

By: Senator(s) Fillingane, Clarke

To: Finance

SENATE BILL NO. 2762

1 AN ACT TO ENACT THE "FACILITATING BUSINESS RAPID RESPONSE TO
2 STATE DECLARED DISASTERS ACT OF 2015"; TO PROVIDE THAT AN
3 OUT-OF-STATE BUSINESS THAT CONDUCTS OPERATIONS WITHIN THE STATE
4 FOR PURPOSES OF PERFORMING WORK OR SERVICES RELATED TO A DECLARED
5 STATE DISASTER OR EMERGENCY DURING THE DISASTER RESPONSE PERIOD
6 SHALL NOT BE CONSIDERED TO HAVE ESTABLISHED A LEVEL OF PRESENCE
7 THAT WOULD REQUIRE THAT BUSINESS TO REGISTER, FILE AND/OR REMIT
8 STATE OR LOCAL TAXES OR THAT WOULD REQUIRE, THAT BUSINESS OR ITS
9 OUT OF STATE EMPLOYEES TO BE SUBJECT TO CERTAIN STATE LICENSING OR
10 REGISTRATION REQUIREMENTS; TO PROVIDE THAT AN EMPLOYEE OF SUCH A
11 BUSINESS SHALL NOT BE CONSIDERED TO HAVE ESTABLISHED RESIDENCY OR
12 A PRESENCE IN THE STATE THAT WOULD REQUIRE THAT PERSON OR THAT
13 PERSON'S EMPLOYER TO FILE AND PAY INCOME TAXES OR TO BE SUBJECTED
14 TO TAX WITHHOLDINGS OR TO FILE AND PAY ANY OTHER STATE OR LOCAL
15 TAX OR FEE DURING THE DISASTER RESPONSE PERIOD; TO REQUIRE CERTAIN
16 INFORMATION REGARDING AN OUT-OF-STATE BUSINESS SHALL, UPON
17 REQUEST, BE PROVIDED TO THE DEPARTMENT OF REVENUE; TO AMEND
18 SECTIONS 27-7-15, 27-7-37, 27-7-305, 27-7-333, 27-17-9, 27-31-1,
19 27-65-101, 27-65-107 AND 27-65-111, MISSISSIPPI CODE OF 1972, IN
20 CONFORMITY THERETO; AND FOR RELATED PURPOSES.

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

22 **SECTION 1.** This act may be cited as the "Facilitating
23 Business Rapid Response to State Declared Disasters Act of 2015."

24 **SECTION 2.** The Legislature finds that:

25 (a) During times of storm, flood, fire, earthquake,
26 hurricane or other disaster or emergency, many businesses bring in
27 resources and personnel from other states throughout the United



28 States on a temporary basis to expedite the often enormous and
29 overwhelming task of cleaning up, restoring and repairing damaged
30 buildings, equipment and property or even deploying or building
31 new replacement facilities in the state.

32 (b) This may involve the need for out-of-state
33 businesses, including out-of-state affiliates of businesses based
34 in the state, to bring in resources, property and/or personnel
35 that previously have had no connection to the state, to perform
36 activity in the state including, but not limited to, repairing,
37 renovating, installing, building, rendering services or other
38 business activities and for which personnel may be located in the
39 state for extended periods of time to perform such activities.

40 (c) During such time of operating in the state on a
41 temporary basis solely for purposes of helping the state recover
42 from the disaster or emergency, these businesses and individual
43 employees should not be burdened by any requirements for business
44 and employee taxes as a result of such activities in the state for
45 a temporary period.

46 (d) The state's nexus and residency thresholds are
47 intended for businesses and individuals in the state as part of
48 the conduct of regular business operations or who intend to reside
49 in the state and should not be directed at businesses and
50 individuals coming into the state on a temporary basis to provide
51 help and assistance in response to a Declared State Disaster or
52 Emergency.



53 (e) To ensure that businesses may focus on quick
54 response to the needs of the state and its citizens during a
55 declared state disaster or emergency it is appropriate for the
56 Legislature to deem that such activity for a reasonable period of
57 time before, during and after the disaster or emergency for
58 repairing and restoration of the often devastating damage to
59 critical property and infrastructure in the state as defined in
60 this act shall not establish presence, residency, nor doing
61 business in the state nor any other criteria for purposes of state
62 and local taxes, licensing and regulatory requirements.

63 **SECTION 3.** As used in this act:

64 (a) "Registered business in the state" or "registered
65 business" means a business entity that is currently registered to
66 do business in the state prior to the declared state disaster or
67 emergency.

68 (b) "Out-of-state business" means a business entity
69 that, except for disaster or emergency related work, has no
70 presence in the state and conducts no business in the state whose
71 services are requested by a registered business or by a state or
72 local government for purposes of performing disaster or emergency
73 related work in the state. This shall also include a business
74 entity that is affiliated with the registered business in the
75 state solely through common ownership. The out-of-state business
76 has no registrations or tax filings or nexus in the state other



77 than disaster or emergency related work during the tax year
78 immediately preceding the declared state disaster or emergency.

79 (c) "Out-of-state employee" means an employee who does
80 not work in the state, except for disaster or emergency related
81 work during the disaster response period.

82 (d) "Critical Infrastructure" means property and
83 equipment owned or used by communications networks, electric
84 generation, transmission and distribution systems, gas
85 distribution systems, water pipelines and related support
86 facilities that services multiple customers or citizens including,
87 but not limited to, real and personal property such as buildings,
88 offices, lines, poles, pipes, structures and equipment.

89 (e) "Declared state disaster or emergency" means a
90 disaster or emergency event:

91 (i) For which the Governor has issued state of
92 emergency proclamation;

93 (ii) For which a presidential declaration of a
94 federal major disaster or emergency has been issued; or

95 (iii) For which a good faith response effort is
96 required, and for which another authorized official of the state
97 is given notification from the registered business and such
98 official designates such event as a disaster or emergency thereby
99 invoking the provisions of this act.

100 (f) "Disaster response period" means a period that
101 begins ten (10) days prior to the first day of the Governor's



102 proclamation, the President's declaration or designation by an
103 other authorized official of the state, whichever occurs first,
104 and that extends sixty (60) calendar days after the declared state
105 disaster or emergency, or any longer period authorized by the
106 Governor.

107 (g) "Disaster or emergency related work" means
108 repairing, renovating, installing, building, rendering services or
109 other business activities that relate to critical infrastructure
110 that has been damaged impaired or destroyed by the declared state
111 disaster or emergency.

112 **SECTION 4.** (1) (a) An out-of-state business that conducts
113 operations within the state for purposes of performing work or
114 services related to a declared state disaster or emergency during
115 the disaster response period shall not be considered to have
116 established a level of presence that would require that business
117 to register, file and/or remit state or local taxes or that would
118 require, except as otherwise provided in this section, that
119 business or its out of state employees to be subject to any state
120 licensing or registration requirements. This includes any and all
121 state or local business licensing or registration requirements or
122 state and local taxes or fees including, but not limited to,
123 unemployment insurance, occupational licensing fees, privilege
124 taxes, sales and use tax or ad valorem tax on equipment brought
125 into the state temporarily for use during the disaster response
126 period and subsequently removed from the state, Public Service



127 Commission or Secretary of State licensing and regulatory
128 requirements. For purposes of any state or local tax on or
129 measured by, in whole or in part, net or gross income or receipts,
130 all activity of the out-of-state business that is conducted in
131 this state pursuant to this act shall be disregarded with respect
132 to any filing requirements for such tax including the filing
133 required for a unitary or combined group of which the out-of-state
134 business may be a part. For the purpose of apportioning income,
135 revenue, or receipts the performance by an out-of-state business
136 of any work in accordance with this act shall not be sourced to or
137 shall not otherwise impact or increase the amount of income,
138 revenue, or receipts apportioned to this state.

139 (b) Any out-of-state employee shall not be considered
140 to have established residency or a presence in the state that
141 would require that person or that person's employer to file and
142 pay income taxes or to be subjected to tax withholdings or to file
143 and pay any other state or local tax or fee during the disaster
144 response period. This includes any related state or local
145 employer withholding and remittance obligations, but does not
146 include any transaction taxes or fees as described in subsection
147 (2) of this section.

148 (2) Out-of-state businesses and out-of-state employees shall
149 be required to pay transaction taxes and fees including but not
150 limited to fuel taxes or sales/use taxes on materials or services
151 consumed or used in the state subject to sales/use tax, hotel



152 taxes, car rental taxes or fees that the out-of-state affiliated
153 business or out-of-state employee purchases for use or consumption
154 in the state during the Disaster Response Period, unless such
155 taxes are otherwise exempted during a disaster response period.

156 (3) Any out-of-state business or out-of-state employee that
157 remains in the state after the disaster response period will
158 become subject to the state's normal standards for establishing
159 presence, residency or doing business in the state and will
160 therefore become responsible for any business or employee tax
161 requirements that ensue.

162 (4) Nothing in this section shall be construed to exempt any
163 out-of-state business, out-of-state employee or individual from
164 securing and paying applicable license and related fees imposed by
165 professional licensing board of this state.

166 **SECTION 5.** (1) (a) The out-of-state business that enters
167 the state shall, upon request, provide to the Department of
168 Revenue a statement that it is in the state for purposes of
169 responding to the disaster or emergency, which statement shall
170 include the business' name, state of domicile, principal business
171 address, federal tax identification number, date of entry and
172 contact information.

173 (b) A Registered Business in the state shall, upon
174 request, provide the information required in paragraph (a) of this
175 subsection for any affiliate that enters the state that is an



176 out-of-state business. The notification shall also include
177 contact information for the registered business in the state.

178 (2) An out-of-state business or an out-of-state employee
179 that remains in the state after the disaster response period shall
180 complete state and local registration, licensing and filing
181 requirements that ensue as a result of establishing the requisite
182 business presence or residency in the state applicable under the
183 existing rules.

184 (3) The Department of Revenue shall promulgate necessary
185 regulations, develop and issue forms or online processes, and
186 maintain and make available an annual record of any designations
187 pursuant to this act.

188 **SECTION 6.** Section 27-7-15, Mississippi Code of 1972, is
189 amended as follows:

190 27-7-15. (1) For the purposes of this article, except as
191 otherwise provided, the term "gross income" means and includes the
192 income of a taxpayer derived from salaries, wages, fees or
193 compensation for service, of whatever kind and in whatever form
194 paid, including income from governmental agencies and subdivisions
195 thereof; or from professions, vocations, trades, businesses,
196 commerce or sales, or renting or dealing in property, or
197 reacquired property; also from annuities, interest, rents,
198 dividends, securities, insurance premiums, reinsurance premiums,
199 considerations for supplemental insurance contracts, or the
200 transaction of any business carried on for gain or profit, or



201 gains, or profits, and income derived from any source whatever and
202 in whatever form paid. The amount of all such items of income
203 shall be included in the gross income for the taxable year in
204 which received by the taxpayer. The amount by which an eligible
205 employee's salary is reduced pursuant to a salary reduction
206 agreement authorized under Section 25-17-5 shall be excluded from
207 the term "gross income" within the meaning of this article.

