

By: Representative Boyd

To: Energy; Ways and Means

HOUSE BILL NO. 273

1 AN ACT TO AMEND SECTIONS 27-25-501, 27-25-503, 27-25-507,  
2 27-25-509, 27-25-511, 27-25-513, 27-25-517, 27-25-521, 27-25-523,  
3 27-25-701, 27-25-703, 27-25-705, 27-25-707, 27-25-709, 27-25-711,  
4 27-25-715, 27-25-719, 27-25-721, 27-25-303, 27-25-305, 27-25-307,  
5 27-25-309, 27-31-73, 27-35-51, 27-31-1, 27-41-79 AND 27-41-81,  
6 MISSISSIPPI CODE OF 1972, TO PROVIDE THAT SEVERANCE TAXES ON OIL  
7 AND GAS SHALL BE PAID BY THE INTEREST OWNER OF THE OIL AND GAS; TO  
8 PROVIDE THAT SUCH TAXES SHALL BE PAID BY THE INTEREST OWNER  
9 REGARDLESS OF WHETHER HE RESIDES IN THIS STATE; TO PROVIDE THAT  
10 THE OWNER OF THE SURFACE RIGHTS IN REAL ESTATE UNDER WHICH OIL,  
11 GAS OR OTHER MINERAL INTERESTS ARE OWNED OR HELD SEPARATELY MAY BE  
12 EXEMPT FROM PAYING 25% OF THE AD VALOREM TAXES OTHERWISE DUE ON  
13 THE REAL ESTATE, AND THE OWNER OR HOLDER OF ANY NONPRODUCING OIL,  
14 GAS OR OTHER MINERAL INTEREST OWNED OR HELD SEPARATELY FROM THE  
15 RIGHTS OWNED IN THE SURFACE ESTATE SHALL PAY A PRORATED PORTION OF  
16 25% OF THE AD VALOREM TAXES DUE ON THE LAND; TO PROVIDE THAT IF  
17 THE OWNER OR HOLDER OF ANY SEPARATELY OWNED OR HELD NONPRODUCING  
18 OIL, GAS OR OTHER MINERAL INTEREST DOES NOT PAY THE PERCENTAGE OF  
19 AD VALOREM TAXES THAT HE OR SHE IS REQUIRED TO PAY ON THE SURFACE  
20 OF THE LAND UNDER WHICH THE OIL, GAS OR OTHER MINERAL INTEREST IS  
21 LOCATED, THEN THE OIL, GAS OR OTHER MINERAL INTEREST SHALL BE SOLD  
22 IN THE SAME MANNER AS LANDS ARE SOLD FOR NONPAYMENT OF TAXES; TO  
23 PROVIDE THAT IF A SEPARATELY OWNED OR HELD NONPRODUCING OIL, GAS  
24 OR OTHER MINERAL INTEREST IS OFFERED FOR SALE DUE TO NONPAYMENT OF  
25 TAXES AND THE MINERAL INTEREST IS NOT PURCHASED AT SALE, THEN SUCH  
26 MINERAL INTEREST SHALL REVERT TO THE OWNER OF THE SURFACE ESTATE  
27 UNDER WHICH THE MINERAL INTEREST IS LOCATED, AND THE OWNER OF THE  
28 SURFACE ESTATE SHALL BECOME LIABLE FOR THE AMOUNT OF DELINQUENT  
29 TAXES FOR WHICH THE MINERAL INTEREST WAS OFFERED FOR SALE AND FOR  
30 A PRORATED PORTION OF THE 25% OF AD VALOREM TAXES DUE ON THE LAND  
31 THAT OWNERS OR HOLDERS OF SUCH SEPARATE MINERAL INTERESTS ARE  
32 REQUIRED TO PAY; TO REQUIRE TAX COLLECTORS TO PROVIDE LISTS TO THE  
33 CHANCERY COURT CLERK SPECIFYING MINERAL INTERESTS THAT WERE SOLD  
34 FOR NONPAYMENT OF TAXES AND MINERAL INTERESTS THAT WERE OFFERED



35 FOR SALE AND WHICH REVERTED TO THE SURFACE OWNER DUE TO NOT BEING  
36 PURCHASED AT SALE; AND FOR RELATED PURPOSES.

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

38 **SECTION 1.** Section 27-25-501, Mississippi Code of 1972, is  
39 amended as follows:

40 27-25-501. Whenever used in this article, the following  
41 words and terms shall have the definition and meaning ascribed to  
42 them in this section, unless the intention to give a more limited  
43 meaning is disclosed by the context:

44 (a) "Tax commission" or "department" means the  
45 Department of Revenue of the State of Mississippi.

46 (b) "Commissioner" means the Commissioner of Revenue of  
47 the Department of Revenue.

48 (c) "Annual" means the calendar year or the taxpayer's  
49 fiscal year when permission is obtained from the commissioner to  
50 use a fiscal year as a tax period in lieu of a calendar year.

51 (d) "Value" means the sale price, or market value, at  
52 the mouth of the well. If the oil is exchanged for something  
53 other than cash, or if there is no sale at the time of severance,  
54 or if the relation between the buyer and the seller is such that  
55 the consideration paid, if any, is not indicative of the true  
56 value or market price, then the commissioner shall determine the  
57 value of the oil subject to tax, considering the sale price for  
58 cash of oil of like quality. With respect to salvaged crude oil  
59 as hereinafter defined, the term "value" shall mean the sale price  
60 or market value of such salvaged crude oil at the time of its sale



61 after such salvaged crude oil has been processed or treated so as  
62 to render it marketable.

63 (e) "Taxpayer" means any person liable for the tax  
64 imposed by this article. With respect to the tax imposed upon  
65 salvaged crude oil as hereafter defined, the term "taxpayer" shall  
66 mean the person having title to the salvaged crude oil at the time  
67 it is being processed or treated so as to render it marketable.

68 (f) "Oil" means petroleum, other crude oil, natural  
69 gasoline, distillate, condensate, casinghead gasoline, asphalt or  
70 other mineral oil which is mined, or produced, or withdrawn from  
71 below the surface of the soil or water, in this state. Any type  
72 of salvaged crude oil which, after any treatment, becomes  
73 marketable shall be defined as crude oil which has been severed  
74 from the soil or water.

75 (g) "Severed" means the extraction or withdrawing from  
76 below the surface of the soil or water of any oil, whether such  
77 extraction or withdrawal shall be by natural flow, mechanically  
78 enforced flow, pumping or any other means employed to get the oil  
79 from below the surface of the soil or water, and shall include the  
80 withdrawing by any means whatsoever of oil upon which the tax has  
81 not been paid, from any surface reservoir, natural or artificial,  
82 or from a water surface. \* \* \* However, \* \* \* in the case of  
83 salvaged crude oil, "severed" means the process of treating such  
84 oil so that it will become marketable and the time of severance  
85 shall occur upon completion of the treatment.



86 (h) "Person" means any natural person, firm,  
87 copartnership, joint venture, association, corporation, estate,  
88 trust or any other group, or combination acting as a unit, and the  
89 plural as well as the singular number.

90 (i) "Producer" means any person owning, controlling,  
91 managing or leasing any oil property, or oil well, and any person  
92 who produces in any manner any oil by taking it from the earth or  
93 water in this state, and shall include \* \* \* a person \* \* \* acting  
94 on behalf of an interest owner of oil produced, whether produced  
95 by him, or by some other person on his behalf, either by lease  
96 contract or otherwise.

97 (j) "Engaging in business" means any act or acts  
98 engaged in (personal or corporate) by producers, or parties at  
99 interest, the result of which, oil is severed from the soil or  
100 water, for storage, transport or manufacture, or by which there is  
101 an exchange of money, or goods, or thing of value, for oil which  
102 has been or is in process of being severed, from the soil or  
103 water.

104 (k) "Barrel" for oil measurement, means a barrel of  
105 forty-two (42) United States gallons of two hundred thirty-one  
106 (231) cubic inches per gallon, computed at a temperature of sixty  
107 (60) degrees Fahrenheit.

108 (l) "Production" means the total gross amount of oil  
109 produced, including all royalty or other interest; that is, the  
110 amount for the purpose of the tax imposed by this article shall be



111 measured or determined by tank tables compiled to show one hundred  
112 percent (100%) of the full capacity of tanks without deduction for  
113 overage or losses in handling. Allowance for any reasonable and  
114 bona fide deduction for basic sediment and water, and for  
115 correction of temperature to sixty (60) degrees Fahrenheit will be  
116 allowed. If the amount of oil produced has been measured or  
117 determined by tank tables compiled to show less than one hundred  
118 percent (100%) of the full capacity of tanks, then such amount  
119 shall be raised to a basis by one hundred percent (100%) for the  
120 purpose of the tax imposed by this article.

121 (m) "Gathering system" means the pipelines, pumps and  
122 other property used in gathering oil from the property on which it  
123 is produced, the tanks used for storage at a central place,  
124 loading racks and equipment for loading oil into tank cars or  
125 other transporting media, and all other equipment and  
126 appurtenances necessary to a gathering system for transferring oil  
127 into trunk pipelines.

128 (n) "Discovery well" means any well producing oil from  
129 a single pool in which a well has not been previously produced in  
130 paying quantities after testing.

131 (o) "Development wells" means all oil producing wells  
132 other than discovery wells and replacement wells.

133 (p) "Replacement well" means a well drilled on a  
134 drilling and/or production unit to replace another well which is  
135 drilled in the same unit and completed in the same pool.



136 (q) "Three-dimensional seismic" means data which is  
137 regularly organized in three (3) orthogonal directions and thus  
138 suitable for interpretation with a three-dimensional software  
139 package on an interactive work station.

140 (r) "Two-year inactive well" means any oil or gas well  
141 certified by the State Oil and Gas Board as having not produced  
142 oil or gas in more than a total of thirty (30) days during a  
143 twelve-consecutive-month period in the two (2) years before the  
144 date of certification.

145 (s) "Horizontally drilled well" means a well in which  
146 the deviation of the borehole is at least eighty degrees (80°)  
147 from vertical so that the borehole penetrates a productive  
148 formation in a manner parallel to the formation and in which there  
149 is at least one thousand (1,000) feet of lateral penetration  
150 through productive reservoirs.

151 (t) "Horizontally drilled recompletion well" means an  
152 existing well in which the deviation of the borehole is at least  
153 eighty degrees (80°) from vertical so that the borehole penetrates  
154 a productive formation in a manner parallel to the formation and  
155 in which there is at least one thousand (1,000) feet of lateral  
156 penetration through productive reservoirs.

157 (u) "Interest owner" means any person owning any  
158 royalty or other interest in oil or its value.

159 **SECTION 2.** Section 27-25-503, Mississippi Code of 1972, is  
160 amended as follows:



161           27-25-503. (1) (a) Except as otherwise provided in this  
162 section, there is levied, to be collected as provided in this  
163 article, annual privilege taxes upon every \* \* \* interest owner  
164 who is producing, or severing oil in this state, from the soil or  
165 water for sale, transport, storage, profit or for commercial use.  
166 The amount of the tax shall be measured by the value of the oil  
167 produced, and shall be levied and assessed at the rate of six  
168 percent (6%) of the value of the oil at the point of production.

169           (b) The tax shall be levied and assessed at the rate of  
170 three percent (3%) of the value of the oil at the point of  
171 production on oil produced by an enhanced oil recovery method in  
172 which carbon dioxide is used; provided, that such carbon dioxide  
173 is transported by pipeline to the oil well site and on oil  
174 produced by any other enhanced oil recovery method approved and  
175 permitted by the State Oil and Gas Board on or after April 1,  
176 1994, pursuant to Section 53-3-101 et seq.

