HOUSE BILL NO. 1748

To: Ways and Means
By: Representatives Nettles, Eaton, Moore (100th), Cummings, Holland, Hudson, Moss

AN ACT TO AMEND SECTIONS 27-65-17 AND 27-65-103, MISSISSIPPI CODE OF 1972, TO EXEMPT FROM SALES TAXATION RETAIL SALES OF FARM TRACTORS WHEN SOLD TO FARMERS FOR AGRICULTURAL PURPOSES AND RETAIL SALES OF FARM IMPLEMENTS WHEN SOLD TO FARMERS AND USED DIRECTLY IN THE PRODUCTION OF POULTRY, RATITE, DOMESTICATED FISH, LIVESTOCK, LIVESTOCK PRODUCTS, AGRICULTURAL CROPS OR ORNAMENTAL PLANT CROPS OR USED FOR OTHER AGRICULTURAL PURPOSES WHEN USED ON THE FARM; AND FOR RELATED PURPOSES.

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

SECTION 1. Section 27-65-17, Mississippi Code of 1972, is amended as follows:

27-65-17. (1) Upon every person engaging or continuing within this state in the business of selling any tangible personal property whatsoever there is hereby levied, assessed and shall be collected a tax equal to seven percent (7%) of the gross proceeds of the retail sales of the business, except as otherwise provided herein.

Retail sales of farm tractors shall be taxed at the rate of one percent (1%) when made to farmers for agricultural purposes. From and after July 1, 2002, such sales shall be exempt from sales tax as provided in Section 27-65-103.

Retail sales of farm implements sold to farmers and used directly in the production of poultry, ratite, domesticated fish as defined in Section 69-7-501, livestock, livestock products, agricultural crops or ornamental plant crops or used for other agricultural purposes shall be taxed at the rate of three percent (3%) when used on the farm. From and after July 1, 2002, such sales shall be exempt from sales tax as provided in Section 27-65-103. Sales of all equipment used in logging, pulpwood operations or tree farming which is either (a) self-propelled or...
which is (b) mounted so that it is (i) permanently attached to
other equipment which is self-propelled or (ii) permanently
attached to other equipment drawn by a vehicle which is
self-propelled, shall be taxed at the rate of three percent (3%).

Except as otherwise provided in subsection (3) of this
section, retail sales of aircraft, automobiles, trucks,
truck-tractors, semitrailers and mobile homes shall be taxed at
the rate of three percent (3%).

Sales of manufacturing machinery or manufacturing machine
parts when made to a manufacturer or custom processor for plant
use only when said machinery and machine parts will be used
exclusively and directly within this state in manufacturing a
commodity for sale, rental or in processing for a fee shall be
taxed at the rate of one and one-half percent (1-1/2%).

Sales of materials for use in track and track structures to a
railroad whose rates are fixed by the Interstate Commerce
Commission or the Mississippi Public Service Commission shall be
taxed at the rate of three percent (3%).

Sales of tangible personal property to electric power
associations for use in the ordinary and necessary operation of
their generating or distribution systems shall be taxed at the
rate of one percent (1%).

Wholesale sales of beer shall be taxed at the rate of seven
percent (7%), and the retailer shall file a return and compute the
retail tax on retail sales but may take credit for the amount of
the tax paid to the wholesaler on said return covering the
subsequent sales of same property, provided adequate invoices and
records are maintained to substantiate the credit.

Wholesale sales of food and drink for human consumption to
full service vending machine operators to be sold through vending
machines located apart from and not connected with other taxable
businesses shall be taxed at the rate of eight percent (8%).
A manufacturer selling at retail in this state shall be required to make returns of the gross proceeds of such sales and pay the tax imposed in this section.

Any person exercising any privilege taxable under Section 27-65-15 and selling his natural resource products at wholesale or to exempt persons shall pay the tax levied by said section in lieu of the tax levied by this section.

