

By: Representative Nettles

To: Ways and Means

HOUSE BILL NO. 447

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

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

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

12 27-65-17. (1) Upon every person engaging or continuing
13 within this state in the business of selling any tangible personal
14 property whatsoever there is hereby levied, assessed and shall be
15 collected a tax equal to seven percent (7%) of the gross proceeds
16 of the retail sales of the business, except as otherwise provided
17 herein.

18 Retail sales of farm tractors shall be taxed at the rate of
19 one percent (1%) when made to farmers for agricultural purposes.
20 From and after July 1, 2003, such sales shall be exempt from sales
21 tax as provided in Section 27-65-103.

22 Retail sales of farm implements sold to farmers and used
23 directly in the production of poultry, ratite, domesticated fish
24 as defined in Section 69-7-501, livestock, livestock products,
25 agricultural crops or ornamental plant crops or used for other
26 agricultural purposes shall be taxed at the rate of three percent
27 (3%) when used on the farm. From and after July 1, 2003, such
28 sales shall be exempt from sales tax as provided in Section
29 27-65-103. Sales of all equipment used in logging, pulpwood
30 operations or tree farming which is either (a) self-propelled or



31 which is (b) mounted so that it is (i) permanently attached to
32 other equipment which is self-propelled or (ii) permanently
33 attached to other equipment drawn by a vehicle which is
34 self-propelled, shall be taxed at the rate of three percent (3%).

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

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

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

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

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

59 Wholesale sales of food and drink for human consumption to
60 full service vending machine operators to be sold through vending
61 machines located apart from and not connected with other taxable
62 businesses shall be taxed at the rate of eight percent (8%).



63 A manufacturer selling at retail in this state shall be
64 required to make returns of the gross proceeds of such sales and
65 pay the tax imposed in this section.

66 Any person exercising any privilege taxable under Section
67 27-65-15 and selling his natural resource products at wholesale or
68 to exempt persons shall pay the tax levied by said section in lieu
69 of the tax levied by this section.

70 (2) From and after January 1, 1995, retail sales of private
71 carriers of passengers and light carriers of property, as defined
72 in Section 27-51-101, shall be taxed an additional two percent
73 (2%).

74 (3) In lieu of the tax levied in subsection (1) of this
75 section, there is levied on retail sales of truck-tractors and
76 semitrailers used in interstate commerce and registered under the
77 International Registration Plan (IRP) or any similar reciprocity
78 agreement or compact relating to the proportional registration of
79 commercial vehicles entered into as provided for in Section
80 27-19-143, a tax at the rate of three percent (3%) of the portion
81 of the sale that is attributable to the usage of such
82 truck-tractor or semitrailer in Mississippi. The portion of the
83 retail sale that is attributable to the usage of such
84 truck-tractor or semitrailer in Mississippi is the retail sales
85 price of the truck-tractor or semitrailer multiplied by the
86 percentage of the total miles traveled by the vehicle that are
87 traveled in Mississippi. The tax levied pursuant to this
88 subsection (3) shall be collected by the State Tax Commission from
89 the purchaser of such truck-tractor or semitrailer at the time of
90 registration of such truck-tractor or semitrailer.

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

93 27-65-103. The exemptions from the provisions of this
94 chapter which are of an agricultural nature or which are more
95 properly classified as agricultural exemptions than any other



96 exemption classification of this chapter shall be confined to
97 those persons or property exempted by this section or by
98 provisions of the Constitution of the United States or the State
99 of Mississippi. No agricultural exemption as now provided by any
100 other section shall be valid as against the tax herein levied.
101 Any subsequent agricultural exemption from the tax levied
102 hereunder shall be provided by amendment to this section.

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

105 The tax levied by this chapter shall not apply to the
106 following:

107 (a) The gross proceeds of sales of lint cotton, seed
108 cotton, baled cotton, whether compressed or not, and cottonseed
109 and soybeans in their original condition. Retail sales of seeds,
110 livestock feed, poultry feed, fish feed and fertilizers. Sales of
111 defoliants, insecticides, fungicides, herbicides and baby chicks
112 used in growing agricultural products for market. Bagging and
113 ties for baling cotton, hay baling wire and twine, boxes, bags and
114 cans used in growing or preparing agricultural products for market
115 when possession thereof will pass to the customer at the time of
116 sale of the product contained therein. Sales of ice to commercial
117 fishermen purchased for use in the preservation of seafood or to
118 producers for use in the refrigeration of vegetables for market.

119 (b) The sales by producers of livestock, poultry, fish
120 or other products of farm, grove or garden when such products are
121 sold in the original state or condition of preparation for sale
122 before such products are subjected to any other process within a
123 class of business or sold by a producer through an established
124 store, as defined in the Privilege Tax Law. Provided, however,
125 that this exemption shall not apply to ornamental plants which
126 bear no fruit of commercial value. All sales by agricultural
127 cooperative associations organized under Article 9 of Chapter 7 of
128 Title 69, or under Chapters 17 or 19 of Title 79, Mississippi Code



129 of 1972, of agricultural products produced by members for market
130 before such products are subjected to any manufacturing process.

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

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

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

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

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

150 **SECTION 3.** Nothing in this act shall affect or defeat any
151 claim, assessment, appeal, suit, right or cause of action for
152 taxes due or accrued under the sales tax laws before the date on
153 which this act becomes effective, whether such claims,
154 assessments, appeals, suits or actions have been begun before the
155 date on which this act becomes effective or are begun thereafter;
156 and the provisions of the sales tax laws are expressly continued
157 in full force, effect and operation for the purpose of the
158 assessment, collection and enrollment of liens for any taxes due
159 or accrued and the execution of any warrant under such laws before
160 the date on which this act becomes effective, and for the



161 imposition of any penalties, forfeitures or claims for failure to
162 comply with such laws.

163 **SECTION 4.** This act shall take effect and be in force from
164 and after July 1, 2003.

