

By: Senator(s) Fillingane

To: Finance

SENATE BILL NO. 2829

1 AN ACT TO AMEND SECTION 27-65-101, MISSISSIPPI CODE OF 1972,  
 2 TO EXTEND UNTIL JULY 1, 2020, THE SALES TAX EXEMPTION ON SALES OF  
 3 EQUIPMENT TO TELECOMMUNICATIONS ENTERPRISES THAT IS USED IN THE  
 4 DEPLOYMENT OF BROADBAND TECHNOLOGIES; TO AMEND SECTION 57-87-7,  
 5 MISSISSIPPI CODE OF 1972, TO EXTEND UNTIL JULY 1, 2020, THE AD  
 6 VALOREM TAX EXEMPTION FOR EQUIPMENT USED IN THE DEPLOYMENT OF  
 7 BROADBAND TECHNOLOGIES BY TELECOMMUNICATIONS ENTERPRISES; AND FOR  
 8 RELATED PURPOSES.

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

10 **SECTION 1.** Section 27-65-101, Mississippi Code of 1972, is  
 11 amended as follows:

12 \* \* \*

13 27-65-101. (1) The exemptions from the provisions of this  
 14 chapter which are of an industrial nature or which are more  
 15 properly classified as industrial exemptions than any other  
 16 exemption classification of this chapter shall be confined to  
 17 those persons or property exempted by this section or by the  
 18 provisions of the Constitution of the United States or the State  
 19 of Mississippi. No industrial exemption as now provided by any  
 20 other section except Section 57-3-33 shall be valid as against the  
 21 tax herein levied. Any subsequent industrial exemption from the



22 tax levied hereunder shall be provided by amendment to this  
23 section. No exemption provided in this section shall apply to  
24 taxes levied by Section 27-65-15 or 27-65-21.

25 The tax levied by this chapter shall not apply to the  
26 following:

27 (a) Sales of boxes, crates, cartons, cans, bottles and  
28 other packaging materials to manufacturers and wholesalers for use  
29 as containers or shipping materials to accompany goods sold by  
30 said manufacturers or wholesalers where possession thereof will  
31 pass to the customer at the time of sale of the goods contained  
32 therein and sales to anyone of containers or shipping materials  
33 for use in ships engaged in international commerce.

34 (b) Sales of raw materials, catalysts, processing  
35 chemicals, welding gases or other industrial processing gases  
36 (except natural gas) to a manufacturer for use directly in  
37 manufacturing or processing a product for sale or rental or  
38 repairing or reconditioning vessels or barges of fifty (50) tons  
39 load displacement and over. For the purposes of this exemption,  
40 electricity used directly in the electrolysis process in the  
41 production of sodium chlorate shall be considered a raw material.  
42 This exemption shall not apply to any property used as fuel except  
43 to the extent that such fuel comprises by-products which have no  
44 market value.

45 (c) The gross proceeds of sales of dry docks, offshore  
46 drilling equipment for use in oil exploitation or production,



47 vessels or barges of fifty (50) tons load displacement and over,  
48 when sold by the manufacturer or builder thereof.

49 (d) Sales to commercial fishermen of commercial fishing  
50 boats of over five (5) tons load displacement and not more than  
51 fifty (50) tons load displacement as registered with the United  
52 States Coast Guard and licensed by the Mississippi Commission on  
53 Marine Resources.

54 (e) The gross income from repairs to vessels and barges  
55 engaged in foreign trade or interstate transportation.

56 (f) Sales of petroleum products to vessels or barges  
57 for consumption in marine international commerce or interstate  
58 transportation businesses.

59 (g) Sales and rentals of rail rolling stock (and  
60 component parts thereof) for ultimate use in interstate commerce  
61 and gross income from services with respect to manufacturing,  
62 repairing, cleaning, altering, reconditioning or improving such  
63 rail rolling stock (and component parts thereof).

64 (h) Sales of raw materials, catalysts, processing  
65 chemicals, welding gases or other industrial processing gases  
66 (except natural gas) used or consumed directly in manufacturing,  
67 repairing, cleaning, altering, reconditioning or improving such  
68 rail rolling stock (and component parts thereof). This exemption  
69 shall not apply to any property used as fuel.

70 (i) Sales of machinery or tools or repair parts  
71 therefor or replacements thereof, fuel or supplies used directly



72 in manufacturing, converting or repairing ships, vessels or barges  
73 of three thousand (3,000) tons load displacement and over, but not  
74 to include office and plant supplies or other equipment not  
75 directly used on the ship, vessel or barge being built, converted  
76 or repaired. For purposes of this exemption, "ships, vessels or  
77 barges" shall not include floating structures described in Section  
78 27-65-18.

