

By: Senator(s) Butler

To: Finance

SENATE BILL NO. 2174

1 AN ACT TO AMEND SECTION 27-65-17, MISSISSIPPI CODE OF 1972,
2 TO REDUCE THE SALES TAX RATE ON RETAIL SALES OF UNPREPARED FOOD
3 FOR HUMAN CONSUMPTION TO 6%; AND FOR RELATED PURPOSES.

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

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

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

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

15 Retail sales of farm implements sold to farmers and used
16 directly in the production of poultry, ratite, domesticated fish
17 as defined in Section 69-7-501, livestock, livestock products,
18 agricultural crops or ornamental plant crops or used for other
19 agricultural purposes shall be taxed at the rate of three percent
20 (3%) when used on the farm. The three percent (3%) rate shall
21 also apply to all equipment used in logging, pulpwood operations
22 or tree farming which is either (a) self-propelled or which is (b)
23 mounted so that it is (i) permanently attached to other equipment
24 which is self-propelled or (ii) permanently attached to other
25 equipment drawn by a vehicle which is self-propelled.

26 Except as otherwise provided in subsection (3) of this
27 section, retail sales of aircraft, automobiles, trucks,

28 truck-tractors, semitrailers and mobile homes shall be taxed at
29 the rate of three percent (3%).

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

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

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

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

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

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

57 Any person exercising any privilege taxable under Section
58 27-65-15 and selling his natural resource products at wholesale or
59 to exempt persons shall pay the tax levied by said section in lieu
60 of the tax levied by this section.

61 (2) From and after January 1, 1995, retail sales of private
62 carriers of passengers and light carriers of property, as defined
63 in Section 27-51-101, shall be taxed an additional two percent
64 (2%).

65 (3) In lieu of the tax levied in subsection (1) of this
66 section, there is levied on retail sales of truck-tractors and
67 semitrailers used in interstate commerce and registered under the
68 International Registration Plan (IRP) or any similar reciprocity
69 agreement or compact relating to the proportional registration of
70 commercial vehicles entered into as provided for in Section
71 27-19-143, a tax at the rate of three percent (3%) of the portion
72 of the sale that is attributable to the usage of such
73 truck-tractor or semitrailer in Mississippi. The portion of the
74 retail sale that is attributable to the usage of such
75 truck-tractor or semitrailer in Mississippi is the retail sales
76 price of the truck-tractor or semitrailer multiplied by the
77 percentage of the total miles traveled by the vehicle that are
78 traveled in Mississippi. The tax levied pursuant to this
79 subsection (3) shall be collected by the State Tax Commission from
80 the purchaser of such truck-tractor or semitrailer at the time of
81 registration of such truck-tractor or semitrailer.

82 (4) From and after July 1, 2005, in lieu of the tax levied
83 in subsection (1) of this section, retail sales of food for human
84 consumption not purchased with food stamps issued by the United
85 States Department of Agriculture, or other federal agency, but
86 which would be exempt under Section 27-65-111(o) from the taxes
87 imposed by this chapter if the food items were purchased with food
88 stamps, shall be taxed at the rate of six percent (6%).

89 **SECTION 2.** This act shall take effect and be in force from
90 and after July 1, 2005.