

By: Senator(s) Huggins, Burton

To: Finance

SENATE BILL NO. 3188

1 AN ACT TO AMEND SECTION 27-65-111, MISSISSIPPI CODE OF 1972,
2 TO DEFINE THE TERM "HOSPITAL" FOR PURPOSES OF THE SALES TAX
3 EXEMPTION FOR SALES OF TANGIBLE PERSONAL PROPERTY AND SERVICES TO
4 NONPROFIT HOSPITALS AND INFIRMARIES TO PROVIDE THAT THE SALES TAX
5 EXEMPTION ALSO SHALL APPLY TO SUCH SALES MADE TO NONPROFIT MEDICAL
6 OFFICES AND CLINICS WHERE PATIENTS ARE NOT REGULARLY KEPT AS BED
7 PATIENTS; AND FOR RELATED PURPOSES.

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

9 **SECTION 1.** Section 27-65-111, Mississippi Code of 1972, is
10 amended as follows:

11 27-65-111. The exemptions from the provisions of this
12 chapter which are not industrial, agricultural or governmental, or
13 which do not relate to utilities or taxes, or which are not
14 properly classified as one of the exemption classifications of
15 this chapter, shall be confined to persons or property exempted by
16 this section or by the Constitution of the United States or the
17 State of Mississippi. No exemptions as now provided by any other
18 section, except the classified exemption sections of this chapter
19 set forth herein, shall be valid as against the tax herein levied.
20 Any subsequent exemption from the tax levied hereunder, except as
21 indicated above, shall be provided by amendments to this section.

22 No exemption provided in this section shall apply to taxes
23 levied by Section 27-65-15 or 27-65-21, Mississippi Code of 1972.

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

- 26 (a) Sales of tangible personal property and services to
27 hospitals or infirmaries owned and operated by a corporation or
28 association in which no part of the net earnings inures to the
29 benefit of any private shareholder, group or individual. For the



30 purposes of this paragraph (a), the term hospital has the same
31 definition as that term has in Section 41-9-3; however, the term
32 "hospital" also includes medical offices or clinics, or both,
33 where patients are not regularly kept as bed patients.

34 Only sales of tangible personal property or services which
35 are ordinary and necessary to the operation of such hospitals and
36 infirmaries are exempted from tax.

37 (b) Sales of daily or weekly newspapers, and
38 periodicals or publications of scientific, literary or educational
39 organizations exempt from federal income taxation under Section
40 501(c)(3) of the Internal Revenue Code of 1954, as it exists as of
41 March 31, 1975, and subscription sales of all magazines.

42 (c) Sales of coffins, caskets and other materials used
43 in the preparation of human bodies for burial.

44 (d) Sales of tangible personal property for immediate
45 export to a foreign country.

46 (e) Sales of tangible personal property to an
47 orphanage, old men's or ladies' home, supported wholly or in part
48 by a religious denomination, fraternal nonprofit organization or
49 other nonprofit organization.

50 (f) Sales of tangible personal property, labor or
51 services taxable under Sections 27-65-17, 27-65-19, and 27-65-23,
52 to a YMCA, YWCA, a Boys' or Girls' Club owned and operated by a
53 corporation or association in which no part of the net earnings
54 inures to the benefit of any private shareholder, group or
55 individual.

56 (g) Sales to elementary and secondary grade schools,
57 junior and senior colleges owned and operated by a corporation or
58 association in which no part of the net earnings inures to the
59 benefit of any private shareholder, group or individual, and which
60 are exempt from state income taxation, provided that this
61 exemption does not apply to sales of property or services which



62 are not to be used in the ordinary operation of the school, or
63 which are to be resold to the students or the public.

64 (h) The gross proceeds of retail sales and the use or
65 consumption in this state of drugs and medicines:

66 (i) Prescribed for the treatment of a human being
67 by a person authorized to prescribe the medicines, and dispensed
68 or prescription filled by a registered pharmacist in accordance
69 with law; or

70 (ii) Furnished by a licensed physician, surgeon,
71 dentist or podiatrist to his own patient for treatment of the
72 patient; or

73 (iii) Furnished by a hospital for treatment of any
74 person pursuant to the order of a licensed physician, surgeon,
75 dentist or podiatrist; or

76 (iv) Sold to a licensed physician, surgeon,
77 podiatrist, dentist or hospital for the treatment of a human
78 being; or

79 (v) Sold to this state or any political
80 subdivision or municipal corporation thereof, for use in the
81 treatment of a human being or furnished for the treatment of a
82 human being by a medical facility or clinic maintained by this
83 state or any political subdivision or municipal corporation
84 thereof.

