

By: Representatives Compretta, Upshaw

To: Ways and Means

HOUSE BILL NO. 1686

1 AN ACT TO AMEND SECTION 27-65-17, MISSISSIPPI CODE OF 1972,  
 2 TO IMPOSE THE SALES TAX AT A REDUCED RATE ON CERTAIN SALES OF  
 3 MACHINERY AND MACHINE PARTS TO A TECHNOLOGY INTENSIVE BUSINESS FOR  
 4 PLANT USE; TO AMEND SECTION 27-65-19, MISSISSIPPI CODE OF 1972, TO  
 5 REDUCE THE SALES TAX ON CERTAIN FUELS SOLD TO OR USED BY  
 6 TECHNOLOGY INTENSIVE ENTERPRISES; TO AMEND SECTION 27-65-101,  
 7 MISSISSIPPI CODE OF 1972, TO EXEMPT FROM SALES TAXATION SALES OF  
 8 COMPONENT MATERIALS USED IN THE CONSTRUCTION OF A FACILITY, OR ANY  
 9 ADDITION OR IMPROVEMENT TO SUCH FACILITY, AND SALES OF MACHINERY  
 10 AND EQUIPMENT TO BE USED IN SUCH FACILITIES, ADDITIONS OR  
 11 IMPROVEMENTS, TO TECHNOLOGY INTENSIVE ENTERPRISES FOR INDUSTRIAL  
 12 PURPOSES IN A TIER THREE AREA; TO REDUCE THE SALES TAXATION ON  
 13 SALES OF COMPONENT MATERIALS USED IN THE CONSTRUCTION OF A  
 14 FACILITY, OR ANY ADDITION OR IMPROVEMENT TO SUCH FACILITY, AND  
 15 SALES OF MACHINERY AND EQUIPMENT, TO TECHNOLOGY INTENSIVE  
 16 ENTERPRISES FOR INDUSTRIAL PURPOSES IN A TIER ONE OR TIER TWO  
 17 AREA; AND FOR RELATED PURPOSES.

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

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

21 27-65-17. (1) (a) Except as otherwise provided in this  
 22 section, upon every person engaging or continuing within this  
 23 state in the business of selling any tangible personal property  
 24 whatsoever there is hereby levied, assessed and shall be collected  
 25 a tax equal to seven percent (7%) of the gross proceeds of the  
 26 retail sales of the business \* \* \*.

27 (b) Retail sales of farm tractors shall be taxed at the  
 28 rate of one percent (1%) when made to farmers for agricultural  
 29 purposes.

30 (c) Retail sales of farm implements sold to farmers and  
 31 used directly in the production of poultry, ratite, domesticated  
 32 fish as defined in Section 69-7-501, livestock, livestock  
 33 products, agricultural crops or ornamental plant crops or used for  
 34 other agricultural purposes shall be taxed at the rate of three

35 percent (3%) when used on the farm. The three percent (3%) rate  
36 shall also apply to all equipment used in logging, pulpwood  
37 operations or tree farming which is either:

38 (i) Self-propelled, or \* \* \*

39 (ii) Mounted so that it is \* \* \* permanently  
40 attached to other equipment which is self-propelled or \* \* \*  
41 permanently attached to other equipment drawn by a vehicle which  
42 is self-propelled.

43 (d) Except as otherwise provided in subsection (3) of  
44 this section, retail sales of aircraft, automobiles, trucks,  
45 truck-tractors, semitrailers and mobile homes shall be taxed at  
46 the rate of three percent (3%).

47 (e) Sales of manufacturing machinery or manufacturing  
48 machine parts when made to a manufacturer or custom processor for  
49 plant use only when the machinery and machine parts will be used  
50 exclusively and directly within this state in manufacturing a  
51 commodity for sale, rental or in processing for a fee shall be  
52 taxed at the rate of one and one-half percent (1-1/2%).

