

*****Not Germane***
AMENDMENT No. 2 PROPOSED TO**

House Bill NO. 771

By Representative(s) Ellzey

1 **AMEND** on Lines 10 and 11 by striking the language "person
2 engaging or continuing within this state in the business of" and
3 inserting the language "interest owner who is" in lieu thereof;

4 **AMEND FURTHER** on Line 11 by inserting the language "in this
5 state" after the word "oil";

6 **AMEND FURTHER** on Line 12 by deleting the language "as defined
7 herein,";

8 **AMEND FURTHER** on Line 26 by inserting the language "whether
9 the interest owner resides in this state, regardless of" before
10 the word "the" and by inserting a comma after the word "sale";

11 **AMEND FURTHER** on Line 27 by inserting the language
12 "regardless of" after the word "or";

13 **AMEND FURTHER** on Line 28 by striking ", and the" and
14 inserting ". The" in lieu thereof;

15 **AMEND FURTHER** on Lines 162 and 163 by striking the language
16 "person engaging or continuing within this state in the business
17 of" and inserting the language "interest owner who is" in lieu
18 thereof;

19 **AMEND FURTHER** on Line 163 by inserting the language "in this
20 state" after the word "gas";

21 **AMEND FURTHER** on Line 164 by deleting the language "as
22 defined herein,";

23 **AMEND FURTHER** on Line 171 by inserting the language "whether

24 the interest owner resides in this state, regardless of" before
25 the word "the";

26 **AMEND FURTHER** on Line 172 by inserting the language
27 "regardless of" after the word "or";

28 **AMEND FURTHER** on Lines 308 and 309 by striking the language
29 "person engaging or continuing within this state in the business
30 of" and inserting the language "interest owner who is" in lieu
31 thereof;

32 **AMEND FURTHER** on Line 309 by inserting the language "in this
33 state" after the word "gas";

34 **AMEND FURTHER** on Line 310 by deleting the language "as
35 defined herein,";

36 **AMEND FURTHER** on Line 317 by inserting the language "whether
37 the interest owner resides in this state, regardless of" before
38 the word "the";

39 **AMEND FURTHER** on Line 318 by inserting the language
40 "regardless of" after the word "or";

41 **AMEND FURTHER** by inserting the following language after Line
42 453 and renumbering the succeeding section:

43 **SECTION 3.** Section 27-25-501, Mississippi Code of 1972, is
44 amended as follows:

45 27-25-501. Whenever used in this article, the following
46 words and terms shall have the definition and meaning ascribed to
47 them in this section, unless the intention to give a more limited
48 meaning is disclosed by the context:

49 (a) "Tax commission" means the Tax Commission of the
50 State of Mississippi.

51 (b) "Commissioner" means the Chairman of the State Tax
52 Commission.

53 (c) "Annual" means the calendar year or the taxpayer's
54 fiscal year when permission is obtained from the commissioner to
55 use a fiscal year as a tax period in lieu of a calendar year.

56 (d) "Value" means the sale price, or market value, at
57 the mouth of the well. If the oil is exchanged for something
58 other than cash, or if there is no sale at the time of severance,

59 or if the relation between the buyer and the seller is such that
60 the consideration paid, if any, is not indicative of the true
61 value or market price, then the commissioner shall determine the
62 value of the oil subject to tax, considering the sale price for
63 cash of oil of like quality. With respect to salvaged crude oil
64 as hereinafter defined, the term "value" shall mean the sale price
65 or market value of such salvaged crude oil at the time of its sale
66 after such salvaged crude oil has been processed or treated so as
67 to render it marketable.

68 (e) "Taxpayer" means any person liable for the tax
69 imposed by this article. With respect to the tax imposed upon
70 salvaged crude oil as hereafter defined, the term "taxpayer" shall
71 mean the person having title to the salvaged crude oil at the time
72 it is being processed or treated so as to render it marketable.

73 (f) "Oil" means petroleum, other crude oil, natural
74 gasoline, distillate, condensate, casinghead gasoline, asphalt or
75 other mineral oil which is mined, or produced, or withdrawn from
76 below the surface of the soil or water, in this state. Any type
77 of salvaged crude oil which, after any treatment, becomes
78 marketable shall be defined as crude oil which has been severed
79 from the soil or water.

80 (g) "Severed" means the extraction or withdrawing from
81 below the surface of the soil or water of any oil, whether such
82 extraction or withdrawal shall be by natural flow, mechanically
83 enforced flow, pumping or any other means employed to get the oil
84 from below the surface of the soil or water, and shall include the
85 withdrawing by any means whatsoever of oil upon which the tax has
86 not been paid, from any surface reservoir, natural or artificial,
87 or from a water surface. * * * However, * * * in the case of
88 salvaged crude oil, "severed" means the process of treating such
89 oil so that it will become marketable and the time of severance
90 shall occur upon completion of said treatment.

91 (h) "Person" means any natural person, firm,
92 copartnership, joint venture, association, corporation, estate,
93 trust or any other group, or combination acting as a unit, and the

94 plural as well as the singular number.

95 (i) "Producer" means any person owning, controlling,
96 managing or leasing any oil property, or oil well, and any person
97 who produces in any manner any oil by taking it from the earth or
98 water in this state, and shall include a person acting on behalf
99 of an interest owner of oil being produced, whether produced by
100 him, or by some other person on his behalf, either by lease
101 contract or otherwise.

102 (j) "Engaging in business" means any act or acts
103 engaged in (personal or corporate) by producers, or parties at
104 interest, the result of which, oil is severed from the soil or
105 water, for storage, transport or manufacture, or by which there is
106 an exchange of money, or goods, or thing of value, for oil which
107 has been or is in process of being severed, from the soil or
108 water.

109 (k) "Barrel" for oil measurement, means a barrel of
110 forty-two (42) United States gallons of two hundred thirty-one
111 (231) cubic inches per gallon, computed at a temperature of sixty
112 (60) degrees Fahrenheit.

113 (l) "Production" means the total gross amount of oil
114 produced, including all royalty or other interest; that is, the
115 amount for the purpose of the tax imposed by this article shall be
116 measured or determined by tank tables compiled to show one hundred
117 percent (100%) of the full capacity of tanks without deduction for
118 overage or losses in handling. Allowance for any reasonable and
119 bona fide deduction for basic sediment and water, and for
120 correction of temperature to sixty (60) degrees Fahrenheit will be
121 allowed. If the amount of oil produced has been measured or
122 determined by tank tables compiled to show less than one hundred
123 percent (100%) of the full capacity of tanks, then such amount
124 shall be raised to a basis by one hundred percent (100%) for the
125 purpose of the tax imposed by this article.

126 (m) "Gathering system" means the pipelines, pumps and
127 other property used in gathering oil from the property on which it
128 is produced, the tanks used for storage at a central place,

129 loading racks and equipment for loading oil into tank cars or
130 other transporting media, and all other equipment and
131 appurtenances necessary to a gathering system for transferring oil
132 into trunk pipelines.

133 (n) "Discovery well" means any well producing oil from
134 a single pool in which a well has not been previously produced in
135 paying quantities after testing.

136 (o) "Development wells" means all oil producing wells
137 other than discovery wells and replacement wells.

138 (p) "Replacement well" means a well drilled on a
139 drilling and/or production unit to replace another well which is
140 drilled in the same unit and completed in the same pool.

141 (q) "Three-dimensional seismic" means data which is
142 regularly organized in three (3) orthogonal directions and thus
143 suitable for interpretation with a three-dimensional software
144 package on an interactive work station.

145 (r) "Two-year inactive well" means any oil or gas well
146 certified by the State Oil and Gas Board as having not produced
147 oil or gas in more than a total of thirty (30) days during a
148 twelve (12) consecutive month period in the two (2) years before
149 the date of certification.

150 (s) "Interest owner" means any person owning any
151 royalty or other interest in oil or its value.