79 (j) Sales of tangible personal property to persons  
80 operating ships in international commerce for use or consumption  
81 on board such ships. This exemption shall be limited to cases in  
82 which procedures satisfactory to the commissioner, ensuring  
83 against use in this state other than on such ships, are  
84 established.

85 (k) Sales of materials used in the construction of a  
86 building, or any addition or improvement thereon, and sales of any  
87 machinery and equipment not later than three (3) months after the  
88 completion of construction of the building, or any addition  
89 thereon, to be used therein, to qualified businesses, as defined  
90 in Section 57-51-5, which are located in a county or portion  
91 thereof designated as an enterprise zone pursuant to Sections  
92 57-51-1 through 57-51-15.

93 (l) Sales of materials used in the construction of a  
94 building, or any addition or improvement thereon, and sales of any  
95 machinery and equipment not later than three (3) months after the  
96 completion of construction of the building, or any addition



97 thereon, to be used therein, to qualified businesses, as defined  
98 in Section 57-54-5.

99 (m) Income from storage and handling of perishable  
100 goods by a public storage warehouse.

101 (n) The value of natural gas lawfully injected into the  
102 earth for cycling, repressuring or lifting of oil, or lawfully  
103 vented or flared in connection with the production of oil;  
104 however, if any gas so injected into the earth is sold for such  
105 purposes, then the gas so sold shall not be exempt.

106 (o) The gross collections from self-service commercial  
107 laundering, drying, cleaning and pressing equipment.

108 (p) Sales of materials used in the construction of a  
109 building, or any addition or improvement thereon, and sales of any  
110 machinery and equipment not later than three (3) months after the  
111 completion of construction of the building, or any addition  
112 thereon, to be used therein, to qualified companies, certified as  
113 such by the Mississippi Development Authority under Section  
114 57-53-1.

115 (q) Sales of component materials used in the  
116 construction of a building, or any addition or improvement  
117 thereon, sales of machinery and equipment to be used therein, and  
118 sales of manufacturing or processing machinery and equipment which  
119 is permanently attached to the ground or to a permanent foundation  
120 and which is not by its nature intended to be housed within a  
121 building structure, not later than three (3) months after the



122 initial start-up date, to permanent business enterprises engaging  
123 in manufacturing or processing in Tier Three areas (as such term  
124 is defined in Section 57-73-21), which businesses are certified by  
125 the Department of Revenue as being eligible for the exemption  
126 granted in this paragraph (q).

127 (r) Sales of component materials used in the  
128 construction of a building, or any addition or improvement  
129 thereon, and sales of any machinery and equipment not later than  
130 three (3) months after the completion of the building, addition or  
131 improvement thereon, to be used therein, for any company  
132 establishing or transferring its national or regional headquarters  
133 from within or outside the State of Mississippi and creating a  
134 minimum of thirty-five (35) jobs at the new headquarters in this  
135 state. The Department of Revenue shall establish criteria and  
136 prescribe procedures to determine if a company qualifies as a  
137 national or regional headquarters for the purpose of receiving the  
138 exemption provided in this paragraph.

139 (s) The gross proceeds from the sale of semitrailers,  
140 trailers, boats, travel trailers, motorcycles and all-terrain  
141 cycles if exported from this state within forty-eight (48) hours  
142 and registered and first used in another state.

143 (t) Gross income from the storage and handling of  
144 natural gas in underground salt domes and in other underground  
145 reservoirs, caverns, structures and formations suitable for such  
146 storage.



147 (u) Sales of machinery and equipment to nonprofit  
148 organizations if the organization:

149 (i) Is tax exempt pursuant to Section 501(c)(4) of  
150 the Internal Revenue Code of 1986, as amended;

151 (ii) Assists in the implementation of the  
152 contingency plan or area contingency plan, and which is created in  
153 response to the requirements of Title IV, Subtitle B of the Oil  
154 Pollution Act of 1990, Public Law 101-380; and

155 (iii) Engages primarily in programs to contain,  
156 clean up and otherwise mitigate spills of oil or other substances  
157 occurring in the United States coastal and tidal waters.

158 For purposes of this exemption, "machinery and equipment"  
159 means any ocean-going vessels, barges, booms, skimmers and other  
160 capital equipment used primarily in the operations of nonprofit  
161 organizations referred to herein.