53 (f) Sales of machinery and machine parts when made to a  
54 technology intensive enterprise for plant use only when the  
55 machinery and machine parts will be used exclusively and directly  
56 within this state for industrial purposes, including, but not  
57 limited to, manufacturing or research and development activities,  
58 shall be taxed at the rate of one and one-half percent (1-1/2%).  
59 In order to be considered a technology intensive enterprise for  
60 purposes of this paragraph:

61 (i) The enterprise shall meet minimum criteria  
62 established by the Mississippi Development Authority;

63 (ii) The enterprise shall employ at least ten (10)  
64 persons in full-time jobs;

65 (iii) At least ten percent (10%) of the workforce  
66 in the facility operated by the enterprise shall be scientists,  
67 engineers or computer specialists;

68                   (iv) The enterprise shall manufacture plastics,  
69 chemicals, automobiles, aircraft, computers or electronics; or  
70 shall be a research and development facility, a computer design or  
71 related facility, or a software publishing facility or other  
72 technology intensive facility or enterprise as determined by the  
73 Mississippi Development Authority;

74                   (v) The average wage of all workers employed by  
75 the enterprise at the facility shall be at least one hundred fifty  
76 percent (150%) of the state average annual wage; and

77                   (vi) The enterprise must provide a basic health  
78 care plan to all employees at the facility.

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

83                   (h) Sales of tangible personal property to electric  
84 power associations for use in the ordinary and necessary operation  
85 of their generating or distribution systems shall be taxed at the  
86 rate of one percent (1%).

87                   (i) Wholesale sales of beer shall be taxed at the rate  
88 of seven percent (7%), and the retailer shall file a return and  
89 compute the retail tax on retail sales but may take credit for the  
90 amount of the tax paid to the wholesaler on the return covering  
91 the subsequent sales of same property, provided adequate invoices  
92 and records are maintained to substantiate the credit.

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

98                   \* \* \*

99                   (2) From and after January 1, 1995, retail sales of private  
100 carriers of passengers and light carriers of property, as defined

101 in Section 27-51-101, shall be taxed an additional two percent  
102 (2%).

103 (3) In lieu of the tax levied in subsection (1) of this  
104 section, there is levied on retail sales of truck-tractors and  
105 semitrailers used in interstate commerce and registered under the  
106 International Registration Plan (IRP) or any similar reciprocity  
107 agreement or compact relating to the proportional registration of  
108 commercial vehicles entered into as provided for in Section  
109 27-19-143, a tax at the rate of three percent (3%) of the portion  
110 of the sale that is attributable to the usage of such  
111 truck-tractor or semitrailer in Mississippi. The portion of the  
112 retail sale that is attributable to the usage of such  
113 truck-tractor or semitrailer in Mississippi is the retail sales  
114 price of the truck-tractor or semitrailer multiplied by the  
115 percentage of the total miles traveled by the vehicle that are  
116 traveled in Mississippi. The tax levied pursuant to this  
117 subsection (3) shall be collected by the State Tax Commission from  
118 the purchaser of such truck-tractor or semitrailer at the time of  
119 registration of such truck-tractor or semitrailer.

120 (4) A manufacturer selling at retail in this state shall be  
121 required to make returns of the gross proceeds of such sales and  
122 pay the tax imposed in this section.

123 (5) Any person exercising any privilege taxable under  
124 Section 27-65-15 and selling his natural resource products at  
125 wholesale or to exempt persons shall pay the tax levied by such  
126 section in lieu of the tax levied by this section.

127 **SECTION 2.** Section 27-65-19, Mississippi Code of 1972, is  
128 amended as follows:

129 27-65-19. (1) (a) Except as otherwise provided in this  
130 subsection, upon every person selling to consumers, electricity,  
131 current, power, potable water, steam, coal, natural gas, liquefied  
132 petroleum gas or other fuel, there is hereby levied, assessed and  
133 shall be collected a tax equal to seven percent (7%) of the gross

134 income of the business. Provided, gross income from sales to  
135 consumers of electricity, current, power, natural gas, liquefied  
136 petroleum gas or other fuel for residential heating, lighting or  
137 other residential noncommercial or nonagricultural use, and sales  
138 of potable water for residential, noncommercial or nonagricultural  
139 use shall be excluded from taxable gross income of the business.  
140 Provided further, upon every such seller using electricity,  
141 current, power, potable water, steam, coal, natural gas, liquefied  
142 petroleum gas or other fuel for nonindustrial purposes, there is  
143 hereby levied, assessed and shall be collected a tax equal to  
144 seven percent (7%) of the cost or value of the product or service  
145 used.

