

By: Representative Johnson (94th)

To: Ways and Means

HOUSE BILL NO. 334

1 AN ACT TO AMEND SECTION 27-65-101, MISSISSIPPI CODE OF 1972,
 2 TO REDUCE THE SALES TAX EXEMPTION FOR SALES OF RAW MATERIALS TO A
 3 MANUFACTURER FOR USE DIRECTLY IN MANUFACTURING OR PROCESSING A
 4 PRODUCT FOR SALE OR RENTAL OR REPAIRING OR RECONDITIONING VESSELS
 5 OR BARGES OF FIFTY TONS LOAD DISPLACEMENT AND OVER; TO AMEND
 6 SECTION 27-65-107, MISSISSIPPI CODE OF 1972, TO ELIMINATE THE
 7 SALES TAX EXEMPTION FOR SALES OF ELECTRICITY, CURRENT, POWER,
 8 STEAM, COAL, NATURAL GAS, LIQUEFIED PETROLEUM GAS OR OTHER FUEL TO
 9 A MANUFACTURER; TO AMEND SECTION 27-65-111, MISSISSIPPI CODE OF
 10 1972, TO REDUCE THE SALES TAX EXEMPTION FOR SALES OF TANGIBLE
 11 PERSONAL PROPERTY AND SERVICES TO CERTAIN HOSPITALS AND
 12 INFIRMARIES; TO ELIMINATE THE SALES TAX EXEMPTION FOR RETAIL SALES
 13 OF FIREARMS, AMMUNITION AND HUNTING SUPPLIES MADE DURING THE
 14 ANNUAL MISSISSIPPI SECOND AMENDMENT WEEKEND HOLIDAY; AND FOR
 15 RELATED PURPOSES.

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

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

19 27-65-101. (1) The exemptions from the provisions of this
 20 chapter which are of an industrial nature or which are more
 21 properly classified as industrial exemptions than any other
 22 exemption classification of this chapter shall be confined to
 23 those persons or property exempted by this section or by the
 24 provisions of the Constitution of the United States or the State



25 of Mississippi. No industrial exemption as now provided by any
26 other section except Section 57-3-33 shall be valid as against the
27 tax herein levied. Any subsequent industrial exemption from the
28 tax levied hereunder shall be provided by amendment to this
29 section. No exemption provided in this section shall apply to
30 taxes levied by Section 27-65-15 or 27-65-21.

31 The tax levied by this chapter shall not apply to the
32 following:

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

40 (b) Sales of * * * catalysts, processing chemicals,
41 welding gases or other industrial processing gases (except natural
42 gas) to a manufacturer for use directly in manufacturing or
43 processing a product for sale or rental or repairing or
44 reconditioning vessels or barges of fifty (50) tons load
45 displacement and over. Sales of raw materials for such purposes
46 shall be exempt from one-half (1/2) of the taxes imposed on such
47 transactions under this chapter. For the purposes of this
48 exemption, electricity used directly in the electrolysis process
49 in the production of sodium chlorate shall be considered a raw



50 material. This exemption shall not apply to any property used as
51 fuel except to the extent that such fuel comprises by-products
52 which have no market value.

53 (c) The gross proceeds of sales of dry docks, offshore
54 drilling equipment for use in oil or natural gas exploration or
55 production, vessels or barges of fifty (50) tons load displacement
56 and over, when the vessels or barges are sold by the manufacturer
57 or builder thereof. In addition to other types of equipment,
58 offshore drilling equipment for use in oil or natural gas
59 exploration or production shall include aircraft used
60 predominately to transport passengers or property to or from
61 offshore oil or natural gas exploration or production platforms or
62 vessels, and engines, accessories and spare parts for such
63 aircraft.

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

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

71 (f) Sales of petroleum products to vessels or barges
72 for consumption in marine international commerce or interstate
73 transportation businesses.



74 (g) Sales and rentals of rail rolling stock (and
75 component parts thereof) for ultimate use in interstate commerce
76 and gross income from services with respect to manufacturing,
77 repairing, cleaning, altering, reconditioning or improving such
78 rail rolling stock (and component parts thereof).

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

85 (i) Sales of machinery or tools or repair parts
86 therefor or replacements thereof, fuel or supplies used directly
87 in manufacturing, converting or repairing ships, vessels or barges
88 of three thousand (3,000) tons load displacement and over, but not
89 to include office and plant supplies or other equipment not
90 directly used on the ship, vessel or barge being built, converted
91 or repaired. For purposes of this exemption, "ships, vessels or
92 barges" shall not include floating structures described in Section
93 27-65-18.