(2) From and after January 1, 1995, retail sales of private carriers of passengers and light carriers of property, as defined in Section 27-51-101, shall be taxed an additional two percent (2%).

(3) In lieu of the tax levied in subsection (1) of this section, there is levied on retail sales of truck-tractors and semitrailers used in interstate commerce and registered under the International Registration Plan (IRP) or any similar reciprocity agreement or compact relating to the proportional registration of commercial vehicles entered into as provided for in Section 27-19-143, a tax at the rate of three percent (3%) of the portion of the sale that is attributable to the usage of such truck-tractor or semitrailer in Mississippi. The portion of the retail sale that is attributable to the usage of such truck-tractor or semitrailer in Mississippi is the retail sales price of the truck-tractor or semitrailer multiplied by the percentage of the total miles traveled by the vehicle that are traveled in Mississippi. The tax levied pursuant to this subsection (3) shall be collected by the State Tax Commission from the purchaser of such truck-tractor or semitrailer at the time of registration of such truck-tractor or semitrailer.

SECTION 2. Section 27-65-103, Mississippi Code of 1972, is amended as follows:

27-65-103. The exemptions from the provisions of this chapter which are of an agricultural nature or which are more properly classified as agricultural exemptions than any other
exemption classification of this chapter shall be confined to
those persons or property exempted by this section or by
provisions of the Constitution of the United States or the State
of Mississippi. No agricultural exemption as now provided by any
other section shall be valid as against the tax herein levied.
Any subsequent agricultural exemption from the tax levied
hereunder shall be provided by amendment to this section.
No exemption provided in this section shall apply to taxes
The tax levied by this chapter shall not apply to the
following:
(a) The gross proceeds of sales of lint cotton, seed
cotton, baled cotton, whether compressed or not, and cottonseed
and soybeans in their original condition. Retail sales of seeds,
livestock feed, poultry feed, fish feed and fertilizers. Sales of
defoliants, insecticides, fungicides, herbicides and baby chicks
used in growing agricultural products for market. Bagging and
ties for baling cotton, hay baling wire and twine, boxes, bags and
cans used in growing or preparing agricultural products for market
when possession thereof will pass to the customer at the time of
sale of the product contained therein. Sales of ice to commercial
fishermen purchased for use in the preservation of seafood or to
producers for use in the refrigeration of vegetables for market.
(b) The sales by producers of livestock, poultry, fish
or other products of farm, grove or garden when such products are
sold in the original state or condition of preparation for sale
before such products are subjected to any other process within a
class of business or sold by a producer through an established
store, as defined in the Privilege Tax Law. Provided, however,
that this exemption shall not apply to ornamental plants which
bear no fruit of commercial value. All sales by agricultural
cooperative associations organized under Article 9 of Chapter 7 of
Title 69, or under Chapters 17 or 19 of Title 79, Mississippi Code
of 1972, of agricultural products produced by members for market
before such products are subjected to any manufacturing process.

(c) The gross proceeds of retail sales of mules, horses
and other livestock.

(d) Income from grading, excavating, ditching, dredging
or landscaping activities performed for a farmer on a farm for
agricultural or soil erosion purposes.

(e) The gross proceeds of sales of all antibiotics,
hormones and hormone preparations, drugs, medicines and other
medications including serums and vaccines, vitamins, minerals or
other nutrients for use in the production and growing of fish,
livestock and poultry by whomever sold. Such exemption shall be
in addition to the exemption provided in this section for feed for
fish, livestock and poultry.

(f) Retail sales of farm tractors when made to farmers
for agricultural purposes.

(g) Retail sales of farm implements sold to farmers and
used directly in the production of poultry, ratite, domesticated
fish as defined in Section 69-7-501, livestock, livestock
products, agricultural crops or ornamental plant crops or used for
other agricultural purposes when used on the farm.

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

SECTION 4. This act shall take effect and be in force from and after July 1, 2002.