177           (c) (i) The tax shall be levied and assessed at the  
178 rate of one and three-tenths percent (1.3%) of the value of the  
179 oil at the point of production on oil produced from a horizontally  
180 drilled well or from any horizontally drilled recompletion well  
181 from which production commences from and after July 1, 2013, for a  
182 period of thirty (30) months beginning on the date of first sale  
183 of production or until payout of the well cost is achieved,  
184 whichever first occurs. Thereafter, the tax shall be levied and  
185 assessed as provided for in paragraph (a) of this subsection.



186 (ii) Payout of a horizontally drilled well or  
187 horizontally drilled recompletion well shall be deemed to have  
188 occurred the first day of the next month after gross revenues,  
189 less royalties and severance taxes, equal to the cost to drill and  
190 complete the well.

191 (iii) Each operator must apply by letter to the  
192 State Oil and Gas Board for the reduced rate provided in this  
193 paragraph (c), and shall provide the board with the status of  
194 payout on a semiannual basis of any horizontally drilled well or  
195 horizontally drilled recompletion well by signed affidavit  
196 executed by a company representative.

197 (iv) This paragraph (c) shall be repealed from and  
198 after July 1, 2018; however, any horizontally drilled well or  
199 horizontally drilled recompletion well from which production  
200 commences before July 1, 2018, shall be taxed as provided for in  
201 this paragraph (c) notwithstanding that the repeal of this  
202 paragraph (c) has become effective.

203 (2) The tax is levied upon the entire production in this  
204 state regardless of whether the interest owner resides in this  
205 state, regardless of the place of sale, or to whom sold, or by  
206 whom used, or regardless of the fact that the delivery may be made  
207 to points outside the state \* \* \*. The tax shall accrue at the  
208 time the oil is severed from the soil, or water, and in its  
209 natural, unrefined or unmanufactured state.



210           (3)   (a)   Oil produced from a discovery well for which  
211 drilling or re-entry commenced on or after April 1, 1994, but  
212 before July 1, 1999, shall be exempt from the taxes levied under  
213 this section for a period of five (5) years beginning on the date  
214 of first sale of production from such well, provided that the  
215 average monthly sales price of such oil does not exceed  
216 Twenty-five Dollars (\$25.00) per barrel. The exemption for oil  
217 produced from a discovery well as described in this paragraph (a)  
218 shall be repealed from and after July 1, 2003, provided that any  
219 such production for which a permit was granted by the board before  
220 July 1, 2003, shall be exempt for an entire period of five (5)  
221 years, notwithstanding that the repeal of this provision has  
222 become effective. Oil produced from development wells or  
223 replacement wells drilled in connection with discovery wells for  
224 which drilling commenced on or after January 1, 1994, but before  
225 July 1, 1999, shall be assessed at the rate of three percent (3%)  
226 of the value of the oil at the point of production for a period of  
227 three (3) years. The reduced rate of assessment of oil produced  
228 from development wells or replacement wells as described in this  
229 paragraph (a) shall be repealed from and after January 1, 2003,  
230 provided that any such production for which drilling commenced  
231 before January 1, 2003, shall be assessed at the reduced rate for  
232 an entire period of three (3) years, notwithstanding that the  
233 repeal of this provision has become effective.



234 (b) Oil produced from a discovery well for which  
235 drilling or re-entry commenced on or after July 1, 1999, shall be  
236 assessed at the rate of three percent (3%) of the value of the oil  
237 at the point of production for a period of five (5) years  
238 beginning on the date of first sale of production from such well,  
239 provided that the average monthly sales price of such oil does not  
240 exceed Twenty Dollars (\$20.00) per barrel. The reduced rate of  
241 assessment of oil produced from a discovery well as described in  
242 this paragraph (b) shall be repealed from and after July 1, 2003,  
243 provided that any such production for which a permit was granted  
244 by the board before July 1, 2003, shall be assessed at the reduced  
245 rate for an entire period of five (5) years, notwithstanding that  
246 the repeal of this provision has become effective. Oil produced  
247 from development wells or replacement wells drilled in connection  
248 with discovery wells for which drilling commenced on or after July  
249 1, 1999, shall be assessed at the rate of three percent (3%) of  
250 the value of the oil at the point of production for a period of  
251 three (3) years. The reduced rate of assessment of oil produced  
252 from development wells or replacement wells as described in this  
253 paragraph (b) shall be repealed from and after January 1, 2003,  
254 provided that any such production for which drilling commenced  
255 before July 1, 2003, shall be assessed at the reduced rate for an  
256 entire period of three (3) years, notwithstanding that the repeal  
257 of this provision has become effective.



258           (4)   (a)   Oil produced from a development well for which  
259 drilling commenced on or after April 1, 1994, but before July 1,  
260 1999, and for which three-dimensional seismic was utilized in  
261 connection with the drilling of such well shall be assessed at the  
262 rate of three percent (3%) of the value of the oil at the point of  
263 production for a period of five (5) years, provided that the  
264 average monthly sales price of such oil does not exceed  
265 Twenty-five Dollars (\$25.00) per barrel. The reduced rate of  
266 assessment of oil produced from a development well as described in  
267 this paragraph (a) and for which three-dimensional seismic was  
268 utilized shall be repealed from and after July 1, 2003, provided  
269 that any such production for which a permit was granted by the  
270 board before July 1, 2003, shall be assessed at the reduced rate  
271 for an entire period of five (5) years, notwithstanding that the  
272 repeal of this provision has become effective.

273           (b)   Oil produced from a development well for which  
274 drilling commenced on or after July 1, 1999, and for which  
275 three-dimensional seismic was utilized in connection with the  
276 drilling of such well shall be assessed at the rate of three  
277 percent (3%) of the value of the oil at the point of production  
278 for a period of five (5) years, provided that the average monthly  
279 sales price of such oil does not exceed Twenty Dollars (\$20.00)  
280 per barrel. The reduced rate of assessment of oil produced from a  
281 development well as described in this paragraph (b) and for which  
282 three-dimensional seismic was utilized shall be repealed from and



283 after July 1, 2003, provided that any such production for which a  
284 permit was granted by the board before July 1, 2003, shall be  
285 assessed at the reduced rate for an entire period of five (5)  
286 years, notwithstanding that the repeal of this provision has  
287 become effective.

288 (5) (a) Oil produced before July 1, 1999, from a two-year  
289 inactive well as defined in Section 27-25-501 shall be exempt from  
290 the taxes levied under this section for a period of three (3)  
291 years beginning on the date of first sale of production from such  
292 well, provided that the average monthly sales price of such oil  
293 does not exceed Twenty-five Dollars (\$25.00) per barrel. The  
294 exemption for oil produced from an inactive well shall be repealed  
295 from and after July 1, 2003, provided that any such production  
296 which began before July 1, 2003, shall be exempt for an entire  
297 period of three (3) years, notwithstanding that the repeal of this  
298 provision has become effective.

299 (b) Oil produced on or after July 1, 1999, from a  
300 two-year inactive well as defined in Section 27-25-501 shall be  
301 exempt from the taxes levied under this section for a period of  
302 three (3) years beginning on the date of first sale of production  
303 from such well, provided that the average monthly sales price of  
304 such oil does not exceed Twenty Dollars (\$20.00) per barrel. The  
305 exemption for oil produced from an inactive well shall be repealed  
306 from and after July 1, 2003, provided that any such production  
307 which began before July 1, 2003, shall be exempt for an entire



308 period of three (3) years, notwithstanding that the repeal of this  
309 provision has become effective.

310 (6) [Repealed]

311 (7) The State Oil and Gas Board shall have the exclusive  
312 authority to determine the qualification of wells defined in  
313 paragraphs (n) through (t) of Section 27-25-501.

314 **SECTION 3.** Section 27-25-507, Mississippi Code of 1972, is  
315 amended as follows:

316 27-25-507. When any regular monthly report required  
317 from \* \* \* producers or interest owners by this article, does not  
318 disclose the actual source of any oil taxable under this article,  
319 but does show such oil to have escaped from a well or wells and to  
320 have been recovered from streams, lakes, ravines, or other natural  
321 depressions, it shall be the duty of the commissioner to collect,  
322 in addition to the privilege tax herein imposed, an additional  
323 amount equal to fourteen percent (14%) of the gross value of such  
324 escaped oil. The commissioner shall hold such additional  
325 collection in a special escrow account for a period of twelve (12)  
326 months from the date of the collection, during which time any  
327 person or persons who claim to be the rightful owner or owners of  
328 any royalty interest in the escaped oil, shall present proper and  
329 satisfactory proof of such ownership to the commissioner. If the  
330 commissioner shall be satisfied as to the ownership of such  
331 escaped oil, then he shall pay to such claimant or claimants a  
332 proportionate part of such additional collection held in escrow,



333 according to their proper interest or interests. No payment to  
334 any claimant shall be made, however, before it is approved by the  
335 attorney general, or before it is ordered by any court having  
336 proper jurisdiction. After the lapse of twelve (12) months from  
337 the date of any additional collection, if no claim or claims have  
338 been made to it, or to the balance remaining of it after the  
339 payment by the commissioner of any claim or claims, the  
340 commissioner shall distribute the additional collection or any  
341 balance of it in the same manner as is herein provided for the  
342 distribution of the tax imposed by this article.

343 **SECTION 4.** Section 27-25-509, Mississippi Code of 1972, is  
344 amended as follows:

345 27-25-509. (1) The tax hereby imposed is levied upon  
346 the \* \* \* interest owners of such oil in the proportion of their  
347 ownership at the time of severance, but, except as otherwise  
348 herein provided, \* \* \* may be paid by the person in charge of the  
349 production operations, who \* \* \*, in such case, shall deduct from  
350 any amount due to \* \* \* interest owners of such production at the  
351 time of severance the proportionate amount of the tax herein  
352 levied before making payments to \* \* \* interest owners. \* \* \* The  
353 tax shall become due and payable as provided by this  
354 article, \* \* \* shall constitute a first lien upon any of the oil  
355 so produced, when in the hands of the \* \* \* interest owner, or any  
356 purchaser of such oil in its unmanufactured state or condition.  
357 \* \* \* If the person in charge of production operations fails to



358 pay the tax, then the commissioner shall proceed against the \* \* \*  
359 interest owner to collect the tax in accordance with the  
360 provisions made for the collection of delinquent taxes by the  
361 Mississippi Sales Tax Law.

362 (2) When any person in charge of the production operations  
363 shall sell the oil produced by him to any person under contracts  
364 requiring such purchaser to pay all owners of such oil direct,  
365 then the person in charge of the production operations may not be  
366 required to deduct the tax herein levied, but in which event such  
367 deduction shall be made by the purchaser before making payments to  
368 each interest owner of such oil \* \* \*. The purchaser in that case  
369 shall account for the tax; provided that nothing herein shall be  
370 construed as releasing the person in charge of production  
371 operations from liability for the payment of the tax.

372 (3) When any person in charge of production operations shall  
373 sell oil produced by him on the open market, he shall withhold the  
374 tax imposed by this article, and if he is required to pay other  
375 interest holders, \* \* \* shall deduct from any amount due them, the  
376 amount of tax levied and due under the provisions of this article  
377 before making payment to them.

378 (4) Every person in charge of production operations by which  
379 oil is severed from the soil or water in this state, who fails to  
380 deduct and withhold, as required herein, the amount of tax from  
381 sale or purchase price, when such oil is sold or purchased under  
382 contract, or agreement, or on the open market, or otherwise, shall



383 be liable to the state for the full amount of taxes, interest, and  
384 penalties which should have been deducted, withheld and remitted  
385 to the state, and the commissioner shall proceed to collect the  
386 tax from the person in charge of production operations, under the  
387 provisions of this article, as if he were the \* \* \* interest owner  
388 of the oil.