208 (2) In determining gross income for the purpose of this
209 section, the following, under regulations prescribed by the
210 commissioner, shall be applicable:

211 (a) **Dealers in property.** Federal rules, regulations
212 and revenue procedures shall be followed with respect to
213 installment sales unless a transaction results in the shifting of
214 income from inside the state to outside the state.

215 (b) **Casual sales of property.**

216 (i) Prior to January 1, 2001, federal rules,
217 regulations and revenue procedures shall be followed with respect
218 to installment sales except they shall be applied and administered
219 as if H.R. 3594, the Installment Tax Correction Act of 2000 of the
220 106th Congress, had not been enacted. This provision will
221 generally affect taxpayers, reporting on the accrual method of
222 accounting, entering into installment note agreements on or after
223 December 17, 1999. Any gain or profit resulting from the casual
224 sale of property will be recognized in the year of sale.



225 (ii) From and after January 1, 2001, federal
226 rules, regulations and revenue procedures shall be followed with
227 respect to installment sales except as provided in this
228 subparagraph (ii). Gain or profit from the casual sale of
229 property shall be recognized in the year of sale. When a taxpayer
230 recognizes gain on the casual sale of property in which the gain
231 is deferred for federal income tax purposes, a taxpayer may elect
232 to defer the payment of tax resulting from the gain as allowed and
233 to the extent provided under regulations prescribed by the
234 commissioner. If the payment of the tax is made on a deferred
235 basis, the tax shall be computed based on the applicable rate for
236 the income reported in the year the payment is made. Except as
237 otherwise provided in subparagraph (iii) of this paragraph (b),
238 deferring the payment of the tax shall not affect the liability
239 for the tax. If at any time the installment note is sold,
240 contributed, transferred or disposed of in any manner and for any
241 purpose by the original note holder, or the original note holder
242 is merged, liquidated, dissolved or withdrawn from this state,
243 then all deferred tax payments under this section shall
244 immediately become due and payable.

245 (iii) If the selling price of the property is
246 reduced by any alteration in the terms of an installment note,
247 including default by the purchaser, the gain to be recognized is
248 recomputed based on the adjusted selling price in the same manner
249 as for federal income tax purposes. The tax on this amount, less



250 the previously paid tax on the recognized gain, is payable over
251 the period of the remaining installments. If the tax on the
252 previously recognized gain has been paid in full to this state,
253 the return on which the payment was made may be amended for this
254 purpose only. The statute of limitations in Section 27-7-49 shall
255 not bar an amended return for this purpose.

256 (c) **Reserves of insurance companies.** In the case of
257 insurance companies, any amounts in excess of the legally required
258 reserves shall be included as gross income.

259 (d) **Affiliated companies or persons.** As regards sales,
260 exchanges or payments for services from one to another of
261 affiliated companies or persons or under other circumstances where
262 the relation between the buyer and seller is such that gross
263 proceeds from the sale or the value of the exchange or the payment
264 for services are not indicative of the true value of the subject
265 matter of the sale, exchange or payment for services, the
266 commissioner shall prescribe uniform and equitable rules for
267 determining the true value of the gross income, gross sales,
268 exchanges or payment for services, or require consolidated returns
269 of affiliates.

270 (e) **Alimony and separate maintenance payments.** The
271 federal rules, regulations and revenue procedures in determining
272 the deductibility and taxability of alimony payments shall be
273 followed in this state.



274 (f) **Reimbursement for expenses of moving.** There shall
275 be included in gross income (as compensation for services) any
276 amount received or accrued, directly or indirectly, by an
277 individual as a payment for or reimbursement of expenses of moving
278 from one * * * residence to another residence which is
279 attributable to employment or self-employment.

280 (3) Except as otherwise provided in Sections 1 through 5 of
281 this act, in the case of taxpayers other than residents, gross
282 income includes gross income from sources within this state.

283 (4) The words "gross income" do not include the following
284 items of income which shall be exempt from taxation under this
285 article:

286 (a) The proceeds of life insurance policies and
287 contracts paid upon the death of the insured. However, the income
288 from the proceeds of such policies or contracts shall be included
289 in the gross income.

290 (b) The amount received by the insured as a return of
291 premium or premiums paid by him under life insurance policies,
292 endowment, or annuity contracts, either during the term or at
293 maturity or upon surrender of the contract.

294 (c) The value of property acquired by gift, bequest,
295 devise or descent, but the income from such property shall be
296 included in the gross income.

297 (d) Interest upon the obligations of the United States
298 or its possessions, or securities issued under the provisions of



299 the Federal Farm Loan Act of * * * 1916, or bonds issued by the
300 War Finance Corporation, or obligations of the State of
301 Mississippi or political subdivisions thereof.

302 (e) The amounts received through accident or health
303 insurance as compensation for personal injuries or sickness, plus
304 the amount of any damages received for such injuries or such
305 sickness or injuries, or through the War Risk Insurance Act, or
306 any law for the benefit or relief of injured or disabled members
307 of the military or naval forces of the United States.

308 (f) Income received by any religious denomination or by
309 any institution or trust for moral or mental improvements,
310 religious, Bible, tract, charitable, benevolent, fraternal,
311 missionary, hospital, infirmary, educational, scientific,
312 literary, library, patriotic, historical or cemetery purposes or
313 for two (2) or more of such purposes, if such income be used
314 exclusively for carrying out one or more of such purposes.

315 (g) Income received by a domestic corporation which is
316 "taxable in another state" as this term is defined in this
317 article, derived from business activity conducted outside this
318 state. Domestic corporations taxable both within and without the
319 state shall determine Mississippi income on the same basis as
320 provided for foreign corporations under the provisions of this
321 article.

322 (h) In case of insurance companies, there shall be
323 excluded from gross income such portion of actual premiums



324 received from an individual policyholder as is paid back or
325 credited to or treated as an abatement of premiums of such
326 policyholder within the taxable year.

327 (i) Income from dividends that has already borne a tax
328 as dividend income under the provisions of this article, when such
329 dividends may be specifically identified in the possession of the
330 recipient.

331 (j) Amounts paid by the United States to a person as
332 added compensation for hazardous duty pay as a member of the Armed
333 Forces of the United States in a combat zone designated by
334 Executive Order of the President of the United States.

335 (k) Amounts received as retirement allowances,
336 pensions, annuities or optional retirement allowances paid under
337 the federal Social Security Act, the Railroad Retirement Act, the
338 Federal Civil Service Retirement Act, or any other retirement
339 system of the United States government, retirement allowances paid
340 under the Mississippi Public Employees' Retirement System,
341 Mississippi Highway Safety Patrol Retirement System or any other
342 retirement system of the State of Mississippi or any political
343 subdivision thereof. The exemption allowed under this paragraph
344 (k) shall be available to the spouse or other beneficiary at the
345 death of the primary retiree.

346 (l) Amounts received as retirement allowances,
347 pensions, annuities or optional retirement allowances paid by any
348 public or governmental retirement system not designated in



349 paragraph (k) or any private retirement system or plan of which
350 the recipient was a member at any time during the period of his
351 employment. Amounts received as a distribution under a Roth
352 Individual Retirement Account shall be treated in the same manner
353 as provided under the Internal Revenue Code of 1986, as amended.
354 The exemption allowed under this paragraph (l) shall be available
355 to the spouse or other beneficiary at the death of the primary
356 retiree.

357 (m) National Guard or Reserve Forces of the United
358 States compensation not to exceed the aggregate sum of Five
359 Thousand Dollars (\$5,000.00) for any taxable year through the 2005
360 taxable year, and not to exceed the aggregate sum of Fifteen
361 Thousand Dollars (\$15,000.00) for any taxable year thereafter.

362 (n) Compensation received for active service as a
363 member below the grade of commissioned officer and so much of the
364 compensation as does not exceed the maximum enlisted amount
365 received for active service as a commissioned officer in the Armed
366 Forces of the United States for any month during any part of which
367 such members of the Armed Forces (i) served in a combat zone as
368 designated by Executive Order of the President of the United
369 States or a qualified hazardous duty area as defined by federal
370 law, or both; or (ii) was hospitalized as a result of wounds,
371 disease or injury incurred while serving in such combat zone. For
372 the purposes of this paragraph (n), the term "maximum enlisted



373 amount" means and has the same definition as that term has in 26
374 USCS 112.

375 (o) The proceeds received from federal and state
376 forestry * * * incentive programs.

377 (p) The amount representing the difference between the
378 increase of gross income derived from sales for export outside the
379 United States as compared to the preceding tax year wherein gross
380 income from export sales was highest, and the net increase in
381 expenses attributable to such increased exports. In the absence
382 of direct accounting, the ratio of net profits to total sales may
383 be applied to the increase in export sales. This paragraph (p)
384 shall only apply to businesses located in this state engaging in
385 the international export of Mississippi goods and services. Such
386 goods or services shall have at least fifty percent (50%) of value
387 added at a location in Mississippi.

388 (q) Amounts paid by the federal government for the
389 construction of soil conservation systems as required by a
390 conservation plan adopted pursuant to 16 USCS 3801 et seq.

391 (r) The amount deposited in a medical savings account,
392 and any interest accrued thereon, that is a part of a medical
393 savings account program as specified in the Medical Savings
394 Account Act under Sections 71-9-1 through 71-9-9; provided,
395 however, that any amount withdrawn from such account for purposes
396 other than paying eligible medical expense or to procure health
397 coverage shall be included in gross income.



398 (s) Amounts paid by the Mississippi Soil and Water
399 Conservation Commission from the Mississippi Soil and Water
400 Cost-Share Program for the installation of water quality best
401 management practices.

402 (t) Dividends received by a holding corporation, as
403 defined in Section 27-13-1, from a subsidiary corporation, as
404 defined in Section 27-13-1.

405 (u) Interest, dividends, gains or income of any kind on
406 any account in the Mississippi Affordable College Savings Trust
407 Fund, as established in Sections 37-155-101 through 37-155-125, to
408 the extent that such amounts remain on deposit in the MACS Trust
409 Fund or are withdrawn pursuant to a qualified withdrawal, as
410 defined in Section 37-155-105.

411 (v) Interest, dividends or gains accruing on the
412 payments made pursuant to a prepaid tuition contract, as provided
413 for in Section 37-155-17.

414 (w) Income resulting from transactions with a related
415 member where the related member subject to tax under this chapter
416 was required to, and did in fact, add back the expense of such
417 transactions as required by Section 27-7-17(2). Under no
418 circumstances may the exclusion from income exceed the deduction
419 add-back of the related member, nor shall the exclusion apply to
420 any income otherwise excluded under this chapter.



421 (x) Amounts that are subject to the tax levied pursuant
422 to Section 27-7-901, and are paid to patrons by gaming
423 establishments licensed under the Mississippi Gaming Control Act.

