

By: Representative Watson

To: Ways and Means

HOUSE BILL NO. 3

1 AN ACT TO AMEND SECTION 27-65-17, MISSISSIPPI CODE OF 1972,  
2 TO REDUCE THE SALES TAX ON THE FACTORY BUILT COMPONENTS OF MODULAR  
3 HOMES, PANELIZED HOMES AND PRECUT HOMES; TO REQUIRE SELLERS OF  
4 MODULAR HOMES, PANELIZED HOMES AND PRECUT HOMES TO DISCLOSE TO THE  
5 BUYERS OF SUCH HOMES THE AMOUNT OF SALES TAX OR USE TAX PAID ON  
6 THE FACTORY BUILT COMPONENTS OF SUCH HOMES; TO PROVIDE THAT THE  
7 STATE TAX COMMISSION SHALL PRESCRIBE BY REGULATION THE MANNER IN  
8 WHICH SUCH DISCLOSURE SHALL BE MADE; AND FOR RELATED PURPOSES.

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

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

12 27-65-17. (1) (a) Except as otherwise provided in this  
13 section, upon every person engaging or continuing within this  
14 state in the business of selling any tangible personal property  
15 whatsoever there is hereby levied, assessed and shall be collected  
16 a tax equal to seven percent (7%) of the gross proceeds of the  
17 retail sales of the business.

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

21 (c) Retail sales of farm implements sold to farmers and  
22 used directly in the production of poultry, ratite, domesticated  
23 fish as defined in Section 69-7-501, livestock, livestock  
24 products, agricultural crops or ornamental plant crops or used for  
25 other agricultural purposes shall be taxed at the rate of three  
26 percent (3%) when used on the farm. The three percent (3%) rate  
27 shall also apply to all equipment used in logging, pulpwood  
28 operations or tree farming which is either:

29 (i) Self-propelled, or

30 (ii) Mounted so that it is permanently attached to  
31 other equipment which is self-propelled or permanently attached to  
32 other equipment drawn by a vehicle which is self-propelled.

33 (d) Except as otherwise provided in subsection (3) of  
34 this section, retail sales of aircraft, automobiles, trucks,  
35 truck-tractors, semitrailers and manufactured or mobile homes  
36 shall be taxed at the rate of three percent (3%).

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

43 (f) Sales of machinery and machine parts when made to a  
44 technology intensive enterprise for plant use only when the  
45 machinery and machine parts will be used exclusively and directly  
46 within this state for industrial purposes, including, but not  
47 limited to, manufacturing or research and development activities,  
48 shall be taxed at the rate of one and one-half percent (1-1/2%).  
49 In order to be considered a technology intensive enterprise for  
50 purposes of this paragraph:

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

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

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

58 (iv) The enterprise shall manufacture plastics,  
59 chemicals, automobiles, aircraft, computers or electronics; or  
60 shall be a research and development facility, a computer design or  
61 related facility, or a software publishing facility or other

62 technology intensive facility or enterprise as determined by the  
63 Mississippi Development Authority;

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

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

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

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

77 (i) Wholesale sales of beer shall be taxed at the rate  
78 of seven percent (7%), and the retailer shall file a return and  
79 compute the retail tax on retail sales but may take credit for the  
80 amount of the tax paid to the wholesaler on said return covering  
81 the subsequent sales of same property, provided adequate invoices  
82 and records are maintained to substantiate the credit.

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

88 (k) Sales of equipment used or designed for the purpose  
89 of assisting disabled persons, such as wheelchair equipment and  
90 lifts, that is mounted or attached to or installed on a private  
91 carrier of passengers or light carrier of property, as defined in  
92 Section 27-51-101, at the time when the private carrier of  
93 passengers or light carrier of property is sold shall be taxed at  
94 the same rate as the sale of such vehicles under this section.

95           (1) Sales of the factory built components of modular  
96 homes, panelized homes and precut homes, shall be taxed at the  
97 rate of four percent (4%).

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

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

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

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

126           **SECTION 2.** Sellers of modular homes, panelized homes and  
127 precut homes shall disclose to the buyers of such homes the amount

128 of sales tax or use tax paid on the factory built components of  
129 such homes. The State Tax Commission shall prescribe by  
130 regulation the manner in which such disclosure shall be made.

131 **SECTION 3.** This act shall take effect and be in force from  
132 and after its passage.