389       **SECTION 5.** Section 27-25-511, Mississippi Code of 1972, is  
390 amended as follows:

391       27-25-511. When the title to any oil being severed from the  
392 soil, or water, is in dispute, or whenever the producer, interest  
393 owner of such oil from the soil, or water, or purchaser thereof,  
394 shall be withholding payments on account of litigation, or for any  
395 other reason, such producer or \* \* \* interest owner shall deduct  
396 from the gross amount thus held the amount of the tax herein  
397 levied and imposed, and to make remittance thereof to the  
398 commissioner as provided by this article.

399       **SECTION 6.** Section 27-25-513, Mississippi Code of 1972, is  
400 amended as follows:

401       27-25-513. Every interest owner, producer or person in  
402 charge of production operations by which oil is severed from the  
403 soil, or water, in this state, when making the reports required by  
404 this article, shall file with the commissioner a statement, under  
405 oath, on forms prescribed by him, of the business conducted by  
406 such producer or person in charge of production operations, during  
407 the period for which the report is made, showing gross quantity of



408 oil and the value thereof, so severed or produced, and such other  
409 reasonable and necessary information pertaining thereto as the  
410 commissioner may require for the proper enforcement of the  
411 provisions of this article.

412       **SECTION 7.** Section 27-25-517, Mississippi Code of 1972, is  
413 amended as follows:

414       27-25-517. The commissioner shall have the power to require  
415 any interest owner producer, or person in charge of production  
416 operations, or person purchasing any oil from the soil, or water,  
417 to furnish any additional information by him deemed to be  
418 necessary for the purpose of computing the amount of \* \* \* the  
419 tax; and for said purpose to examine the books, records, and all  
420 files of such person; and, to that end, the commissioner shall  
421 have the power to examine witnesses, and if any such witness shall  
422 fail or refuse to appear at the request of the commissioner, or  
423 refuse access to books, records and files, \* \* \* the commissioner  
424 shall have the power and authority to proceed as provided by the  
425 Mississippi Sales Tax Law.

426       **SECTION 8.** Section 27-25-521, Mississippi Code of 1972, is  
427 amended as follows:

428       27-25-521. Every person who is an interest owner of oil or  
429 who is engaged in the business of producing or purchasing any oil  
430 in this state, or who is in charge of production operations, and  
431 who is required to pay the tax imposed by this article, shall make  
432 and keep, for a period of three (3) years, a complete and accurate



433 record, in the form required by the commissioner, showing the  
434 gross quantity of oil produced and value of same, the names of the  
435 persons from whom purchased, and the time of purchase. It  
436 is \* \* \* the duty of such person to file quarterly with the  
437 commissioner a statement, under oath, showing the names and  
438 addresses of all persons from whom has been purchased any oil,  
439 produced or severed from the soil, or water, in Mississippi during  
440 the preceding quarter (three (3) months), and the county from  
441 which the oil was severed, together with a total gross quantity  
442 and value of oil so purchased, and any other information which the  
443 commissioner may require. \* \* \* The report shall begin with the  
444 first calendar quarter after this article becomes effective and  
445 shall thereafter be filed within thirty (30) days after the  
446 expiration of each quarter and shall be made on such forms as may  
447 be prescribed by the commissioner. Any person failing to make the  
448 report required by this section shall be guilty of a misdemeanor  
449 and be punished by a fine of not less than Fifty Dollars (\$50.00)  
450 or more than Five Hundred Dollars (\$500.00) for each such offense.

451 **SECTION 9.** Section 27-25-523, Mississippi Code of 1972, is  
452 amended as follows:

453 27-25-523. (1) All oil produced or under the ground on  
454 producing properties within the State of Mississippi and all  
455 producing oil equipment, including wells, connections, pumps,  
456 derricks and other appurtenances actually owned by and belonging  
457 to the producer, and all leases in production, including mineral



458 rights in producing properties, shall be exempt from all ad  
459 valorem taxes now levied or hereafter levied by the State of  
460 Mississippi, or any county, municipality, levee district, road,  
461 school or any other taxing district within this state. This  
462 exemption shall not apply to drilling equipment, including  
463 derricks, machinery, and other materials necessary to drilling,  
464 nor to oil gathering systems, nor to the surface of lands leased  
465 for oil production or upon which oil producing properties are  
466 situated, but all such drilling equipment, gathering systems, and  
467 lands shall be assessed as are other properties and shall be  
468 subject to ad valorem tax. However, no additional assessment  
469 shall be added to the surface value of such lands by reason of the  
470 presence of oil thereunder or its production therefrom. The  
471 exemption herein granted shall apply to all ad valorem taxes  
472 levied in the year 1944 and each year thereafter.

473 (2) The exemption from ad valorem taxes granted in this  
474 section shall not apply to the percentage of ad valorem taxes that  
475 the owner or holder of a nonproducing oil interest in real estate,  
476 which is owned or held separately and apart from and independently  
477 of the rights owned in the surface of such real estate, must pay  
478 on the land under which the oil interest is located, pursuant to  
479 the provisions of Section 28 of this act.

480 **SECTION 10.** Section 27-25-701, Mississippi Code of 1972, is  
481 amended as follows:



482           27-25-701. Whenever used in this article, the following  
483 words and terms shall have the definition and meaning ascribed to  
484 them in this section, unless the intention to give a more limited  
485 meaning is disclosed by the context:

486           (a) "Tax commission" or "department" means the  
487 Department of Revenue of the State of Mississippi.

488           (b) "Commissioner" means the Commissioner of Revenue of  
489 the Department of Revenue.

490           (c) "Annual" means the calendar year or the taxpayer's  
491 fiscal year when permission is obtained from the commissioner to  
492 use a fiscal year as a tax period in lieu of a calendar year.

493           (d) "Value" means the sale price, or market value, at  
494 the mouth of the well. If the gas is exchanged for something  
495 other than cash, or if there is no sale at the time of severance,  
496 or if the relation between the buyer and the seller is such that  
497 the consideration paid, if any, is not indicative of the true  
498 value or market price, then the commissioner shall determine the  
499 value of the gas subject to tax, considering the sale price for  
500 cash of gas of like quality in the same or nearest gas-producing  
501 field.

502           (e) "Taxpayer" means any person liable for the tax  
503 imposed by this article.

504           (f) "Gas" means natural and casinghead gas and any gas  
505 or vapor taken from below the surface of the soil or water in this  
506 state, regardless of whether produced from a gas well or from a



507 well also productive of oil or any other product; provided,  
508 however, the term "gas" shall not include carbon dioxide.

509 (g) "Casinghead gas" means any gas or vapor indigenous  
510 to an oil stratum and produced from such stratum with oil.

511 (h) "Severed" means the extraction or withdrawing by  
512 any means whatsoever, from below the surface of the soil or water,  
513 of any gas.

514 (i) "Person" means any natural person, firm,  
515 copartnership, joint venture, association, corporation, estate,  
516 trust, or any other group, or combination acting as a unit, and  
517 the plural as well as the singular number.

518 (j) "Producer" means any person owning, controlling,  
519 managing or leasing any oil or gas property, or oil or gas well,  
520 and any person who produces in any manner any gas by taking it  
521 from the earth or water in this state, and shall include \* \* \* a  
522 person \* \* \* acting on behalf of an interest owner of gas being  
523 produced, either by lease contract or otherwise.

524 (k) "Engaging in business" means any act or acts  
525 engaged in (personal or corporate) by producers, or parties at  
526 interest, the result of which gas is severed from the soil or  
527 water, for storage, transport or manufacture, or by which there is  
528 an exchange of money, or goods, or thing of value, for gas which  
529 has been or is in process of being severed from the soil or water.

530 (l) "Production" means the total gross amount of gas  
531 produced, including all royalty or other interest; that is, the



532 amount for the purpose of the tax imposed by this article shall be  
533 measured or determined by meter readings showing one hundred  
534 percent (100%) of the full volume expressed in cubic feet at a  
535 standard base and flowing temperature of sixty (60) degrees  
536 Fahrenheit and at the absolute pressure at which the gas is sold  
537 and purchased; correction to be made for pressure according to  
538 Boyle's law, and for specific gravity according to the gravity at  
539 which the gas is sold and purchased or if not so specified,  
540 according to test made by the balance method.

541 (m) "Gathering system" means the pipelines,  
542 compressors, pumps, regulators, separators, dehydrators, meters,  
543 metering installations and all other property used in gathering  
544 gas from the well from which it is produced if such properties are  
545 owned by other than the operator, and all such properties, if  
546 owned by the operator, beyond the first metering installation that  
547 is nearest the well.

548 (n) "Discovery well" means any well producing gas from  
549 a single pool in which a well has not been previously produced in  
550 paying quantities after testing.

551 (o) "Development wells" means all gas-producing wells  
552 other than discovery wells and replacement wells.

553 (p) "Replacement well" means a well drilled on a  
554 drilling and/or production unit to replace another well which is  
555 drilled in the same unit and completed in the same pool.



556 (q) "Three-dimensional seismic" means data which is  
557 regularly organized in three (3) orthogonal directions and thus  
558 suitable for interpretation with a three-dimensional software  
559 package on an interactive work station.

560 (r) "Two-year inactive well" means any oil or gas well  
561 certified by the State Oil and Gas Board as having not produced  
562 oil or gas in more than a total of thirty (30) days during a  
563 twelve-consecutive-month period in the two (2) years before the  
564 date of certification.

565 (s) "Horizontally drilled well" means a well in which  
566 the deviation of the borehole is at least eighty degrees (80°)  
567 from vertical so that the borehole penetrates a productive  
568 formation in a manner parallel to the formation and in which there  
569 is at least one thousand (1,000) feet of lateral penetration  
570 through productive reservoirs.

571 (t) "Horizontally drilled recompletion well" means an  
572 existing well in which the deviation of the borehole is at least  
573 eighty degrees (80°) from vertical so that the borehole penetrates  
574 a productive formation in a manner parallel to the formation and  
575 in which there is at least one thousand (1,000) feet of lateral  
576 penetration through productive reservoirs.

577 (u) "Interest owner" means any person owning a royalty  
578 or other interest in any gas or its value.

579 **SECTION 11.** Section 27-25-703, Mississippi Code of 1972, is  
580 amended as follows:



581           27-25-703. (1) (a) Except as otherwise provided in this  
582 section, there is hereby levied, to be collected as provided in  
583 this article, annual privilege taxes upon every \* \* \* interest  
584 owner who is producing, or severing gas in this state, from below  
585 the soil or water for sale, transport, storage, profit or for  
586 commercial use. The amount of the tax shall be measured by the  
587 value of the gas produced and shall be levied and assessed at a  
588 rate of six percent (6%) of the value of the gas at the point of  
589 production, except as otherwise provided in subsection (4) of this  
590 section.

591                   (b) (i) The tax shall be levied and assessed at the  
592 rate of one and three-tenths percent (1.3%) of the value of the  
593 gas at the point of production on gas produced from a horizontally  
594 drilled well or from any horizontally drilled recompletion well  
595 from which production commences from and after July 1, 2013, for a  
596 period of thirty (30) months beginning on the date of first sale  
597 of production or until payout of the well cost is achieved,  
598 whichever first occurs. Thereafter, the tax shall be levied and  
599 assessed as provided for in paragraph (a) of this subsection.

600                           (ii) Payout of a horizontally drilled well or  
601 horizontally drilled recompletion well shall be deemed to have  
602 occurred the first day of the next month after gross revenues,  
603 less royalties and severance taxes, equal to the cost to drill and  
604 complete the well.