424 (y) Amounts that are subject to the tax levied pursuant
425 to Section 27-7-903, and are paid to patrons by gaming
426 establishments not licensed under the Mississippi Gaming Control
427 Act.

428 (z) Interest, dividends, gains or income of any kind on
429 any account in a qualified tuition program and amounts received as
430 distributions under a qualified tuition program shall be treated
431 in the same manner as provided under the United States Internal
432 Revenue Code, as amended. For the purposes of this paragraph (z),
433 the term "qualified tuition program" means and has the same
434 definition as that term has in 26 USCS 529.

435 (aa) The amount deposited in a health savings account,
436 and any interest accrued thereon, that is a part of a health
437 savings account program as specified in the Health Savings
438 Accounts Act created in Sections 83-62-1 through 83-62-9; however,
439 any amount withdrawn from such account for purposes other than
440 paying qualified medical expenses or to procure health coverage
441 shall be included in gross income, except as otherwise provided by
442 Sections 83-62-7 and 83-62-9.

443 (bb) Amounts received as qualified disaster relief
444 payments shall be treated in the same manner as provided under the
445 United States Internal Revenue Code, as amended.



446 (cc) Amounts received as a "qualified Hurricane Katrina
447 distribution" as defined in the United States Internal Revenue
448 Code, as amended.

449 (dd) Amounts received by an individual which may be
450 excluded from income as foreign earned income for federal income
451 tax purposes.

452 (ee) Amounts received by a qualified individual,
453 directly or indirectly, from an employer or nonprofit housing
454 organization that are qualified housing expenses associated with
455 an employer-assisted housing program. For purposes of this
456 paragraph (ee):

457 (i) "Qualified individual" means any individual
458 whose household income does not exceed one hundred twenty percent
459 (120%) of the area median gross income (as defined by the United
460 States Department of Housing and Urban Development), adjusted for
461 household size, for the area in which the housing is located.

462 (ii) "Nonprofit housing organization" means an
463 organization that is organized as a not-for-profit organization
464 under the laws of this state or another state and has as one * * *
465 of its purposes:

466 1. Homeownership education or counseling;
467 2. The development of affordable housing; or
468 3. The development or administration of
469 employer-assisted housing programs.



470 (iii) "Employer-assisted housing program" means a
471 separate written plan of any employer (including, without
472 limitation, tax-exempt organizations and public employers) for the
473 exclusive benefit of the employer's employees to pay qualified
474 housing expenses to assist the employer's employees in securing
475 affordable housing.

476 (iv) "Qualified housing expenses" means:

477 1. With respect to rental assistance, an
478 amount not to exceed Two Thousand Dollars (\$2,000.00) paid for the
479 purpose of assisting employees with security deposits and rental
480 subsidies; and

481 2. With respect to homeownership assistance,
482 an amount not to exceed the lesser of Ten Thousand Dollars
483 (\$10,000.00) or six percent (6%) of the purchase price of the
484 employee's principal residence that is paid for the purpose of
485 assisting employees with down payments, payment of closing costs,
486 reduced interest mortgages, mortgage guarantee programs, mortgage
487 forgiveness programs, equity contribution programs, or
488 contributions to home buyer education and/or homeownership
489 counseling of eligible employees.

490 (ff) For the 2010 taxable year and any taxable year
491 thereafter, amounts converted in accordance with the United States
492 Internal Revenue Code, as amended, from a traditional Individual
493 Retirement Account to a Roth Individual Retirement Account. The
494 exemption allowed under this paragraph (ff) shall be available to



495 the spouse or other beneficiary at the death of the primary
496 retiree.

497 (5) Prisoners of war, missing in action-taxable status.

498 (a) **Members of the Armed Forces.** Gross income does not
499 include compensation received for active service as a member of
500 the Armed Forces of the United States for any month during any
501 part of which such member is in a missing status, as defined in
502 paragraph (d) of this subsection, during the Vietnam Conflict as a
503 result of such conflict.

504 (b) **Civilian employees.** Gross income does not include
505 compensation received for active service as an employee for any
506 month during any part of which such employee is in a missing
507 status during the Vietnam Conflict as a result of such conflict.

508 (c) **Period of conflict.** For the purpose of this
509 subsection, the Vietnam Conflict began February 28, 1961, and ends
510 on the date designated by the President by Executive Order as the
511 date of the termination of combatant activities in Vietnam. For
512 the purpose of this subsection, an individual is in a missing
513 status as a result of the Vietnam Conflict if immediately before
514 such status began he was performing service in Vietnam or was
515 performing service in Southeast Asia in direct support of military
516 operations in Vietnam. "Southeast Asia," as used in this
517 paragraph, is defined to include Cambodia, Laos, Thailand and
518 waters adjacent thereto.



519 (d) "Missing status" means the status of an employee or
520 member of the Armed Forces who is in active service and is
521 officially carried or determined to be absent in a status of (i)
522 missing; (ii) missing in action; (iii) interned in a foreign
523 country; (iv) captured, beleaguered or besieged by a hostile
524 force; or (v) detained in a foreign country against his will; but
525 does not include the status of an employee or member of the Armed
526 Forces for a period during which he is officially determined to be
527 absent from his post of duty without authority.

528 (e) "Active service" means active federal service by an
529 employee or member of the Armed Forces of the United States in an
530 active duty status.

531 (f) "Employee" means one who is a citizen or national
532 of the United States or an alien admitted to the United States for
533 permanent residence and is a resident of the State of Mississippi
534 and is employed in or under a federal executive agency or
535 department of the Armed Forces.

536 (g) "Compensation" means (i) basic pay; (ii) special
537 pay; (iii) incentive pay; (iv) basic allowance for quarters; (v)
538 basic allowance for subsistence; and (vi) station per diem
539 allowances for not more than ninety (90) days.

540 (h) If refund or credit of any overpayment of tax for
541 any taxable year resulting from the application of subsection (5)
542 of this section is prevented by the operation of any law or rule
543 of law, such refund or credit of such overpayment of tax may,



544 nevertheless, be made or allowed if claim therefor is filed with
545 the * * * Department of Revenue within three (3) years after the
546 date of the enactment of this subsection.

547 (i) The provisions of this subsection shall be
548 effective for taxable years ending on or after February 28, 1961.

549 (6) A shareholder of an S corporation, as defined in Section
550 27-8-3(1)(g), shall take into account the income, loss, deduction
551 or credit of the S corporation only to the extent provided in
552 Section 27-8-7(2).

553 **SECTION 7.** Section 27-7-37, Mississippi Code of 1972, is
554 amended as follows:

555 27-7-37. (1) Every corporation subject to taxation shall
556 make a separate return, stating specifically the items of its
557 gross income and the deductions and credits allowed by this
558 article. The return shall be signed by either the president, vice
559 president, secretary or treasurer.

560 (2) (a) (i) Two (2) or more members of an affiliated group
561 of corporations, each taxable in Mississippi, may elect to file a
562 combined income tax return. Corporations electing to file
563 combined returns under this section shall determine the
564 Mississippi net business income (or loss) on an individual
565 corporate member basis as required in Section 27-7-23 and, if
566 applicable, Sections 27-7-24, 27-7-24.1, 27-7-24.3, 27-7-24.5 and
567 27-7-24.7. The Mississippi net business income (or loss) so
568 computed for each individual member shall be combined to determine



569 the Mississippi net business income (or loss) of the combined
570 group of affiliated corporations. To the amount so determined
571 shall be added nonbusiness income of the combined members directly
572 allocable to Mississippi to determine Mississippi taxable income.

573 (ii) The commissioner may require a corporation
574 taxable under this article that is affiliated with one or more
575 corporations that are not taxable under this article to file a
576 combined return with the affiliated corporation or corporations if
577 he establishes by preponderance of the evidence that the
578 intercompany transactions of such taxable corporation have
579 resulted in the shifting of taxable income from itself to another
580 member or members of its affiliated group not subject to tax under
581 this article. Also, the commissioner may require a group of
582 affiliated corporations taxable under this article to file a
583 combined return if he establishes by preponderance of the evidence
584 that the intercompany transactions of such corporations have
585 resulted in the shifting of taxable income between members of the
586 included affiliated group. In the event that such a combined
587 return is required, the net income or loss of each member of the
588 group required to be combined, shall be combined pursuant to
589 regulations prescribed by the commissioner to determine the total
590 combined taxable income and the Mississippi taxable income of the
591 group. The tax imposed by this article shall be computed and
592 assessed upon the Mississippi taxable income of the combined group
593 which shall be treated as the taxpayer.



594 (iii) The commissioner shall not require the
595 filing of a combined return pursuant to the authority granted
596 under subparagraph (ii) of this paragraph until regulations shall
597 have been enacted specifying the criteria and circumstances that
598 form the basis for meeting the preponderance of the evidence
599 standard required to support a conclusion that intercompany
600 transactions of such taxable corporation have resulted in the
601 improper shifting of taxable income from a taxpayer to another
602 member or members of its affiliated group not subject to tax under
603 this article, or that the intercompany transactions of such
604 corporations have resulted in the improper shifting of taxable
605 income between members of the included affiliated group.

606 (iv) The commissioner shall be prohibited from
607 assessing any penalties related to a deficiency arising from the
608 exercise of the authority granted under subparagraph (ii) of this
609 paragraph unless the commissioner shall establish by preponderance
610 of the evidence that the taxpayer's filing method was without
611 reasonable basis or the intercompany transactions at issue lacked
612 any material nontax business purpose.

613 (b) The privilege to file combined returns shall be
614 limited to members of an affiliated group of corporations which
615 are subject to taxation under the provisions of this article. The
616 privilege of making a combined return may be exercised only if all
617 corporations subject to taxation under this article which were
618 members of the affiliated group at any time during the taxable



619 year consent to a combined return prior to the last day prescribed
620 by law for the filing of such return. The making of a combined
621 return shall be considered as such consent. In the case of a
622 taxable corporation which is a member of the affiliated group for
623 a fractional part of the year, the combined return shall include
624 the income of such corporation for such part of the year as it is
625 a member of the affiliated group.

626 (c) The commissioner shall prescribe such regulations
627 as he may deem necessary in order that the tax liability of any
628 affiliated group of corporations making a combined return and of
629 each corporation in the group, both during and after the period of
630 affiliation, may be returned, determined, computed, assessed,
631 collected and adjusted, in such manner as clearly to reflect the
632 income tax liability and the various factors necessary for the
633 determination of such liability, and in order to prevent avoidance
634 of such tax liability.

635 (d) As used in this article, the term "affiliated
636 group" means one or more corporations connected through stock
637 ownership with a common parent corporation where at least eighty
638 percent (80%) of the voting power of all classes of stock and at
639 least eighty percent (80%) of each class of the nonvoting stock of
640 each of the member corporations, except the common parent
641 corporation, is owned directly by one or more of the other member
642 corporations; and the common parent corporation owns directly
643 stock possessing at least eighty percent (80%) of the voting power



644 of all classes of stock and at least eighty percent (80%) of each
645 class of the nonvoting stock of at least one (1) of the other
646 member corporations. As used in this subsection, the term "stock"
647 does not include nonvoting stock which is limited and preferred as
648 to dividends.