146 (b) There is hereby levied, assessed and shall be  
147 collected a tax equal to one and one-half percent (1-1/2%) of the  
148 gross income of the business when the electricity, current, power,  
149 steam, coal, natural gas, liquefied petroleum gas or other fuel is  
150 sold to or used by a manufacturer, custom processor, technology  
151 intensive enterprise meeting the criteria provided for in Section  
152 27-65-17(1)(f), or public service company for industrial purposes,  
153 which shall include that used to generate electricity, to operate  
154 an electrical distribution or transmission system, to operate  
155 pipeline compressor or pumping stations or to operate railroad  
156 locomotives; however, sales of fuel used to produce electric power  
157 by a company primarily engaged in the business of producing,  
158 generating or distributing electric power for sale shall be exempt  
159 from sales tax as provided in Section 27-65-107.

160 (c) The one and one-half percent (1-1/2%) industrial  
161 rate provided for in this subsection shall also apply when the  
162 electricity, current, power, steam, coal, natural gas, liquefied  
163 petroleum gas or other fuel is sold to a producer or processor for  
164 use directly in the production of poultry or poultry products, the  
165 production of livestock and livestock products, the production of  
166 domesticated fish and domesticated fish products, the production

167 of marine aquaculture products, the production of plants or food  
168 by commercial horticulturists, the processing of milk and milk  
169 products, the processing of poultry and livestock feed, and the  
170 irrigation of farm crops.

171 (d) The one and one-half percent (1-1/2%) rate provided  
172 for in this subsection shall not apply to sales of fuel for  
173 automobiles, trucks, truck-tractors, buses, farm tractors or  
174 airplanes.

175 (e) Upon every person operating a telegraph or  
176 telephone business for the transmission of messages or  
177 conversations between points within this state, there is hereby  
178 levied, assessed and shall be collected a tax equal to seven  
179 percent (7%) of the gross income of such business, with no  
180 deduction or allowance for any part of an intrastate rate charge  
181 because of routing across a state line. Charges by one  
182 telecommunications provider to another telecommunications provider  
183 holding a permit issued under Section 27-65-27 for services that  
184 are resold by such other telecommunications provider, including,  
185 but not limited to, access charges, shall not be subject to the  
186 tax levied pursuant to this paragraph (e). However, any sale of a  
187 prepaid telephone calling card or prepaid authorization number, or  
188 both, shall be deemed to be the sale of tangible personal property  
189 subject only to such taxes imposed by law on the sale of tangible  
190 personal property. If the sale of a prepaid telephone calling  
191 card or prepaid authorization number does not take place at the  
192 vendor's place of business, it shall be conclusively determined to  
193 take place at the customer's shipping address. The  
194 reauthorization of a prepaid telephone calling card or a prepaid  
195 authorization number shall be conclusively determined to take  
196 place at the customer's billing address. Except for the  
197 provisions governing the sale of a prepaid telephone calling card  
198 or prepaid authorization number, this paragraph (e) shall not

199 apply to persons providing mobile telecommunications services that  
200 are taxed pursuant to paragraph (g) of this section.

201 (f) Upon every person operating a telegraph or  
202 telecommunications business for the transmission of messages or  
203 conversations originating in this state or terminating in this  
204 state via interstate telecommunications, which are charged to the  
205 customer's service address in this state, regardless of where such  
206 amount is billed or paid, there is hereby levied, assessed and  
207 shall be collected a tax equal to seven percent (7%) of the gross  
208 income received by such business from such interstate  
209 telecommunications. However, a person, upon proof that he has  
210 paid a tax in another state on such event, shall be allowed a  
211 credit against the tax imposed in this paragraph (f) on interstate  
212 telecommunications charges to the extent that the amount of such  
213 tax is properly due and actually paid in such other state and to  
214 the extent that the rate of sales tax imposed by and paid to such  
215 other state does not exceed the rate of sales tax imposed by this  
216 paragraph (f). Charges by one telecommunications provider to  
217 another telecommunications provider holding a permit issued under  
218 Section 27-65-27 for services that are resold by such other  
219 telecommunications provider, including, but not limited to, access  
220 charges, shall not be subject to the tax levied pursuant to this  
221 paragraph (f). This paragraph (f) shall not apply to persons  
222 providing mobile telecommunications services that are taxed  
223 pursuant to paragraph (g) of this subsection.

