

By: Representative Watson

To: Ways and Means

HOUSE BILL NO. 1782

1 AN ACT TO AMEND SECTION 27-31-1, MISSISSIPPI CODE OF 1972, TO
2 PROVIDE AN AD VALOREM TAX EXEMPTION FOR ALL PROPERTY USED BY
3 MISSISSIPPI NONPROFIT ENTITIES TO PROVIDE, SUPPORT AND OPERATE
4 TECHNOLOGY INCUBATORS FOR CERTAIN START-UP COMPANIES; TO AMEND
5 SECTION 27-65-111, MISSISSIPPI CODE OF 1972, TO PROVIDE A SALES
6 TAX EXEMPTION FOR SALES OF TANGIBLE AND PERSONAL PROPERTY OR
7 SERVICES TO THE MISSISSIPPI TECHNOLOGY ALLIANCE; AND FOR RELATED
8 PURPOSES.

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

10 **SECTION 1.** Section 27-31-1, Mississippi Code of 1972, is
11 amended as follows:

12 27-31-1. The following shall be exempt from taxation:

13 (a) All cemeteries used exclusively for burial
14 purposes.

15 (b) All property, real or personal, belonging to the
16 State of Mississippi or any of its political subdivisions, except
17 property of a municipality not being used for a proper municipal
18 purpose and located outside the county or counties in which such
19 municipality is located. A proper municipal purpose within the
20 meaning of this section shall be any authorized governmental or
21 corporate function of a municipality.

22 (c) All property, real or personal, owned by units of
23 the Mississippi National Guard, or title to which is vested in
24 trustees for the benefit of any unit of the Mississippi National
25 Guard; provided such property is used exclusively for such unit,
26 or for public purposes, and not for profit.

27 (d) All property, real or personal, belonging to any
28 religious society, or ecclesiastical body, or any congregation
29 thereof, or to any charitable society, or to any historical or
30 patriotic association or society, or to any garden or pilgrimage

31 club or association and used exclusively for such society or
32 association and not for profit; not exceeding, however, the amount
33 of land which such association or society may own as provided in
34 Section 79-11-33. All property, real or personal, belonging to
35 any rural waterworks system or rural sewage disposal system
36 incorporated under the provisions of Section 79-11-1. All
37 property, real or personal, belonging to any college or
38 institution for the education of youths, used directly and
39 exclusively for such purposes, provided that no such college or
40 institution for the education of youths shall have exempt from
41 taxation more than six hundred forty (640) acres of land;
42 provided, however, this exemption shall not apply to commercial
43 schools and colleges or trade institutions or schools where the
44 profits of same inure to individuals, associations or
45 corporations. All property, real or personal, belonging to an
46 individual, institution or corporation and used for the operation
47 of a grammar school, junior high school, high school or military
48 school. All property, real or personal, owned and occupied by a
49 fraternal and benevolent organization, when used by such
50 organization, and from which no rentals or other profits accrue to
51 the organization, but any part rented or from which revenue is
52 received shall be taxed.

53 (e) All property, real or personal, held and occupied
54 by trustees of public schools, and school lands of the respective
55 townships for the use of public schools, and all property kept in
56 storage for the convenience and benefit of the State of
57 Mississippi in warehouses owned or leased by the State of
58 Mississippi, wherein said property is to be sold by the Alcoholic
59 Beverage Control Division of the State Tax Commission of the State
60 of Mississippi.

61 (f) All property, real or personal, whether belonging
62 to religious or charitable or benevolent organizations, which is
63 used for hospital purposes, and nurses' homes where a part

64 thereof, and which maintain one or more charity wards that are for
65 charity patients, and where all the income from said hospitals and
66 nurses' homes is used entirely for the purposes thereof and no
67 part of the same for profit.

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

71 (h) Provisions on hand for family consumption.

72 (i) All farm products grown in this state for a period
73 of two (2) years after they are harvested, when in the possession
74 of or the title to which is in the producer, except the tax of
75 one-fifth of one percent (1/5 of 1%) per pound on lint cotton now
76 levied by the Board of Commissioners of the Mississippi Levee
77 District; and lint cotton for five (5) years, and cottonseed,
78 soybeans, oats, rice and wheat for one (1) year regardless of
79 ownership.