649 (e) If a corporation elects or is required to file
650 returns on a combined basis, all subsequent returns shall be made
651 upon the same basis unless permission to change the basis is
652 granted by the commissioner, or unless the commissioner requires a
653 change in the basis.

654 (3) If any foreign corporation has no office or place of
655 business in this state but has an agent in this state, the returns
656 shall be made by the agent.

657 (4) In the case of a receiver, trustee in bankruptcy, or
658 assignees operating the property or business of a corporation,
659 such receiver, trustee or assignee shall make returns for such
660 corporation in the same manner and form as corporations are
661 required to make returns; and any tax due on the basis of such
662 returns shall be collected in the same manner as if collected from
663 the corporation of whose business or property they have custody or
664 control.

665 (5) A corporation required to include the activity of a
666 disregarded entity for federal income tax purposes shall do
667 likewise for the purpose of computing income for this state.



668 (6) An out-of-state business as defined in Section 3 of this
669 act shall be exempt from the requirements of this section to the
670 extent provided for in Section 4 of this act.

671 **SECTION 8.** Section 27-7-305, Mississippi Code of 1972, is
672 amended as follows:

673 27-7-305. (1) Except as otherwise provided in this section,
674 every employer making payments of wages to employees shall deduct
675 and withhold from such wages an amount determined from withholding
676 tables promulgated by the commissioner and furnished to the
677 employer. The full amount deducted and withheld from any
678 employee's wages during the income year shall be credited against
679 the tax liability of the employee under the provisions of Article
680 1 of this chapter for that year. Any such tables promulgated by
681 the commissioner shall not be designed to collect more than the
682 amount of tax that the taxpayer can reasonably be expected to owe
683 for the income year. Businesses that lease employees by a
684 contract of employment with a leasing firm may be considered the
685 employer for Mississippi withholding tax purposes. In such cases
686 payments to the leasing company may be attached for such
687 withholding taxes upon default by the leasing firm.

688 (2) Firms that lease employees to businesses are required to
689 maintain separate ledgers of account for these employees. These
690 lease firms shall furnish the * * * Department of Revenue annually
691 a summary of wages paid, number of employees and amounts withheld
692 by location. In addition, the commissioner shall require firms



693 that lease employees to businesses to give a cash bond or an
694 approved surety bond in an amount sufficient to cover twice the
695 estimated tax liability for a period of three (3) months. This
696 bond shall be filed with the commissioner prior to beginning
697 business in this state. Failure to comply with this provision
698 shall subject such person to the penalties provided by this
699 chapter.

700 (3) An out-of-state business as defined in Section 3 of this
701 act shall not be subject to any employer tax withholdings for
702 income that is not subject income taxation under Sections 1
703 through 5 of this act.

704 **SECTION 9.** Section 27-7-333, Mississippi Code of 1972, is
705 amended as follows:

706 27-7-333. Except as otherwise provided in this section,
707 employer's withholding account number. Every employer, as defined
708 herein, shall, on or before January 1, 1969, make application to
709 the commissioner for and be assigned an employer's withholding
710 account number. The account number assigned to an employee shall
711 be used by such employer on all returns, reports and inquiries
712 addressed to the commissioner.

713 This section shall not apply to an "out-of-state business"
714 during a "disaster response period" as such terms are defined in
715 Section 3 of this act.

716 **SECTION 10.** Section 27-17-9, Mississippi Code of 1972, is
717 amended as follows:



718 27-17-9. (1) Every person desiring to engage in any
719 business, or exercise any privilege hereinafter specified, if such
720 business is located outside a municipality, shall first, before
721 commencing the same, apply for, pay for and procure from the tax
722 collector of the county in which such business is located, or if
723 such business is located within a municipality, shall apply for,
724 pay for and procure from the tax collector of the municipality, a
725 privilege license authorizing him to engage in the business or
726 exercise the privileges specified therein, and the amount of tax
727 shown in subsection (2) of this section, except as otherwise
728 specifically established in this chapter, is hereby imposed for
729 the privilege of engaging or continuing in the business set out
730 therein.

731 (2) (a) The amount of a privilege license shall be Twenty
732 Dollars (\$20.00) annually for a business having three (3) or fewer
733 employees.

734 (b) The amount of a privilege license shall be Thirty
735 Dollars (\$30.00) annually for a business having more than three
736 (3) but fewer than eleven (11) employees.

737 (c) The amount of a privilege license shall be Thirty
738 Dollars (\$30.00) annually plus an additional assessment of Three
739 Dollars (\$3.00) for each employee over ten (10) employees, not to
740 exceed a maximum payment of One Hundred Fifty Dollars (\$150.00),
741 for a business (other than a manufacturer) having eleven (11) or
742 more employees.



743 (d) The amount of a privilege license shall be Eighty
744 Dollars (\$80.00) annually for a manufacturer having eleven (11) or
745 more employees; manufacturers having ten (10) or fewer employees
746 shall pay an annual privilege license pursuant to paragraph (a) or
747 (b) of this subsection (2), whichever is applicable.

748 (3) This section shall not apply to an out-of-state business
749 or out-of-state employee to the extent provided for in Sections 1
750 through 5 of this act.

751 **SECTION 11.** Section 27-31-1, Mississippi Code of 1972, is
752 amended as follows:

753 27-31-1. The following shall be exempt from taxation:

754 (a) All cemeteries used exclusively for burial
755 purposes.

756 (b) All property, real or personal, belonging to the
757 State of Mississippi or any of its political subdivisions, except
758 property of a municipality not being used for a proper municipal
759 purpose and located outside the county or counties in which such
760 municipality is located. A proper municipal purpose within the
761 meaning of this section shall be any authorized governmental or
762 corporate function of a municipality.

763 (c) All property, real or personal, owned by units of
764 the Mississippi National Guard, or title to which is vested in
765 trustees for the benefit of any unit of the Mississippi National
766 Guard; provided such property is used exclusively for such unit,
767 or for public purposes, and not for profit.



768 (d) All property, real or personal, belonging to any
769 religious society, or ecclesiastical body, or any congregation
770 thereof, or to any charitable society, or to any historical or
771 patriotic association or society, or to any garden or pilgrimage
772 club or association and used exclusively for such society or
773 association and not for profit; not exceeding, however, the amount
774 of land which such association or society may own as provided in
775 Section 79-11-33. All property, real or personal, belonging to
776 any rural waterworks system or rural sewage disposal system
777 incorporated under the provisions of Section 79-11-1. All
778 property, real or personal, belonging to any college or
779 institution for the education of youths, used directly and
780 exclusively for such purposes, provided that no such college or
781 institution for the education of youths shall have exempt from
782 taxation more than six hundred forty (640) acres of land;
783 provided, however, this exemption shall not apply to commercial
784 schools and colleges or trade institutions or schools where the
785 profits of same inure to individuals, associations or
786 corporations. All property, real or personal, belonging to an
787 individual, institution or corporation and used for the operation
788 of a grammar school, junior high school, high school or military
789 school. All property, real or personal, owned and occupied by a
790 fraternal and benevolent organization, when used by such
791 organization, and from which no rentals or other profits accrue to



792 the organization, but any part rented or from which revenue is
793 received shall be taxed.

794 (e) All property, real or personal, held and occupied
795 by trustees of public schools, and school lands of the respective
796 townships for the use of public schools, and all property kept in
797 storage for the convenience and benefit of the State of
798 Mississippi in warehouses owned or leased by the State of
799 Mississippi, wherein said property is to be sold by the Alcoholic
800 Beverage Control Division of the Department of Revenue of the
801 State of Mississippi.

802 (f) All property, real or personal, whether belonging
803 to religious or charitable or benevolent organizations, which is
804 used for hospital purposes, and nurses' homes where a part
805 thereof, and which maintain one or more charity wards that are for
806 charity patients, and where all the income from said hospitals and
807 nurses' homes is used entirely for the purposes thereof and no
808 part of the same for profit.

809 (g) The wearing apparel of every person; and also
810 jewelry and watches kept by the owner for personal use to the
811 extent of One Hundred Dollars (\$100.00) in value for each owner.

812 (h) Provisions on hand for family consumption.

813 (i) All farm products grown in this state for a period
814 of two (2) years after they are harvested, when in the possession
815 of or the title to which is in the producer, except the tax of
816 one-fifth of one percent (1/5 of 1%) per pound on lint cotton now



817 levied by the Board of Commissioners of the Mississippi Levee
818 District; and lint cotton for five (5) years, and cottonseed,
819 soybeans, oats, rice and wheat for one (1) year regardless of
820 ownership.

821 (j) All guns and pistols kept by the owner for private
822 use.

823 (k) All poultry in the hands of the producer.

824 (l) Household furniture, including all articles kept in
825 the home by the owner for his own personal or family use; but this
826 shall not apply to hotels, rooming houses or rented or leased
827 apartments.

828 (m) All cattle and oxen.

829 (n) All sheep, goats and hogs.

830 (o) All horses, mules and asses.

831 (p) Farming tools, implements and machinery, when used
832 exclusively in the cultivation or harvesting of crops or timber.

833 (q) All property of agricultural and mechanical
834 associations and fairs used for promoting their objects, and where
835 no part of the proceeds is used for profit.

836 (r) The libraries of all persons.

837 (s) All pictures and works of art, not kept for or
838 offered for sale as merchandise.

839 (t) The tools of any mechanic necessary for carrying on
840 his trade.



841 (u) All state, county, municipal, levee, drainage and
842 all school bonds or other governmental obligations, and all bonds
843 and/or evidences of debts issued by any church or church
844 organization in this state, and all notes and evidences of
845 indebtedness which bear a rate of interest not greater than the
846 maximum rate per annum applicable under the law; and all money
847 loaned at a rate of interest not exceeding the maximum rate per
848 annum applicable under the law; and all stock in or bonds of
849 foreign corporations or associations shall be exempt from all ad
850 valorem taxes.

851 (v) All lands and other property situated or located
852 between the Mississippi River and the levee shall be exempt from
853 the payment of any and all road taxes levied or assessed under any
854 road laws of this state.

855 (w) Any and all money on deposit in either national
856 banks, state banks or trust companies, on open account, savings
857 account or time deposit.

858 (x) All wagons, carts, drays, carriages and other
859 horse-drawn vehicles, kept for the use of the owner.

860 (y) (i) Boats, seines and fishing equipment used in
861 fishing and shrimping operations and in the taking or catching of
862 oysters.

863 (ii) All towboats, tugboats and barges documented
864 under the laws of the United States, except watercraft of every
865 kind and character used in connection with gaming operations.



866 (z) All materials used in the construction and/or
867 conversion of vessels in this state; vessels while under
868 construction and/or conversion; vessels while in the possession of
869 the manufacturer, builder or converter, for a period of twelve
870 (12) months after completion of construction and/or conversion,
871 and as used herein the term "vessel" shall include ships, offshore
872 drilling equipment, dry docks, boats and barges, except watercraft
873 of every kind and character used in connection with gaming
874 operations.