94 (j) Sales of tangible personal property to persons
95 operating ships in international commerce for use or consumption
96 on board such ships. This exemption shall be limited to cases in
97 which procedures satisfactory to the commissioner, ensuring



98 against use in this state other than on such ships, are
99 established.

100 (k) Sales of materials used in the construction of a
101 building, or any addition or improvement thereon, and sales of any
102 machinery and equipment not later than three (3) months after the
103 completion of construction of the building, or any addition
104 thereon, to be used therein, to qualified businesses, as defined
105 in Section 57-51-5, which are located in a county or portion
106 thereof designated as an enterprise zone pursuant to Sections
107 57-51-1 through 57-51-15.

108 (l) Sales of materials used in the construction of a
109 building, or any addition or improvement thereon, and sales of any
110 machinery and equipment not later than three (3) months after the
111 completion of construction of the building, or any addition
112 thereon, to be used therein, to qualified businesses, as defined
113 in Section 57-54-5.

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

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

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



123 (p) Sales of materials used in the construction of a
124 building, or any addition or improvement thereon, and sales of any
125 machinery and equipment not later than three (3) months after the
126 completion of construction of the building, or any addition
127 thereon, to be used therein, to qualified companies, certified as
128 such by the Mississippi Development Authority under Section
129 57-53-1.

130 (q) Sales of component materials used in the
131 construction of a building, or any addition or improvement
132 thereon, sales of machinery and equipment to be used therein, and
133 sales of manufacturing or processing machinery and equipment which
134 is permanently attached to the ground or to a permanent foundation
135 and which is not by its nature intended to be housed within a
136 building structure, not later than three (3) months after the
137 initial start-up date, to permanent business enterprises engaging
138 in manufacturing or processing in Tier Three areas (as such term
139 is defined in Section 57-73-21), which businesses are certified by
140 the Department of Revenue as being eligible for the exemption
141 granted in this paragraph (q).

142 (r) (i) Sales of component materials used in the
143 construction of a building, or any addition or improvement
144 thereon, and sales of any machinery and equipment not later than
145 three (3) months after the completion of the building, addition or
146 improvement thereon, to be used therein, for any company
147 establishing or transferring its national or regional headquarters



148 from within or outside the State of Mississippi and creating a
149 minimum of twenty (20) jobs at the new headquarters in this state.
150 The Department of Revenue shall establish criteria and prescribe
151 procedures to determine if a company qualifies as a national or
152 regional headquarters for the purpose of receiving the exemption
153 provided in this subparagraph (i).

154 (ii) Sales of component materials used in the
155 construction of a building, or any addition or improvement
156 thereon, and sales of any machinery and equipment not later than
157 three (3) months after the completion of the building, addition or
158 improvement thereon, to be used therein, for any company expanding
159 or making additions after January 1, 2013, to its national or
160 regional headquarters within the State of Mississippi and creating
161 a minimum of twenty (20) new jobs at the headquarters as a result
162 of the expansion or additions. The Department of Revenue shall
163 establish criteria and prescribe procedures to determine if a
164 company qualifies as a national or regional headquarters for the
165 purpose of receiving the exemption provided in this subparagraph
166 (ii).

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

171 (t) Gross income from the storage and handling of
172 natural gas in underground salt domes and in other underground



173 reservoirs, caverns, structures and formations suitable for such
174 storage.

175 (u) Sales of machinery and equipment to nonprofit
176 organizations if the organization:

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

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

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

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

190 (v) Sales or leases of materials and equipment to
191 approved business enterprises as provided under the Growth and
192 Prosperity Act.

193 (w) From and after July 1, 2001, sales of pollution
194 control equipment to manufacturers or custom processors for
195 industrial use. For the purposes of this exemption, "pollution
196 control equipment" means equipment, devices, machinery or systems
197 used or acquired to prevent, control, monitor or reduce air, water



198 or groundwater pollution, or solid or hazardous waste as required
199 by federal or state law or regulation.

200 (x) Sales or leases to a manufacturer of motor vehicles
201 or powertrain components operating a project that has been
202 certified by the Mississippi Major Economic Impact Authority as a
203 project as defined in Section 57-75-5(f)(iv)1, Section
204 57-75-5(f)(xxi) or Section 57-75-5(f)(xxii) of machinery and
205 equipment; special tooling such as dies, molds, jigs and similar
206 items treated as special tooling for federal income tax purposes;
207 or repair parts therefor or replacements thereof; repair services
208 thereon; fuel, supplies, electricity, coal and natural gas used
209 directly in the manufacture of motor vehicles or motor vehicle
210 parts or used to provide climate control for manufacturing areas.