152 **SECTION 4.** Section 27-25-507, Mississippi Code of 1972, is
153 amended as follows:

154 27-25-507. When any regular monthly report required from
155 producers or interest owners by this article, does not disclose
156 the actual source of any oil taxable under this article, but does
157 show such oil to have escaped from a well or wells and to have
158 been recovered from streams, lakes, ravines, or other natural
159 depressions, it shall be the duty of the commissioner to collect,
160 in addition to the privilege tax herein imposed, an additional
161 amount equal to fourteen percent (14%) of the gross value of such
162 escaped oil. The commissioner shall hold such additional
163 collection in a special escrow account for a period of twelve (12)

164 months from the date of the collection, during which time any
165 person or persons who claim to be the rightful owner or owners of
166 any royalty interest in the escaped oil, shall present proper and
167 satisfactory proof of such ownership to the commissioner. If the
168 commissioner shall be satisfied as to the ownership of such
169 escaped oil, then he shall pay to such claimant or claimants a
170 proportionate part of such additional collection held in escrow,
171 according to their proper interest or interests. No payment to
172 any claimant shall be made, however, before it is approved by the
173 Attorney General, or before it is ordered by any court having
174 proper jurisdiction. After the lapse of twelve (12) months from
175 the date of any additional collection, if no claim or claims have
176 been made to it, or to the balance remaining of it after the
177 payment by the commissioner of any claim or claims, the
178 commissioner shall distribute the additional collection or any
179 balance of it in the same manner as is herein provided for the
180 distribution of the tax imposed by this article.

181 **SECTION 5.** Section 27-25-509, Mississippi Code of 1972, is
182 amended as follows:

183 27-25-509. (1) The tax hereby imposed is levied upon the
184 interest owners of such oil in the proportion of their ownership
185 at the time of severance, but, except as otherwise herein
186 provided, may be paid by the person in charge of the production
187 operations, who, in such case, shall deduct from any amount due to
188 interest owners of such production at the time of severance the
189 proportionate amount of the tax herein levied before making
190 payments to such interest owners. The tax shall become due and
191 payable as provided by this article and * * * shall constitute a
192 first lien upon any of the oil so produced, when in the hands of
193 the interest owner, or any purchaser of such oil in its
194 unmanufactured state or condition. In the event the person in
195 charge of production operations fails to pay the tax, then the
196 commissioner shall proceed against the interest owner to collect
197 the tax in accordance with the provisions made for the collection
198 of delinquent taxes by the Mississippi Sales Tax Law.

199 (2) When any person in charge of the production operations
200 shall sell the oil produced by him to any person under contracts
201 requiring such purchaser to pay all owners of such oil direct,
202 then the person in charge of the production operations may not be
203 required to deduct the tax herein levied, but in which event such
204 deduction shall be made by the purchaser before making payments to
205 each interest owner of such oil. * * * The purchaser in that case
206 shall account for the tax; provided that nothing herein shall be
207 construed as releasing the person in charge of production
208 operations from liability for the payment of said tax.

209 (3) When any person in charge of production operations shall
210 sell oil produced by him on the open market, he shall withhold the
211 tax imposed by this article, and if he is required to pay other
212 interest holders, shall deduct from any amount due them, the
213 amount of tax levied and due under the provisions of this article
214 before making payment to them.

215 (4) Every person in charge of production operations by which
216 oil is severed from the soil or water in this state, who fails to
217 deduct and withhold, as required herein, the amount of tax from
218 sale or purchase price, when such oil is sold or purchased under
219 contract, or agreement, or on the open market, or otherwise, shall
220 be liable to the state for the full amount of taxes, interest, and
221 penalties which should have been deducted, withheld and remitted
222 to the state. * * * The commissioner shall proceed to collect the
223 tax from the person in charge of production operations, under the
224 provisions of this article, as if he were the interest owner of
225 the oil.

226 **SECTION 6.** Section 27-25-511, Mississippi Code of 1972, is
227 amended as follows:

228 27-25-511. When the title to any oil being severed from the
229 soil, or water, is in dispute, or whenever the producer, interest
230 owner of such oil from the soil, or water, or purchaser thereof,
231 shall be withholding payments on account of litigation, or for any
232 other reason, such producer, interest owner or purchaser shall
233 deduct from the gross amount thus held the amount of the tax

234 herein levied and imposed, and to make remittance thereof to the
235 commissioner as provided by this article.

236 **SECTION 7.** Section 27-25-513, Mississippi Code of 1972, is
237 amended as follows:

238 27-25-513. Every interest owner, producer or person in
239 charge of production operations by which oil is severed from the
240 soil, or water, in this state, when making the reports required by
241 this article, shall file with the commissioner a statement, under
242 oath, on forms prescribed by him, of the business conducted by
243 such producer or person in charge of production operations, during
244 the period for which the report is made, showing gross quantity of
245 oil and the value thereof, so severed or produced, and such other
246 reasonable and necessary information pertaining thereto as the
247 commissioner may require for the proper enforcement of the
248 provisions of this article.

249 **SECTION 8.** Section 27-25-517, Mississippi Code of 1972, is
250 amended as follows:

251 27-25-517. The commissioner shall have the power to require
252 any interest owner, producer, or person in charge of production
253 operations, or person purchasing any oil from the soil, or water,
254 to furnish any additional information by him deemed to be
255 necessary for the purpose of computing the amount of said tax; and
256 for said purpose to examine the books, records, and all files of
257 such person; and, to that end, the commissioner shall have the
258 power to examine witnesses, and if any such witness shall fail or
259 refuse to appear at the request of the commissioner, or refuse
260 access to books, records and files, said commissioner shall have
261 the power and authority to proceed as provided by the Mississippi
262 Sales Tax Law.

263 **SECTION 9.** Section 27-25-521, Mississippi Code of 1972, is
264 amended as follows:

265 27-25-521. Every person who is an interest owner of oil or
266 who is engaged in the business of producing or purchasing any oil
267 in this state, or who is in charge of production operations, and
268 who is required to pay the tax imposed by this article, shall make

269 and keep, for a period of three (3) years, a complete and accurate
270 record, in the form required by the commissioner, showing the
271 gross quantity of oil produced and value of same, the names of the
272 persons from whom purchased, and the time of purchase. It
273 is * * * the duty of such person to file quarterly with the
274 commissioner a statement, under oath, showing the names and
275 addresses of all persons from whom has been purchased any oil,
276 produced or severed from the soil, or water, in Mississippi during
277 the preceding quarter (three (3) months), and the county from
278 which the oil was severed, together with a total gross quantity
279 and value of oil so purchased, and any other information which the
280 commissioner may require. Said report shall begin with the first
281 calendar quarter after this article becomes effective and shall
282 thereafter be filed within thirty (30) days after the expiration
283 of each quarter and shall be made on such forms as may be
284 prescribed by the commissioner. Any person failing to make the
285 report required by this section shall be guilty of a misdemeanor
286 and be punished by a fine of not less than Fifty Dollars (\$50.00)
287 or more than Five Hundred Dollars (\$500.00) for each such offense.

288 **SECTION 10.** Section 27-25-523, Mississippi Code of 1972, is
289 amended as follows:

290 27-25-523. (1) All oil produced or under the ground on
291 producing properties within the State of Mississippi and all
292 producing oil equipment, including wells, connections, pumps,
293 derricks and other appurtenances actually owned by and belonging
294 to the producer, and all leases in production, including mineral
295 rights in producing properties, shall be exempt from all ad
296 valorem taxes now levied or hereafter levied by the State of
297 Mississippi, or any county, municipality, levee district, road,
298 school or any other taxing district within this state. This
299 exemption shall not apply to drilling equipment, including
300 derricks, machinery, and other materials necessary to drilling,
301 nor to oil gathering systems, nor to the surface of lands leased
302 for oil production or upon which oil producing properties are
303 situated, but all such drilling equipment, gathering systems, and

304 lands shall be assessed as are other properties and shall be
305 subject to ad valorem tax. However, no additional assessment
306 shall be added to the surface value of such lands by reason of the
307 presence of oil thereunder or its production therefrom. The
308 exemption herein granted shall apply to all ad valorem taxes
309 levied in the year 1944 and each year thereafter.

310 (2) The exemption from ad valorem taxes granted in this
311 section shall not apply to the percentage of ad valorem taxes that
312 the owner or holder of a nonproducing oil interest in real estate,
313 which is owned or held separately and apart from and independently
314 of the rights owned in the surface of such real estate, must pay
315 on the land under which the oil interest is located, pursuant to
316 the provisions of Section 28 of House Bill No. 771, 2003 Regular
317 Session.

318 **SECTION 11.** Section 27-25-701, Mississippi Code of 1972, is
319 amended as follows:

320 **[Until July 1, 2004, this section shall read as follows:]**

321 27-25-701. Whenever used in this article, the following
322 words and terms shall have the definition and meaning ascribed to
323 them in this section, unless the intention to give a more limited
324 meaning is disclosed by the context:

325 (a) "Tax commission" means the Tax Commission of the
326 State of Mississippi.