875 (aa) Sixty-six and two-thirds percent (66-2/3%) of
876 nuclear fuel and reprocessed, recycled or residual nuclear fuel
877 by-products, fissionable or otherwise, used or to be used in
878 generation of electricity by persons defined as public utilities
879 in Section 77-3-3.

880 (bb) All growing nursery stock.

881 (cc) A semitrailer used in interstate commerce.

882 (dd) All property, real or personal, used exclusively
883 for the housing of and provision of services to elderly persons,
884 disabled persons, mentally impaired persons or as a nursing home,
885 which is owned, operated and managed by a not-for-profit
886 corporation, qualified under Section 501(c)(3) of the Internal
887 Revenue Code, whose membership or governing body is appointed or
888 confirmed by a religious society or ecclesiastical body or any
889 congregation thereof.



890 (ee) All vessels while in the hands of bona fide
891 dealers as merchandise and which are not being operated upon the
892 waters of this state shall be exempt from ad valorem taxes. As
893 used in this paragraph, the terms "vessel" and "waters of this
894 state" shall have the meaning ascribed to such terms in Section
895 59-21-3.

896 (ff) All property, real or personal, owned by a
897 nonprofit organization that: (i) is qualified as tax exempt under
898 Section 501(c)(4) of the Internal Revenue Code of 1986, as
899 amended; (ii) assists in the implementation of the national
900 contingency plan or area contingency plan, and which is created in
901 response to the requirements of Title IV, Subtitle B of the Oil
902 Pollution Act of 1990, Public Law 101-380; (iii) engages primarily
903 in programs to contain, clean up and otherwise mitigate spills of
904 oil or other substances occurring in the United States coastal or
905 tidal waters; and (iv) is used for the purposes of the
906 organization.

907 (gg) If a municipality changes its boundaries so as to
908 include within the boundaries of such municipality the project
909 site of any project as defined in Section 57-75-5(f)(iv)1, Section
910 57-75-5(f)(xxi) or 57-75-5(f)(xxviii), all real and personal
911 property located on the project site within the boundaries of such
912 municipality that is owned by a business enterprise operating such
913 project, shall be exempt from ad valorem taxation for a period of
914 time not to exceed thirty (30) years upon receiving approval for



915 such exemption by the Mississippi Major Economic Impact Authority.
916 The provisions of this paragraph shall not be construed to
917 authorize a breach of any agreement entered into pursuant to
918 Section 21-1-59.

919 (hh) All leases, lease contracts or lease agreements
920 (including, but not limited to, subleases, sublease contracts and
921 sublease agreements), and leaseholds or leasehold interests
922 (including, but not limited to, subleaseholds and subleasehold
923 interests), of or with respect to any and all property (real,
924 personal or mixed) constituting all or any part of a facility for
925 the manufacture, production, generation, transmission and/or
926 distribution of electricity, and any real property related
927 thereto, shall be exempt from ad valorem taxation during the
928 period as the United States is both the title owner of the
929 property and a sublessee of or with respect to the property;
930 however, the exemption authorized by this paragraph (hh) shall not
931 apply to any entity to whom the United States sub-subleases its
932 interest in the property nor to any entity to whom the United
933 States assigns its sublease interest in the property. As used in
934 this paragraph, the term "United States" includes an agency or
935 instrumentality of the United States of America. This paragraph
936 (hh) shall apply to all assessments for ad valorem taxation for
937 the 2003 calendar year and each calendar year thereafter.

938 (ii) All property, real, personal or mixed, including
939 fixtures and leaseholds, used by Mississippi nonprofit entities



940 qualified, on or before January 1, 2005, under Section 501(c)(3)
941 of the Internal Revenue Code to provide support and operate
942 technology incubators for research and development start-up
943 companies, telecommunication start-up companies and/or other
944 technology start-up companies, utilizing technology spun-off from
945 research and development activities of the public colleges and
946 universities of this state, State of Mississippi governmental
947 research or development activities resulting therefrom located
948 within the State of Mississippi.

949 (jj) All property, real, personal or mixed, including
950 fixtures and leaseholds, of start-up companies (as described in
951 paragraph (ii) of this section) for the period of time, not to
952 exceed five (5) years, that the start-up company remains a tenant
953 of a technology incubator (as described in paragraph (ii) of this
954 section).

955 (kk) All leases, lease contracts or lease agreements
956 (including, but not limited to, subleases, sublease contracts and
957 sublease agreements), and leaseholds or leasehold interests, of or
958 with respect to any and all property (real, personal or mixed)
959 constituting all or any part of an auxiliary facility, and any
960 real property related thereto, constructed or renovated pursuant
961 to Section 37-101-41, Mississippi Code of 1972.

962 (ll) Equipment brought into the state temporarily for
963 use during a disaster response period as provided in Sections 1
964 through 5 of this act and subsequently removed from the state.



965 **SECTION 12.** Section 27-65-101, Mississippi Code of 1972, is
966 amended as follows:

967 27-65-101. (1) The exemptions from the provisions of this
968 chapter which are of an industrial nature or which are more
969 properly classified as industrial exemptions than any other
970 exemption classification of this chapter shall be confined to
971 those persons or property exempted by this section or by the
972 provisions of the Constitution of the United States or the State
973 of Mississippi. No industrial exemption as now provided by any
974 other section except Section 57-3-33 shall be valid as against the
975 tax herein levied. Any subsequent industrial exemption from the
976 tax levied hereunder shall be provided by amendment to this
977 section. No exemption provided in this section shall apply to
978 taxes levied by Section 27-65-15 or 27-65-21.

979 The tax levied by this chapter shall not apply to the
980 following:

981 (a) Sales of boxes, crates, cartons, cans, bottles and
982 other packaging materials to manufacturers and wholesalers for use
983 as containers or shipping materials to accompany goods sold by
984 said manufacturers or wholesalers where possession thereof will
985 pass to the customer at the time of sale of the goods contained
986 therein and sales to anyone of containers or shipping materials
987 for use in ships engaged in international commerce.

988 (b) Sales of raw materials, catalysts, processing
989 chemicals, welding gases or other industrial processing gases



990 (except natural gas) to a manufacturer for use directly in
991 manufacturing or processing a product for sale or rental or
992 repairing or reconditioning vessels or barges of fifty (50) tons
993 load displacement and over. For the purposes of this exemption,
994 electricity used directly in the electrolysis process in the
995 production of sodium chlorate shall be considered a raw material.
996 This exemption shall not apply to any property used as fuel except
997 to the extent that such fuel comprises by-products which have no
998 market value.

999 (c) The gross proceeds of sales of dry docks, offshore
1000 drilling equipment for use in oil or natural gas exploration or
1001 production, vessels or barges of fifty (50) tons load displacement
1002 and over, when the vessels or barges are sold by the manufacturer
1003 or builder thereof. In addition to other types of equipment,
1004 offshore drilling equipment for use in oil or natural gas
1005 exploration or production shall include aircraft used
1006 predominately to transport passengers or property to or from
1007 offshore oil or natural gas exploration or production platforms or
1008 vessels, and engines, accessories and spare parts for such
1009 aircraft.

1010 (d) Sales to commercial fishermen of commercial fishing
1011 boats of over five (5) tons load displacement and not more than
1012 fifty (50) tons load displacement as registered with the United
1013 States Coast Guard and licensed by the Mississippi Commission on
1014 Marine Resources.



1015 (e) The gross income from repairs to vessels and barges
1016 engaged in foreign trade or interstate transportation.

1017 (f) Sales of petroleum products to vessels or barges
1018 for consumption in marine international commerce or interstate
1019 transportation businesses.

1020 (g) Sales and rentals of rail rolling stock (and
1021 component parts thereof) for ultimate use in interstate commerce
1022 and gross income from services with respect to manufacturing,
1023 repairing, cleaning, altering, reconditioning or improving such
1024 rail rolling stock (and component parts thereof).

1025 (h) Sales of raw materials, catalysts, processing
1026 chemicals, welding gases or other industrial processing gases
1027 (except natural gas) used or consumed directly in manufacturing,
1028 repairing, cleaning, altering, reconditioning or improving such
1029 rail rolling stock (and component parts thereof). This exemption
1030 shall not apply to any property used as fuel.

1031 (i) Sales of machinery or tools or repair parts
1032 therefor or replacements thereof, fuel or supplies used directly
1033 in manufacturing, converting or repairing ships, vessels or barges
1034 of three thousand (3,000) tons load displacement and over, but not
1035 to include office and plant supplies or other equipment not
1036 directly used on the ship, vessel or barge being built, converted
1037 or repaired. For purposes of this exemption, "ships, vessels or
1038 barges" shall not include floating structures described in Section
1039 27-65-18.



1040 (j) Sales of tangible personal property to persons
1041 operating ships in international commerce for use or consumption
1042 on board such ships. This exemption shall be limited to cases in
1043 which procedures satisfactory to the commissioner, ensuring
1044 against use in this state other than on such ships, are
1045 established.

1046 (k) Sales of materials used in the construction of a
1047 building, or any addition or improvement thereon, and sales of any
1048 machinery and equipment not later than three (3) months after the
1049 completion of construction of the building, or any addition
1050 thereon, to be used therein, to qualified businesses, as defined
1051 in Section 57-51-5, which are located in a county or portion
1052 thereof designated as an enterprise zone pursuant to Sections
1053 57-51-1 through 57-51-15.

1054 (l) Sales of materials used in the construction of a
1055 building, or any addition or improvement thereon, and sales of any
1056 machinery and equipment not later than three (3) months after the
1057 completion of construction of the building, or any addition
1058 thereon, to be used therein, to qualified businesses, as defined
1059 in Section 57-54-5.

1060 (m) Income from storage and handling of perishable
1061 goods by a public storage warehouse.

1062 (n) The value of natural gas lawfully injected into the
1063 earth for cycling, repressuring or lifting of oil, or lawfully
1064 vented or flared in connection with the production of oil;



1065 however, if any gas so injected into the earth is sold for such
1066 purposes, then the gas so sold shall not be exempt.

1067 (o) The gross collections from self-service commercial
1068 laundering, drying, cleaning and pressing equipment.

1069 (p) Sales of materials used in the construction of a
1070 building, or any addition or improvement thereon, and sales of any
1071 machinery and equipment not later than three (3) months after the
1072 completion of construction of the building, or any addition
1073 thereon, to be used therein, to qualified companies, certified as
1074 such by the Mississippi Development Authority under Section
1075 57-53-1.

1076 (q) Sales of component materials used in the
1077 construction of a building, or any addition or improvement
1078 thereon, sales of machinery and equipment to be used therein, and
1079 sales of manufacturing or processing machinery and equipment which
1080 is permanently attached to the ground or to a permanent foundation
1081 and which is not by its nature intended to be housed within a
1082 building structure, not later than three (3) months after the
1083 initial start-up date, to permanent business enterprises engaging
1084 in manufacturing or processing in Tier Three areas (as such term
1085 is defined in Section 57-73-21), which businesses are certified by
1086 the Department of Revenue as being eligible for the exemption
1087 granted in this paragraph (q).