224 (g) (i) Upon every person providing mobile  
225 telecommunications services in this state there is hereby levied,  
226 assessed and shall be collected:

227 1. A tax equal to seven percent (7%) of the  
228 gross income received on such services from all charges for  
229 transmission of messages or conversations between points within  
230 any single state as they shall be construed to be within this  
231 state; and

232                   2. A tax equal to seven percent (7%) on the  
233 gross income received from all charges for services that originate  
234 in one state and terminate in any other state.

235           Charges by one telecommunications provider to another  
236 telecommunications provider holding a permit issued under Section  
237 27-65-27 for services that are resold by such other  
238 telecommunications provider, including, but not limited to, access  
239 charges, shall not be subject to the tax levied pursuant to this  
240 paragraph (g).

241                   (ii) Subject to the provisions of 4 USCS 116(c),  
242 the tax levied by this paragraph (g) shall apply only to those  
243 charges for mobile telecommunications services subject to tax  
244 which are deemed to be provided to a customer by a home service  
245 provider pursuant to 4 USCS 117(a), if the customer's place of  
246 primary use is located within this state.

247                   (iii) A home service provider shall be responsible  
248 for obtaining and maintaining the customer's place of primary use.  
249 The home service provider shall be entitled to rely on the  
250 applicable residential or business street address supplied by such  
251 customer, if the home service provider's reliance is in good  
252 faith; and the home service provider shall be held harmless from  
253 liability for any additional taxes based on a different  
254 determination of the place of primary use for taxes that are  
255 customarily passed on to the customer as a separate itemized  
256 charge. A home service provider shall be allowed to treat the  
257 address used for purposes of the tax levied by this chapter for  
258 any customer under a service contract in effect on August 1, 2002,  
259 as that customer's place of primary use for the remaining term of  
260 such service contract or agreement, excluding any extension or  
261 renewal of such service contract or agreement. Month-to-month  
262 services provided after the expiration of a contract shall be  
263 treated as an extension or renewal of such contract or agreement.



264           If the commissioner determines that the address used by a  
265 home service provider as a customer's place of primary use does  
266 not meet the definition of the term "place of primary use" as  
267 defined in this paragraph, the commissioner shall give binding  
268 notice to the home service provider to change the place of primary  
269 use on a prospective basis from the date of notice of  
270 determination; however, the customer shall have the opportunity,  
271 prior to such notice of determination, to demonstrate that such  
272 address satisfies such definition.

273           The commission has the right to collect any taxes due  
274 directly from the home service provider's customer that has failed  
275 to provide an address that meets the definition of the term "place  
276 of primary use" which resulted in a failure of tax otherwise due  
277 being remitted.

278                       (iv) For purposes of this paragraph (g):

279                               1. "Place of primary use" means the street  
280 address representative of where the customer's use of mobile  
281 telecommunications services primarily occurs, which shall be  
282 either the residential street address of the customer or the  
283 primary business street address of the customer.

284                               2. "Customer" means the person or entity that  
285 contracts with the home service provider for mobile  
286 telecommunications services. For determining the place of primary  
287 use, in those instances in which the end user of mobile  
288 telecommunications services is not the contracting party, the end  
289 user of the mobile telecommunications services shall be deemed the  
290 customer. The term "customer" shall not include a reseller of  
291 mobile telecommunications service, or a serving carrier under an  
292 arrangement to serve the customer outside the home service  
293 provider's licensed service area.

294                               3. "Home service provider" means the  
295 facilities-based carrier or reseller with which the customer  
296 contracts for the provision of mobile telecommunications services.

297           (h) (i) For purposes of this paragraph (h), "bundled  
298 transaction" means a transaction that consists of distinct and  
299 identifiable properties or services which are sold for a single  
300 nonitemized price but which are treated differently for tax  
301 purposes.

302           (ii) In the case of a bundled transaction that  
303 includes telecommunications services taxed under this section in  
304 which the price of the bundled transaction is attributable to  
305 properties or services that are taxable and nontaxable, the  
306 portion of the price that is attributable to any nontaxable  
307 property or service shall be subject to the tax unless the  
308 provider can reasonably identify that portion from its books and  
309 records kept in the regular course of business.

