

By: Senator(s) Hewes, Gollott

To: Finance

COMMITTEE SUBSTITUTE
FOR
SENATE BILL NO. 3109

1 AN ACT TO AMEND SECTION 27-55-527, MISSISSIPPI CODE OF 1972,
2 TO EXEMPT FROM EXCISE TAX ANY SPECIAL FUEL SOLD OR DELIVERED AT AN
3 AIRPORT LOCATED IN A FOREIGN-TRADE ZONE AND PLACED DIRECTLY INTO
4 THE FUEL SUPPLY TANKS OF AN AIRCRAFT WHOSE IMMEDIATE DESTINATION
5 IS OUTSIDE THE UNITED STATES OR ANY OF ITS TERRITORIES OR
6 POSSESSIONS; AND FOR RELATED PURPOSES.

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

8 **SECTION 1.** Section 27-55-527, Mississippi Code of 1972, is
9 amended as follows:

10 27-55-527. (1) There shall not be included in the measure
11 of the tax levied in this article any special fuel:

12 (a) Sold or delivered by a bonded distributor of
13 special fuel to a second bonded distributor of special fuel within
14 this state, but nothing in this exclusion shall exempt the second
15 bonded distributor of special fuel from paying the tax unless the
16 second bonded distributor of special fuel sells or delivers said
17 special fuel to a third bonded distributor of special fuel, in
18 which event the third bonded distributor of special fuel shall be
19 liable for the tax.

20 (b) Sold to the United States government for use of the
21 Armed Forces only, and delivered in quantities of not less than
22 four thousand (4,000) gallons.

23 (c) Delivered to a bonded warehouse for storage within
24 this state for the United States Department of Interior.

25 (d) Exported to a destination beyond the borders of
26 this state by a bonded distributor of special fuel when the tax on
27 such special fuel has been paid or on which the tax liability
28 imposed by this article has accrued against such bonded
29 distributor.

30 (e) Imported by, or sold to, any refiner or processor
31 in this state for the purpose of being refined or further
32 processed.

33 (f) Sold or delivered to any person within this state
34 to be used as a herbicide or as a solvent for insecticides, wood
35 preservatives and like products, or when so used in a commercial
36 process that they become a component part of any manufactured
37 product or where used as a processing agent in the treatment of
38 raw material in manufacturing any product.

39 (g) Sold or delivered to be used for test purposes at
40 any regularly established testing laboratory in this state.

41 (h) Sold to be consumed as fuel by any boat, vessel,
42 ship, towboat or dredgeboat, or sold to the holder of a Marine
43 Dealers Permit for resale or distribution as fuel for a boat,
44 vessel, ship, towboat or dredgeboat.

45 (i) Sold as bunker oil or sold to be used for the
46 generation of heat in a firebox or furnace.

47 (j) Sold or delivered to be used for the purpose of
48 generating electricity.

49 (k) Sold for use as fuel in a railroad locomotive when
50 subject to the tax levied by Section 27-59-301 et seq.

51 (l) Sold or delivered at an airport located in a
52 foreign-trade zone and placed directly into the fuel supply
53 tank(s) of an aircraft whose immediate destination is outside the
54 United States or any territories or possessions thereof. As used
55 in this paragraph, "foreign-trade zone" means a foreign-trade zone
56 operated and maintained by a public or private corporation under
57 the provisions of Sections 59-3-31 through 59-3-37.

58 (2) The exemptions set forth in paragraphs (f), (h), (i) and
59 (j) of subsection (1) of this section shall not apply to special
60 fuel used in performing contracts for construction,
61 reconstruction, maintenance or repairs, where such contracts are
62 entered into with the State of Mississippi, any political

63 subdivision of the State of Mississippi, or any department, agency
64 or institution of the State of Mississippi or any political
65 subdivision thereof.

66 (3) Evidence of exempt transactions provided in this section
67 and the subsections thereof shall consist of copies of invoices,
68 documents or any other evidence that may be required by the
69 commission.

70 (4) Any person other than a bonded distributor of special
71 fuel who has delivered or sold special fuel on which the tax has
72 been paid by him to the vendor may, if the special fuel is subject
73 to exemption under this article, assign his claim for exemption to
74 any bonded distributor of special fuel in this state. Such
75 distributor may deduct the amount of the tax exemption from his
76 next special fuel report, provided the distributor furnishes
77 evidence satisfactory to the commission that the claim for
78 exemption is valid.

79 (5) When special fuel is withdrawn from the storage tank of
80 a refiner, processor, marine or pipeline terminal operator and the
81 tax is paid on such special fuel and it or any part thereof cannot
82 be delivered to a purchaser, said refiner, processor, marine or
83 pipeline terminal operator may deduct the tax on all or that
84 portion of such special fuel not delivered to a purchaser from its
85 next special fuel distributor's tax report, provided that such
86 refiner, processor, marine or pipeline terminal operator submits
87 with such tax report: (a) a written report setting forth the
88 reasons why such delivery could not be made, and (b) proof or
89 evidence satisfactory to the commission that the tax in question
90 had theretofore been paid to the commission, and (c) proof or
91 evidence satisfactory to the commission that the nondelivered
92 special fuel was actually returned to the refinery, processor,
93 marine or pipeline terminal from which it was taken for the
94 purpose of delivering it to a purchaser; and provided further,
95 that immediately upon ascertainment by the refiner, processor,

96 marine or pipeline terminal operator that said special fuel cannot
97 be delivered, he or it shall immediately notify the commission of
98 this fact and before moving his or its truck or other means of
99 transporting such special fuel from the intended point of
100 delivery; and should the commission desire to inspect such truck
101 or other means of conveyance, such refiner, processor, marine or
102 pipeline terminal operator shall arrange for such inspection at
103 that point or at such other point that may be designated by the
104 commission.

105 (6) In order to claim exemptions provided for under this
106 article, the distributor of special fuel must file claims therefor
107 within three (3) years from the date of sale or delivery;
108 otherwise, claims for such exemptions shall be disallowed.

109 **SECTION 2.** This act shall take effect and be in force from
110 and after its passage.