1088 (r) (i) Sales of component materials used in the
1089 construction of a building, or any addition or improvement



1090 thereon, and sales of any machinery and equipment not later than
1091 three (3) months after the completion of the building, addition or
1092 improvement thereon, to be used therein, for any company
1093 establishing or transferring its national or regional headquarters
1094 from within or outside the State of Mississippi and creating a
1095 minimum of twenty (20) jobs at the new headquarters in this state.
1096 The Department of Revenue shall establish criteria and prescribe
1097 procedures to determine if a company qualifies as a national or
1098 regional headquarters for the purpose of receiving the exemption
1099 provided in this subparagraph (i).

1100 (ii) Sales of component materials used in the
1101 construction of a building, or any addition or improvement
1102 thereon, and sales of any machinery and equipment not later than
1103 three (3) months after the completion of the building, addition or
1104 improvement thereon, to be used therein, for any company expanding
1105 or making additions after January 1, 2013, to its national or
1106 regional headquarters within the State of Mississippi and creating
1107 a minimum of twenty (20) new jobs at the headquarters as a result
1108 of the expansion or additions. The Department of Revenue shall
1109 establish criteria and prescribe procedures to determine if a
1110 company qualifies as a national or regional headquarters for the
1111 purpose of receiving the exemption provided in this subparagraph
1112 (ii).

1113 (s) The gross proceeds from the sale of semitrailers,
1114 trailers, boats, travel trailers, motorcycles and all-terrain



1115 cycles if exported from this state within forty-eight (48) hours
1116 and registered and first used in another state.

1117 (t) Gross income from the storage and handling of
1118 natural gas in underground salt domes and in other underground
1119 reservoirs, caverns, structures and formations suitable for such
1120 storage.

1121 (u) Sales of machinery and equipment to nonprofit
1122 organizations if the organization:

1123 (i) Is tax exempt pursuant to Section 501(c)(4) of
1124 the Internal Revenue Code of 1986, as amended;

1125 (ii) Assists in the implementation of the
1126 contingency plan or area contingency plan, and which is created in
1127 response to the requirements of Title IV, Subtitle B of the Oil
1128 Pollution Act of 1990, Public Law 101-380; and

1129 (iii) Engages primarily in programs to contain,
1130 clean up and otherwise mitigate spills of oil or other substances
1131 occurring in the United States coastal and tidal waters.

1132 For purposes of this exemption, "machinery and equipment"
1133 means any ocean-going vessels, barges, booms, skimmers and other
1134 capital equipment used primarily in the operations of nonprofit
1135 organizations referred to herein.

1136 (v) Sales or leases of materials and equipment to
1137 approved business enterprises as provided under the Growth and
1138 Prosperity Act.



1139 (w) From and after July 1, 2001, sales of pollution
1140 control equipment to manufacturers or custom processors for
1141 industrial use. For the purposes of this exemption, "pollution
1142 control equipment" means equipment, devices, machinery or systems
1143 used or acquired to prevent, control, monitor or reduce air, water
1144 or groundwater pollution, or solid or hazardous waste as required
1145 by federal or state law or regulation.

1146 (x) Sales or leases to a manufacturer of motor vehicles
1147 or powertrain components operating a project that has been
1148 certified by the Mississippi Major Economic Impact Authority as a
1149 project as defined in Section 57-75-5(f)(iv)1, Section
1150 57-75-5(f)(xxi) or Section 57-75-5(f)(xxii) of machinery and
1151 equipment; special tooling such as dies, molds, jigs and similar
1152 items treated as special tooling for federal income tax purposes;
1153 or repair parts therefor or replacements thereof; repair services
1154 thereon; fuel, supplies, electricity, coal and natural gas used
1155 directly in the manufacture of motor vehicles or motor vehicle
1156 parts or used to provide climate control for manufacturing areas.

1157 (y) Sales or leases of component materials, machinery
1158 and equipment used in the construction of a building, or any
1159 addition or improvement thereon to an enterprise operating a
1160 project that has been certified by the Mississippi Major Economic
1161 Impact Authority as a project as defined in Section
1162 57-75-5(f)(iv)1, Section 57-75-5(f)(xxi), Section 57-75-5(f)(xxii)



1163 or Section 57-75-5(f) (xxviii) and any other sales or leases
1164 required to establish or operate such project.

1165 (z) Sales of component materials and equipment to a
1166 business enterprise as provided under Section 57-64-33.

1167 (aa) The gross income from the stripping and painting
1168 of commercial aircraft engaged in foreign or interstate
1169 transportation business.

1170 (bb) [Repealed]

1171 (cc) Sales or leases to an enterprise owning or
1172 operating a project that has been designated by the Mississippi
1173 Major Economic Impact Authority as a project as defined in Section
1174 57-75-5(f) (xviii) of machinery and equipment; special tooling such
1175 as dies, molds, jigs and similar items treated as special tooling
1176 for federal income tax purposes; or repair parts therefor or
1177 replacements thereof; repair services thereon; fuel, supplies,
1178 electricity, coal and natural gas used directly in the
1179 manufacturing/production operations of the project or used to
1180 provide climate control for manufacturing/production areas.

1181 (dd) Sales or leases of component materials, machinery
1182 and equipment used in the construction of a building, or any
1183 addition or improvement thereon to an enterprise owning or
1184 operating a project that has been designated by the Mississippi
1185 Major Economic Impact Authority as a project as defined in Section
1186 57-75-5(f) (xviii) and any other sales or leases required to
1187 establish or operate such project.



1188 (ee) Sales of parts used in the repair and servicing of
1189 aircraft not registered in Mississippi engaged exclusively in the
1190 business of foreign or interstate transportation to businesses
1191 engaged in aircraft repair and maintenance.

1192 (ff) Sales of component materials used in the
1193 construction of a facility, or any addition or improvement
1194 thereon, and sales or leases of machinery and equipment not later
1195 than three (3) months after the completion of construction of the
1196 facility, or any addition or improvement thereto, to be used in
1197 the building or any addition or improvement thereto, to a
1198 permanent business enterprise operating a data/information
1199 enterprise in Tier Three areas (as such areas are designated in
1200 accordance with Section 57-73-21), meeting minimum criteria
1201 established by the Mississippi Development Authority.

1202 (gg) Sales of component materials used in the
1203 construction of a facility, or any addition or improvement
1204 thereto, and sales of machinery and equipment not later than three
1205 (3) months after the completion of construction of the facility,
1206 or any addition or improvement thereto, to be used in the facility
1207 or any addition or improvement thereto, to technology intensive
1208 enterprises for industrial purposes in Tier Three areas (as such
1209 areas are designated in accordance with Section 57-73-21), as
1210 certified by the Department of Revenue. For purposes of this
1211 paragraph, an enterprise must meet the criteria provided for in



1212 Section 27-65-17(1) (f) in order to be considered a technology
1213 intensive enterprise.

1214 (hh) Sales of component materials used in the
1215 replacement, reconstruction or repair of a building or facility
1216 that has been destroyed or sustained extensive damage as a result
1217 of a disaster declared by the Governor, sales of machinery and
1218 equipment to be used therein to replace machinery or equipment
1219 damaged or destroyed as a result of such disaster, including, but
1220 not limited to, manufacturing or processing machinery and
1221 equipment which is permanently attached to the ground or to a
1222 permanent foundation and which is not by its nature intended to be
1223 housed within a building structure, to enterprises or companies
1224 that were eligible for the exemptions authorized in paragraph (q),
1225 (r), (ff) or (gg) of this subsection during initial construction
1226 of the building that was destroyed or damaged, which enterprises
1227 or companies are certified by the Department of Revenue as being
1228 eligible for the exemption granted in this paragraph.

1229 (ii) Sales of software or software services transmitted
1230 by the Internet to a destination outside the State of Mississippi
1231 where the first use of such software or software services by the
1232 purchaser occurs outside the State of Mississippi.

1233 (jj) Gross income of public storage warehouses derived
1234 from the temporary storage of raw materials that are to be used in
1235 an eligible facility as defined in Section 27-7-22.35.



1236 (kk) Sales of component building materials and
1237 equipment for initial construction of facilities or expansion of
1238 facilities as authorized under Sections 57-113-1 through 57-113-7
1239 and Sections 57-113-21 through 57-113-27.

1240 (ll) Sales and leases of machinery and equipment
1241 acquired in the initial construction to establish facilities as
1242 authorized in Sections 57-113-1 through 57-113-7.

1243 (mm) Sales and leases of replacement hardware, software
1244 or other necessary technology to operate a data center as
1245 authorized under Sections 57-113-21 through 57-113-27.

1246 (nn) Sales of component materials used in the
1247 construction of a building, or any addition or improvement
1248 thereon, and sales or leases of machinery and equipment not later
1249 than three (3) months after the completion of the construction of
1250 the facility, to be used in the facility, to permanent business
1251 enterprises operating a facility producing renewable crude oil
1252 from biomass harvested or produced, in whole or in part, in
1253 Mississippi, which businesses meet minimum criteria established by
1254 the Mississippi Development Authority. As used in this paragraph,
1255 the term "biomass" shall have the meaning ascribed to such term in
1256 Section 57-113-1.

1257 (oo) Sales of supplies, equipment and other personal
1258 property to an organization that is exempt from taxation under
1259 Section 501(c)(3) of the Internal Revenue Code and is the host
1260 organization coordinating a professional golf tournament played or



1261 to be played in this state and the supplies, equipment or other
1262 personal property will be used for purposes related to the golf
1263 tournament and related activities.

1264 (pp) Sales of materials used in the construction of a
1265 health care industry facility, as defined in Section 57-117-3, or
1266 any addition or improvement thereon, and sales of any machinery
1267 and equipment not later than three (3) months after the completion
1268 of construction of the facility, or any addition thereon, to be
1269 used therein, to qualified businesses, as defined in Section
1270 57-117-3. This paragraph shall be repealed from and after July 1,
1271 2022.

1272 (qq) Sales or leases to a manufacturer of automotive
1273 parts operating a project that has been certified by the
1274 Mississippi Major Economic Impact Authority as a project as
1275 defined in Section 57-75-5(f) (xxviii) of machinery and equipment;
1276 or repair parts therefor or replacements thereof; repair services
1277 thereon; fuel, supplies, electricity, coal, nitrogen and natural
1278 gas used directly in the manufacture of automotive parts or used
1279 to provide climate control for manufacturing areas.

1280 (rr) Gross collections derived from guided tours on any
1281 navigable waters of this state, which include providing
1282 accommodations, guide services and/or related equipment operated
1283 by or under the direction of the person providing the tour, for
1284 the purposes of outdoor tourism. The exemption provided in this



1285 paragraph (rr) does not apply to the sale of tangible personal
1286 property by a person providing such tours.