310           (iii) In the case of a bundled transaction that  
311 includes telecommunications services subject to tax under this  
312 section in which the price is attributable to properties or  
313 services that are subject to the tax but the tax revenue from the  
314 different properties or services are dedicated to different funds  
315 or purposes, the provider shall allocate the price among the  
316 properties or services:

317                   1. By reasonably identifying the portion of  
318 the price attributable to each of the properties and services from  
319 its books and records kept in the regular course of business; or

320                   2. Based on a reasonable allocation  
321 methodology approved by the commission.

322           (iv) This paragraph (h) shall not create a right  
323 of action for a customer to require that the provider or the  
324 commission, for purposes of determining the amount of tax  
325 applicable to a bundled transaction, allocate the price to the  
326 different portions of the transaction in order to minimize the  
327 amount of tax charged to the customer. A customer shall not be  
328 entitled to rely on the fact that a portion of the price is  
329 attributable to properties or services not subject to tax unless

330 the provider elects, after receiving a written request from the  
331 customer in the form required by the provider, to provide  
332 verifiable data based upon the provider's books and records that  
333 are kept in the regular course of business that reasonably  
334 identifies the portion of the price attributable to the properties  
335 or services not subject to the tax.

336 (2) Persons making sales to consumers of electricity,  
337 current, power, natural gas, liquefied petroleum gas or other fuel  
338 for residential heating, lighting or other residential  
339 noncommercial or nonagricultural use or sales of potable water for  
340 residential, noncommercial or nonagricultural use shall indicate  
341 on each statement rendered to customers that such charges are  
342 exempt from sales taxes.

343 (3) There is hereby levied, assessed and shall be paid on  
344 transportation charges on shipments moving between points within  
345 this state when paid directly by the consumer, a tax equal to the  
346 rate applicable to the sale of the property being transported.  
347 Such tax shall be reported and paid directly to the State Tax  
348 Commission by the consumer.

349 **SECTION 3.** Section 27-65-101, Mississippi Code of 1972, is  
350 amended as follows:

351 27-65-101. (1) The exemptions from the provisions of this  
352 chapter which are of an industrial nature or which are more  
353 properly classified as industrial exemptions than any other  
354 exemption classification of this chapter shall be confined to  
355 those persons or property exempted by this section or by the  
356 provisions of the Constitution of the United States or the State  
357 of Mississippi. No industrial exemption as now provided by any  
358 other section except Section 57-3-33 shall be valid as against the  
359 tax herein levied. Any subsequent industrial exemption from the  
360 tax levied hereunder shall be provided by amendment to this  
361 section. No exemption provided in this section shall apply to  
362 taxes levied by Section 27-65-15 or 27-65-21.

363           The tax levied by this chapter shall not apply to the  
364 following:

365           (a) Sales of boxes, crates, cartons, cans, bottles and  
366 other packaging materials to manufacturers and wholesalers for use  
367 as containers or shipping materials to accompany goods sold by  
368 said manufacturers or wholesalers where possession thereof will  
369 pass to the customer at the time of sale of the goods contained  
370 therein and sales to anyone of containers or shipping materials  
371 for use in ships engaged in international commerce.

372           (b) Sales of raw materials, catalysts, processing  
373 chemicals, welding gases or other industrial processing gases  
374 (except natural gas) to a manufacturer for use directly in  
375 manufacturing or processing a product for sale or rental or  
376 repairing or reconditioning vessels or barges of fifty (50) tons  
377 load displacement and over. For the purposes of this exemption,  
378 electricity used directly in the electrolysis process in the  
379 production of sodium chlorate shall be considered a raw material.  
380 This exemption shall not apply to any property used as fuel except  
381 to the extent that such fuel comprises by-products which have no  
382 market value.

383           (c) The gross proceeds of sales of dry docks, offshore  
384 drilling equipment for use in oil exploitation or production,  
385 vessels or barges of fifty (50) tons load displacement and over,  
386 when sold by the manufacturer or builder thereof.

387           (d) Sales to commercial fishermen of commercial fishing  
388 boats of over five (5) tons load displacement and not more than  
389 fifty (50) tons load displacement as registered with the United  
390 States Coast Guard and licensed by the Mississippi Commission on  
391 Marine Resources.