327 (b) "Commissioner" means the Chairman of the State Tax
328 Commission.

329 (c) "Annual" means the calendar year or the taxpayer's
330 fiscal year when permission is obtained from the commissioner to
331 use a fiscal year as a tax period in lieu of a calendar year.

332 (d) "Value" means the sale price, or market value, at
333 the mouth of the well. If the gas is exchanged for something
334 other than cash, or if there is no sale at the time of severance,
335 or if the relation between the buyer and the seller is such that
336 the consideration paid, if any, is not indicative of the true
337 value or market price, then the commissioner shall determine the
338 value of the gas subject to tax, considering the sale price for

339 cash of gas of like quality in the same or nearest gas-producing
340 field.

341 (e) "Taxpayer" means any person liable for the tax
342 imposed by this article.

343 (f) "Gas" means natural and casinghead gas and any gas
344 or vapor taken from below the surface of the soil or water in this
345 state, regardless of whether produced from a gas well or from a
346 well also productive of oil or any other product; provided,
347 however, the term "gas" shall not include carbon dioxide.

348 (g) "Casinghead gas" means any gas or vapor indigenous
349 to an oil stratum and produced from such stratum with oil.

350 (h) "Severed" means the extraction or withdrawing by
351 any means whatsoever, from below the surface of the soil or water,
352 of any gas.

353 (i) "Person" means any natural person, firm,
354 copartnership, joint venture, association, corporation, estate,
355 trust, or any other group, or combination acting as a unit, and
356 the plural as well as the singular number.

357 (j) "Producer" means any person * * * controlling,
358 managing or leasing any oil or gas property, or oil or gas well,
359 and any person who produces in any manner any gas by taking it
360 from the earth or water in this state, and shall include a person
361 acting on behalf of an interest owner of gas being produced either
362 by lease contract or otherwise.

363 (k) "Engaging in business" means any act or acts
364 engaged in (personal or corporate) by producers, or parties at
365 interest, the result of which gas is severed from the soil or
366 water, for storage, transport or manufacture, or by which there is
367 an exchange of money, or goods, or thing of value, for gas which
368 has been or is in process of being severed from the soil or water.

369 (l) "Production" means the total gross amount of gas
370 produced, including all royalty or other interest; that is, the
371 amount for the purpose of the tax imposed by this article shall be
372 measured or determined by meter readings showing one hundred
373 percent (100%) of the full volume expressed in cubic feet at a

374 standard base and flowing temperature of sixty (60) degrees
375 Fahrenheit and at the absolute pressure at which the gas is sold
376 and purchased; correction to be made for pressure according to
377 Boyle's law, and for specific gravity according to the gravity at
378 which the gas is sold and purchased or if not so specified,
379 according to test made by the balance method.

380 (m) "Gathering system" means the pipelines,
381 compressors, pumps, regulators, separators, dehydrators, meters,
382 metering installations and all other property used in gathering
383 gas from the well from which it is produced if such properties are
384 owned by other than the operator, and all such properties, if
385 owned by the operator, beyond the first metering installation that
386 is nearest the well.

387 (n) "Discovery well" means any well producing gas from
388 a single pool in which a well has not been previously produced in
389 paying quantities after testing.

390 (o) "Development wells" means all gas producing wells
391 other than discovery wells and replacement wells.

392 (p) "Replacement well" means a well drilled on a
393 drilling and/or production unit to replace another well which is
394 drilled in the same unit and completed in the same pool.

395 (q) "Three-dimensional seismic" means data which is
396 regularly organized in three (3) orthogonal directions and thus
397 suitable for interpretation with a three-dimensional software
398 package on an interactive work station.

399 (r) "Two-year inactive well" means any oil or gas well
400 certified by the State Oil and Gas Board as having not produced
401 oil or gas in more than a total of thirty (30) days during a
402 twelve (12) consecutive month period in the two (2) years before
403 the date of certification.

404 (s) "Interest owner" means any person owning any
405 royalty or other interest in any gas or its value.

406 [From and after July 1, 2004, this section shall read as
407 follows:]

408 27-25-701. Whenever used in this article, the following

409 words and terms shall have the definition and meaning ascribed to
410 them in this section, unless the intention to give a more limited
411 meaning is disclosed by the context:

412 (a) "Tax commission" means the Tax Commission of the
413 State of Mississippi.

414 (b) "Commissioner" means the Chairman of the State Tax
415 Commission.

416 (c) "Annual" means the calendar year or the taxpayer's
417 fiscal year when permission is obtained from the commissioner to
418 use a fiscal year as a tax period in lieu of a calendar year.

419 (d) "Value" means the sale price, or market value, at
420 the mouth of the well. If the gas is exchanged for something
421 other than cash, or if there is no sale at the time of severance,
422 or if the relation between the buyer and the seller is such that
423 the consideration paid, if any, is not indicative of the true
424 value or market price, then the commissioner shall determine the
425 value of the gas subject to tax, considering the sale price for
426 cash of gas of like quality in the same or nearest gas-producing
427 field.

428 (e) "Taxpayer" means any person liable for the tax
429 imposed by this article.

430 (f) "Gas" means natural and casinghead gas and any gas
431 or vapor taken from below the surface of the soil or water in this
432 state, regardless of whether produced from a gas well or from a
433 well also productive of oil or any other product.

434 (g) "Casinghead gas" means any gas or vapor indigenous
435 to an oil stratum and produced from such stratum with oil.

436 (h) "Severed" means the extraction or withdrawing by
437 any means whatsoever, from below the surface of the soil or water,
438 of any gas.

439 (i) "Person" means any natural person, firm,
440 copartnership, joint venture, association, corporation, estate,
441 trust, or any other group, or combination acting as a unit, and
442 the plural as well as the singular number.

443 (j) "Producer" means any person * * * controlling,

444 managing or leasing any oil or gas property, or oil or gas well,
445 and any person who produces in any manner any gas by taking it
446 from the earth or water in this state, and shall include a person
447 acting on behalf of an interest owner of gas being produced either
448 by lease contract or otherwise.

449 (k) "Engaging in business" means any act or acts
450 engaged in (personal or corporate) by producers, or parties at
451 interest, the result of which gas is severed from the soil or
452 water, for storage, transport or manufacture, or by which there is
453 an exchange of money, or goods, or thing of value, for gas which
454 has been or is in process of being severed from the soil or water.

455 (l) "Production" means the total gross amount of gas
456 produced, including all royalty or other interest; that is, the
457 amount for the purpose of the tax imposed by this article shall be
458 measured or determined by meter readings showing one hundred
459 percent (100%) of the full volume expressed in cubic feet at a
460 standard base and flowing temperature of sixty (60) degrees
461 Fahrenheit and at the absolute pressure at which the gas is sold
462 and purchased; correction to be made for pressure according to
463 Boyle's law, and for specific gravity according to the gravity at
464 which the gas is sold and purchased or if not so specified,
465 according to test made by the balance method.

466 (m) "Gathering system" means the pipelines,
467 compressors, pumps, regulators, separators, dehydrators, meters,
468 metering installations and all other property used in gathering
469 gas from the well from which it is produced if such properties are
470 owned by other than the operator, and all such properties, if
471 owned by the operator, beyond the first metering installation that
472 is nearest the well.

473 (n) "Discovery well" means any well producing gas from
474 a single pool in which a well has not been previously produced in
475 paying quantities after testing.

476 (o) "Development wells" means all gas producing wells
477 other than discovery wells and replacement wells.

478 (p) "Replacement well" means a well drilled on a

479 drilling and/or production unit to replace another well which is
480 drilled in the same unit and completed in the same pool.

481 (q) "Three-dimensional seismic" means data which is
482 regularly organized in three (3) orthogonal directions and thus
483 suitable for interpretation with a three-dimensional software
484 package on an interactive work station.

485 (r) "Two-year inactive well" means any oil or gas well
486 certified by the State Oil and Gas Board as having not produced
487 oil or gas in more than a total of thirty (30) days during a
488 twelve (12) consecutive month period in the two (2) years before
489 the date of certification.

490 (s) "Interest owner" means any person owning any
491 royalty or other interest in any gas or its value.