605                   (iii) Each operator must apply by letter to the  
606 State Oil and Gas Board for the reduced rate provided in this  
607 paragraph (b), and shall provide the board with the status of  
608 payout on a semiannual basis of any horizontally drilled well or  
609 horizontally drilled recompletion well by signed affidavit  
610 executed by a company representative.

611                   (iv) This paragraph (b) shall be repealed from and  
612 after July 1, 2018; however, any horizontally drilled well or  
613 horizontally drilled recompletion well from which production  
614 commences before July 1, 2018, shall be taxed as provided for in  
615 this paragraph (b) notwithstanding that the repeal of this  
616 paragraph (b) has become effective.

617           (2) The tax is levied upon the entire production in this  
618 state, regardless of whether the interest owner resides in this  
619 state, regardless of the place of sale or to whom sold or by whom  
620 used, or regardless of the fact that the delivery may be made to  
621 points outside the state, but not levied upon that gas, lawfully  
622 injected into the earth for cycling, repressuring, lifting or  
623 enhancing the recovery of oil, nor upon gas lawfully vented or  
624 flared in connection with the production of oil, nor upon gas  
625 condensed into liquids on which the oil severance tax of six  
626 percent (6%) is paid; however, if any gas so injected into the  
627 earth is sold for such purposes, then the gas so sold shall not be  
628 excluded in computing the tax. The tax shall accrue at the time



629 the gas is produced or severed from the soil or water, and in its  
630 natural, unrefined or unmanufactured state.

631 (3) Natural gas and condensate produced from any wells for  
632 which drilling is commenced after March 15, 1987, and before July  
633 1, 1990, shall be exempt from the tax levied under this section  
634 for a period of two (2) years beginning on the date of first sale  
635 of production from such wells.

636 (4) (a) Any well which begins commercial production of  
637 occluded natural gas from coal seams on or after March 20, 1990,  
638 and before July 1, 1993, shall be taxed at the rate of three and  
639 one-half percent (3-1/2%) of the gross value of the occluded  
640 natural gas from coal seams at the point of production for a  
641 period of five (5) years after such well begins production.

642 (b) Any well which begins commercial production of  
643 occluded natural gas from coal seams on or after July 1, 2004, and  
644 before July 1, 2007, shall be taxed at the rate of three percent  
645 (3%) of the gross value of the occluded natural gas from coal  
646 seams at the point of production for a period of five (5) years  
647 beginning on the date of the first sale of production from such  
648 well.

649 (5) (a) Natural gas produced from discovery wells for which  
650 drilling or re-entry commenced on or after April 1, 1994, but  
651 before July 1, 1999, shall be exempt from the tax levied under  
652 this section for a period of five (5) years beginning on the  
653 earlier of one (1) year from completion of the well or the date of



654 first sale from such well, provided that the average monthly sales  
655 price of such gas does not exceed Three Dollars and Fifty Cents  
656 (\$3.50) per one thousand (1,000) cubic feet. The exemption for  
657 natural gas produced from discovery wells as described in this  
658 paragraph (a) shall be repealed from and after July 1, 2003,  
659 provided that any such production for which a permit was granted  
660 by the board before July 1, 2003, shall be exempt for an entire  
661 period of five (5) years, notwithstanding that the repeal of this  
662 provision has become effective. Natural gas produced from  
663 development wells or replacement wells drilled in connection with  
664 discovery wells for which drilling commenced on or after January  
665 1, 1994, shall be assessed at a rate of three percent (3%) of the  
666 value thereof at the point of production for a period of three (3)  
667 years. The reduced rate of assessment of natural gas produced  
668 from development wells or replacement wells as described in this  
669 paragraph (a) shall be repealed from and after January 1, 2003,  
670 provided that any such production for which drilling commenced  
671 before January 1, 2003, shall be assessed at the reduced rate for  
672 an entire period of three (3) years, notwithstanding that the  
673 repeal of this provision has become effective.

674 (b) Natural gas produced from discovery wells for which  
675 drilling or re-entry commenced on or after July 1, 1999, shall be  
676 assessed at a rate of three percent (3%) of the value thereof at  
677 the point of production for a period of five (5) years beginning  
678 on the earlier of one (1) year from completion of the well or the



679 date of first sale from such well, provided that the average  
680 monthly sales price of such gas does not exceed Two Dollars and  
681 Fifty Cents (\$2.50) per one thousand (1,000) cubic feet. The  
682 reduced rate of assessment of natural gas produced from discovery  
683 wells as described in this paragraph (b) shall be repealed from  
684 and after July 1, 2003, provided that any such production for  
685 which a permit was granted by the board before July 1, 2003, shall  
686 be assessed at the reduced rate for an entire period of five (5)  
687 years, notwithstanding that the repeal of this provision has  
688 become effective. Natural gas produced from development wells or  
689 replacement wells drilled in connection with discovery wells for  
690 which drilling commenced on or after July 1, 1999, shall be  
691 assessed at a rate of three percent (3%) of the value thereof at  
692 the point of production for a period of three (3) years. The  
693 reduced rate of assessment of natural gas produced from  
694 development wells or replacement wells as described in this  
695 paragraph (b) shall be repealed from and after January 1, 2003,  
696 provided that any such production for which drilling commenced  
697 before January 1, 2003, shall be assessed at the reduced rate for  
698 an entire period of three (3) years, notwithstanding that the  
699 repeal of this provision has become effective.

700 (6) (a) Gas produced from a development well for which  
701 drilling commenced on or after April 1, 1994, but before July 1,  
702 1999, and for which three-dimensional seismic was utilized in  
703 connection with the drilling of such well, shall be assessed at a



704 rate of three percent (3%) of the value of the gas at the point of  
705 production for a period of five (5) years, provided that the  
706 average monthly sales price of such gas does not exceed Three  
707 Dollars and Fifty Cents (\$3.50) per one thousand (1,000) cubic  
708 feet. The reduced rate of assessment of gas produced from a  
709 development well as described in this subsection and for which  
710 three-dimensional seismic was utilized shall be repealed from and  
711 after July 1, 2003, provided that any such production for which a  
712 permit was granted by the board before July 1, 2003, shall be  
713 assessed at the reduced rate for an entire period of five (5)  
714 years, notwithstanding that the repeal of this provision has  
715 become effective.

716 (b) Gas produced from a development well for which  
717 drilling commenced on or after July 1, 1999, and for which  
718 three-dimensional seismic was utilized in connection with the  
719 drilling of such well, shall be assessed at a rate of three  
720 percent (3%) of the value of the gas at the point of production  
721 for a period of five (5) years, provided that the average monthly  
722 sales price of such gas does not exceed Two Dollars and Fifty  
723 Cents (\$2.50) per one thousand (1,000) cubic feet. The reduced  
724 rate of assessment of gas produced from a development well as  
725 described in this paragraph (b) and for which three-dimensional  
726 seismic was utilized shall be repealed from and after July 1,  
727 2003, provided that any such production for which a permit was  
728 granted by the board before July 1, 2003, shall be assessed at the



729 reduced rate for an entire period of five (5) years,  
730 notwithstanding that the repeal of this provision has become  
731 effective.

732 (7) (a) Natural gas produced before July 1, 1999, from a  
733 two-year inactive well as defined in Section 27-25-701 shall be  
734 exempt from the taxes levied under this section for a period of  
735 three (3) years beginning on the date of first sale of production  
736 from such well, provided that the average monthly sales price of  
737 such gas does not exceed Three Dollars and Fifty Cents (\$3.50) per  
738 one thousand (1,000) cubic feet. The exemption for natural gas  
739 produced from an inactive well as described in this subsection  
740 shall be repealed from and after July 1, 2003, provided that any  
741 such production which began before July 1, 2003, shall be exempt  
742 for an entire period of three (3) years, notwithstanding that the  
743 repeal of this provision has become effective.

744 (b) Natural gas produced on or after July 1, 1999, from  
745 a two-year inactive well as defined in Section 27-25-701 shall be  
746 exempt from the taxes levied under this section for a period of  
747 three (3) years beginning on the date of first sale of production  
748 from such well, provided that the average monthly sales price of  
749 such gas does not exceed Two Dollars and Fifty Cents (\$2.50) per  
750 one thousand (1,000) cubic feet. The exemption for natural gas  
751 produced from an inactive well as described in this paragraph (b)  
752 shall be repealed from and after July 1, 2003, provided that any  
753 such production which began before July 1, 2003, shall be exempt



754 for an entire period of three (3) years, notwithstanding that the  
755 repeal of this provision has become effective.

756 (8) The State Oil and Gas Board shall have the exclusive  
757 authority to determine the qualification of wells defined in  
758 paragraphs (n) through (t) of Section 27-25-701.

759 **SECTION 12.** Section 27-25-705, Mississippi Code of 1972, is  
760 amended as follows:

761 **[With regard to any county which is exempt from the**  
762 **provisions of Section 19-2-3, this section shall read as follows:]**

763 27-25-705. (1) All taxes levied in this article and  
764 collected by the \* \* \* Department of Revenue shall be paid into  
765 the State Treasury on the same day in which the taxes are  
766 collected.

767 (2) Except as otherwise provided in this section, the  
768 commissioner shall apportion all the tax collections made pursuant  
769 to this article to the state and to the county in which the gas  
770 was produced, in the proportion of sixty-six and two-thirds  
771 percent (66-2/3%) to the state and thirty-three and one-third  
772 percent (33-1/3%) to the county.

773 (3) The commissioner shall apportion all the tax collections  
774 made pursuant to Section 27-25-703(1)(b) to the county in which  
775 the gas is produced.

776 (4) When the \* \* \* price of the gas subject to the tax  
777 levied in this article \* \* \* is increased, such increase is  
778 subject to approval by a federal regulatory board or commission,



779 and when the interest owner and producer of the gas so requests,  
780 the State Treasurer is \* \* \* authorized to hold the severance tax  
781 collected on the price increase in escrow until such time as the  
782 price increase or a portion thereof is finally granted or  
783 approved. The severance tax thus held in escrow shall be  
784 deposited by the State Treasurer to an account in a state  
785 depository to be invested in an interest-bearing account in the  
786 manner provided by law. When the price increase in question or a  
787 portion thereof is granted or approved, the commissioner shall  
788 compute the correct severance tax due on the increase and certify  
789 the amount of tax thus computed. This amount and interest earned  
790 from the depository shall be distributed to the General Fund and  
791 to the county or counties proportionately as provided in this  
792 subsection. The balance, if any, of the tax and interest held in  
793 escrow on the price increase shall be returned to the taxpayer.

794 (5) The state's share of all gas severance taxes collected  
795 pursuant to this section shall be deposited as provided for in  
796 Section 27-25-506.

797 (6) The commissioner shall certify at the end of each month  
798 the apportionment to each county to the State Treasurer, who shall  
799 remit the county's share of the funds on or before the twentieth  
800 day of the month next succeeding the month in which the  
801 collections were made for division among the municipalities and  
802 taxing districts of the county. The commissioner shall submit a  
803 report to the State Treasurer for distribution to each county



804 receiving the funds showing from whom the tax and interest, if  
805 any, were collected. Upon receipt of the funds, the board of  
806 supervisors of the county shall allocate the funds to the  
807 municipalities and to the various maintenance and bond and  
808 interest funds of the county, school districts, supervisors  
809 districts and road districts, as provided in this subsection.

810       When there are any gas producing properties within the  
811 corporate limits of any municipality, then the municipality shall  
812 participate in the division of the tax and interest, if any,  
813 returned to the county in which the municipality is located in the  
814 proportion which the tax on production of gas from properties  
815 located within the municipal corporate limits bears to the tax on  
816 total production of gas in the county. In no event, however,  
817 shall the amount allocated to the municipalities exceed one-third  
818 (1/3) of the tax and interest produced in the municipality and  
819 returned to the county. Any amount received by any municipality  
820 as a result of the allocation provided for in this subsection  
821 shall be used for such purposes as are authorized by law.