392           (e) The gross income from repairs to vessels and barges  
393 engaged in foreign trade or interstate transportation.

394 (f) Sales of petroleum products to vessels or barges  
395 for consumption in marine international commerce or interstate  
396 transportation businesses.

397 (g) Sales and rentals of rail rolling stock (and  
398 component parts thereof) for ultimate use in interstate commerce  
399 and gross income from services with respect to manufacturing,  
400 repairing, cleaning, altering, reconditioning or improving such  
401 rail rolling stock (and component parts thereof).

402 (h) Sales of raw materials, catalysts, processing  
403 chemicals, welding gases or other industrial processing gases  
404 (except natural gas) used or consumed directly in manufacturing,  
405 repairing, cleaning, altering, reconditioning or improving such  
406 rail rolling stock (and component parts thereof). This exemption  
407 shall not apply to any property used as fuel.

408 (i) Sales of machinery or tools or repair parts  
409 therefor or replacements thereof, fuel or supplies used directly  
410 in manufacturing, converting or repairing ships of three thousand  
411 (3,000) tons load displacement and over, but not to include office  
412 and plant supplies or other equipment not directly used on the  
413 ship being built, converted or repaired.

414 (j) Sales of tangible personal property to persons  
415 operating ships in international commerce for use or consumption  
416 on board such ships. This exemption shall be limited to cases in  
417 which procedures satisfactory to the commissioner, ensuring  
418 against use in this state other than on such ships, are  
419 established.

420 (k) Sales of materials used in the construction of a  
421 building, or any addition or improvement thereon, and sales of any  
422 machinery and equipment not later than three (3) months after the  
423 completion of construction of the building, or any addition  
424 thereon, to be used therein, to qualified businesses, as defined  
425 in Section 57-51-5, which are located in a county or portion

426 thereof designated as an enterprise zone pursuant to Sections  
427 57-51-1 through 57-51-15.

428 (l) Sales of materials used in the construction of a  
429 building, or any addition or improvement thereon, and sales of any  
430 machinery and equipment not later than three (3) months after the  
431 completion of construction of the building, or any addition  
432 thereon, to be used therein, to qualified businesses, as defined  
433 in Section 57-54-5.

434 (m) Income from storage and handling of perishable  
435 goods by a public storage warehouse.

436 (n) The value of natural gas lawfully injected into the  
437 earth for cycling, repressuring or lifting of oil, or lawfully  
438 vented or flared in connection with the production of oil;  
439 however, if any gas so injected into the earth is sold for such  
440 purposes, then the gas so sold shall not be exempt.

441 (o) The gross collections from self-service commercial  
442 laundering, drying, cleaning and pressing equipment.

443 (p) Sales of materials used in the construction of a  
444 building, or any addition or improvement thereon, and sales of any  
445 machinery and equipment not later than three (3) months after the  
446 completion of construction of the building, or any addition  
447 thereon, to be used therein, to qualified companies, certified as  
448 such by the Mississippi Development Authority under Section  
449 57-53-1.

450 (q) Sales of component materials used in the  
451 construction of a building, or any addition or improvement  
452 thereon, sales of machinery and equipment to be used therein, and  
453 sales of manufacturing or processing machinery and equipment which  
454 is permanently attached to the ground or to a permanent foundation  
455 and which is not by its nature intended to be housed within a  
456 building structure, not later than three (3) months after the  
457 initial start-up date, to permanent business enterprises engaging  
458 in manufacturing or processing in Tier Three areas (as such term

459 is defined in Section 57-73-21), which businesses are certified by  
460 the State Tax Commission as being eligible for the exemption  
461 granted in this paragraph (q).

462 (r) Sales of component materials used in the  
463 construction of a building, or any addition or improvement  
464 thereon, and sales of any machinery and equipment not later than  
465 three (3) months after the completion of the building, addition or  
466 improvement thereon, to be used therein, for any company  
467 establishing or transferring its national or regional headquarters  
468 from within or outside the State of Mississippi and creating a  
469 minimum of thirty-five (35) jobs at the new headquarters in this  
470 state. The Tax Commission shall establish criteria and prescribe  
471 procedures to determine if a company qualifies as a national or  
472 regional headquarters for the purpose of receiving the exemption  
473 provided in this paragraph.