492 **SECTION 12.** Section 27-25-705, Mississippi Code of 1972, is
493 amended as follows:

494 **[With regard to any county which is exempt from the**
495 **provisions of Section 19-2-3, this section shall read as follows:]**

496 27-25-705. All taxes herein levied and collected by the
497 State Tax Commission shall be paid into the State Treasury on the
498 same day in which such taxes are collected. The commissioner
499 shall apportion all such tax collections to the state and to the
500 county in which the gas was produced, in the proportion of
501 sixty-six and two-thirds percent (66-2/3%) to the state and
502 thirty-three and one-third percent (33-1/3%) to the county. * * *
503 However, when the price of the gas subject to the tax levied in
504 this article is increased, such increase is subject to approval by
505 a federal regulatory board or commission, and when the interest
506 owner and producer of the gas so requests, the State Treasurer
507 is * * * authorized to hold the severance tax collected on the
508 price increase in escrow until such time as the price increase or
509 a portion thereof is finally granted or approved. The severance
510 tax thus held in escrow shall be deposited by the State Treasurer
511 to an account in a state depository to be invested in an
512 interest-bearing account in the manner provided by law. When the
513 price increase in question or a portion thereof is granted or

514 approved, the commissioner shall compute the correct severance tax
515 due on such increase and certify the amount of tax thus computed.

516 This amount and interest earned from the depository shall be
517 distributed to the General Fund and to the county or counties
518 proportionately as herein provided. The balance, if any, of the
519 tax and interest held in escrow on the price increase shall be
520 returned to the taxpayer.

521 The state's share of all gas severance taxes collected
522 pursuant to this section shall be deposited as provided for in
523 Section 27-25-506.

524 The commissioner shall certify at the end of each month the
525 apportionment to each county to the State Treasurer, who shall
526 remit the county's share of said funds on or before the twentieth
527 day of the month next succeeding the month in which such
528 collections were made for division among the municipalities and
529 taxing districts of the county. The commissioner shall submit a
530 report to the State Treasurer for distribution to each county
531 receiving such funds showing from whom said tax and interest, if
532 any, were collected. Upon receipt of said funds, the board of
533 supervisors of the county shall allocate the same to the
534 municipalities and to the various maintenance and bond and
535 interest funds of the county, school districts, supervisors
536 districts and road districts, as hereinafter provided.

537 When there shall be any gas producing properties within the
538 corporate limits of any municipality, then such municipality shall
539 participate in the division of the tax and interest, if any,
540 returned to the county in which the municipality is located in the
541 proportion which the tax on production of gas from properties
542 located within the municipal corporate limits bears to the tax on
543 total production of gas in the county. In no event, however,
544 shall the amount allocated to the municipalities exceed one-third
545 (1/3) of the tax and interest produced in the municipality and
546 returned to the county. Any amount received by any municipality
547 as a result of the allocation herein provided shall be used for
548 such purposes as are authorized by law.

549 The balance remaining of any funds returned to the county
550 after the allocation to municipalities shall be divided among the
551 various maintenance and bond and interest funds of the county,
552 school districts, supervisors districts and road districts, in the
553 discretion of the board of supervisors, and such board shall make
554 the division in consideration of the needs of the various taxing
555 districts. The funds so allocated shall be used only for such
556 purposes as are authorized by law.

557 **[With regard to any county which is required to operate on a**
558 **countywide system of road administration as described in Section**
559 **19-2-3, this section shall read as follows:]**

560 27-25-705. All taxes herein levied and collected by the
561 State Tax Commission shall be paid into the State Treasury on the
562 same day in which such taxes are collected. The commissioner
563 shall apportion all such tax collections to the state and to the
564 county in which the gas was produced, in the proportion of
565 sixty-six and two-thirds percent (66-2/3%) to the state and
566 thirty-three and one-third percent (33-1/3%) to the county. * * *
567 However, when the price of the gas subject to the tax levied in
568 this article is increased, such increase is subject to approval by
569 a federal regulatory board or commission, and when the interest
570 owner and producer of the gas so requests, the State Treasurer
571 is * * * authorized to hold the severance tax collected on the
572 price increase in escrow until such time as the price increase or
573 a portion thereof is finally granted or approved. The severance
574 tax thus held in escrow shall be deposited by the State Treasurer
575 to an account in a state depository to be invested in an
576 interest-bearing account in the manner provided by law. When the
577 price increase in question or a portion thereof is granted or
578 approved, the commissioner shall compute the correct severance tax
579 due on such increase and certify the amount of tax thus computed.

580 This amount and interest earned from the depository shall be
581 distributed to the General Fund and to the county or counties
582 proportionately as herein provided. The balance, if any, of the
583 tax and interest held in escrow on the price increase shall be

584 returned to the taxpayer.

585 The state's share of all gas severance taxes collected
586 pursuant to this section shall be deposited as provided for in
587 Section 27-25-506.

588 The commissioner shall certify at the end of each month the
589 apportionment to each county to the State Treasurer, who shall
590 remit the county's share of said funds on or before the twentieth
591 day of the month next succeeding the month in which such
592 collections were made for division among the municipalities and
593 taxing districts of the county. The commissioner shall submit a
594 report to the State Treasurer for distribution to each county
595 receiving such funds showing from whom said tax and interest, if
596 any, were collected. Upon receipt of said funds, the board of
597 supervisors of the county shall allocate the same to the
598 municipalities and to the various maintenance and bond and
599 interest funds of the county and school districts, as hereinafter
600 provided.

601 When there shall be any gas producing properties within the
602 corporate limits of any municipality, then such municipality shall
603 participate in the division of the tax and interest, if any,
604 returned to the county in which the municipality is located in the
605 proportion which the tax on production of gas from properties
606 located within the municipal corporate limits bears to the tax on
607 total production of gas in the county. In no event, however,
608 shall the amount allocated to the municipalities exceed one-third
609 (1/3) of the tax and interest produced in the municipality and
610 returned to the county. Any amount received by any municipality
611 as a result of the allocation herein provided shall be used for
612 such purposes as are authorized by law.

613 The balance remaining of any funds returned to the county
614 after the allocation to municipalities shall be divided among the
615 various maintenance and bond and interest funds of the county and
616 school districts, in the discretion of the board of supervisors,
617 and such board shall make the division in consideration of the
618 needs of the various taxing districts. The funds so allocated

619 shall be used only for such purposes as are authorized by law.

620 **SECTION 13.** Section 27-25-707, Mississippi Code of 1972, is
621 amended as follows:

622 27-25-707. (1) The tax hereby imposed is levied upon the
623 interest owners of such gas in the proportion of their ownership
624 at the time of severance, but, except as otherwise herein
625 provided, may be paid by the person in charge of the production
626 operations, who, in such case, shall deduct from any amount due to
627 interest owners of such production at the time of severance the
628 proportionate amount of the tax herein levied before making
629 payments to such interest owners. The tax shall become due and
630 payable as provided by this article and * * * shall constitute a
631 first lien upon the property from which the gas was produced. In
632 the event the person in charge of production operations fails to
633 pay the tax, then the commissioner shall proceed against the
634 interest owner to collect the tax in accordance with the
635 provisions made for the collection of delinquent taxes by the
636 Mississippi Sales Tax Law.

637 (2) When any person in charge of the production operations
638 shall sell the gas produced by him to any person under contracts
639 requiring such purchaser to pay all owners of such gas direct,
640 then the person in charge of the production operations may not be
641 required to deduct the tax herein levied, but in which event such
642 deduction shall be made by the purchaser before making payments to
643 each interest owner of such gas. * * * The purchaser in that case
644 shall account for the tax; provided that nothing herein shall be
645 construed as releasing the person in charge of production
646 operations from liability for the payment of said tax.

647 (3) When any person in charge of production operations shall
648 sell gas produced by him on the open market, he shall withhold the
649 tax imposed by this article, and if he is required to pay other
650 interest holders, is hereby authorized, empowered and required to
651 deduct from any amount due them, the amount of tax levied and due
652 under the provisions of this article before making payment to
653 them.

654 (4) Every person in charge of production operations by which
655 gas is severed from the soil or water in this state, who fails to
656 deduct and withhold, as required herein, the amount of tax from
657 sale or purchase price, when such gas is sold or purchased under
658 contract or agreement, or on the open market, or otherwise, shall
659 be liable to the state for the full amount of taxes, interest, and
660 penalties which should have been deducted, withheld and remitted
661 to the state. * * * The commissioner shall proceed to collect the
662 tax from the person in charge of production operations, under the
663 provisions of this article, as if he were the interest owner of
664 the gas.