162 (v) Sales or leases of materials and equipment to  
163 approved business enterprises as provided under the Growth and  
164 Prosperity Act.

165 (w) From and after July 1, 2001, sales of pollution  
166 control equipment to manufacturers or custom processors for  
167 industrial use. For the purposes of this exemption, "pollution  
168 control equipment" means equipment, devices, machinery or systems  
169 used or acquired to prevent, control, monitor or reduce air, water  
170 or groundwater pollution, or solid or hazardous waste as required  
171 by federal or state law or regulation.



172           (x) Sales or leases to a manufacturer of motor vehicles  
173 or powertrain components operating a project that has been  
174 certified by the Mississippi Major Economic Impact Authority as a  
175 project as defined in Section 57-75-5(f)(iv)1, Section  
176 57-75-5(f)(xxi) or Section 57-75-5(f)(xxii) of machinery and  
177 equipment; special tooling such as dies, molds, jigs and similar  
178 items treated as special tooling for federal income tax purposes;  
179 or repair parts therefor or replacements thereof; repair services  
180 thereon; fuel, supplies, electricity, coal and natural gas used  
181 directly in the manufacture of motor vehicles or motor vehicle  
182 parts or used to provide climate control for manufacturing areas.

183           (y) Sales or leases of component materials, machinery  
184 and equipment used in the construction of a building, or any  
185 addition or improvement thereon to an enterprise operating a  
186 project that has been certified by the Mississippi Major Economic  
187 Impact Authority as a project as defined in Section  
188 57-75-5(f)(iv)1, Section 57-75-5(f)(xxi) or Section  
189 57-75-5(f)(xxii) and any other sales or leases required to  
190 establish or operate such project.

191           (z) Sales of component materials and equipment to a  
192 business enterprise as provided under Section 57-64-33.

193           (aa) The gross income from the stripping and painting  
194 of commercial aircraft engaged in foreign or interstate  
195 transportation business.

196           (bb) [Repealed]





197           (cc) Sales or leases to an enterprise owning or  
198 operating a project that has been designated by the Mississippi  
199 Major Economic Impact Authority as a project as defined in Section  
200 57-75-5(f) (xviii) of machinery and equipment; special tooling such  
201 as dies, molds, jigs and similar items treated as special tooling  
202 for federal income tax purposes; or repair parts therefor or  
203 replacements thereof; repair services thereon; fuel, supplies,  
204 electricity, coal and natural gas used directly in the  
205 manufacturing/production operations of the project or used to  
206 provide climate control for manufacturing/production areas.

207           (dd) Sales or leases of component materials, machinery  
208 and equipment used in the construction of a building, or any  
209 addition or improvement thereon to an enterprise owning or  
210 operating a project that has been designated by the Mississippi  
211 Major Economic Impact Authority as a project as defined in Section  
212 57-75-5(f) (xviii) and any other sales or leases required to  
213 establish or operate such project.

214           (ee) Sales of parts used in the repair and servicing of  
215 aircraft not registered in Mississippi engaged exclusively in the  
216 business of foreign or interstate transportation to businesses  
217 engaged in aircraft repair and maintenance.

218           (ff) Sales of component materials used in the  
219 construction of a facility, or any addition or improvement  
220 thereon, and sales or leases of machinery and equipment not later  
221 than three (3) months after the completion of construction of the



222 facility, or any addition or improvement thereto, to be used in  
223 the building or any addition or improvement thereto, to a  
224 permanent business enterprise operating a data/information  
225 enterprise in Tier Three areas (as such areas are designated in  
226 accordance with Section 57-73-21), meeting minimum criteria  
227 established by the Mississippi Development Authority.

228 (gg) Sales of component materials used in the  
229 construction of a facility, or any addition or improvement  
230 thereto, and sales of machinery and equipment not later than three  
231 (3) months after the completion of construction of the facility,  
232 or any addition or improvement thereto, to be used in the facility  
233 or any addition or improvement thereto, to technology intensive  
234 enterprises for industrial purposes in Tier Three areas (as such  
235 areas are designated in accordance with Section 57-73-21), as  
236 certified by the Department of Revenue. For purposes of this  
237 paragraph, an enterprise must meet the criteria provided for in  
238 Section 27-65-17(1)(f) in order to be considered a technology  
239 intensive enterprise.