474 (s) The gross proceeds from the sale of semitrailers,  
475 trailers, boats, travel trailers, motorcycles and all-terrain  
476 cycles if exported from this state within forty-eight (48) hours  
477 and registered and first used in another state.

478 (t) Gross income from the storage and handling of  
479 natural gas in underground salt domes and in other underground  
480 reservoirs, caverns, structures and formations suitable for such  
481 storage.

482 (u) Sales of machinery and equipment to nonprofit  
483 organizations if the organization: (i) is tax-exempt pursuant to  
484 Section 501(c)(4) of the Internal Revenue Code of 1986, as  
485 amended; (ii) assists in the implementation of the national  
486 contingency plan or area contingency plan, and which is created in  
487 response to the requirements of Title IV, Subtitle B of the Oil  
488 Pollution Act of 1990, Public Law 101-380; and (iii) engages  
489 primarily in programs to contain, clean up and otherwise mitigate  
490 spills of oil or other substances occurring in the United States  
491 coastal and tidal waters. For purposes of this exemption,

492 "machinery and equipment" means any ocean-going vessels, barges,  
493 booms, skimmers and other capital equipment used primarily in the  
494 operations of nonprofit organizations referred to herein.

495 (v) Sales or leases of materials and equipment to  
496 approved business enterprises as provided under the Growth and  
497 Prosperity Act.

498 (w) From and after July 1, 2001, sales of pollution  
499 control equipment to manufacturers or custom processors for  
500 industrial use. For the purposes of this exemption, "pollution  
501 control equipment" means equipment, devices, machinery or systems  
502 used or acquired to prevent, control, monitor or reduce air, water  
503 or groundwater pollution, or solid or hazardous waste as required  
504 by federal or state law or regulation.

505 (x) Sales or leases to a manufacturer of motor vehicles  
506 operating a project that has been certified by the Mississippi  
507 Major Economic Impact Authority as a project as defined in Section  
508 57-75-5(f)(iv)1 of machinery and equipment; special tooling such  
509 as dies, molds, jigs and similar items treated as special tooling  
510 for federal income tax purposes; or repair parts therefor or  
511 replacements thereof; repair services thereon; fuel, supplies,  
512 electricity, coal and natural gas used directly in the manufacture  
513 of motor vehicles or motor vehicle parts or used to provide  
514 climate control for manufacturing areas.

515 (y) Sales or leases of component materials, machinery  
516 and equipment used in the construction of a building, or any  
517 addition or improvement thereon to an enterprise operating a  
518 project that has been certified by the Mississippi Major Economic  
519 Impact Authority as a project as defined in Section  
520 57-75-5(f)(iv)1 and any other sales or leases required to  
521 establish or operate such project.

522 (z) Sales of component materials and equipment to a  
523 business enterprise as provided under Section 57-64-33.



524           (aa) The gross income from the stripping and painting  
525 of commercial aircraft engaged in foreign or interstate  
526 transportation business.

527           (bb) Sales of production items used in the production  
528 of motion pictures such as film; videotape; component building  
529 materials used in the construction of a set; makeup; fabric used  
530 as or in the making of costumes; clothing, including, shoes,  
531 accessories and jewelry used as wardrobes; materials used as set  
532 dressing; materials used as props on a set or by an actor;  
533 materials used in the creation of special effects; and expendable  
534 items purchased for limited use by grip, electric and camera  
535 departments such as tape, fasteners and compressed air. For the  
536 purposes of this paragraph \* \* \* the term "motion picture" means a  
537 nationally distributed feature-length film, video, television  
538 series or commercial made in Mississippi, in whole or in part, for  
539 theatrical or television viewing or as a television pilot. The  
540 term "motion picture" shall not include the production of  
541 television coverage of news and athletic events, or a film, video,  
542 television series or commercial that contains any material or  
543 performance defined in Section 97-29-103.

544           (cc) Sales of component materials used in the  
545 construction of a facility, or any addition or improvement  
546 thereto, and sales of machinery and equipment not later than three  
547 (3) months after the completion of construction of the facility,  
548 or any addition or improvement thereto, to be used in the facility  
549 or any addition or improvement thereto, to technology intensive  
550 enterprises for industrial purposes in Tier Three areas (as such  
551 areas are designated in accordance with Section 57-73-21), as  
552 certified by the State Tax Commission. For purposes of this  
553 paragraph, an enterprise must meet the criteria provided for in  
554 Section 27-65-17(1)(f) in order to be considered a technology  
555 intensive enterprise.