665 **SECTION 14.** Section 27-25-709, Mississippi Code of 1972, is
666 amended as follows:

667 27-25-709. When the title to any gas being severed from the
668 soil, or water, is in dispute, or whenever the producer or
669 interest owner of such gas from the soil, or water, or purchaser
670 thereof, shall be withholding payments on account of litigation,
671 or for any other reason, such producer, interest owner, or
672 purchaser shall deduct from the gross amount thus held the amount
673 of the tax herein levied and imposed, and to make remittance
674 thereof to the commissioner as provided by this article.

675 **SECTION 15.** Section 27-25-711, Mississippi Code of 1972, is
676 amended as follows:

677 27-25-711. Every interest owner, producer or person in
678 charge of production operations by which gas is severed from the
679 soil, or water, in this state, when making the reports required by
680 this article, shall file with the commissioner a statement, under
681 oath, on forms prescribed by him, of the business conducted by
682 such producer or person in charge of production operations, during
683 the period for which the report is made, showing gross quantity of
684 gas and the value thereof, so severed or produced, and such other
685 reasonable and necessary information pertaining thereto as the
686 commissioner may require for the proper enforcement of the
687 provisions of this article.

688 **SECTION 16.** Section 27-25-715, Mississippi Code of 1972, is

689 amended as follows:

690 27-25-715. The commissioner shall have the power to require
691 any interest owner, producer or person in charge of production
692 operations, or person purchasing any gas from the soil, or water,
693 to furnish any additional information by him deemed to be
694 necessary for the purpose of computing the amount of said tax; and
695 for said purpose to examine the meter and other charts, books,
696 records, and all files of such person; and, to that end, the
697 commissioner shall have the power to examine witnesses, and if any
698 such witness shall fail or refuse to appear at the request of the
699 commissioner, or refuse access to books, records and files, said
700 commissioner shall have the power and authority to proceed as
701 provided by the Mississippi Sales Tax Law.

702 **SECTION 17.** Section 27-25-719, Mississippi Code of 1972, is
703 amended as follows:

704 27-25-719. Every person who is an interest owner of gas, or
705 who is engaged in the business of producing or purchasing any gas
706 in this state, or who is in charge of production operations, and
707 who is required to pay the tax imposed by this article, shall make
708 and keep, for a period of three (3) years, a complete and accurate
709 record, in the form required by the commissioner showing the gross
710 quantity of gas produced and value of same, the names of the
711 persons from whom purchased, and the time of purchase.

712 **SECTION 18.** Section 27-25-721, Mississippi Code of 1972, is
713 amended as follows:

714 **[Until July 1, 2004, this section shall read as follows:]**

715 27-25-721. (1) All gas and carbon dioxide produced or under
716 the ground on producing properties within the State of Mississippi
717 and all producing gas or carbon dioxide equipment, including
718 wells, connections, pumps, derricks and other appurtenances
719 actually owned by and belonging to the producer, and all leases in
720 production, including mineral rights in producing properties,
721 shall be exempt from all ad valorem taxes now levied or hereafter
722 levied by the State of Mississippi, or any other taxing district
723 within this state. This exemption shall not apply to drilling

724 equipment, including derricks, machinery, and other materials
725 necessary to drilling, nor to gas or carbon dioxide gathering
726 systems, nor to the surface of lands leased for gas or carbon
727 dioxide production or upon which gas or carbon dioxide producing
728 properties are situated, but all such drilling equipment,
729 gathering systems, and lands shall be assessed as are other
730 properties and shall be subject to ad valorem tax. However, no
731 additional assessment shall be added to the surface value of such
732 lands by reason of the presence of gas or carbon dioxide
733 thereunder or its production therefrom. The exemption herein
734 granted shall apply to all ad valorem taxes levied in the year
735 1948 and each year thereafter.

736 (2) The exemption from ad valorem taxes granted in this
737 section shall not apply to the percentage of ad valorem taxes that
738 the owner or holder of a nonproducing gas interest in real estate,
739 which is owned or held separately and apart from and independently
740 of the rights owned in the surface of such real estate, must pay
741 on the land under which the gas interest is located, under the
742 provisions of Section 28 of House Bill No. 771, 2003 Regular
743 Session.

744 **[From and after July 1, 2004, this section shall read as**
745 **follows:]**

746 27-25-721. (1) All gas produced or under the ground on
747 producing properties within the State of Mississippi and all
748 producing gas equipment, including wells, connections, pumps,
749 derricks and other appurtenances actually owned by and belonging
750 to the producer, and all leases in production, including mineral
751 rights in producing properties, shall be exempt from all ad
752 valorem taxes now levied or hereafter levied by the State of
753 Mississippi, or any other taxing district within this state. This
754 exemption shall not apply to drilling equipment, including
755 derricks, machinery, and other materials necessary to drilling,
756 nor to gas gathering systems, nor to the surface of lands leased
757 for gas production or upon which gas producing properties are
758 situated, but all such drilling equipment, gathering systems, and

759 lands shall be assessed as are other properties and shall be
760 subject to ad valorem tax. However, no additional assessment
761 shall be added to the surface value of such lands by reason of the
762 presence of gas thereunder or its production therefrom. The
763 exemption herein granted shall apply to all ad valorem taxes
764 levied in the year 1948 and each year thereafter.

765 (2) The exemption from ad valorem taxes granted in this
766 section shall not apply to the percentage of ad valorem taxes that
767 the owner or holder of a nonproducing gas interest in real estate,
768 which is owned or held separately and apart from and independently
769 of the rights owned in the surface of such real estate, must pay
770 on the land under which the gas interest is located, under the
771 provisions of Section 28 of House Bill No. 771, 2003 Regular
772 Session.

773 **SECTION 19.** Section 27-25-303, Mississippi Code of 1972, is
774 amended as follows:

775 27-25-303. The words, terms and phrases used in this article
776 shall have the meanings ascribed to them herein.

777 (a) "Tax Commission" means the Tax Commission of the
778 State of Mississippi.

779 (b) "Commissioner" means the Chairman of the State Tax
780 Commission.

781 (c) "Person" means and includes any individual, firm,
782 copartnership, joint venture, association, corporation, estate,
783 trust or other group or combination acting as a unit, and includes
784 the plural as well as the singular in number.

785 (d) "Taxpayer" means any person liable for or having
786 paid any tax to the State of Mississippi under the provisions of
787 this article.

788 (e) "Producer" means any person who produces or severs
789 or who is responsible for the production of salt from the earth or
790 water for sale, profit or commercial use.

791 (f) "Production" means the total amount or quantity of
792 marketable salt produced by whatever measurement used.

793 (g) "Value" means and includes the purchase price or

794 royalty, cost, and any other expense as determined by generally
795 accepted accounting principles of underground mining and handling
796 of production to the point where processing begins.

797 (h) "Processing" means an activity of an industrial or
798 commercial nature wherein labor or skill is applied, by hand or
799 machinery, to raw materials so that a more useful product or
800 substance of trade or commerce is produced for sale.

801 (i) "Engaging in business" means any act or acts
802 engaged in by producers, or parties at interest which results in
803 the production of salt from the soil or water, for storage,
804 transport or further processing.

805 (j) "Salt" means a substance which is chemically
806 classified as sodium chloride.

807 (k) "Interest owner" means any person owning any
808 royalty or other interest in salt or its value.

809 **SECTION 20.** Section 27-25-305, Mississippi Code of 1972, is
810 amended as follows:

811 27-25-305. There is * * * levied and assessed, and shall be
812 collected by the commissioner, privilege taxes upon every interest
813 owner who is mining, severing or otherwise producing salt or
814 causing it to be produced in this state, for sale, profit or
815 commercial use. The amount of such tax shall be three percent
816 (3%) of the value of the entire production in this state.

817 The tax is * * * levied upon the entire production in this
818 state, regardless of whether the interest owner resides in this
819 state, regardless of the place of sale, or regardless of the fact
820 that delivery may be made to points outside the state, and the tax
821 shall accrue at the time such salt is severed from the soil or
822 water, and in its natural, unrefined or unprocessed state.

823 The tax levied hereunder shall be a lien upon all products
824 produced within this state and such lien shall be entitled to
825 preference over all judgments, executions, encumbrances or liens
826 whensoever created.

827 **SECTION 21.** Section 27-25-307, Mississippi Code of 1972, is
828 amended as follows:

829 27-25-307. (1) All salt under the ground or salt produced
830 or processed on producing properties and owned by the producer and
831 all leases in production, including mineral rights in producing
832 properties, shall be exempt from all ad valorem taxes now levied
833 or hereafter levied by the State of Mississippi, or any county, or
834 any other taxing district within this state.