1287 (ss) Retail sales of truck-tractors and semitrailers
1288 used in interstate commerce and registered under the International
1289 Registration Plan (IRP) or any similar reciprocity agreement or
1290 compact relating to the proportional registration of commercial
1291 vehicles entered into as provided for in Section 27-19-143.

1292 (tt) Sales exempt under the Facilitating Business Rapid
1293 Response to State Declared Disasters Act of 2015 (Sections 1
1294 through 5 of this act).

1295 (2) Sales of component materials used in the construction of
1296 a building, or any addition or improvement thereon, sales of
1297 machinery and equipment to be used therein, and sales of
1298 manufacturing or processing machinery and equipment which is
1299 permanently attached to the ground or to a permanent foundation
1300 and which is not by its nature intended to be housed within a
1301 building structure, not later than three (3) months after the
1302 initial start-up date, to permanent business enterprises engaging
1303 in manufacturing or processing in Tier Two areas and Tier One
1304 areas (as such areas are designated in accordance with Section
1305 57-73-21), which businesses are certified by the Department of
1306 Revenue as being eligible for the exemption granted in this
1307 subsection, shall be exempt from one-half (1/2) of the taxes
1308 imposed on such transactions under this chapter.



1309 (3) Sales of component materials used in the construction of
1310 a facility, or any addition or improvement thereon, and sales or
1311 leases of machinery and equipment not later than three (3) months
1312 after the completion of construction of the facility, or any
1313 addition or improvement thereto, to be used in the building or any
1314 addition or improvement thereto, to a permanent business
1315 enterprise operating a data/information enterprise in Tier Two
1316 areas and Tier One areas (as such areas are designated in
1317 accordance with Section 57-73-21), which businesses meet minimum
1318 criteria established by the Mississippi Development Authority,
1319 shall be exempt from one-half (1/2) of the taxes imposed on such
1320 transaction under this chapter.

1321 (4) Sales of component materials used in the construction of
1322 a facility, or any addition or improvement thereto, and sales of
1323 machinery and equipment not later than three (3) months after the
1324 completion of construction of the facility, or any addition or
1325 improvement thereto, to be used in the building or any addition or
1326 improvement thereto, to technology intensive enterprises for
1327 industrial purposes in Tier Two areas and Tier One areas (as such
1328 areas are designated in accordance with Section 57-73-21), which
1329 businesses are certified by the Department of Revenue as being
1330 eligible for the exemption granted in this subsection, shall be
1331 exempt from one-half (1/2) of the taxes imposed on such
1332 transactions under this chapter. For purposes of this subsection,
1333 an enterprise must meet the criteria provided for in Section



1334 27-65-17(1)(f) in order to be considered a technology intensive
1335 enterprise.

1336 (5) (a) For purposes of this subsection:

1337 (i) "Telecommunications enterprises" shall have
1338 the meaning ascribed to such term in Section 57-73-21;

1339 (ii) "Tier One areas" mean counties designated as
1340 Tier One areas pursuant to Section 57-73-21;

1341 (iii) "Tier Two areas" mean counties designated as
1342 Tier Two areas pursuant to Section 57-73-21;

1343 (iv) "Tier Three areas" mean counties designated
1344 as Tier Three areas pursuant to Section 57-73-21; and

1345 (v) "Equipment used in the deployment of broadband
1346 technologies" means any equipment capable of being used for or in
1347 connection with the transmission of information at a rate, prior
1348 to taking into account the effects of any signal degradation, that
1349 is not less than three hundred eighty-four (384) kilobits per
1350 second in at least one (1) direction, including, but not limited
1351 to, asynchronous transfer mode switches, digital subscriber line
1352 access multiplexers, routers, servers, multiplexers, fiber optics
1353 and related equipment.

1354 (b) Sales of equipment to telecommunications
1355 enterprises after June 30, 2003, and before July 1, 2020, that is
1356 installed in Tier One areas and used in the deployment of
1357 broadband technologies shall be exempt from one-half (1/2) of the
1358 taxes imposed on such transactions under this chapter.



1359 (c) Sales of equipment to telecommunications
1360 enterprises after June 30, 2003, and before July 1, 2020, that is
1361 installed in Tier Two and Tier Three areas and used in the
1362 deployment of broadband technologies shall be exempt from the
1363 taxes imposed on such transactions under this chapter.

1364 (6) Sales of component materials used in the replacement,
1365 reconstruction or repair of a building that has been destroyed or
1366 sustained extensive damage as a result of a disaster declared by
1367 the Governor, sales of machinery and equipment to be used therein
1368 to replace machinery or equipment damaged or destroyed as a result
1369 of such disaster, including, but not limited to, manufacturing or
1370 processing machinery and equipment which is permanently attached
1371 to the ground or to a permanent foundation and which is not by its
1372 nature intended to be housed within a building structure, to
1373 enterprises that were eligible for the partial exemptions provided
1374 for in subsections (2), (3) and (4) of this section during initial
1375 construction of the building that was destroyed or damaged, which
1376 enterprises are certified by the Department of Revenue as being
1377 eligible for the partial exemption granted in this subsection,
1378 shall be exempt from one-half (1/2) of the taxes imposed on such
1379 transactions under this chapter.

1380 **SECTION 13.** Section 27-65-107, Mississippi Code of 1972, is
1381 amended as follows:

1382 27-65-107. The exemptions from the provisions of this
1383 chapter which relate to utilities or which are more properly



1384 classified as utility exemptions than any other exemption
1385 classification of this chapter shall be confined to those persons
1386 or property exempted by this section or by provisions of the
1387 Constitutions of the United States or the State of Mississippi.
1388 No utility exemption as now provided by any other section shall be
1389 valid as against the tax herein levied. Any subsequent utility
1390 exemption from the tax levied hereunder shall be provided by
1391 amendment to this section.

1392 No exemption provided in this section shall apply to taxes
1393 levied by Section 27-65-15 or 27-65-21, Mississippi Code of 1972.

1394 The tax levied by this chapter shall not apply to the
1395 following:

1396 (a) Sales and rentals of locomotives, rail rolling
1397 stock and materials for their repair, locomotive water, when made
1398 to a railroad whose rates are fixed by the Interstate Commerce
1399 Commission or the Mississippi Public Service Commission.

1400 (b) Rentals of manufacturing machinery to a
1401 manufacturer or custom processor where such manufacturer or custom
1402 processor is engaged in, and such machinery is used in, the
1403 manufacture of containers made from timber or wood for sale. The
1404 tax, likewise, shall not apply to replacement or repair parts of
1405 such machinery used in such manufacture.

1406 (c) Sales of tangible personal property and services to
1407 nonprofit water associations or corporations in which no part of
1408 the net earnings inures to the benefit of any private shareholder,



1409 group or individual. Only sales of property or services which are
1410 ordinary and necessary to the operation of such organizations are
1411 exempt from tax.

1412 (d) Wholesale sales of tangible personal property for
1413 resale under Section 27-65-19.

1414 (e) From and after July 1, 2003, sales of fuel used to
1415 produce electric power by a company primarily engaged in the
1416 business of producing, generating or distributing electric power
1417 for sale.

1418 (f) Sales of electricity, current, power, steam, coal,
1419 natural gas, liquefied petroleum gas or other fuel to a
1420 manufacturer, custom processor, technology intensive enterprise
1421 meeting the criteria provided for in Section 27-65-17(1)(f), or
1422 public service company for industrial purposes, which shall
1423 include that used to generate electricity, to operate an
1424 electrical distribution or transmission system, to operate
1425 pipeline compressor or pumping stations, or to operate railroad
1426 locomotives.

1427 (g) Sales of electricity, current, power, steam, coal,
1428 natural gas, liquefied petroleum gas or other fuel to a producer
1429 or processor for use directly in the production of poultry or
1430 poultry products, the production of livestock and livestock
1431 products, the production of domesticated fish and domesticated
1432 fish products, the production of marine aquaculture products, the
1433 production of plants or food by commercial horticulturists, the



1434 processing of milk and milk products, the processing of poultry
1435 and livestock feed, and the irrigation of farm crops.

1436 (h) Sales of electricity, current, power, steam, coal,
1437 natural gas, liquefied petroleum gas or other fuel to a commercial
1438 fisherman, shrimper or oysterman.

1439 (i) Sales exempt under the Facilitating Business Rapid
1440 Response to State Declared Disasters Act of 2015 (Sections 1
1441 through 5 of this act).

1442 **SECTION 14.** Section 27-65-111, Mississippi Code of 1972, is
1443 amended as follows:

1444 27-65-111. The exemptions from the provisions of this
1445 chapter which are not industrial, agricultural or governmental, or
1446 which do not relate to utilities or taxes, or which are not
1447 properly classified as one (1) of the exemption classifications of
1448 this chapter, shall be confined to persons or property exempted by
1449 this section or by the Constitution of the United States or the
1450 State of Mississippi. No exemptions as now provided by any other
1451 section, except the classified exemption sections of this chapter
1452 set forth herein, shall be valid as against the tax herein levied.
1453 Any subsequent exemption from the tax levied hereunder, except as
1454 indicated above, shall be provided by amendments to this section.

1455 No exemption provided in this section shall apply to taxes
1456 levied by Section 27-65-15 or 27-65-21, Mississippi Code of 1972.

1457 The tax levied by this chapter shall not apply to the
1458 following:



1459 (a) Sales of tangible personal property and services to
1460 hospitals or infirmaries owned and operated by a corporation or
1461 association in which no part of the net earnings inures to the
1462 benefit of any private shareholder, group or individual, and which
1463 are subject to and governed by Sections 41-7-123 through 41-7-127.

1464 Only sales of tangible personal property or services which
1465 are ordinary and necessary to the operation of such hospitals and
1466 infirmaries are exempted from tax.

1467 (b) Sales of daily or weekly newspapers, and
1468 periodicals or publications of scientific, literary or educational
1469 organizations exempt from federal income taxation under Section
1470 501(c) (3) of the Internal Revenue Code of 1954, as it exists as of
1471 March 31, 1975, and subscription sales of all magazines.

1472 (c) Sales of coffins, caskets and other materials used
1473 in the preparation of human bodies for burial.

1474 (d) Sales of tangible personal property for immediate
1475 export to a foreign country.

1476 (e) Sales of tangible personal property to an
1477 orphanage, old men's or ladies' home, supported wholly or in part
1478 by a religious denomination, fraternal nonprofit organization or
1479 other nonprofit organization.

1480 (f) Sales of tangible personal property, labor or
1481 services taxable under Sections 27-65-17, 27-65-19 and 27-65-23,
1482 to a YMCA, YWCA, a Boys' or Girls' Club owned and operated by a
1483 corporation or association in which no part of the net earnings



1484 inures to the benefit of any private shareholder, group or
1485 individual.

