

By: Representative Fleming

To: Ways and Means

HOUSE BILL NO. 9

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 PROVIDE THAT SALES OF
4 FACTORY BUILT COMPONENTS OF MODULAR HOMES CONSTRUCTED BY THE
5 MISSISSIPPI PRISON INDUSTRIES CORPORATION SHALL BE TAXED AT THE
6 RATE OF THREE PERCENT; TO REQUIRE SELLERS OF MODULAR HOMES,
7 PANELIZED HOMES AND PRECUT HOMES TO DISCLOSE TO THE BUYERS OF SUCH
8 HOMES THE AMOUNT OF SALES TAX OR USE TAX PAID ON THE FACTORY BUILT
9 COMPONENTS OF SUCH HOMES; TO PROVIDE THAT THE STATE TAX COMMISSION
10 SHALL PRESCRIBE BY REGULATION THE MANNER IN WHICH SUCH DISCLOSURE
11 SHALL BE MADE; AND FOR RELATED PURPOSES.

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

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

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

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

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

32 (i) Self-propelled, or
33 (ii) Mounted so that it is permanently attached to
34 other equipment which is self-propelled or permanently attached to
35 other equipment drawn by a vehicle which is self-propelled.

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

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

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

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

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

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

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

65 technology intensive facility or enterprise as determined by the
66 Mississippi Development Authority;

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

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

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

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

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

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

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

98 (1) Sales of the factory built components of modular
99 homes, panelized homes and precut homes, shall be taxed at the
100 rate of three percent (3%).

101 (m) Sales of factory built components of modular homes
102 constructed by the Mississippi Prison Industries Corporation shall
103 be taxed at the rate of three percent (3%).

104 (2) From and after January 1, 1995, retail sales of private
105 carriers of passengers and light carriers of property, as defined
106 in Section 27-51-101, shall be taxed an additional two percent
107 (2%).

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

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

128 (5) Any person exercising any privilege taxable under
129 Section 27-65-15 and selling his natural resource products at

130 wholesale or to exempt persons shall pay the tax levied by said
131 section in lieu of the tax levied by this section.

132 **SECTION 2.** Sellers of modular homes, panelized homes and
133 precut homes shall disclose to the buyers of such homes the amount
134 of sales tax or use tax paid on the factory built components of
135 such homes. The State Tax Commission shall prescribe by
136 regulation the manner in which such disclosure shall be made.

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