835 (2) The exemption from ad valorem taxes granted in this
836 section shall not apply to the percentage of ad valorem taxes that
837 the owner or holder of a nonproducing salt interest in real
838 estate, which is owned or held separately and apart from and
839 independently of the rights owned in the surface of such real
840 estate, must pay on the land under which the salt interest is
841 located, pursuant to the provisions of Section 28 House Bill No.
842 771, 2003 Regular Session.

843 **SECTION 22.** Section 27-25-309, Mississippi Code of 1972, is
844 amended as follows:

845 27-25-309. Every person who is an interest owner of salt or
846 who is engaged in the business of producing salt in this state, or
847 who is in charge of production operations, and who is required to
848 pay the tax imposed by this article, shall make and keep, for a
849 period of three (3) years, a complete and accurate record to
850 substantiate all taxes accrued hereunder, showing the gross
851 quantity of salt produced and the value of same, the names of the
852 person or persons from whom purchased and the county in which
853 located. All records shall be subject to examination by the
854 commissioner.

855 The commissioner may promulgate such rules and regulations
856 not inconsistent with this article and the Mississippi Sales Tax
857 Law for keeping records, making returns and for the ascertainment,
858 assessment and collection of the tax imposed hereunder as he may
859 deem necessary to enforce its provisions.

860 **SECTION 23.** Section 27-31-73, Mississippi Code of 1972, is
861 amended as follows:

862 27-31-73. (1) To encourage the purchase of leases upon and
863 interests in oil, gas and other minerals in the State of

864 Mississippi, to encourage drilling for and production of such
865 minerals, and to relieve the taxing officials of the counties of
866 the state of the onerous duties of assessment for, collection of
867 and sale for ad valorem taxes for such interests (which the
868 Legislature finds are generally assessed at nominal values
869 resulting in taxes not commensurate with the services required of
870 such officers), all nonproducing leasehold interests upon all oil,
871 gas and other minerals in, on or under lands lying within the
872 State of Mississippi, created or assigned after the effective date
873 of Sections 27-31-71 through 27-31-87, and also all nonproducing
874 interests in such oil, gas and other minerals (including royalty
875 interests therein) hereafter conveyed to a grantee or purchaser or
876 excepted or reserved to a grantor separately and apart from the
877 surface, shall be exempt from all ad valorem taxes levied on or
878 after January 1, 1947, by the State of Mississippi, or any county,
879 municipality, levee district, road district, school district,
880 drainage district or other taxing district within the state or
881 becoming a lien on or after said date. Any sale for taxes of the
882 surface or of the remainder of the fee shall not in any manner
883 whatsoever affect the interest or interests * * * exempted.

884 (2) For the same purpose * * * there is * * * likewise
885 exempted from such ad valorem taxation all such interests created
886 prior to the passage of Sections 27-31-71 through 27-31-87 which
887 are owned separately and apart from the surface, provided that as
888 a condition precedent to obtaining such exemption upon existing
889 interests the then owner thereof shall make application for
890 exemption of the interest then owned by him as hereinafter
891 provided and pay, by the purchase of documentary tax stamps, a sum
892 equivalent to the tax herein levied by Section 27-31-77 on
893 instruments hereafter executed creating, transferring or reserving
894 corresponding or similar interests. If any such sum is paid after
895 January 1, 1947, then such exemption shall apply only to taxes
896 becoming a lien after such sum is thus paid.

897 (3) The exemption from ad valorem taxes granted in this
898 section shall not apply to the percentage of ad valorem taxes that

899 the owner or holder of a nonproducing oil, gas or other mineral
900 interest in real estate, which is owned or held separately and
901 apart from and independently of the rights owned in the surface of
902 such real estate, must pay on the land under which the oil, gas or
903 other mineral interest is located, pursuant to the provisions of
904 Section 28 of House Bill No. 771, 2003 Regular Session.

905 **SECTION 24.** Section 27-35-51, Mississippi Code of 1972, is
906 amended as follows:

907 27-35-51. Whenever any buildings, improvements or
908 structures, mineral, gas, oil, timber or similar interests in real
909 estate, including building permits or reservations, are owned
910 separately and apart from and independently of the rights and
911 interests owned in the surface of such real estate, or when any
912 person reserves any right or interest, or has any leasehold in the
913 elements above enumerated, all of such interests shall be assessed
914 and taxed separately from such surface rights and interests in
915 said real estate, and shall be sold for taxes in the same manner
916 and with the same effect as other interests in real estate are
917 sold for taxes. Whenever the owner or holder of any separately
918 owned or held nonproducing oil, gas or other mineral interest does
919 not pay the percentage of ad valorem taxes that he or she is
920 required to pay on the surface of the land under which the oil,
921 gas or other mineral interest is located, the provisions of
922 Section 28 of House Bill No. 771, 2003 Regular Session, apply.

923 All interests in real estate herein enumerated shall be returned
924 to the tax assessor within the same time and in the same manner as
925 the owners of land are now required by law to list lands for
926 assessment and taxation and under like penalties. The tax
927 assessor shall enter the assessment of the interests herein
928 enumerated upon the assessment roll by entering the same upon the
929 next succeeding line or lines of the roll following the assessment
930 of the surface owner, the name of the owner and the name of the
931 interest, and by placing the value in the appropriate column or
932 columns on the roll; or the assessor may enter the assessment of
933 any or all of such interests upon a page or pages in the land roll

934 following the assessment of the lands of the county, and the value
935 of all such interests shall be included in the recapitulation of
936 the roll. And the value of said interest or interests shall be
937 determined and fixed in the same manner and by the same officials
938 now required by law to value and assess property for taxation.

939 **SECTION 25.** Section 27-31-1, Mississippi Code of 1972, is
940 amended as follows:

941 27-31-1. The following shall be exempt from taxation:

942 (a) All cemeteries used exclusively for burial
943 purposes.

944 (b) All property, real or personal, belonging to the
945 State of Mississippi or any of its political subdivisions, except
946 property of a municipality not being used for a proper municipal
947 purpose and located outside the county or counties in which such
948 municipality is located. A proper municipal purpose within the
949 meaning of this section shall be any authorized governmental or
950 corporate function of a municipality.

951 (c) All property, real or personal, owned by units of
952 the Mississippi National Guard, or title to which is vested in
953 trustees for the benefit of any unit of the Mississippi National
954 Guard; provided such property is used exclusively for such unit,
955 or for public purposes, and not for profit.

956 (d) All property, real or personal, belonging to any
957 religious society, or ecclesiastical body, or any congregation
958 thereof, or to any charitable society, or to any historical or
959 patriotic association or society, or to any garden or pilgrimage
960 club or association and used exclusively for such society or
961 association and not for profit; not exceeding, however, the amount
962 of land which such association or society may own as provided in
963 Section 79-11-33. All property, real or personal, belonging to
964 any rural waterworks system or rural sewage disposal system
965 incorporated under the provisions of Section 79-11-1. All
966 property, real or personal, belonging to any college or
967 institution for the education of youths, used directly and
968 exclusively for such purposes, provided that no such college or

969 institution for the education of youths shall have exempt from
970 taxation more than six hundred forty (640) acres of land;
971 provided, however, this exemption shall not apply to commercial
972 schools and colleges or trade institutions or schools where the
973 profits of same inure to individuals, associations or
974 corporations. All property, real or personal, belonging to an
975 individual, institution or corporation and used for the operation
976 of a grammar school, junior high school, high school or military
977 school. All property, real or personal, owned and occupied by a
978 fraternal and benevolent organization, when used by such
979 organization, and from which no rentals or other profits accrue to
980 the organization, but any part rented or from which revenue is
981 received shall be taxed.

982 (e) All property, real or personal, held and occupied
983 by trustees of public schools, and school lands of the respective
984 townships for the use of public schools, and all property kept in
985 storage for the convenience and benefit of the State of
986 Mississippi in warehouses owned or leased by the State of
987 Mississippi, wherein said property is to be sold by the Alcoholic
988 Beverage Control Division of the State Tax Commission of the State
989 of Mississippi.

990 (f) All property, real or personal, whether belonging
991 to religious or charitable or benevolent organizations, which is
992 used for hospital purposes, and nurses' homes where a part
993 thereof, and which maintain one or more charity wards that are for
994 charity patients, and where all the income from said hospitals and
995 nurses' homes is used entirely for the purposes thereof and no
996 part of the same for profit.