80 (j) All guns and pistols kept by the owner for private
81 use.

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

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

87 (m) All cattle and oxen.

88 (n) All sheep, goats and hogs.

89 (o) All horses, mules and asses.

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

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

95 (r) The libraries of all persons.

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

98 (t) The tools of any mechanic necessary for carrying on
99 his trade.

100 (u) All state, county, municipal, levee, drainage and
101 all school bonds or other governmental obligations, and all bonds
102 and/or evidences of debts issued by any church or church
103 organization in this state, and all notes and evidences of
104 indebtedness which bear a rate of interest not greater than the
105 maximum rate per annum applicable under the law; and all money
106 loaned at a rate of interest not exceeding the maximum rate per
107 annum applicable under the law; and all stock in or bonds of
108 foreign corporations or associations shall be exempt from all ad
109 valorem taxes.

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

114 (w) Any and all money on deposit in either national
115 banks, state banks or trust companies, on open account, savings
116 account or time deposit.

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

119 (y) (1) Boats, seines and fishing equipment used in
120 fishing and shrimping operations and in the taking or catching of
121 oysters.

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

125 (z) All materials used in the construction and/or
126 conversion of vessels in this state; vessels while under
127 construction and/or conversion; vessels while in the possession of
128 the manufacturer, builder or converter, for a period of twelve

129 (12) months after completion of construction and/or conversion,
130 and as used herein the term "vessel" shall include ships, offshore
131 drilling equipment, dry docks, boats and barges, except watercraft
132 of every kind and character used in connection with gaming
133 operations.

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

139 (bb) All growing nursery stock.

140 (cc) A semitrailer used in interstate commerce.

141 (dd) All property, real or personal, used exclusively
142 for the housing of and provision of services to elderly persons,
143 disabled persons, mentally impaired persons or as a nursing home,
144 which is owned, operated and managed by a not-for-profit
145 corporation, qualified under Section 501(c)(3) of the Internal
146 Revenue Code, whose membership or governing body is appointed or
147 confirmed by a religious society or ecclesiastical body or any
148 congregation thereof.

149 (ee) All vessels while in the hands of bona fide
150 dealers as merchandise and which are not being operated upon the
151 waters of this state shall be exempt from ad valorem taxes. As
152 used in this paragraph, the terms "vessel" and "waters of this
153 state" shall have the meaning ascribed to such terms in Section
154 59-21-3.

155 (ff) All property, real or personal, owned by a
156 nonprofit organization that: (i) is qualified as tax exempt under
157 Section 501(c)(4) of the Internal Revenue Code of 1986, as
158 amended; (ii) assists in the implementation of the national
159 contingency plan or area contingency plan, and which is created in
160 response to the requirements of Title IV, Subtitle B of the Oil
161 Pollution Act of 1990, Public Law 101-380; (iii) engages primarily

162 in programs to contain, clean up and otherwise mitigate spills of
163 oil or other substances occurring in the United States coastal or
164 tidal waters; and (iv) is used for the purposes of the
165 organization.

166 (gg) If a municipality changes its boundaries so as to
167 include within the boundaries of such municipality the project
168 site of any project as defined in Section 57-75-5(f)(iv)1, all
169 real and personal property located on the project site within the
170 boundaries of such municipality that is owned by a business
171 enterprise operating such project, shall be exempt from ad valorem
172 taxation for a period of time not to exceed thirty (30) years upon
173 receiving approval for such exemption by the Mississippi Major
174 Economic Impact Authority. The provisions of this subsection
175 shall not be construed to authorize a breach of any agreement
176 entered into pursuant to Section 21-1-59.

177 (hh) All leases, lease contracts or lease agreements
178 (including, but not limited to, subleases, sublease contracts and
179 sublease agreements), and leaseholds or leasehold interests
180 (including, but not limited to, subleaseholds and subleasehold
181 interests), of or with respect to any and all property (real,
182 personal or mixed) constituting all or any part of a facility for
183 the manufacture, production, generation, transmission and/or
184 distribution of electricity, and any real property related
185 thereto, shall be exempt from ad valorem taxation during the
186 period as the United States is both the title owner of the
187 property and a sublessee of or with respect to the property;
188 however, the exemption authorized by this paragraph (hh) shall not
189 apply to any entity to whom the United States sub-subleases its
190 interest in the property nor to any entity to whom the United
191 States assigns its sublease interest in the property. As used in
192 this paragraph, the term "United States" includes an agency or
193 instrumentality of the United States of America. This paragraph

194 (hh) shall apply to all assessments for ad valorem taxation for
195 the 2003 calendar year and each calendar year thereafter.