1486 (g) Sales to elementary and secondary grade schools,
1487 junior and senior colleges owned and operated by a corporation or
1488 association in which no part of the net earnings inures to the
1489 benefit of any private shareholder, group or individual, and which
1490 are exempt from state income taxation, provided that this
1491 exemption does not apply to sales of property or services which
1492 are not to be used in the ordinary operation of the school, or
1493 which are to be resold to the students or the public.

1494 (h) The gross proceeds of retail sales and the use or
1495 consumption in this state of drugs and medicines:

1496 (i) Prescribed for the treatment of a human being
1497 by a person authorized to prescribe the medicines, and dispensed
1498 or prescription filled by a registered pharmacist in accordance
1499 with law; or

1500 (ii) Furnished by a licensed physician, surgeon,
1501 dentist or podiatrist to his own patient for treatment of the
1502 patient; or

1503 (iii) Furnished by a hospital for treatment of any
1504 person pursuant to the order of a licensed physician, surgeon,
1505 dentist or podiatrist; or

1506 (iv) Sold to a licensed physician, surgeon,
1507 podiatrist, dentist or hospital for the treatment of a human
1508 being; or



1509 (v) Sold to this state or any political
1510 subdivision or municipal corporation thereof, for use in the
1511 treatment of a human being or furnished for the treatment of a
1512 human being by a medical facility or clinic maintained by this
1513 state or any political subdivision or municipal corporation
1514 thereof.

1515 "Medicines," as used in this paragraph (h), shall mean and
1516 include any substance or preparation intended for use by external
1517 or internal application to the human body in the diagnosis, cure,
1518 mitigation, treatment or prevention of disease and which is
1519 commonly recognized as a substance or preparation intended for
1520 such use; provided that "medicines" do not include any auditory,
1521 prosthetic, ophthalmic or ocular device or appliance, any dentures
1522 or parts thereof or any artificial limbs or their replacement
1523 parts, articles which are in the nature of splints, bandages,
1524 pads, compresses, supports, dressings, instruments, apparatus,
1525 contrivances, appliances, devices or other mechanical, electronic,
1526 optical or physical equipment or article or the component parts
1527 and accessories thereof, or any alcoholic beverage or any other
1528 drug or medicine not commonly referred to as a prescription drug.

1529 Notwithstanding the preceding sentence of this paragraph (h),
1530 "medicines" as used in this paragraph (h), shall mean and include
1531 sutures, whether or not permanently implanted, bone screws, bone
1532 pins, pacemakers and other articles permanently implanted in the



1533 human body to assist the functioning of any natural organ, artery,
1534 vein or limb and which remain or dissolve in the body.

1535 "Hospital," as used in this paragraph (h), shall have the
1536 meaning ascribed to it in Section 41-9-3, Mississippi Code of
1537 1972.

1538 Insulin furnished by a registered pharmacist to a person for
1539 treatment of diabetes as directed by a physician shall be deemed
1540 to be dispensed on prescription within the meaning of this
1541 paragraph (h).

1542 (i) Retail sales of automobiles, trucks and
1543 truck-tractors if exported from this state within forty-eight (48)
1544 hours and registered and first used in another state.

1545 (j) Sales of tangible personal property or services to
1546 the Salvation Army and the Muscular Dystrophy Association, Inc.

1547 (k) From July 1, 1985, through December 31, 1992,
1548 retail sales of "alcohol blended fuel" as such term is defined in
1549 Section 75-55-5. The gasoline-alcohol blend or the straight
1550 alcohol eligible for this exemption shall not contain alcohol
1551 distilled outside the State of Mississippi.

1552 (l) Sales of tangible personal property or services to
1553 the Institute for Technology Development.

1554 (m) The gross proceeds of retail sales of food and
1555 drink for human consumption made through vending machines serviced
1556 by full line vendors from and not connected with other taxable
1557 businesses.



1558 (n) The gross proceeds of sales of motor fuel.

1559 (o) Retail sales of food for human consumption
1560 purchased with food stamps issued by the United States Department
1561 of Agriculture, or other federal agency, from and after October 1,
1562 1987, or from and after the expiration of any waiver granted
1563 pursuant to federal law, the effect of which waiver is to permit
1564 the collection by the state of tax on such retail sales of food
1565 for human consumption purchased with food stamps.

1566 (p) Sales of cookies for human consumption by the Girl
1567 Scouts of America no part of the net earnings from which sales
1568 inures to the benefit of any private group or individual.

1569 (q) Gifts or sales of tangible personal property or
1570 services to public or private nonprofit museums of art.

1571 (r) Sales of tangible personal property or services to
1572 alumni associations of state-supported colleges or universities.

1573 (s) Sales of tangible personal property or services to
1574 National Association of Junior Auxiliaries, Inc., and chapters of
1575 the National Association of Junior Auxiliaries, Inc.

1576 (t) Sales of tangible personal property or services to
1577 domestic violence shelters which qualify for state funding under
1578 Sections 93-21-101 through 93-21-113.

1579 (u) Sales of tangible personal property or services to
1580 the National Multiple Sclerosis Society, Mississippi Chapter.

1581 (v) Retail sales of food for human consumption
1582 purchased with food instruments issued the Mississippi Band of



1583 Choctaw Indians under the Women, Infants and Children Program
1584 (WIC) funded by the United States Department of Agriculture.

1585 (w) Sales of tangible personal property or services to
1586 a private company, as defined in Section 57-61-5, which is making
1587 such purchases with proceeds of bonds issued under Section 57-61-1
1588 et seq., the Mississippi Business Investment Act.

1589 (x) The gross collections from the operation of
1590 self-service, coin-operated car washing equipment and sales of the
1591 service of washing motor vehicles with portable high-pressure
1592 washing equipment on the premises of the customer.

1593 (y) Sales of tangible personal property or services to
1594 the Mississippi Technology Alliance.

1595 (z) Sales of tangible personal property to nonprofit
1596 organizations that provide foster care, adoption services and
1597 temporary housing for unwed mothers and their children if the
1598 organization is exempt from federal income taxation under Section
1599 501(c) (3) of the Internal Revenue Code.

1600 (aa) Sales of tangible personal property to nonprofit
1601 organizations that provide residential rehabilitation for persons
1602 with alcohol and drug dependencies if the organization is exempt
1603 from federal income taxation under Section 501(c) (3) of the
1604 Internal Revenue Code.

1605 (bb) Retail sales of an article of clothing or footwear
1606 designed to be worn on or about the human body if the sales price
1607 of the article is less than One Hundred Dollars (\$100.00) and the



1608 sale takes place during a period beginning at 12:01 a.m. on the
1609 last Friday in July and ending at 12:00 midnight the following
1610 Saturday. This paragraph (bb) shall not apply to:

1611 (i) Accessories including jewelry, handbags,
1612 luggage, umbrellas, wallets, watches, backpacks, briefcases,
1613 garment bags and similar items carried on or about the human body,
1614 without regard to whether worn on the body in a manner
1615 characteristic of clothing;

1616 (ii) The rental of clothing or footwear; and

1617 (iii) Skis, swim fins, roller blades, skates and
1618 similar items worn on the foot.

1619 From and after January 1, 2010, the governing authorities of
1620 a municipality, for retail sales occurring within the corporate
1621 limits of the municipality, may suspend the application of the
1622 exemption provided for in this paragraph (bb) by adoption of a
1623 resolution to that effect stating the date upon which the
1624 suspension shall take effect. A certified copy of the resolution
1625 shall be furnished to the Department of Revenue at least ninety
1626 (90) days prior to the date upon which the municipality desires
1627 such suspension to take effect.

1628 (cc) The gross proceeds of sales of tangible personal
1629 property made for the sole purpose of raising funds for a school
1630 or an organization affiliated with a school.



1631 As used in this paragraph (cc), "school" means any public or
1632 private school that teaches courses of instruction to students in
1633 any grade from Kindergarten through Grade 12.

1634 (dd) Sales of durable medical equipment and home
1635 medical supplies when ordered or prescribed by a licensed
1636 physician for medical purposes of a patient. As used in this
1637 paragraph (dd), "durable medical equipment" means equipment,
1638 including repair and replacement parts for the equipment, which:

1639 (i) Can withstand repeated use;

1640 (ii) Is primarily and customarily used to serve a
1641 medical purpose;

1642 (iii) Generally is not useful to a person in the
1643 absence of illness or injury; and

1644 (iv) Is not worn in or on the body.

1645 (ee) Sales of tangible personal property or services to
1646 Mississippi Blood Services.

1647 (ff) (i) Subject to the provisions of this paragraph
1648 (ff), retail sales of firearms, ammunition and hunting supplies if
1649 sold during the annual Mississippi Second Amendment Weekend
1650 holiday beginning at 12:01 a.m. on the first Friday in September
1651 and ending at 12:00 midnight the following Sunday. For the
1652 purposes of this paragraph (ff), "hunting supplies" means tangible
1653 personal property used for hunting, including, and limited to,
1654 archery equipment, firearm and archery cases, firearm and archery



1655 accessories, hearing protection, holsters, belts and slings.
1656 Hunting supplies does not include animals used for hunting.

1657 (ii) This paragraph (ff) shall apply only if one
1658 or more of the following occur:

1659 1. Title to and/or possession of an eligible
1660 item is transferred from a seller to a purchaser; and/or

1661 2. A purchaser orders and pays for an
1662 eligible item and the seller accepts the order for immediate
1663 shipment, even if delivery is made after the time period provided
1664 in subparagraph (i) of this paragraph (ff), provided that the
1665 purchaser has not requested or caused the delay in shipment.

1666 (gg) Sales of nonperishable food items to charitable
1667 organizations that are exempt from federal income taxation under
1668 Section 501(c)(3) of the Internal Revenue Code and operate a food
1669 bank or food pantry or food lines.

1670 (hh) Sales of tangible personal property or services to
1671 The United Way of the Pine Belt Region, Inc.

1672 (ii) Sales of tangible personal property or services to
1673 the Mississippi Children's Museum.

1674 (jj) Sales of tangible personal property or services to
1675 the Jackson Zoological Park.

1676 (kk) Sales of tangible personal property or services to
1677 the Hattiesburg Zoo.

1678 (ll) Gross proceeds from sales of food, merchandise or
1679 other concessions at an event held solely for religious or



1680 charitable purposes at livestock facilities, agriculture
1681 facilities or other facilities constructed, renovated or expanded
1682 with funds for the grant program authorized under Section 18,
1683 Chapter 530, Laws of 1995.

1684 (mm) Sales of tangible personal property and services
1685 to the Diabetes Foundation of Mississippi and the Mississippi
1686 Chapter of the Juvenile Diabetes Research Foundation.

1687 (nn) Sales of potting soil, mulch, or other soil
1688 amendments used in growing ornamental plants which bear no fruit
1689 of commercial value when sold to commercial plant nurseries that
1690 operate exclusively at wholesale and where no retail sales can be
1691 made.

1692 (oo) Sales exempt under the Facilitating Business Rapid
1693 Response to State Declared Disasters Act of 2015 (Sections 1
1694 through 5 of this act).

1695 **SECTION 15.** This act shall take effect and be in force from
1696 and after its passage.