997 (g) The wearing apparel of every person; and also
998 jewelry and watches kept by the owner for personal use to the
999 extent of One Hundred Dollars (\$100.00) in value for each owner.

1000 (h) Provisions on hand for family consumption.

1001 (i) All farm products grown in this state for a period
1002 of two (2) years after they are harvested, when in the possession
1003 of or the title to which is in the producer, except the tax of

1004 one-fifth of one percent (1/5 of 1%) per pound on lint cotton now
1005 levied by the Board of Commissioners of the Mississippi Levee
1006 District; and lint cotton for five (5) years, and cottonseed,
1007 soybeans, oats, rice and wheat for one (1) year regardless of
1008 ownership.

1009 (j) All guns and pistols kept by the owner for private
1010 use.

1011 (k) All poultry in the hands of the producer.

1012 (l) Household furniture, including all articles kept in
1013 the home by the owner for his own personal or family use; but this
1014 shall not apply to hotels, rooming houses or rented or leased
1015 apartments.

1016 (m) All cattle and oxen.

1017 (n) All sheep, goats and hogs.

1018 (o) All horses, mules and asses.

1019 (p) Farming tools, implements and machinery, when used
1020 exclusively in the cultivation or harvesting of crops or timber.

1021 (q) All property of agricultural and mechanical
1022 associations and fairs used for promoting their objects, and where
1023 no part of the proceeds is used for profit.

1024 (r) The libraries of all persons.

1025 (s) All pictures and works of art, not kept for or
1026 offered for sale as merchandise.

1027 (t) The tools of any mechanic necessary for carrying on
1028 his trade.

1029 (u) All state, county, municipal, levee, drainage and
1030 all school bonds or other governmental obligations, and all bonds
1031 and/or evidences of debts issued by any church or church
1032 organization in this state, and all notes and evidences of
1033 indebtedness which bear a rate of interest not greater than the
1034 maximum rate per annum applicable under the law; and all money
1035 loaned at a rate of interest not exceeding the maximum rate per
1036 annum applicable under the law; and all stock in or bonds of
1037 foreign corporations or associations shall be exempt from all ad
1038 valorem taxes.

1039 (v) All lands and other property situated or located
1040 between the Mississippi River and the levee shall be exempt from
1041 the payment of any and all road taxes levied or assessed under any
1042 road laws of this state.

1043 (w) Any and all money on deposit in either national
1044 banks, state banks or trust companies, on open account, savings
1045 account or time deposit.

1046 (x) All wagons, carts, drays, carriages and other horse
1047 drawn vehicles, kept for the use of the owner.

1048 (y) (1) Boats, seines and fishing equipment used in
1049 fishing and shrimping operations and in the taking or catching of
1050 oysters.

1051 (2) All towboats, tugboats and barges documented
1052 under the laws of the United States, except watercraft of every
1053 kind and character used in connection with gaming operations.

1054 (z) All materials used in the construction and/or
1055 conversion of vessels in this state; vessels while under
1056 construction and/or conversion; vessels while in the possession of
1057 the manufacturer, builder or converter, for a period of twelve
1058 (12) months after completion of construction and/or conversion,
1059 and as used herein the term "vessel" shall include ships, offshore
1060 drilling equipment, dry docks, boats and barges, except watercraft
1061 of every kind and character used in connection with gaming
1062 operations.

1063 (aa) Sixty-six and two-thirds percent (66-2/3%) of
1064 nuclear fuel and reprocessed, recycled or residual nuclear fuel
1065 by-products, fissionable or otherwise, used or to be used in
1066 generation of electricity by persons defined as public utilities
1067 in Section 77-3-3.

1068 (bb) All growing nursery stock.

1069 (cc) A semitrailer used in interstate commerce.

1070 (dd) All property, real or personal, used exclusively
1071 for the housing of and provision of services to elderly persons,
1072 disabled persons, mentally impaired persons or as a nursing home,
1073 which is owned, operated and managed by a not-for-profit

1074 corporation, qualified under Section 501(c)(3) of the Internal
1075 Revenue Code, whose membership or governing body is appointed or
1076 confirmed by a religious society or ecclesiastical body or any
1077 congregation thereof.

1078 (ee) All vessels while in the hands of bona fide
1079 dealers as merchandise and which are not being operated upon the
1080 waters of this state shall be exempt from ad valorem taxes. As
1081 used in this paragraph the terms "vessel" and "waters of this
1082 state" shall have the meaning ascribed to such terms in Section
1083 59-21-3.

1084 (ff) All property, real or personal, owned by a
1085 nonprofit organization that: (i) is qualified as tax exempt under
1086 Section 501(c)(4) of the Internal Revenue Code of 1986, as
1087 amended; (ii) assists in the implementation of the national
1088 contingency plan or area contingency plan, and which is created in
1089 response to the requirements of Title IV, Subtitle B of the Oil
1090 Pollution Act of 1990, Public Law 101-380; (iii) engages primarily
1091 in programs to contain, clean up and otherwise mitigate spills of
1092 oil or other substances occurring in the United States coastal or
1093 tidal waters; and (iv) is used for the purposes of the
1094 organization.

1095 (gg) If a municipality changes its boundaries so as to
1096 include within the boundaries of such municipality the project
1097 site of any project as defined in Section 57-75-5(f)(iv)1, all
1098 real and personal property located on the project site within the
1099 boundaries of such municipality that is owned by a business
1100 enterprise operating such project, shall be exempt from ad valorem
1101 taxation for a period of time not to exceed thirty (30) years upon
1102 receiving approval for such exemption by the Mississippi Major
1103 Economic Impact Authority. The provisions of this subsection
1104 shall not be construed to authorize a breach of any agreement
1105 entered into pursuant to Section 21-1-59.

1106 (hh) (i) Whenever any nonproducing oil, gas or other
1107 mineral interest in real estate is owned separately and apart from
1108 and independently of the rights owned in the surface of such real

1109 estate, or when any person reserves any right or interest or has
1110 any leasehold in any of the elements listed in this subparagraph
1111 (i), the owner of the surface estate shall be exempt from paying
1112 ten percent (10%) of the ad valorem taxes otherwise due on the
1113 real estate if the surface owner has complied with the provisions
1114 of subparagraph (ii) of this paragraph.

1115 (ii) It shall be the duty of every person who is
1116 eligible for and desires the exemption provided for in this
1117 paragraph (hh) to provide to the tax assessor on or before the
1118 first day of April each year, for the tax assessor's review and
1119 approval, an attorney's title opinion covering the person's real
1120 estate reflecting the ownership or reservation of any of the type
1121 interests listed in subparagraph (i) of this paragraph (hh). The
1122 title opinion shall reflect the name and address of the owner(s)
1123 or holder(s) of such interest, the percentage of the interest
1124 owned or held and the duration of the interest. The attorney
1125 providing the title opinion must have been licensed to practice
1126 law in the State of Mississippi for at least two (2) years and
1127 must have professional liability insurance.

1128 (iii) If a person who is eligible for and desires
1129 the exemption provided for in this paragraph (hh) fails to comply
1130 with the requirements of subparagraph (ii) of this paragraph (hh),
1131 that person shall not be granted such exemption and shall be
1132 liable for the full amount of the ad valorem taxes otherwise due
1133 on the real estate.