240 (hh) Sales of component materials used in the  
241 replacement, reconstruction or repair of a building or facility  
242 that has been destroyed or sustained extensive damage as a result  
243 of a disaster declared by the Governor, sales of machinery and  
244 equipment to be used therein to replace machinery or equipment  
245 damaged or destroyed as a result of such disaster, including, but  
246 not limited to, manufacturing or processing machinery and



247 equipment which is permanently attached to the ground or to a  
248 permanent foundation and which is not by its nature intended to be  
249 housed within a building structure, to enterprises or companies  
250 that were eligible for the exemptions authorized in paragraph (q),  
251 (r), (ff) or (gg) of this subsection during initial construction  
252 of the building that was destroyed or damaged, which enterprises  
253 or companies are certified by the Department of Revenue as being  
254 eligible for the exemption granted in this paragraph.

255 (ii) Sales of software or software services transmitted  
256 by the Internet to a destination outside the State of Mississippi  
257 where the first use of such software or software services by the  
258 purchaser occurs outside the State of Mississippi.

259 (jj) Gross income of public storage warehouses derived  
260 from the temporary storage of raw materials that are to be used in  
261 an eligible facility as defined in Section 27-7-22.35.

262 (kk) Sales of component building materials and  
263 equipment for initial construction of facilities or expansion of  
264 facilities as authorized under Sections 57-113-1 through 57-113-7  
265 and Sections 57-113-21 through 57-113-27.

266 (ll) Sales and leases of machinery and equipment  
267 acquired in the initial construction to establish facilities as  
268 authorized in Sections 57-113-1 through 57-113-7.

269 (mm) Sales and leases of replacement hardware, software  
270 or other necessary technology to operate a data center as  
271 authorized under Sections 57-113-21 through 57-113-27.



272           (nn) Sales of component materials used in the  
273 construction of a building, or any addition or improvement  
274 thereon, and sales or leases of machinery and equipment not later  
275 than three (3) months after the completion of the construction of  
276 the facility, to be used in the facility, to permanent business  
277 enterprises operating a facility producing renewable crude oil  
278 from biomass harvested or produced, in whole or in part, in  
279 Mississippi, which businesses meet minimum criteria established by  
280 the Mississippi Development Authority. As used in this paragraph,  
281 the term "biomass" shall have the meaning ascribed to such term in  
282 Section 57-113-1.

283           (oo) Sales of supplies, equipment and other personal  
284 property to an organization that is exempt from taxation under  
285 Section 501(c)(3) of the Internal Revenue Code and is the host  
286 organization coordinating a professional golf tournament played or  
287 to be played in this state and the supplies, equipment or other  
288 personal property will be used for purposes related to the golf  
289 tournament and related activities.

290           (pp) Sales of materials used in the construction of a  
291 health care industry facility, as defined in Section 57-117-3, or  
292 any addition or improvement thereon, and sales of any machinery  
293 and equipment not later than three (3) months after the completion  
294 of construction of the facility, or any addition thereon, to be  
295 used therein, to qualified businesses, as defined in Section



296 57-117-3. This paragraph shall be repealed from and after July 1,  
297 2022.

298 (2) Sales of component materials used in the construction of  
299 a building, or any addition or improvement thereon, sales of  
300 machinery and equipment to be used therein, and sales of  
301 manufacturing or processing machinery and equipment which is  
302 permanently attached to the ground or to a permanent foundation  
303 and which is not by its nature intended to be housed within a  
304 building structure, not later than three (3) months after the  
305 initial start-up date, to permanent business enterprises engaging  
306 in manufacturing or processing in Tier Two areas and Tier One  
307 areas (as such areas are designated in accordance with Section  
308 57-73-21), which businesses are certified by the Department of  
309 Revenue as being eligible for the exemption granted in this  
310 subsection, shall be exempt from one-half (1/2) of the taxes  
311 imposed on such transactions under this chapter.

312 (3) Sales of component materials used in the construction of  
313 a facility, or any addition or improvement thereon, and sales or  
314 leases of machinery and equipment not later than three (3) months  
315 after the completion of construction of the facility, or any  
316 addition or improvement thereto, to be used in the building or any  
317 addition or improvement thereto, to a permanent business  
318 enterprise operating a data/information enterprise in Tier Two  
319 areas and Tier One areas (as such areas are designated in  
320 accordance with Section 57-73-21), which businesses meet minimum



321 criteria established by the Mississippi Development Authority,  
322 shall be exempt from one-half (1/2) of the taxes imposed on such  
323 transaction under this chapter.

