional exemptions so
415 computed may be divided between them in any manner they choose.

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

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

425 (j) **Part-year residents.** An individual who is a resident of
426 Mississippi for only a part of his taxable year by reason of
427 either moving into the state or moving from the state shall be
428 allowed the same personal and additional exemptions as authorized
429 for resident individuals in subsection (a) of this section; the
430 part-year resident shall prorate his exemption on the same basis
431 as nonresidents having net income from within and without the
432 state.



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

435 (l) **Trusts.** In the case of a trust which, under its
436 governing instrument, is required to distribute all of its income
437 currently, a specific exemption of Three Hundred Dollars
438 (\$300.00). In the case of all other trusts, a specific exemption
439 of One Hundred Dollars (\$100.00).

440 (m) **Corporations, foundations, joint ventures, associations.**
441 In the case of a corporation, foundation, joint venture or
442 association taxable herein, there shall be allowed no specific
443 exemption, except as provided under the Growth and Prosperity Act
444 and Section 5 of House Bill No. _____, 2002 Regular Session.

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

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

454 **SECTION 7.** Section 27-13-5, Mississippi Code of 1972, is
455 amended as follows:

456 27-13-5. (1) Franchise tax levy. Except as otherwise
457 provided in subsections (3), (4) and (5) of this section, there is
458 hereby imposed, to be paid and collected as hereinafter provided,
459 a franchise or excise tax upon every corporation, association or
460 joint-stock company or partnership treated as a corporation under
461 the income tax laws or regulations, organized or created for
462 pecuniary gain, having privileges not possessed by individuals,
463 and having authorized capital stock now existing in this state, or
464 hereafter organized, created or established, under and by virtue
465 of the laws of the State of Mississippi, equal to Two Dollars and



466 Fifty Cents (\$2.50) for each One Thousand Dollars (\$1,000.00), or
467 fraction thereof, of the value of the capital used, invested or
468 employed in the exercise of any power, privilege or right enjoyed
469 by such organization within this state, except as hereinafter
470 provided. In no case shall the franchise tax due for the
471 accounting period be less than Twenty-five Dollars (\$25.00). It
472 is the purpose of this section to require the payment to the State
473 of Mississippi of this tax for the right granted by the laws of
474 this state to exist as such organization, and to enjoy, under the
475 protection of the laws of this state, the powers, rights,
476 privileges and immunities derived from the state by the form of
477 such existence.

478 (2) Annual report of domestic corporations. Each domestic
479 corporation shall file, within the time prescribed by Section
480 79-3-251, an annual report as required by the provisions of
481 Section 79-3-249.

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

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

492 (5) A business enterprise operating a project as defined in
493 Section 5 of House Bill No. _____, 2002 Regular Session, in a
494 county that is a member of a regional economic development
495 alliance created under the Regional Economic Development Act shall
496 not be subject to the tax levied by this section on the value of
497 capital used, invested or employed by the business enterprise in



498 such a county as provided in Section 5 of House Bill No. _____,
499 2002 Regular Session.

500 **SECTION 8.** Section 27-13-7, Mississippi Code of 1972, is
501 amended as follows:

502 27-13-7. (1) Franchise tax levy. Except as otherwise
503 provided in subsections (3), (4) and (5) of this section, there is
504 hereby imposed, levied and assessed upon every corporation,
505 association or joint-stock company, or partnership treated as a
506 corporation under the Income Tax Laws or regulations as
507 hereinbefore defined, organized and existing under and by virtue
508 of the laws of some other state, territory or country, or
509 organized and existing without any specific statutory authority,
510 now or hereafter doing business or exercising any power, privilege
511 or right within this state, as hereinbefore defined, a franchise
512 or excise tax equal to Two Dollars and Fifty Cents (\$2.50) of each
513 One Thousand Dollars (\$1,000.00), or fraction thereof, of the
514 value of capital used, invested or employed within this state,
515 except as hereinafter provided. In no case shall the franchise
516 tax due for the accounting period be less than Twenty-five Dollars
517 (\$25.00). It is the purpose of this section to require the
518 payment of a tax by all organizations not organized under the laws
519 of this state, measured by the amount of capital or its
520 equivalent, for which such organization receives the benefit and
521 protection of the government and laws of the state.

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

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



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

536 (5) A business enterprise operating a project as defined in
537 Section 5 of House Bill No. _____, 2002 Regular Session, in a
538 county that is a member of a regional economic development
539 alliance created under the Regional Economic Development Act shall
540 not be subject to the tax levied by this section on the value of
541 capital used, invested or employed by the business enterprise in
542 such a county as provided in Section 5 of House Bill No. _____,
543 2002 Regular Session.

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

546 27-65-101. (1) The exemptions from the provisions of this
547 chapter which are of an industrial nature or which are more
548 properly classified as industrial exemptions than any other
549 exemption classification of this chapter shall be confined to
550 those persons or property exempted by this section or by the
551 provisions of the Constitution of the United States or the State
552 of Mississippi. No industrial exemption as now provided by any
553 other section except Section 57-3-33 shall be valid as against the
554 tax herein levied. Any subsequent industrial exemption from the
555 tax levied hereunder shall be provided by amendment to this
556 section. No exemption provided in this section shall apply to
557 taxes levied by Section 27-65-15 or 27-65-21.

558 The tax levied by this chapter shall not apply to the
559 following:

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



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

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

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

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

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

586 (f) Sales of petroleum products to vessels or barges
587 for consumption in marine international commerce or interstate
588 transportation businesses.

589 (g) Sales and rentals of rail rolling stock (and
590 component parts thereof) for ultimate use in interstate commerce
591 and gross income from services with respect to manufacturing,
592 repairing, cleaning, altering, reconditioning or improving such
593 rail rolling stock (and component parts thereof).

