

By: Representative Moore

To: Ways and Means

HOUSE BILL NO. 451

1 AN ACT TO AMEND SECTION 27-65-17, MISSISSIPPI CODE OF 1972,
2 TO REDUCE THE SALES TAX RATE ON RETAIL SALES OF MOTORCYCLES FROM
3 SEVEN PERCENT TO FIVE PERCENT; 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) (a) Except as otherwise provided in this
8 section, upon every person engaging or continuing within this
9 state in the business of selling any tangible personal property
10 whatsoever there is hereby levied, assessed and shall be collected
11 a tax equal to seven percent (7%) of the gross proceeds of the
12 retail sales of the business.

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

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

- 24 (i) Self-propelled, or
- 25 (ii) Mounted so that it is permanently attached to
- 26 other equipment which is self-propelled or permanently attached to
- 27 other equipment drawn by a vehicle which is self-propelled.

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

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

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

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

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

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

53 (iv) The enterprise shall manufacture plastics,
54 chemicals, automobiles, aircraft, computers or electronics; or
55 shall be a research and development facility, a computer design or
56 related facility, or a software publishing facility or other
57 technology intensive facility or enterprise as determined by the
58 Mississippi Development Authority;

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

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

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

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

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

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

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

90 (l) Sales of the factory built components of modular
91 homes, panelized homes and precut homes, and panel constructed

92 homes consisting of structural insulated panels, shall be taxed at
93 the rate of three percent (3%).

94 (2) From and after January 1, 1995, retail sales of private
95 carriers of passengers and light carriers of property, as defined
96 in Section 27-51-101, shall be taxed an additional two percent
97 (2%).

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

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

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

122 (6) In lieu of the tax levied in subsection (1) of this
123 section, retail sales of motorcycles, as defined in Section
124 27-19-3, shall be taxed at the rate of five percent (5%).

125 **SECTION 2.** Nothing in this act shall affect or defeat any
126 claim, assessment, appeal, suit, right or cause of action for
127 taxes due or accrued under the sales tax laws before the date on
128 which this act becomes effective, whether such claims,
129 assessments, appeals, suits or actions have been begun before the
130 date on which this act becomes effective or are begun thereafter;
131 and the provisions of the sales tax laws are expressly continued
132 in full force, effect and operation for the purpose of the
133 assessment, collection and enrollment of liens for any taxes due
134 or accrued and the execution of any warrant under such laws before
135 the date on which this act becomes effective, and for the
136 imposition of any penalties, forfeitures or claims for failure to
137 comply with such laws.

138 **SECTION 3.** This act shall take effect and be in force from
139 and after July 1, 2007.