196 (ii) All property, real, personal or mixed, including
197 fixtures and leaseholds, used by Mississippi nonprofit entities
198 that are also qualified under Section 501(c)(3) of the Internal
199 Revenue Code, to provide, support and operate technology
200 incubators for research and development start-up companies,
201 telecommunications start-up companies, and/or other technology
202 start-up companies, utilizing technology spun off from research
203 and development activities of the State of Mississippi's public
204 colleges and universities, State of Mississippi governmental
205 research and development activities, or federal government or
206 private industry research and development activities located
207 within the State of Mississippi or originating from the activities
208 of any other sources within the State of Mississippi, as well as
209 all property, real, personal and mixed, including fixtures and
210 leaseholds, of all those technology start-up companies that are,
211 and for such period of time (not to exceed a total of five (5)
212 years) that the technology start-up companies remain, tenants of
213 those technology incubators.

214 **SECTION 2.** Section 27-65-111, Mississippi Code of 1972, is
215 amended as follows:

216 27-65-111. The exemptions from the provisions of this
217 chapter which are not industrial, agricultural or governmental, or
218 which do not relate to utilities or taxes, or which are not
219 properly classified as one of the exemption classifications of
220 this chapter, shall be confined to persons or property exempted by
221 this section or by the Constitution of the United States or the
222 State of Mississippi. No exemptions as now provided by any other
223 section, except the classified exemption sections of this chapter
224 set forth herein, shall be valid as against the tax herein levied.
225 Any subsequent exemption from the tax levied hereunder, except as
226 indicated above, shall be provided by amendments to this section.

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

229 The tax levied by this chapter shall not apply to the
230 following:

231 (a) Sales of tangible personal property and services to
232 hospitals or infirmaries owned and operated by a corporation or
233 association in which no part of the net earnings inures to the
234 benefit of any private shareholder, group or individual, and which
235 are subject to and governed by Sections 41-7-123 through 41-7-127.

236 Only sales of tangible personal property or services which
237 are ordinary and necessary to the operation of such hospitals and
238 infirmaries are exempted from tax.

239 (b) Sales of daily or weekly newspapers, and
240 periodicals or publications of scientific, literary or educational
241 organizations exempt from federal income taxation under Section
242 501(c)(3) of the Internal Revenue Code of 1954, as it exists as of
243 March 31, 1975, and subscription sales of all magazines.

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

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

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

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

258 (g) Sales to elementary and secondary grade schools,
259 junior and senior colleges owned and operated by a corporation or

260 association in which no part of the net earnings inures to the
261 benefit of any private shareholder, group or individual, and which
262 are exempt from state income taxation, provided that this
263 exemption does not apply to sales of property or services which
264 are not to be used in the ordinary operation of the school, or
265 which are to be resold to the students or the public.

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

268 (i) Prescribed for the treatment of a human being
269 by a person authorized to prescribe the medicines, and dispensed
270 or prescription filled by a registered pharmacist in accordance
271 with law; or

272 (ii) Furnished by a licensed physician, surgeon,
273 dentist or podiatrist to his own patient for treatment of the
274 patient; or

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

278 (iv) Sold to a licensed physician, surgeon,
279 podiatrist, dentist or hospital for the treatment of a human
280 being; or

281 (v) Sold to this state or any political
282 subdivision or municipal corporation thereof, for use in the
283 treatment of a human being or furnished for the treatment of a
284 human being by a medical facility or clinic maintained by this
285 state or any political subdivision or municipal corporation
286 thereof.