324 (4) Sales of component materials used in the construction of  
325 a facility, or any addition or improvement thereto, and sales of  
326 machinery and equipment not later than three (3) months after the  
327 completion of construction of the facility, or any addition or  
328 improvement thereto, to be used in the building or any addition or  
329 improvement thereto, to technology intensive enterprises for  
330 industrial purposes in Tier Two areas and Tier One areas (as such  
331 areas are designated in accordance with Section 57-73-21), which  
332 businesses are certified by the Department of Revenue as being  
333 eligible for the exemption granted in this subsection, shall be  
334 exempt from one-half (1/2) of the taxes imposed on such  
335 transactions under this chapter. For purposes of this subsection,  
336 an enterprise must meet the criteria provided for in Section  
337 27-65-17(1)(f) in order to be considered a technology intensive  
338 enterprise.

339 (5) (a) For purposes of this subsection:

340 (i) "Telecommunications enterprises" shall have  
341 the meaning ascribed to such term in Section 57-73-21;

342 (ii) "Tier One areas" mean counties designated as  
343 Tier One areas pursuant to Section 57-73-21;

344 (iii) "Tier Two areas" mean counties designated as  
345 Tier Two areas pursuant to Section 57-73-21;



346 (iv) "Tier Three areas" mean counties designated  
347 as Tier Three areas pursuant to Section 57-73-21; and

348 (v) "Equipment used in the deployment of broadband  
349 technologies" means any equipment capable of being used for or in  
350 connection with the transmission of information at a rate, prior  
351 to taking into account the effects of any signal degradation, that  
352 is not less than three hundred eighty-four (384) kilobits per  
353 second in at least one (1) direction, including, but not limited  
354 to, asynchronous transfer mode switches, digital subscriber line  
355 access multiplexers, routers, servers, multiplexers, fiber optics  
356 and related equipment.

357 (b) Sales of equipment to telecommunications  
358 enterprises after June 30, 2003, and before July 1, \* \* \* 2020,  
359 that is installed in Tier One areas and used in the deployment of  
360 broadband technologies shall be exempt from one-half (1/2) of the  
361 taxes imposed on such transactions under this chapter.

362 (c) Sales of equipment to telecommunications  
363 enterprises after June 30, 2003, and before July 1, \* \* \* 2020,  
364 that is installed in Tier Two and Tier Three areas and used in the  
365 deployment of broadband technologies shall be exempt from the  
366 taxes imposed on such transactions under this chapter.

367 (6) Sales of component materials used in the replacement,  
368 reconstruction or repair of a building that has been destroyed or  
369 sustained extensive damage as a result of a disaster declared by  
370 the Governor, sales of machinery and equipment to be used therein



371 to replace machinery or equipment damaged or destroyed as a result  
372 of such disaster, including, but not limited to, manufacturing or  
373 processing machinery and equipment which is permanently attached  
374 to the ground or to a permanent foundation and which is not by its  
375 nature intended to be housed within a building structure, to  
376 enterprises that were eligible for the partial exemptions provided  
377 for in subsections (2), (3) and (4) of this section during initial  
378 construction of the building that was destroyed or damaged, which  
379 enterprises are certified by the Department of Revenue as being  
380 eligible for the partial exemption granted in this subsection,  
381 shall be exempt from one-half (1/2) of the taxes imposed on such  
382 transactions under this chapter.

383 \* \* \*

384 **SECTION 2.** Section 57-87-7, Mississippi Code of 1972, is  
385 amended as follows:

386 57-87-7. Equipment used in the deployment of broadband  
387 technologies by a telecommunications enterprise (as defined in  
388 Section 57-73-21(13)), that is placed in service after June 30,  
389 2003, and before July 1, \* \* \* 2020, shall be exempt from ad  
390 valorem taxation for a period of ten (10) years after the date  
391 such equipment is placed in service. For purposes of this  
392 section, "equipment used in the deployment of broadband  
393 technologies" means any equipment capable of being used for or in  
394 connection with the transmission of information at a rate, prior  
395 to taking into account the effects of any signal degradation, that





396 is not less than three hundred eighty-four (384) kilobits per  
397 second in at least one direction, including, but not limited to,  
398 asynchronous transfer mode switches, digital subscriber line  
399 access multiplexers, routers, servers, multiplexers, fiber optics  
400 and related equipment.

401       **SECTION 3.** This act shall take effect and be in force from  
402 and after July 1, 2013.