822       The balance remaining of any funds returned to the county  
823 after the allocation to municipalities shall be divided among the  
824 various maintenance and bond and interest funds of the county,  
825 school districts, supervisors districts and road districts, in the  
826 discretion of the board of supervisors, and the board shall make  
827 the division in consideration of the needs of the various taxing



828 districts. The funds so allocated shall be used only for such  
829 purposes as are authorized by law.

830 **[With regard to any county which is required to operate on a**  
831 **countywide system of road administration as described in Section**  
832 **19-2-3, this section shall read as follows:]**

833 27-25-705. (1) All taxes herein levied in this article and  
834 collected by the \* \* \* Department of Revenue shall be paid into  
835 the State Treasury on the same day in which the taxes are  
836 collected.

837 (2) Except as otherwise provided in this section, the  
838 commissioner shall apportion all the tax collections made pursuant  
839 to this article to the state and to the county in which the gas  
840 was produced, in the proportion of sixty-six and two-thirds  
841 percent (66-2/3%) to the state and thirty-three and one-third  
842 percent (33-1/3%) to the county.

843 (3) The commissioner shall apportion all the tax collections  
844 made pursuant to Section 27-25-703(1)(b) to the county in which  
845 the gas is produced.

846 (4) When the \* \* \* price of the gas subject to the tax  
847 levied in this article \* \* \* is increased, the increase is subject  
848 to approval by a federal regulatory board or commission, and when  
849 the interest owner and producer of the gas so requests, the State  
850 Treasurer is \* \* \* authorized to hold the severance tax collected  
851 on the price increase in escrow until such time as the price  
852 increase or a portion thereof is finally granted or approved. The



853 severance tax thus held in escrow shall be deposited by the State  
854 Treasurer to an account in a state depository to be invested in an  
855 interest-bearing account in the manner provided by law. When the  
856 price increase in question or a portion thereof is granted or  
857 approved, the commissioner shall compute the correct severance tax  
858 due on the increase and certify the amount of tax thus computed.  
859 This amount and interest earned from the depository shall be  
860 distributed to the General Fund and to the county or counties  
861 proportionately as provided in this subsection. The balance, if  
862 any, of the tax and interest held in escrow on the price increase  
863 shall be returned to the taxpayer.

864 (5) The state's share of all gas severance taxes collected  
865 pursuant to this section shall be deposited as provided for in  
866 Section 27-25-506.

867 (6) The commissioner shall certify at the end of each month  
868 the apportionment to each county to the State Treasurer, who shall  
869 remit the county's share of the funds on or before the twentieth  
870 day of the month next succeeding the month in which the  
871 collections were made for division among the municipalities and  
872 taxing districts of the county. The commissioner shall submit a  
873 report to the State Treasurer for distribution to each county  
874 receiving the funds showing from whom the tax and interest, if  
875 any, were collected. Upon receipt of the funds, the board of  
876 supervisors of the county shall allocate the funds to the  
877 municipalities and to the various maintenance and bond and



878 interest funds of the county and school districts, as provided in  
879 this subsection.

880         When there are any gas producing properties within the  
881 corporate limits of any municipality, then the municipality shall  
882 participate in the division of the tax and interest, if any,  
883 returned to the county in which the municipality is located in the  
884 proportion which the tax on production of gas from properties  
885 located within the municipal corporate limits bears to the tax on  
886 total production of gas in the county. In no event, however,  
887 shall the amount allocated to the municipalities exceed one-third  
888 (1/3) of the tax and interest produced in the municipality and  
889 returned to the county. Any amount received by any municipality  
890 as a result of the allocation provided for in this subsection  
891 shall be used for such purposes as are authorized by law.

892         The balance remaining of any funds returned to the county  
893 after the allocation to municipalities shall be divided among the  
894 various maintenance and bond and interest funds of the county and  
895 school districts, in the discretion of the board of supervisors,  
896 and the board shall make the division in consideration of the  
897 needs of the various taxing districts. The funds so allocated  
898 shall be used only for such purposes as are authorized by law.

899         **SECTION 13.** Section 27-25-707, Mississippi Code of 1972, is  
900 amended as follows:

901         27-25-707. (1) The tax hereby imposed is levied upon  
902 the \* \* \* interest owners of such gas in the proportion of their



903 ownership at the time of severance, but, except as otherwise  
904 herein provided, \* \* \* may be paid by the person in charge of the  
905 production operations, who \* \* \*, in such case, shall deduct from  
906 any amount due to \* \* \* interest owners of such production at the  
907 time of severance the proportionate amount of the tax herein  
908 levied before making payments to \* \* \* interest owners. \* \* \* The  
909 tax shall become due and payable as provided by this article,  
910 and \* \* \* shall constitute a first lien upon the property from  
911 which the gas was produced. \* \* \* If the person in charge of  
912 production operations fails to pay the tax, then the commissioner  
913 shall proceed against the \* \* \* interest owner to collect the tax  
914 in accordance with the provisions made for the collection of  
915 delinquent taxes by the Mississippi Sales Tax Law.

916 (2) When any person in charge of the production operations  
917 shall sell the gas produced by him to any person under contracts  
918 requiring such purchaser to pay all owners of such gas direct,  
919 then the person in charge of the production operations may not be  
920 required to deduct the tax herein levied, but in which event such  
921 deduction shall be made by the purchaser before making payments to  
922 each interest owner of such gas \* \* \*. The purchaser in that case  
923 shall account for the tax; provided that nothing herein shall be  
924 construed as releasing the person in charge of production  
925 operations from liability for the payment of \* \* \* the tax.

926 (3) When any person in charge of production operations shall  
927 sell gas produced by him on the open market, he shall withhold the



928 tax imposed by this article, and if he is required to pay other  
929 interest holders, is hereby authorized, empowered and required to  
930 deduct from any amount due them, the amount of tax levied and due  
931 under the provisions of this article before making payment to  
932 them.

933 (4) Every person in charge of production operations by which  
934 gas is severed from the soil or water in this state, who fails to  
935 deduct and withhold, as required herein, the amount of tax from  
936 sale or purchase price, when such gas is sold or purchased under  
937 contract or agreement, or on the open market, or otherwise, shall  
938 be liable to the state for the full amount of taxes, interest, and  
939 penalties which should have been deducted, withheld and remitted  
940 to the state, and the commissioner shall proceed to collect the  
941 tax from the person in charge of production operations, under the  
942 provisions of this article, as if he were the \* \* \* interest owner  
943 of the gas.

944 **SECTION 14.** Section 27-25-709, Mississippi Code of 1972, is  
945 amended as follows:

946 27-25-709. When the title to any gas being severed from the  
947 soil, or water, is in dispute, or whenever the producer or  
948 interest owner of such gas from the soil, or water, or purchaser  
949 thereof, shall be withholding payments on account of litigation,  
950 or for any other reason, such producer, interest owner or  
951 purchaser \* \* \* shall deduct from the gross amount thus held the  
952 amount of the tax herein levied and imposed, and to make



953 remittance thereof to the commissioner as provided by this  
954 article.

955         **SECTION 15.** Section 27-25-711, Mississippi Code of 1972, is  
956 amended as follows:

957         27-25-711. Every interest owner, producer or person in  
958 charge of production operations by which gas is severed from the  
959 soil, or water, in this state, when making the reports required by  
960 this article, shall file with the commissioner a statement, under  
961 oath, on forms prescribed by him, of the business conducted by  
962 such producer or person in charge of production operations, during  
963 the period for which the report is made, showing gross quantity of  
964 gas and the value thereof, so severed or produced, and such other  
965 reasonable and necessary information pertaining thereto as the  
966 commissioner may require for the proper enforcement of the  
967 provisions of this article.

968         **SECTION 16.** Section 27-25-715, Mississippi Code of 1972, is  
969 amended as follows:

970         27-25-715. The commissioner shall have the power to require  
971 any interest owner, producer or person in charge of production  
972 operations, or person purchasing any gas from the soil, or water,  
973 to furnish any additional information by him deemed to be  
974 necessary for the purpose of computing the amount of \* \* \* the  
975 tax; and for said purpose to examine the meter and other charts,  
976 books, records, and all files of such person; and, to that end,  
977 the commissioner shall have the power to examine witnesses, and if



978 any such witness shall fail or refuse to appear at the request of  
979 the commissioner, or refuse access to books, records and  
980 files, \* \* \* the commissioner shall have the power and authority  
981 to proceed as provided by the Mississippi Sales Tax Law.

982         **SECTION 17.** Section 27-25-719, Mississippi Code of 1972, is  
983 amended as follows:

984         27-25-719. Every person who is an interest owner of gas, or  
985 who is engaged in the business of producing or purchasing any gas  
986 in this state, or who is in charge of production operations, and  
987 who is required to pay the tax imposed by this article, shall make  
988 and keep, for a period of three (3) years, a complete and accurate  
989 record, in the form required by the commissioner showing the gross  
990 quantity of gas produced and value of same, the names of the  
991 persons from whom purchased, and the time of purchase.

992         **SECTION 18.** Section 27-25-721, Mississippi Code of 1972, is  
993 amended as follows:

994         27-25-721. (1) All gas \* \* \* produced or under the ground  
995 on producing properties within the State of Mississippi and all  
996 producing gas \* \* \* equipment, including wells, connections,  
997 pumps, derricks and other appurtenances actually owned by and  
998 belonging to the producer, and all leases in production, including  
999 mineral rights in producing properties, shall be exempt from all  
1000 ad valorem taxes now levied or hereafter levied by the State of  
1001 Mississippi, or any other taxing district within this state. This  
1002 exemption shall not apply to drilling equipment, including



1003 derricks, machinery, and other materials necessary to drilling,  
1004 nor to gas \* \* \* gathering systems, nor to the surface of lands  
1005 leased for gas or carbon dioxide production or upon which gas or  
1006 carbon dioxide producing properties are situated, but all such  
1007 drilling equipment, gathering systems, and lands shall be assessed  
1008 as are other properties and shall be subject to ad valorem tax.  
1009 However, no additional assessment shall be added to the surface  
1010 value of such lands by reason of the presence of gas or carbon  
1011 dioxide thereunder or its production therefrom. The exemption  
1012 herein granted shall apply to all ad valorem taxes levied in the  
1013 year 1948 and each year thereafter.

1014 (2) The exemption from ad valorem taxes granted in this  
1015 section shall not apply to the percentage of ad valorem taxes that  
1016 the owner or holder of a nonproducing gas interest in real estate,  
1017 which is owned or held separately and apart from and independently  
1018 of the right owned in the surface owner of such real estate, must  
1019 pay on the land under which the gas interest is located, under the  
1020 provisions of Section 28 of this act.

1021 **SECTION 19.** Section 27-25-303, Mississippi Code of 1972, is  
1022 amended as follows:

1023 27-25-303. The words, terms and phrases used in this article  
1024 shall have the meanings ascribed to them herein.

1025 (a) "Tax commission," "State Tax Commission" or  
1026 "department" means the Department of Revenue of the State of  
1027 Mississippi.



1028                   (b) "Commissioner" or "Chairman of the State Tax  
1029 Commission" means the Commissioner of Revenue of the Department of  
1030 Revenue.

1031                   (c) "Person" means and includes any individual, firm,  
1032 copartnership, joint venture, association, corporation, estate,  
1033 trust or other group or combination acting as a unit, and includes  
1034 the plural as well as the singular in number.

