

By: Representative West

To: Ways and Means

HOUSE BILL NO. 302

1 AN ACT TO EXEMPT BUSINESS PROPERTY OF CERTAIN SMALL  
2 BUSINESSES FROM AD VALOREM TAXATION; TO AMEND SECTION 27-7-29,  
3 MISSISSIPPI CODE OF 1972, TO EXEMPT CERTAIN SMALL BUSINESSES FROM  
4 STATE INCOME TAX; AND FOR RELATED PURPOSES.

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

6 **SECTION 1.** All business property of a small business with  
7 annual gross income or gross proceeds of sales of One Hundred  
8 Thousand Dollars (\$100,000.00) or less, which is owned by a person  
9 who is sixty-five (65) years of age or older and who has owned and  
10 operated the small business for at least twenty-five (25) years  
11 shall be exempt from ad valorem taxation. The exemption granted  
12 in this section shall be for a period of ten (10) years, and the  
13 exemption shall be in addition to any other exemption granted by  
14 law. For purposes of this section, "small business" means any  
15 commercial enterprise with less than one hundred (100) full-time  
16 employees or less than Two Million Dollars (\$2,000,000.00) in net  
17 worth.

18 **SECTION 2.** Section 27-7-29, Mississippi Code of 1972, is  
19 amended as follows:

20 27-7-29. (a) Except as otherwise provided in subsection (b)  
21 of this section, all income received by the following  
22 organizations shall be exempt from taxation under this article:

23 (1) Fraternal beneficiary societies, orders or  
24 associations.

25 (2) Mutual savings banks, domestic or foreign when  
26 organized and operated on a nonprofit basis and for public  
27 purposes; and farm loan associations when organized and operated  
28 on a nonprofit basis and for public purposes.

29           (3) Cemetery corporations; religious, charitable,  
30 educational or scientific associations or institutions, including  
31 any community chest, funds or foundations, organized and operated  
32 exclusively for religious, charitable, scientific or educational  
33 purposes, or for the prevention of cruelty to children or animals,  
34 no part of the net earnings of which inures to the benefit of any  
35 private stockholder or individual.

36           (4) Business leagues, labor organizations, agricultural  
37 or horticultural associations, chambers of commerce, or boards of  
38 trade not organized for profit, and no part of the net earnings of  
39 which inures to the benefit of any private stockholder or  
40 individual.

41           (5) Civic leagues and social clubs or organizations not  
42 organized for profit, but operated exclusively for the promotion  
43 of social welfare.

44           (6) Clubs organized and operated exclusively for  
45 pleasure, recreation and other nonprofitable purposes, no part of  
46 the net earnings of which inures to the benefit of any private  
47 stockholder or member.

48           (7) Farmers and fruit growers cooperatives or other  
49 like organizations organized and operated as sales agents for the  
50 purpose of marketing the products of members and turning back to  
51 them the proceeds of sales, less the necessary selling expenses  
52 and on the basis of the quantity of produce furnished by them, and  
53 other nonprofit agricultural associations organized and operated  
54 under the provisions of the cooperative marketing laws of this  
55 state. Corporations that are treated as cooperatives for federal  
56 income tax purposes will be exempt from income taxation under this  
57 chapter to the same extent as provided for federal income tax  
58 purposes.

59           (8) Nonprofit cooperative electric power associations  
60 or corporations, or like associations, when organized and operated

61 for public purposes and when no part of the income inures to the  
62 benefit of any private stockholder or individual.

63 (9) Any nonprofit corporation that is required to be  
64 organized and formed for the purpose of operating and managing the  
65 state's prison industries.

66 (10) Any small business with annual gross income or  
67 gross proceeds of sales of One Hundred Thousand Dollars  
68 (\$100,000.00) or less, which is owned by a person who is  
69 sixty-five (65) years of age or older and who has owned and  
70 operated the small business for at least twenty-five (25) years.  
71 For purposes of this exemption, "small business" means any  
72 commercial enterprise with less than one hundred (100) full-time  
73 employees or less than Two Million Dollars (\$2,000,000.00) in net  
74 worth.

75 (b) Any Mississippi unrelated business taxable income shall  
76 be included in taxable income for any organization described in  
77 this section. As used in this subsection "Mississippi unrelated  
78 business taxable income" includes:

79 (1) "Unrelated business taxable income" as defined  
80 under the provisions of the Internal Revenue Code, as amended, and  
81 not otherwise inconsistent with other provisions of this chapter,  
82 and

83 (2) Any income attributable to an ownership interest in  
84 an S corporation.

85 **SECTION 3.** Nothing in this act shall affect or defeat any  
86 claim, assessment, appeal, suit, right or cause of action for  
87 taxes due or accrued under the ad valorem tax laws or the income  
88 tax laws before the date on which this act becomes effective,  
89 whether such claims, assessments, appeals, suits or actions have  
90 been begun before the date on which this act becomes effective or  
91 are begun thereafter; and the provisions of the ad valorem tax  
92 laws and the income tax laws are expressly continued in full  
93 force, effect and operation for the purpose of the assessment,

94 collection and enrollment of liens for any taxes due or accrued  
95 and the execution of any warrant under such laws before the date  
96 on which this act becomes effective, and for the imposition of any  
97 penalties, forfeitures or claims for failure to comply with such  
98 laws.

99         **SECTION 4.** This act shall take effect and be in force from  
100 and after January 1, 2004.