85 "Medicines," as used in this paragraph (h), shall mean and
86 include any substance or preparation intended for use by external
87 or internal application to the human body in the diagnosis, cure,
88 mitigation, treatment or prevention of disease and which is
89 commonly recognized as a substance or preparation intended for
90 such use; provided that "medicines" do not include any auditory,
91 prosthetic, ophthalmic or ocular device or appliance, any dentures
92 or parts thereof or any artificial limbs or their replacement
93 parts, articles which are in the nature of splints, bandages,
94 pads, compresses, supports, dressings, instruments, apparatus,



95 contrivances, appliances, devices or other mechanical, electronic,
96 optical or physical equipment or article or the component parts
97 and accessories thereof, or any alcoholic beverage or any other
98 drug or medicine not commonly referred to as a prescription drug.

99 Notwithstanding the preceding sentence of this paragraph (h),
100 "medicines" as used in this paragraph (h), shall mean and include
101 sutures, whether or not permanently implanted, bone screws, bone
102 pins, pacemakers and other articles permanently implanted in the
103 human body to assist the functioning of any natural organ, artery,
104 vein or limb and which remain or dissolve in the body.

105 "Hospital," as used in this paragraph (h), shall have the
106 meaning ascribed to it in Section 41-9-3, Mississippi Code of
107 1972.

108 Insulin furnished by a registered pharmacist to a person for
109 treatment of diabetes as directed by a physician shall be deemed
110 to be dispensed on prescription within the meaning of this
111 paragraph (h).

112 (i) Retail sales of automobiles, trucks and
113 truck-tractors if exported from this state within forty-eight (48)
114 hours and registered and first used in another state.

115 (j) Sales of tangible personal property or services to
116 the Salvation Army and the Muscular Dystrophy Association, Inc.

117 (k) From July 1, 1985, through December 31, 1992,
118 retail sales of "alcohol blended fuel" as such term is defined in
119 Section 75-55-5. The gasoline-alcohol blend or the straight
120 alcohol eligible for this exemption shall not contain alcohol
121 distilled outside the State of Mississippi.

122 (l) Sales of tangible personal property or services to
123 the Institute for Technology Development.

124 (m) The gross proceeds of retail sales of food and
125 drink for human consumption made through vending machines serviced
126 by full line vendors from and not connected with other taxable
127 businesses.



- 128 (n) The gross proceeds of sales of motor fuel.
- 129 (o) Retail sales of food for human consumption
130 purchased with food stamps issued by the United States Department
131 of Agriculture, or other federal agency, from and after October 1,
132 1987, or from and after the expiration of any waiver granted
133 pursuant to federal law, the effect of which waiver is to permit
134 the collection by the state of tax on such retail sales of food
135 for human consumption purchased with food stamps.
- 136 (p) Sales of cookies for human consumption by the Girl
137 Scouts of America no part of the net earnings from which sales
138 inures to the benefit of any private group or individual.
- 139 (q) Gifts or sales of tangible personal property or
140 services to public or private nonprofit museums of art.
- 141 (r) Sales of tangible personal property or services to
142 alumni associations of state-supported colleges or universities.
- 143 (s) Sales of tangible personal property or services to
144 chapters of the National Association of Junior Auxiliaries, Inc.
- 145 (t) Sales of tangible personal property or services to
146 domestic violence shelters which qualify for state funding under
147 Sections 93-21-101 through 93-21-113.
- 148 (u) Sales of tangible personal property or services to
149 the National Multiple Sclerosis Society, Mississippi Chapter.
- 150 (v) Retail sales of food for human consumption
151 purchased with food instruments issued the Mississippi Band of
152 Choctaw Indians under the Women, Infants and Children Program
153 (WIC) funded by the United States Department of Agriculture.
- 154 (w) Sales of tangible personal property or services to
155 a private company, as defined in Section 57-61-5, which is making
156 such purchases with proceeds of bonds issued under Section 57-61-1
157 et seq., the Mississippi Business Investment Act.
- 158 (x) The gross collections from the operation of
159 self-service, coin-operated car washing equipment and sales of the



160 service of washing motor vehicles with portable high pressure
161 washing equipment on the premises of the customer.

162 **SECTION 2.** Nothing in this act shall affect or defeat any
163 claim, assessment, appeal, suit, right or cause of action for
164 taxes due or accrued under the sales tax laws before the date on
165 which this act becomes effective, whether such claims,
166 assessments, appeals, suits or actions have been begun before the
167 date on which this act becomes effective or are begun thereafter;
168 and the provisions of the sales tax laws are expressly continued
169 in full force, effect and operation for the purpose of the
170 assessment, collection and enrollment of liens for any taxes due
171 or accrued and the execution of any warrant under such laws before
172 the date on which this act becomes effective, and for the
173 imposition of any penalties, forfeitures or claims for failure to
174 comply with such laws.

175 **SECTION 3.** This act shall take effect and be in force from
176 and after January 1, 2002.