1035                   (d) "Taxpayer" means any person liable for or having  
1036 paid any tax to the State of Mississippi under the provisions of  
1037 this article.

1038                   (e) "Producer" means any person who produces or severs  
1039 or who is responsible for the production of salt from the earth or  
1040 water for sale, profit or commercial use.

1041                   (f) "Production" means the total amount or quantity of  
1042 marketable salt produced by whatever measurement used.

1043                   (g) "Value" means and includes the purchase price or  
1044 royalty, cost, and any other expense as determined by generally  
1045 accepted accounting principles of underground mining and handling  
1046 of production to the point where processing begins.

1047                   (h) "Processing" means an activity of an industrial or  
1048 commercial nature wherein labor or skill is applied, by hand or  
1049 machinery, to raw materials so that a more useful product or  
1050 substance of trade or commerce is produced for sale.

1051                   (i) "Engaging in business" means any act or acts  
1052 engaged in by producers, or parties at interest which results in



1053 the production of salt from the soil or water, for storage,  
1054 transport or further processing.

1055 (j) "Salt" means a substance which is chemically  
1056 classified as sodium chloride.

1057 (k) "Interest owner" means any person owning any  
1058 royalty or other interest in salt or its value.

1059 **SECTION 20.** Section 27-25-305, Mississippi Code of 1972, is  
1060 amended as follows:

1061 27-25-305. There is \* \* \* levied and assessed, and shall be  
1062 collected by the commissioner, privilege taxes upon every \* \* \*  
1063 interest owner who is mining, severing or otherwise producing salt  
1064 or causing it to be produced in this state, for sale, profit or  
1065 commercial use. The amount of such tax shall be three percent  
1066 (3%) of the value of the entire production in this state.

1067 The tax is \* \* \* levied upon the entire production in this  
1068 state, regardless of whether the interest owner resides in this  
1069 state, regardless of the place of sale, or regardless of the fact  
1070 that delivery may be made to points outside the state, and the tax  
1071 shall accrue at the time such salt is severed from the soil or  
1072 water, and in its natural, unrefined or unprocessed state.

1073 The tax levied hereunder shall be a lien upon all products  
1074 produced within this state and such lien shall be entitled to  
1075 preference over all judgments, executions, encumbrances or liens  
1076 whensoever created.



1077           **SECTION 21.** Section 27-25-307, Mississippi Code of 1972, is  
1078 amended as follows:

1079           27-25-307. (1) All salt under the ground or salt produced  
1080 or processed on producing properties and owned by the producer and  
1081 all leases in production, including mineral rights in producing  
1082 properties, shall be exempt from all ad valorem taxes now levied  
1083 or hereafter levied by the State of Mississippi, or any county, or  
1084 any other taxing district within this state.

1085           (2) The exemption from ad valorem taxes granted in this  
1086 section shall not apply to the percentage of ad valorem taxes that  
1087 the owner or holder of a nonproducing salt interest in real  
1088 estate, which is owned or held separately and apart from and  
1089 independently of the right owned in the surface owner of such real  
1090 estate, must pay on the land under which the salt interest is  
1091 located, under the provisions of Section 28 of this act.

1092           **SECTION 22.** Section 27-25-309, Mississippi Code of 1972, is  
1093 amended as follows:

1094           27-25-309. Every person who is an interest owner of salt or  
1095 who is engaged in the business of producing salt in this state, or  
1096 who is in charge of production operations, and who is required to  
1097 pay the tax imposed by this article, shall make and keep, for a  
1098 period of three (3) years, a complete and accurate record to  
1099 substantiate all taxes accrued hereunder, showing the gross  
1100 quantity of salt produced and the value of same, the names of the  
1101 person or persons from whom purchased and the county in which



1102 located. All records shall be subject to examination by the  
1103 commissioner.

1104 The commissioner may promulgate such rules and regulations  
1105 not inconsistent with this article and the Mississippi Sales Tax  
1106 Law for keeping records, making returns and for the ascertainment,  
1107 assessment and collection of the tax imposed hereunder as he may  
1108 deem necessary to enforce its provisions.

1109 **SECTION 23.** Section 27-31-73, Mississippi Code of 1972, is  
1110 amended as follows:

1111 27-31-73. (1) To encourage the purchase of leases upon and  
1112 interests in oil, gas and other minerals in the State of  
1113 Mississippi, to encourage drilling for and production of such  
1114 minerals, and to relieve the taxing officials of the counties of  
1115 the state of the onerous duties of assessment for, collection of  
1116 and sale for ad valorem taxes for such interests (which the  
1117 Legislature finds are generally assessed at nominal values  
1118 resulting in taxes not commensurate with the services required of  
1119 such officers), all nonproducing leasehold interests upon all oil,  
1120 gas and other minerals in, on or under lands lying within the  
1121 State of Mississippi, created or assigned after the effective date  
1122 of Sections 27-31-71 through 27-31-87, and also all nonproducing  
1123 interests in such oil, gas and other minerals (including royalty  
1124 interests therein) hereafter conveyed to a grantee or purchaser or  
1125 excepted or reserved to a grantor separately and apart from the  
1126 surface, shall be exempt from all ad valorem taxes levied on or



1127 after January 1, 1947, by the State of Mississippi, or any county,  
1128 municipality, levee district, road district, school district,  
1129 drainage district or other taxing district within the state or  
1130 becoming a lien on or after \* \* \* such date. Any sale for taxes  
1131 of the surface or of the remainder of the fee shall not in any  
1132 manner whatsoever affect the interest or interests \* \* \* exempted.

1133 (2) For the same purpose \* \* \* there is \* \* \* likewise  
1134 exempted from such ad valorem taxation all such interests created  
1135 prior to the passage of Sections 27-31-71 through 27-31-87 which  
1136 are owned separately and apart from the surface, provided that as  
1137 a condition precedent to obtaining such exemption upon existing  
1138 interests, the then owner thereof shall make application for  
1139 exemption of the interest then owned by him as hereinafter  
1140 provided and pay, in the manner provided under this chapter, a sum  
1141 equivalent to the tax herein levied by Section 27-31-77 on  
1142 instruments hereafter executed creating, transferring or reserving  
1143 corresponding or similar interests. If any such sum is paid after  
1144 January 1, 1947, then such exemption shall apply only to taxes  
1145 becoming a lien after such sum is thus paid.

1146 (3) The exemption from ad valorem taxes granted in this  
1147 section shall not apply to the percentage of ad valorem taxes that  
1148 the owner or holder of a nonproducing oil, gas or mineral interest  
1149 in real estate, which is owned or held separately and apart from  
1150 and independently of the right owned in the surface of such real  
1151 estate, must pay on the land under which the oil, gas or other



1152 mineral interest is located, pursuant to the provisions of Section  
1153 28 of this act.

1154 **SECTION 24.** Section 27-35-51, Mississippi Code of 1972, is  
1155 amended as follows:

1156 27-35-51. (1) Except as otherwise provided in subsection  
1157 (2) of this section, whenever any buildings, improvements or  
1158 structures, mineral, gas, oil, timber or similar interests in real  
1159 estate, including building permits or reservations, are owned  
1160 separately and apart from and independently of the rights and  
1161 interests owned in the surface of such real estate, or when any  
1162 person reserves any right or interest, or has any leasehold in the  
1163 elements above enumerated, all of such interests shall be assessed  
1164 and taxed separately from such surface rights and interests  
1165 in \* \* \* the real estate, and shall be sold for taxes in the same  
1166 manner and with the same effect as other interests in real estate  
1167 are sold for taxes. Whenever the owner or holder of any  
1168 separately owned or held nonproducing oil, gas or other mineral  
1169 interest does not pay the percentage of ad valorem taxes that he  
1170 or she is required to pay on the surface of the land under which  
1171 the oil, gas or other mineral interest is located, the provisions  
1172 of Section 28 of this act shall apply. All interests in real  
1173 estate herein enumerated shall be returned to the tax assessor  
1174 within the same time and in the same manner as the owners of land  
1175 are now required by law to list lands for assessment and taxation  
1176 and under like penalties. The tax assessor shall enter the



1177 assessment of the interests herein enumerated upon the assessment  
1178 roll by entering the same upon the next succeeding line or lines  
1179 of the roll following the assessment of the surface owner, the  
1180 name of the owner and the name of the interest, and by placing the  
1181 value in the appropriate column or columns on the roll; or the  
1182 assessor may enter the assessment of any or all of such interests  
1183 upon a page or pages in the land roll following the assessment of  
1184 the lands of the county, and the value of all such interests shall  
1185 be included in the recapitulation of the roll. And the value  
1186 of \* \* \* the interest or interests shall be determined and fixed  
1187 in the same manner and by the same officials now required by law  
1188 to value and assess property for taxation.

1189 (2) Pursuant to Section 65-43-3(2)(i), any contract entered  
1190 into under Section 65-43-3 by a governmental entity, as defined in  
1191 Section 65-43-1, with a company as defined in Section 65-43-3(1),  
1192 involving a franchise, license agreement, concession agreement,  
1193 operating agreement, construction agreement, design agreement  
1194 and/or any other similar contractual arrangement in connection  
1195 with the financing, design, construction, acquisition, maintenance  
1196 and/or operation of a toll road or toll bridge project pursuant to  
1197 Section 65-43-3, shall not constitute any right, title or interest  
1198 in land or other real property or real estate or in personal  
1199 property separate and apart and independent of the rights and  
1200 interests of the governmental entity for purposes of subsection  
1201 (1) of this section, in the toll road or toll bridge project,



1202 including tollbooths and related toll facilities, including, but  
1203 not limited to, land, pavement, drainage-related structures, and  
1204 other infrastructure and property related thereto in which a  
1205 governmental entity is the title owner of such property and/or  
1206 holder of easements, rights-of-way and/or other interests for such  
1207 toll road or toll bridge project.

1208         **SECTION 25.** Section 27-31-1, Mississippi Code of 1972, is  
1209 amended as follows:

1210             27-31-1. The following shall be exempt from taxation:

1211                 (a) All cemeteries used exclusively for burial  
1212 purposes.

1213                 (b) All property, real or personal, belonging to the  
1214 State of Mississippi or any of its political subdivisions, except  
1215 property of a municipality not being used for a proper municipal  
1216 purpose and located outside the county or counties in which such  
1217 municipality is located. A proper municipal purpose within the  
1218 meaning of this section shall be any authorized governmental or  
1219 corporate function of a municipality.

1220                 (c) All property, real or personal, owned by units of  
1221 the Mississippi National Guard, or title to which is vested in  
1222 trustees for the benefit of any unit of the Mississippi National  
1223 Guard; provided such property is used exclusively for such unit,  
1224 or for public purposes, and not-for-profit.

1225                 (d) All property, real or personal, belonging to any  
1226 religious society, or ecclesiastical body, or any congregation



1227 thereof, or to any charitable society, or to any historical or  
1228 patriotic association or society, or to any garden or pilgrimage  
1229 club or association and used exclusively for such society or  
1230 association and not for profit; not exceeding, however, the amount  
1231 of land which such association or society may own as provided in  
1232 Section 79-11-33. All property, real or personal, belonging to  
1233 any rural waterworks system or rural sewage disposal system  
1234 incorporated under the provisions of Section 79-11-1. All  
1235 property, real or personal, belonging to any college or  
1236 institution for the education of youths, used directly and  
1237 exclusively for such purposes, provided that no such college or  
1238 institution for the education of youths shall have exempt from  
1239 taxation more than six hundred forty (640) acres of land;  
1240 provided, however, this exemption shall not apply to commercial  
1241 schools and colleges or trade institutions or schools where the  
1242 profits of same inure to individuals, associations or  
1243 corporations. All property, real or personal, belonging to an  
1244 individual, institution or corporation and used for the operation  
1245 of a grammar school, junior high school, high school or military  
1246 school. All property, real or personal, owned and occupied by a  
1247 fraternal and benevolent organization, when used by such  
1248 organization, and from which no rentals or other profits accrue to  
1249 the organization, but any part rented or from which revenue is  
1250 received shall be taxed.