1134 **SECTION 26.** Section 27-41-79, Mississippi Code of 1972, is
1135 amended as follows:

1136 27-41-79. The tax collector shall on or before the second
1137 Monday of May and on or before the second Monday of October of
1138 each year, transmit to the clerk of the chancery court of the
1139 county separate certified lists of the lands struck off by him to
1140 the state and that sold to individuals, specifying to whom
1141 assessed, the date of sale, the amount of taxes for which sale was
1142 made, and each item of cost incident thereto, and where sold to
1143 individuals, the name of the purchaser, such sale to be separately

1144 recorded by the clerk in a book kept by him for that purpose. The
1145 tax collector shall also transmit to the clerk of the chancery
1146 court of the county separate lists of any nonproducing oil, gas or
1147 other mineral interests in real estate which are sold to persons
1148 for nonpayment of taxes or which are offered for sale and, because
1149 no person bids the whole amount of taxes and costs incident to the
1150 sale of such interest, revert to the owners of the surface estate
1151 under which such mineral interests are located. All such lists
1152 (except lists of nonproducing mineral interests that reverted to
1153 the owners of the surface estate under which such mineral
1154 interests are located) shall vest in the state or in the
1155 individual purchaser thereof a perfect title to the land or
1156 mineral interest, or both, sold for taxes, but without the right
1157 of possession for the period of and subject to the right of
1158 redemption. Lists of nonproducing mineral interests that reverted
1159 to the owners of the surface estate under which such mineral
1160 interests are located shall vest in such surface owners a perfect
1161 title to the mineral interests, not subject to the right of
1162 redemption. A failure to transmit or record a list or a defective
1163 list shall not affect or render the title void. If the tax
1164 collector or clerk shall fail to perform the duties herein
1165 prescribed, he shall be liable to the party injured by such
1166 default in the penal sum of Twenty-five Dollars (\$25.00), and also
1167 on his official bond for the actual damage sustained. The lists
1168 hereinabove provided shall, when filed with the clerk, be notice
1169 to all persons in the same manner as are deeds when filed for
1170 record. The lists of lands hereinabove referred to shall be filed
1171 by the tax collector in May for sales made in April and in October
1172 for sales made in September, respectively.

1173 **SECTION 27.** Section 27-41-81, Mississippi Code of 1972, is
1174 amended as follows:

1175 27-41-81. The tax collector shall on or before the first
1176 Monday of June transmit to the clerk of the chancery court of the
1177 county separate certified lists of the lands struck off by him to
1178 the state and that sold to individuals, specifying to whom

1179 assessed, the day of the sale, the amount of taxes for which the
1180 sale was made and each item of cost incidental thereto, and, where
1181 sold to individuals, the name of the purchaser, to be separately
1182 recorded by the clerk in books kept by him for that purpose. The
1183 tax collector shall also transmit to the clerk of the chancery
1184 court of the county separate lists of any nonproducing oil, gas or
1185 other mineral interests in real estate which are sold to persons
1186 for nonpayment of taxes or which are offered for sale and, because
1187 no person bids the whole amount of taxes and costs incident to the
1188 sale of such interest, revert to the owners of the surface estate
1189 under which such mineral interests are located. The * * * lists
1190 shall (except lists of nonproducing mineral interests that
1191 reverted to the owners of the surface estate under which such
1192 mineral interests are located) vest in the state or the individual
1193 purchaser thereof a perfect title to the land or mineral interest,
1194 or both, sold for taxes, but without the right of possession and
1195 subject to the right of redemption. Lists of nonproducing mineral
1196 interests that reverted to the owners of the surface estate under
1197 which such mineral interests are located shall vest in such
1198 surface owners a perfect title to the mineral interests, not
1199 subject to the right of redemption. A failure to transmit or
1200 record a list, or a defective list, shall not affect or render the
1201 title void. If the tax collector or clerk shall fail to perform
1202 the duties herein prescribed, he shall be liable to the party
1203 injured by such default in the penal sum of Twenty-five Dollars
1204 (\$25.00), and also on his bond for the actual damages sustained.

1205 The list hereinabove provided shall, when filed with the
1206 clerk, be notice to all persons in the same manner as are deeds
1207 when filed for record.

1208 **SECTION 28.** (1) Except as otherwise provided in subsection
1209 (2) of this section, the owner(s) or holder(s) of any nonproducing
1210 oil, gas or other mineral interest in real estate, which is owned
1211 or held separately and apart from and independently of the rights
1212 owned in the surface of such real estate, shall pay a percentage
1213 of the ad valorem taxes due on the land, as provided in this

1214 subsection. The owner(s) or holder(s) of all of the interests
1215 described in the preceding sentence collectively shall pay a total
1216 of ten percent (10%) of the ad valorem taxes due on the land under
1217 which the interests are located, and each individual owner or
1218 holder of any of the interests shall pay a prorated portion of the
1219 ten percent (10%) based on his or her percentage of ownership of
1220 the collective total of all oil, gas or other mineral interests
1221 that are nonproducing and owned separately and apart from and
1222 independently of the rights owned in the surface of the real
1223 estate. The percentage of ad valorem taxes which the owner(s) or
1224 holder(s) of any of the interests described in the first sentence
1225 of this subsection must pay shall be due and payable at the same
1226 time and in the same manner as the ad valorem taxes due on the
1227 land.

1228 (2) If the owner of the surface estate under which any
1229 separately owned or held, nonproducing oil, gas or other mineral
1230 interest is located fails to comply with the requirements of
1231 Section 27-31-1(hh)(ii), he or she shall be liable for the full
1232 amount of the ad valorem taxes otherwise due on the real estate,
1233 and the owner(s) or holder(s) of any of the interests described in
1234 the first sentence of subsection (1) shall not be liable for any
1235 percentage of the ad valorem taxes due on the real estate.

1236 **SECTION 29.** (1) If the owner or holder of any nonproducing
1237 oil, gas or other mineral interest in real estate, which is owned
1238 or held separately and apart from and independently of the rights
1239 owned in the surface of such real estate, does not pay the
1240 percentage of ad valorem taxes that he or she is required to pay
1241 on the surface of the land under which the oil, gas or mineral
1242 interest is located, the nonproducing, separately owned or held
1243 mineral interest shall be sold in the same manner and in
1244 accordance with the same procedure as prescribed by law for the
1245 sale of lands for nonpayment of taxes.

1246 (2) In addition to the parties which the chancery clerk is
1247 required to provide with notice of a tax sale pursuant to Section
1248 27-43-1 et seq., the chancery clerk shall provide notice to the

1249 owner of the surface estate under which the separately owned or
1250 held, nonproducing oil, gas or other mineral interest sold for
1251 nonpayment of taxes is located that such interest was sold for
1252 taxes. In addition to the owner or holder of the oil, gas or
1253 other mineral interest sold for nonpayment of taxes, or any person
1254 for him with his consent or any person interested in the oil, gas
1255 or other mineral interest, the owner of the surface estate under
1256 which the interest is located shall have the right, secondary only
1257 to the preceding parties, to redeem the oil, gas or other mineral
1258 interest sold for nonpayment of taxes.

1259 (3) If the owner of the surface estate pays the amount
1260 necessary to redeem the oil, gas or mineral interest sold for
1261 nonpayment of taxes, the chancery clerk shall notify the owner or
1262 holder of the interest sold for nonpayment of taxes that the owner
1263 of the surface estate has tendered the amount necessary to redeem
1264 the interest from the tax sale, and that such tender of the amount
1265 necessary to redeem the interest does not operate to redeem the
1266 interest from the tax sale. The chancery clerk shall notify the
1267 owner or holder of the oil, gas or other mineral interest sold for
1268 nonpayment of taxes that if such owner or holder, or any persons
1269 for him with his consent, or any person interested in the oil, gas
1270 other mineral interest does not redeem the interest before the
1271 expiration of the time of redemption, title to the oil, gas or
1272 other mineral interest shall vest in the owner of the surface
1273 estate who tendered the amount necessary to redeem the interest
1274 from the tax sale. If the owner or holder of the oil, gas or
1275 other mineral interest does not redeem the interest from the tax
1276 sale before the expiration of the redemption period, after being
1277 notified by the chancery clerk in accordance with the provisions
1278 of this section, title to the interest shall vest in the owner of
1279 the surface estate who tendered the amount necessary to redeem the
1280 interest from the tax sale, and the chancery clerk shall execute a
1281 deed of conveyance to such owner of the surface estate.

1282 (4) If any such nonproducing oil, gas or other mineral
1283 interest in real estate of a delinquent taxpayer is offered for

1284 sale, and no person bids the whole amount of taxes and costs
1285 incident to the sale of the mineral interest, such mineral
1286 interest shall revert to the owner of the surface estate under
1287 which the mineral interest is located. The owner of the surface
1288 estate to whom such mineral interest reverts shall be liable,
1289 beginning with the next year of tax liability, for the amount of
1290 delinquent taxes for which the mineral interest was offered for
1291 sale and for his prorated portion of the collective ten percent
1292 (10%) of ad valorem taxes due on the land as provided in Section
1293 28 of this act.

1294 **SECTION 30.** This act shall apply to any nonproducing oil,
1295 gas or other mineral interest in real estate which is owned or
1296 held separate and apart from and independently of the rights owned
1297 in the surface of such real estate, regardless of whether such
1298 interest was created or became nonproducing before or after the
1299 effective date of this act.

1300 **AMEND FURTHER** the title to conform.