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



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

600 (i) Sales of machinery or tools or repair parts
601 therefor or replacements thereof, fuel or supplies used directly
602 in manufacturing, converting or repairing ships of three thousand
603 (3,000) tons load displacement and over, but not to include office
604 and plant supplies or other equipment not directly used on the
605 ship being built, converted or repaired.

606 (j) Sales of tangible personal property to persons
607 operating ships in international commerce for use or consumption
608 on board such ships. This exemption shall be limited to cases in
609 which procedures satisfactory to the commissioner, ensuring
610 against use in this state other than on such ships, are
611 established.

612 (k) Sales of materials used in the construction of a
613 building, or any addition or improvement thereon, and sales of any
614 machinery and equipment not later than three (3) months after the
615 completion of construction of the building, or any addition
616 thereon, to be used therein, to qualified businesses, as defined
617 in Section 57-51-5, which are located in a county or portion
618 thereof designated as an enterprise zone pursuant to Sections
619 57-51-1 through 57-51-15.

620 (l) Sales of materials used in the construction of a
621 building, or any addition or improvement thereon, and sales of any
622 machinery and equipment not later than three (3) months after the
623 completion of construction of the building, or any addition
624 thereon, to be used therein, to qualified businesses, as defined
625 in Section 57-54-5.

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

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



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

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

635 (p) Sales of materials used in the construction of a
636 building, or any addition or improvement thereon, and sales of any
637 machinery and equipment not later than three (3) months after the
638 completion of construction of the building, or any addition
639 thereon, to be used therein, to qualified companies, certified as
640 such by the Mississippi Development Authority under Section
641 57-53-1.

642 (q) Sales of component materials used in the
643 construction of a building, or any addition or improvement
644 thereon, sales of machinery and equipment to be used therein, and
645 sales of manufacturing or processing machinery and equipment which
646 is permanently attached to the ground or to a permanent foundation
647 and which is not by its nature intended to be housed within a
648 building structure, not later than three (3) months after the
649 initial start-up date, to permanent business enterprises engaging
650 in manufacturing or processing in Tier Three areas (as such term
651 is defined in Section 57-73-21), which businesses are certified by
652 the State Tax Commission as being eligible for the exemption
653 granted in this paragraph (q).

654 (r) Sales of component materials used in the
655 construction of a building, or any addition or improvement
656 thereon, and sales of any machinery and equipment not later than
657 three (3) months after the completion of the building, addition or
658 improvement thereon, to be used therein, for any company
659 establishing or transferring its national or regional headquarters
660 from within or outside the State of Mississippi and creating a
661 minimum of thirty-five (35) jobs at the new headquarters in this
662 state. The Tax Commission shall establish criteria and prescribe



663 procedures to determine if a company qualifies as a national or
664 regional headquarters for the purpose of receiving the exemption
665 provided in this paragraph.

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

670 (t) Gross income from the storage and handling of
671 natural gas in underground salt domes and in other underground
672 reservoirs, caverns, structures and formations suitable for such
673 storage.

674 (u) Sales of machinery and equipment to nonprofit
675 organizations if the organization: (i) is tax-exempt pursuant to
676 Section 501(c)(4) of the Internal Revenue Code of 1986, as
677 amended; (ii) assists in the implementation of the national
678 contingency plan or area contingency plan, and which is created in
679 response to the requirements of Title IV, Subtitle B of the Oil
680 Pollution Act of 1990, Public Law 101-380; and (iii) engages
681 primarily in programs to contain, clean up and otherwise mitigate
682 spills of oil or other substances occurring in the United States
683 coastal and tidal waters. For purposes of this exemption,
684 "machinery and equipment" means any ocean-going vessels, barges,
685 booms, skimmers and other capital equipment used primarily in the
686 operations of nonprofit organizations referred to herein.

687 (v) Sales of component materials and equipment to
688 approved business enterprises as provided under the Growth and
689 Prosperity Act.

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



695 or groundwater pollution, or solid or hazardous waste as required
696 by federal or state law or regulation.

697 (x) Sales or leases to a manufacturer of motor vehicles
698 operating a project that has been certified by the Mississippi
699 Major Economic Impact Authority as a project as defined in Section
700 57-75-5(f)(iv)1 of machinery and equipment; special tooling such
701 as dies, molds, jigs and similar items treated as special tooling
702 for federal income tax purposes; or repair parts therefor or
703 replacements thereof; repair services thereon; fuel, supplies,
704 electricity, coal and natural gas used directly in the manufacture
705 of motor vehicles or motor vehicle parts or used to provide
706 climate control for manufacturing areas.

707 (y) Sales or leases of component materials, machinery
708 and equipment used in the construction of a building, or any
709 addition or improvement thereon to an enterprise operating a
710 project that has been certified by the Mississippi Major Economic
711 Impact Authority as a project as defined in Section
712 57-75-5(f)(iv)1 and any other sales or leases required to
713 establish or operate such project.

714 (z) Sales of component materials and equipment to a
715 business enterprise as provided under Section 5 of House Bill
716 No. _____, 2002 Regular Session.

717 (2) Sales of component materials used in the construction of
718 a building, or any addition or improvement thereon, sales of
719 machinery and equipment to be used therein, and sales of
720 manufacturing or processing machinery and equipment which is
721 permanently attached to the ground or to a permanent foundation
722 and which is not by its nature intended to be housed within a
723 building structure, not later than three (3) months after the
724 initial start-up date, to permanent business enterprises engaging
725 in manufacturing or processing in Tier Two areas and Tier One
726 areas (as such areas are designated in accordance with Section
727 57-73-21), which businesses are certified by the State Tax



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

731 **SECTION 10.** This act shall take effect and be in force from
732 and after its passage.