1251           (e) All property, real or personal, held and occupied  
1252 by trustees of public schools, and school lands of the respective  
1253 townships for the use of public schools, and all property kept in  
1254 storage for the convenience and benefit of the State of  
1255 Mississippi in warehouses owned or leased by the State of  
1256 Mississippi, wherein said property is to be sold by the Alcoholic  
1257 Beverage Control Division of the Department of Revenue of the  
1258 State of Mississippi.

1259           (f) All property, real or personal, whether belonging  
1260 to religious or charitable or benevolent organizations, which is  
1261 used for hospital purposes, and nurses' homes where a part  
1262 thereof, and which maintain one or more charity wards that are for  
1263 charity patients, and where all the income from said hospitals and  
1264 nurses' homes is used entirely for the purposes thereof and no  
1265 part of the same for profit.

1266           (g) The wearing apparel of every person; and also  
1267 jewelry and watches kept by the owner for personal use to the  
1268 extent of One Hundred Dollars (\$100.00) in value for each owner.

1269           (h) Provisions on hand for family consumption.

1270           (i) All farm products grown in this state for a period  
1271 of two (2) years after they are harvested, when in the possession  
1272 of or the title to which is in the producer, except the tax of  
1273 one-fifth of one percent (1/5 of 1%) per pound on lint cotton now  
1274 levied by the Board of Commissioners of the Mississippi Levee  
1275 District; and lint cotton for five (5) years, and cottonseed,



1276 soybeans, oats, rice and wheat for one (1) year regardless of  
1277 ownership.

1278 (j) All guns and pistols kept by the owner for private  
1279 use.

1280 (k) All poultry in the hands of the producer.

1281 (l) Household furniture, including all articles kept in  
1282 the home by the owner for his own personal or family use; but this  
1283 shall not apply to hotels, rooming houses or rented or leased  
1284 apartments.

1285 (m) All cattle and oxen.

1286 (n) All sheep, goats and hogs.

1287 (o) All horses, mules and asses.

1288 (p) Farming tools, implements and machinery, when used  
1289 exclusively in the cultivation or harvesting of crops or timber.

1290 (q) All property of agricultural and mechanical  
1291 associations and fairs used for promoting their objects, and where  
1292 no part of the proceeds is used for profit.

1293 (r) The libraries of all persons.

1294 (s) All pictures and works of art, not kept for or  
1295 offered for sale as merchandise.

1296 (t) The tools of any mechanic necessary for carrying on  
1297 his trade.

1298 (u) All state, county, municipal, levee, drainage and  
1299 all school bonds or other governmental obligations, and all bonds  
1300 and/or evidences of debts issued by any church or church



1301 organization in this state, and all notes and evidences of  
1302 indebtedness which bear a rate of interest not greater than the  
1303 maximum rate per annum applicable under the law; and all money  
1304 loaned at a rate of interest not exceeding the maximum rate per  
1305 annum applicable under the law; and all stock in or bonds of  
1306 foreign corporations or associations shall be exempt from all ad  
1307 valorem taxes.

1308 (v) All lands and other property situated or located  
1309 between the Mississippi River and the levee shall be exempt from  
1310 the payment of any and all road taxes levied or assessed under any  
1311 road laws of this state.

1312 (w) Any and all money on deposit in either national  
1313 banks, state banks or trust companies, on open account, savings  
1314 account or time deposit.

1315 (x) All wagons, carts, drays, carriages and other  
1316 horse-drawn vehicles, kept for the use of the owner.

1317 (y) (i) Boats, seines and fishing equipment used in  
1318 fishing and shrimping operations and in the taking or catching of  
1319 oysters.

1320 (ii) All towboats, tugboats and barges documented  
1321 under the laws of the United States, except watercraft of every  
1322 kind and character used in connection with gaming operations.

1323 (z) (i) All materials used in the construction and/or  
1324 conversion of vessels in this state;



1325 (ii) Vessels while under construction and/or  
1326 conversion;

1327 (iii) Vessels while in the possession of the  
1328 manufacturer, builder or converter, for a period of twelve (12)  
1329 months after completion of construction and/or conversion;  
1330 however, the twelve-month limitation shall not apply to:

1331 1. Vessels used for the exploration for, or  
1332 production of, oil, gas and other minerals offshore outside the  
1333 boundaries of this state; or

1334 2. Vessels that were used for the exploration  
1335 for, or production of, oil, gas and other minerals that are  
1336 converted to a new service for use outside the boundaries of this  
1337 state;

1338 (iv) 1. In order for a vessel described in  
1339 subparagraph (iii) of this paragraph (z) to be exempt for a period  
1340 of more than twelve (12) months, the vessel must:

1341 a. Be operating or operable, generating  
1342 or capable of generating its own power or connected to some other  
1343 power source, and not removed from the service or use for which  
1344 manufactured or to which converted; and

1345 b. The manufacturer, builder, converter  
1346 or other entity possessing the vessel must be in compliance with  
1347 any lease or other agreement with any applicable port authority or  
1348 other entity regarding the vessel and in compliance with all  
1349 applicable tax laws of this state and applicable federal tax laws.



1350                   2. A vessel exempt from taxation under  
1351 subparagraph (iii) of this paragraph (z) may not be exempt for a  
1352 period of more than three (3) years unless the board of  
1353 supervisors of the county and/or governing authorities of the  
1354 municipality, as the case may be, in which the vessel would  
1355 otherwise be taxable adopts a resolution or ordinance authorizing  
1356 the extension of the exemption and setting a maximum period for  
1357 the exemption.

1358                   (v) As used in this paragraph (z), the term  
1359 "vessel" includes ships, offshore drilling equipment, dry docks,  
1360 boats and barges, except watercraft of every kind and character  
1361 used in connection with gaming operations.

1362                   (aa) Sixty-six and two-thirds percent (66-2/3%) of  
1363 nuclear fuel and reprocessed, recycled or residual nuclear fuel  
1364 by-products, fissionable or otherwise, used or to be used in  
1365 generation of electricity by persons defined as public utilities  
1366 in Section 77-3-3.

1367                   (bb) All growing nursery stock.

1368                   (cc) A semitrailer used in interstate commerce.

1369                   (dd) All property, real or personal, used exclusively  
1370 for the housing of and provision of services to elderly persons,  
1371 disabled persons, mentally impaired persons or as a nursing home,  
1372 which is owned, operated and managed by a not-for-profit  
1373 corporation, qualified under Section 501(c)(3) of the Internal  
1374 Revenue Code, whose membership or governing body is appointed or



1375 confirmed by a religious society or ecclesiastical body or any  
1376 congregation thereof.

1377 (ee) All vessels while in the hands of bona fide  
1378 dealers as merchandise and which are not being operated upon the  
1379 waters of this state shall be exempt from ad valorem taxes. As  
1380 used in this paragraph, the terms "vessel" and "waters of this  
1381 state" shall have the meaning ascribed to such terms in Section  
1382 59-21-3.

1383 (ff) All property, real or personal, owned by a  
1384 nonprofit organization that: (i) is qualified as tax exempt under  
1385 Section 501(c)(4) of the Internal Revenue Code of 1986, as  
1386 amended; (ii) assists in the implementation of the national  
1387 contingency plan or area contingency plan, and which is created in  
1388 response to the requirements of Title IV, Subtitle B of the Oil  
1389 Pollution Act of 1990, Public Law 101-380; (iii) engages primarily  
1390 in programs to contain, clean up and otherwise mitigate spills of  
1391 oil or other substances occurring in the United States coastal or  
1392 tidal waters; and (iv) is used for the purposes of the  
1393 organization.

1394 (gg) If a municipality changes its boundaries so as to  
1395 include within the boundaries of such municipality the project  
1396 site of any project as defined in Section 57-75-5(f)(iv)1, Section  
1397 57-75-5(f)(xxi) or Section 57-75-5(f)(xxviii) or Section  
1398 57-75-5(f)(xxix), all real and personal property located on the  
1399 project site within the boundaries of such municipality that is



1400 owned by a business enterprise operating such project, shall be  
1401 exempt from ad valorem taxation for a period of time not to exceed  
1402 thirty (30) years upon receiving approval for such exemption by  
1403 the Mississippi Major Economic Impact Authority. The provisions  
1404 of this paragraph shall not be construed to authorize a breach of  
1405 any agreement entered into pursuant to Section 21-1-59.

1406 (hh) All leases, lease contracts or lease agreements  
1407 (including, but not limited to, subleases, sublease contracts and  
1408 sublease agreements), and leaseholds or leasehold interests  
1409 (including, but not limited to, subleaseholds and subleasehold  
1410 interests), of or with respect to any and all property (real,  
1411 personal or mixed) constituting all or any part of a facility for  
1412 the manufacture, production, generation, transmission and/or  
1413 distribution of electricity, and any real property related  
1414 thereto, shall be exempt from ad valorem taxation during the  
1415 period as the United States is both the title owner of the  
1416 property and a sublessee of or with respect to the property;  
1417 however, the exemption authorized by this paragraph (hh) shall not  
1418 apply to any entity to whom the United States sub-subleases its  
1419 interest in the property nor to any entity to whom the United  
1420 States assigns its sublease interest in the property. As used in  
1421 this paragraph, the term "United States" includes an agency or  
1422 instrumentality of the United States of America. This paragraph  
1423 (hh) shall apply to all assessments for ad valorem taxation for  
1424 the 2003 calendar year and each calendar year thereafter.



1425           (ii) All property, real, personal or mixed, including  
1426 fixtures and leaseholds, used by Mississippi nonprofit entities  
1427 qualified, on or before January 1, 2005, under Section 501(c)(3)  
1428 of the Internal Revenue Code to provide support and operate  
1429 technology incubators for research and development startup  
1430 companies, telecommunication startup companies and/or other  
1431 technology startup companies, utilizing technology spun-off from  
1432 research and development activities of the public colleges and  
1433 universities of this state, State of Mississippi governmental  
1434 research or development activities resulting therefrom located  
1435 within the State of Mississippi.

1436           (jj) All property, real, personal or mixed, including  
1437 fixtures and leaseholds, of startup companies (as described in  
1438 paragraph (ii) of this section) for the period of time, not to  
1439 exceed five (5) years, that the startup company remains a tenant  
1440 of a technology incubator (as described in paragraph (ii) of this  
1441 section).

1442           (kk) All leases, lease contracts or lease agreements  
1443 (including, but not limited to, subleases, sublease contracts and  
1444 sublease agreements), and leaseholds or leasehold interests, of or  
1445 with respect to any and all property (real, personal or mixed)  
1446 constituting all or any part of an auxiliary facility, and any  
1447 real property related thereto, constructed or renovated pursuant  
1448 to Section 37-101-41, Mississippi Code of 1972.



1449           (11) Equipment brought into the state temporarily for  
1450 use during a disaster response period as provided in Sections  
1451 27-113-1 through 27-113-9 and subsequently removed from the state  
1452 on or before the end of the disaster response period as defined in  
1453 Section 27-113-5.

1454           (mm) For any lease or contractual arrangement to which  
1455 the Department of Finance and Administration and a nonprofit  
1456 corporation are a party to as provided in Section 39-25-1(5), the  
1457 nonprofit corporation shall, along with the possessory and  
1458 leasehold interests and/or real and personal property of the  
1459 corporation, be exempt from all ad valorem taxation, including,  
1460 but not limited to, school, city and county ad valorem taxes, for  
1461 the term or period of time stated in the lease or contractual  
1462 arrangement.