556           (2) Sales of component materials used in the construction of  
557 a building, or any addition or improvement thereon, sales of  
558 machinery and equipment to be used therein, and sales of  
559 manufacturing or processing machinery and equipment which is  
560 permanently attached to the ground or to a permanent foundation  
561 and which is not by its nature intended to be housed within a  
562 building structure, not later than three (3) months after the  
563 initial start-up date, to permanent business enterprises engaging  
564 in manufacturing or processing in Tier Two areas and Tier One  
565 areas (as such areas are designated in accordance with Section  
566 57-73-21), which businesses are certified by the State Tax  
567 Commission as being eligible for the exemption granted in this  
568 paragraph, shall be exempt from one-half (1/2) of the taxes  
569 imposed on such transactions under this chapter.

570           (3) Sales of component materials used in the construction of  
571 a facility, or any addition or improvement thereto, and sales of  
572 machinery and equipment not later than three (3) months after the  
573 completion of construction of the facility, or any addition or  
574 improvement thereto, to be used in the building or any addition or  
575 improvement thereto, to technology intensive enterprises for  
576 industrial purposes in Tier Two areas and Tier One areas (as such  
577 areas are designated in accordance with Section 57-73-21), which  
578 businesses are certified by the State Tax Commission as being  
579 eligible for the exemption granted in this paragraph, shall be  
580 exempt from one-half (1/2) of the taxes imposed on such  
581 transactions under this chapter. For purposes of this subsection,  
582 an enterprise must meet the criteria provided for in Section  
583 27-65-17(1)(f) in order to be considered a technology intensive  
584 enterprise.

585           (4) (a) For purposes of this subsection:

586                   (i) "Telecommunications enterprises" shall have  
587 the meaning ascribed to such term in Section 57-73-21(13);

588 (ii) "Tier One areas" mean counties designated as  
589 Tier One areas pursuant to Section 57-73-21(1);

590 (iii) "Tier Two areas" mean counties designated as  
591 Tier Two areas pursuant to Section 57-73-21(1);

592 (iv) "Tier Three areas" mean counties designated  
593 as Tier Three areas pursuant to Section 57-73-21(1); and

594 (v) "Equipment used in the deployment of broadband  
595 technologies" means any equipment capable of being used for or in  
596 connection with the transmission of information at a rate, prior  
597 to taking into account the effects of any signal degradation, that  
598 is not less than three hundred eighty-four (384) kilobits per  
599 second in at least one direction, including, but not limited to,  
600 asynchronous transfer mode switches, digital subscriber line  
601 access multiplexers, routers, servers, multiplexers, fiber optics  
602 and related equipment.

603 (b) Sales of equipment to telecommunications  
604 enterprises after June 30, 2003, and before July 1, 2013, that is  
605 installed in Tier One areas and used in the deployment of  
606 broadband technologies shall be exempt from one-half (1/2) of the  
607 taxes imposed on such transactions under this chapter.

608 (c) Sales of equipment to telecommunications  
609 enterprises after June 30, 2003, and before July 1, 2013, that is  
610 installed in Tier Two and Tier Three areas and used in the  
611 deployment of broadband technologies shall be exempt from the  
612 taxes imposed on such transactions under this chapter.

613 **SECTION 4.** Nothing in this act shall affect or defeat any  
614 claim, assessment, appeal, suit, right or cause of action for  
615 taxes due or accrued under the sales tax laws before the date on  
616 which this act becomes effective, whether such claims,  
617 assessments, appeals, suits or actions have been begun before the  
618 date on which this act becomes effective or are begun thereafter;  
619 and the provisions of the sales tax laws are expressly continued  
620 in full force, effect and operation for the purpose of the

621 assessment, collection and enrollment of liens for any taxes due  
622 or accrued and the execution of any warrant under such laws before  
623 the date on which this act becomes effective, and for the  
624 imposition of any penalties, forfeitures or claims for failure to  
625 comply with such laws.

626         **SECTION 5.** This act shall take effect and be in force from  
627 and after July 1, 2005.