287 "Medicines," as used in this paragraph (h), shall mean and
288 include any substance or preparation intended for use by external
289 or internal application to the human body in the diagnosis, cure,
290 mitigation, treatment or prevention of disease and which is
291 commonly recognized as a substance or preparation intended for
292 such use; provided that "medicines" do not include any auditory,

293 prosthetic, ophthalmic or ocular device or appliance, any dentures
294 or parts thereof or any artificial limbs or their replacement
295 parts, articles which are in the nature of splints, bandages,
296 pads, compresses, supports, dressings, instruments, apparatus,
297 contrivances, appliances, devices or other mechanical, electronic,
298 optical or physical equipment or article or the component parts
299 and accessories thereof, or any alcoholic beverage or any other
300 drug or medicine not commonly referred to as a prescription drug.

301 Notwithstanding the preceding sentence of this paragraph (h),
302 "medicines" as used in this paragraph (h), shall mean and include
303 sutures, whether or not permanently implanted, bone screws, bone
304 pins, pacemakers and other articles permanently implanted in the
305 human body to assist the functioning of any natural organ, artery,
306 vein or limb and which remain or dissolve in the body.

307 "Hospital," as used in this paragraph (h), shall have the
308 meaning ascribed to it in Section 41-9-3, Mississippi Code of
309 1972.

310 Insulin furnished by a registered pharmacist to a person for
311 treatment of diabetes as directed by a physician shall be deemed
312 to be dispensed on prescription within the meaning of this
313 paragraph (h).

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

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

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

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

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

330 (n) The gross proceeds of sales of motor fuel.

331 (o) Retail sales of food for human consumption
332 purchased with food stamps issued by the United States Department
333 of Agriculture, or other federal agency, from and after October 1,
334 1987, or from and after the expiration of any waiver granted
335 pursuant to federal law, the effect of which waiver is to permit
336 the collection by the state of tax on such retail sales of food
337 for human consumption purchased with food stamps.

338 (p) Sales of cookies for human consumption by the Girl
339 Scouts of America no part of the net earnings from which sales
340 inures to the benefit of any private group or individual.

341 (q) Gifts or sales of tangible personal property or
342 services to public or private nonprofit museums of art.

343 (r) Sales of tangible personal property or services to
344 alumni associations of state-supported colleges or universities.

345 (s) Sales of tangible personal property or services to
346 chapters of the National Association of Junior Auxiliaries, Inc.

347 (t) Sales of tangible personal property or services to
348 domestic violence shelters which qualify for state funding under
349 Sections 93-21-101 through 93-21-113.

350 (u) Sales of tangible personal property or services to
351 the National Multiple Sclerosis Society, Mississippi Chapter.

352 (v) Retail sales of food for human consumption
353 purchased with food instruments issued the Mississippi Band of
354 Choctaw Indians under the Women, Infants and Children Program
355 (WIC) funded by the United States Department of Agriculture.

356 (w) Sales of tangible personal property or services to
357 a private company, as defined in Section 57-61-5, which is making

358 such purchases with proceeds of bonds issued under Section 57-61-1
359 et seq., the Mississippi Business Investment Act.

360 (x) The gross collections from the operation of
361 self-service, coin-operated car washing equipment and sales of the
362 service of washing motor vehicles with portable high pressure
363 washing equipment on the premises of the customer.

364 (y) Sales of tangible and personal property or services
365 to the Mississippi Technology Alliance.

366 **SECTION 3.** Nothing in this act shall affect or defeat any
367 claim, assessment, appeal, suit, right or cause of action for
368 taxes due or accrued under the ad valorem or sales tax laws before
369 the date on which the applicable section of this act becomes
370 effective, whether those claims, assessments, appeals, suits or
371 actions have been begun before the date on which the applicable
372 section of this act becomes effective or are begun after that
373 date; and the provisions of the ad valorem or sales tax laws are
374 expressly continued in full force, effect and operation for the
375 purpose of the assessment, collection and enrollment of liens for
376 any taxes due or accrued and the execution of any warrant under
377 those laws before the date on which the applicable section of this
378 act becomes effective, and for the imposition of any penalties,
379 forfeitures or claims for failure to comply with those laws.

380 **SECTION 4.** Section 1 of this act shall take effect and be in
381 force from and after January 1, 2004, and Section 2 of this act
382 shall take effect and be in force from and after July 1, 2004.