1463           (nn) (i) Whenever any nonproducing oil, gas or other  
1464 mineral interest in real estate is owned separately and apart from  
1465 and independently of the rights owned in the surface of such real  
1466 estate, or when any person reserves any right or interest or has  
1467 any leasehold in any of the elements listed in this subparagraph  
1468 (i), the owner of the surface estate shall be exempt from paying  
1469 twenty-five percent (25%) of the ad valorem taxes otherwise due on  
1470 the real estate if the surface owner has complied with the  
1471 provisions of subparagraph (ii) of this paragraph.

1472           (ii) It shall be the duty of every person who is  
1473 eligible for and desires the exemption provided for in this



1474 paragraph (nn) to provide to the tax assessor on or before the  
1475 first day of April each year, for the tax assessor's review and  
1476 approval, an attorney's title opinion covering the person's real  
1477 estate reflecting the ownership or reservation of any of the type  
1478 interests listed in subparagraph (i) of this paragraph. The title  
1479 opinion shall reflect the name and address of the owner(s) or  
1480 holder(s) of such interest, the percentage of the interest owned  
1481 or held and the duration of the interest. The attorney providing  
1482 the title opinion must have been licensed to practice law in the  
1483 State of Mississippi for at least two (2) years and must have  
1484 professional liability insurance.

1485 (iii) If a person who is eligible for and desires  
1486 the exemption provided for in this paragraph (nn) fails to comply  
1487 with the requirements of subparagraph (ii) of this paragraph, that  
1488 person shall not be granted such exemption and shall be liable for  
1489 the full amount of the ad valorem taxes otherwise due on the real  
1490 estate.

1491 **SECTION 26.** Section 27-41-79, Mississippi Code of 1972, is  
1492 amended as follows:

1493 27-41-79. The tax collector shall on or before the second  
1494 Monday of May and on or before the second Monday of October of  
1495 each year, transmit to the clerk of the chancery court of the  
1496 county separate certified lists of the lands struck off by him to  
1497 the state and that sold to individuals, specifying to whom  
1498 assessed, the date of sale, the amount of taxes for which sale was



1499 made, and each item of cost incident thereto, and where sold to  
1500 individuals, the name of the purchaser, such sale to be separately  
1501 recorded by the clerk in a book kept by him for that purpose.

1502 \* \* \* The tax collector shall also transmit to the clerk of the  
1503 chancery court of the county separate lists of any nonproducing  
1504 oil, gas or other mineral interests in real estate which are sold  
1505 to persons for nonpayment of taxes or which are offered for sale  
1506 and, because no person bids the whole amount of taxes and costs  
1507 incident to the sale of such interest, revert to the owners of the  
1508 surface estate under which such mineral interests are located.

1509 All such lists (except lists of nonproducing mineral interests  
1510 that reverted to the owners of the surface estate under which such  
1511 mineral interests are located) shall vest in the state or in the  
1512 individual purchaser thereof a perfect title to the land or  
1513 mineral interest, or both, sold for taxes, but without the right  
1514 of possession for the period of and subject to the right of  
1515 redemption \* \* \*. Lists of nonproducing mineral interests that  
1516 reverted to the owners of the surface estate under which such  
1517 mineral interests are located shall vest in such surface owners a  
1518 perfect title to the mineral interests, not subject to the right  
1519 of redemption. A failure to transmit or record a list or a  
1520 defective list shall not affect or render the title void. If the  
1521 tax collector or clerk shall fail to perform the duties herein  
1522 prescribed, he shall be liable to the party injured by such  
1523 default in the penal sum of Twenty-five Dollars (\$25.00), and also



1524 on his official bond for the actual damage sustained. The lists  
1525 hereinabove provided shall, when filed with the clerk, be notice  
1526 to all persons in the same manner as are deeds when filed for  
1527 record. The lists of lands hereinabove referred to shall be filed  
1528 by the tax collector in May for sales made in April and in October  
1529 for sales made in September, respectively.

1530 **SECTION 27.** Section 27-41-81, Mississippi Code of 1972, is  
1531 amended as follows:

1532 27-41-81. The tax collector shall on or before the first  
1533 Monday of June transmit to the clerk of the chancery court of the  
1534 county separate certified lists of the lands struck off by him to  
1535 the state and that sold to individuals, specifying to whom  
1536 assessed, the day of the sale, the amount of taxes for which the  
1537 sale was made and each item of cost incidental thereto, and, where  
1538 sold to individuals, the name of the purchaser, to be separately  
1539 recorded by the clerk in books kept by him for that purpose.

1540 \* \* \* The tax collector shall also transmit to the clerk of the  
1541 chancery court of the county separate lists of any nonproducing  
1542 oil, gas or other mineral interests in real estate which are sold  
1543 to persons for nonpayment of taxes or which are offered for sale  
1544 and, because no person bids the whole amount of taxes and costs  
1545 incident to the sale of such interest, revert to the owners of the  
1546 surface estate under which such mineral interests are located.  
1547 The lists shall (except lists of nonproducing mineral interests  
1548 that reverted to the owners of the surface estate under which such



1549 mineral interests are located) vest in the state or the individual  
1550 purchaser thereof a perfect title to the land or mineral interest,  
1551 or both, sold for taxes, but without the right of possession and  
1552 subject to the right of redemption \* \* \*. Lists of nonproducing  
1553 mineral interests that reverted to the owners of the surface  
1554 estate under which such mineral interests are located shall vest  
1555 in such surface owners a perfect title to the mineral interests,  
1556 not subject to the right of redemption. A failure to transmit or  
1557 record a list, or a defective list, shall not affect or render the  
1558 title void. If the tax collector or clerk shall fail to perform  
1559 the duties herein prescribed, he shall be liable to the party  
1560 injured by such default in the penal sum of Twenty-five Dollars  
1561 (\$25.00), and also on his bond for the actual damages sustained.

1562 The list hereinabove provided shall, when filed with the  
1563 clerk, be notice to all persons in the same manner as are deeds  
1564 when filed for record.

1565 **SECTION 28.** (1) Except as otherwise provided in subsection  
1566 (2) of this section, the owner(s) or holder(s) of any nonproducing  
1567 oil, gas or other mineral interest in real estate, which is owned  
1568 or held separately and apart from and independently of the rights  
1569 owned in the surface of such real estate, shall pay a percentage  
1570 of the ad valorem taxes due on the land, as provided in this  
1571 subsection. The owner(s) or holder(s) of all of the interests  
1572 described in the preceding sentence collectively shall pay a total  
1573 of twenty-five percent (25%) of the ad valorem taxes due on the



1574 land under which the interests are located, and each individual  
1575 owner or holder of any of the interests shall pay a prorated  
1576 portion of the twenty-five percent (25%) based on his or her  
1577 percentage of ownership of the collective total of all oil, gas or  
1578 other mineral interests that are nonproducing and owned separately  
1579 and apart from and independently of the rights owned in the  
1580 surface of the real estate. The percentage of ad valorem taxes  
1581 which the owner(s) or holder(s) of any of the interests described  
1582 in the first sentence of this subsection must pay shall be due and  
1583 payable at the same time and in the same manner as the ad valorem  
1584 taxes due on the land.

1585 (2) If the owner of the surface estate under which any  
1586 separately owned or held, nonproducing oil, gas or other mineral  
1587 interest is located fails to comply with the requirements of  
1588 Section 27-31-1 (nn)(ii) of this act, he or she shall be liable  
1589 for the full amount of the ad valorem taxes otherwise due on the  
1590 real estate, and the owner(s) or holder(s) of any of the interests  
1591 described in the first sentence of subsection (1) shall not be  
1592 liable for any percentage of the ad valorem taxes due on the real  
1593 estate.

1594 **SECTION 29.** (1) If the owner or holder of any nonproducing  
1595 oil, gas or other mineral interest in real estate, which is owned  
1596 or held separately and apart from and independently of the rights  
1597 owned in the surface of such real estate, does not pay the  
1598 percentage of ad valorem taxes that he or she is required to pay



1599 on the surface of the land under which the oil, gas or mineral  
1600 interest is located, the nonproducing, separately owned or held  
1601 mineral interest shall be sold in the same manner and in  
1602 accordance with the same procedure as prescribed by law for the  
1603 sale of lands for nonpayment of taxes.

1604 (2) In addition to the parties which the chancery clerk is  
1605 required to provide with notice of a tax sale pursuant to Section  
1606 27-43-1 et seq., the chancery clerk shall provide notice to the  
1607 owner of the surface estate under which the separately owned or  
1608 held, nonproducing oil, gas or other mineral interest sold for  
1609 nonpayment of taxes is located that such interest was sold for  
1610 taxes. In addition to the owner or holder of the oil, gas or  
1611 other mineral interest sold for nonpayment of taxes, or any person  
1612 for him with his consent or any person interested in the oil, gas  
1613 or other mineral interest, the owner of the surface estate under  
1614 which the interest is located shall have the right, secondary only  
1615 to the preceding parties, to redeem the oil, gas or other mineral  
1616 interest sold for nonpayment of taxes.

1617 (3) If the owner of the surface estate pays the amount  
1618 necessary to redeem the oil, gas or mineral interest sold for  
1619 nonpayment of taxes, the chancery clerk shall notify the owner or  
1620 holder of the interest sold for nonpayment of taxes that the owner  
1621 of the surface estate has tendered the amount necessary to redeem  
1622 the interest from the tax sale, and that such tender of the amount  
1623 necessary to redeem the interest does not operate to redeem the



1624 interest from the tax sale. The chancery clerk shall notify the  
1625 owner or holder of the oil, gas or other mineral interest sold for  
1626 nonpayment of taxes that if such owner or holder, or any persons  
1627 for him with his consent, or any person interested in the oil, gas  
1628 or other mineral interest does not redeem the interest before the  
1629 expiration of the time of redemption, title to the oil, gas or  
1630 other mineral interest shall vest in the owner of the surface  
1631 estate who tendered the amount necessary to redeem the interest  
1632 from the tax sale. If the owner or holder of the oil, gas or  
1633 other mineral interest does not redeem the interest from the tax  
1634 sale before the expiration of the redemption period, after being  
1635 notified by the chancery clerk in accordance with the provisions  
1636 of this section, title to the interest shall vest in the owner of  
1637 the surface estate who tendered the amount necessary to redeem the  
1638 interest from the tax sale, and the chancery clerk shall execute a  
1639 deed of conveyance to such owner of the surface estate.

1640 (4) If any such nonproducing oil, gas or other mineral  
1641 interest in real estate of a delinquent taxpayer is offered for  
1642 sale, and no person bids the whole amount of taxes and costs  
1643 incident to the sale of the mineral interest, such mineral  
1644 interest shall revert to the owner of the surface estate under  
1645 which the mineral interest is located. The owner of the surface  
1646 estate to whom such mineral interest reverts shall be liable,  
1647 beginning with the next year of tax liability, for the amount of  
1648 delinquent taxes for which the mineral interest was offered for



1649 sale and for his prorated portion of the collective twenty-five  
1650 percent (25%) of ad valorem taxes due on the land as provided in  
1651 Section 28 of this act.

1652        **SECTION 30.** This act shall apply to any nonproducing oil,  
1653 gas or other mineral interest in real estate which is owned or  
1654 held separate and apart from and independently of the rights owned  
1655 in the surface of such real estate, regardless of whether such  
1656 interest was created or became nonproducing before or after the  
1657 effective date of this act.

1658        **SECTION 31.** This act shall take effect and be in force from  
1659 and after July 1, 2018.