211 (y) Sales or leases of component materials, machinery
212 and equipment used in the construction of a building, or any
213 addition or improvement thereon to an enterprise operating a
214 project that has been certified by the Mississippi Major Economic
215 Impact Authority as a project as defined in Section
216 57-75-5(f)(iv)1, Section 57-75-5(f)(xxi), Section 57-75-5(f)(xxii)
217 or Section 57-75-5(f)(xxviii) and any other sales or leases
218 required to establish or operate such project.

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



221 (aa) The gross income from the stripping and painting
222 of commercial aircraft engaged in foreign or interstate
223 transportation business.

224 (bb) [Repealed]

225 (cc) Sales or leases to an enterprise owning or
226 operating a project that has been designated by the Mississippi
227 Major Economic Impact Authority as a project as defined in Section
228 57-75-5(f) (xviii) of machinery and equipment; special tooling such
229 as dies, molds, jigs and similar items treated as special tooling
230 for federal income tax purposes; or repair parts therefor or
231 replacements thereof; repair services thereon; fuel, supplies,
232 electricity, coal and natural gas used directly in the
233 manufacturing/production operations of the project or used to
234 provide climate control for manufacturing/production areas.

235 (dd) Sales or leases of component materials, machinery
236 and equipment used in the construction of a building, or any
237 addition or improvement thereon to an enterprise owning or
238 operating a project that has been designated by the Mississippi
239 Major Economic Impact Authority as a project as defined in Section
240 57-75-5(f) (xviii) and any other sales or leases required to
241 establish or operate such project.

242 (ee) Sales of parts used in the repair and servicing of
243 aircraft not registered in Mississippi engaged exclusively in the
244 business of foreign or interstate transportation to businesses
245 engaged in aircraft repair and maintenance.



246 (ff) Sales of component materials used in the
247 construction of a facility, or any addition or improvement
248 thereon, and sales or leases of machinery and equipment not later
249 than three (3) months after the completion of construction of the
250 facility, or any addition or improvement thereto, to be used in
251 the building or any addition or improvement thereto, to a
252 permanent business enterprise operating a data/information
253 enterprise in Tier Three areas (as such areas are designated in
254 accordance with Section 57-73-21), meeting minimum criteria
255 established by the Mississippi Development Authority.

256 (gg) Sales of component materials used in the
257 construction of a facility, or any addition or improvement
258 thereto, and sales of machinery and equipment not later than three
259 (3) months after the completion of construction of the facility,
260 or any addition or improvement thereto, to be used in the facility
261 or any addition or improvement thereto, to technology intensive
262 enterprises for industrial purposes in Tier Three areas (as such
263 areas are designated in accordance with Section 57-73-21), as
264 certified by the Department of Revenue. For purposes of this
265 paragraph, an enterprise must meet the criteria provided for in
266 Section 27-65-17(1)(f) in order to be considered a technology
267 intensive enterprise.

268 (hh) Sales of component materials used in the
269 replacement, reconstruction or repair of a building or facility
270 that has been destroyed or sustained extensive damage as a result



271 of a disaster declared by the Governor, sales of machinery and
272 equipment to be used therein to replace machinery or equipment
273 damaged or destroyed as a result of such disaster, including, but
274 not limited to, manufacturing or processing machinery and
275 equipment which is permanently attached to the ground or to a
276 permanent foundation and which is not by its nature intended to be
277 housed within a building structure, to enterprises or companies
278 that were eligible for the exemptions authorized in paragraph (q),
279 (r), (ff) or (gg) of this subsection during initial construction
280 of the building that was destroyed or damaged, which enterprises
281 or companies are certified by the Department of Revenue as being
282 eligible for the exemption granted in this paragraph.

283 (ii) Sales of software or software services transmitted
284 by the Internet to a destination outside the State of Mississippi
285 where the first use of such software or software services by the
286 purchaser occurs outside the State of Mississippi.

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

290 (kk) Sales of component building materials and
291 equipment for initial construction of facilities or expansion of
292 facilities as authorized under Sections 57-113-1 through 57-113-7
293 and Sections 57-113-21 through 57-113-27.



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

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

300 (nn) Sales of component materials used in the
301 construction of a building, or any addition or improvement
302 thereon, and sales or leases of machinery and equipment not later
303 than three (3) months after the completion of the construction of
304 the facility, to be used in the facility, to permanent business
305 enterprises operating a facility producing renewable crude oil
306 from biomass harvested or produced, in whole or in part, in
307 Mississippi, which businesses meet minimum criteria established by
308 the Mississippi Development Authority. As used in this paragraph,
309 the term "biomass" shall have the meaning ascribed to such term in
310 Section 57-113-1.

311 (oo) Sales of supplies, equipment and other personal
312 property to an organization that is exempt from taxation under
313 Section 501(c)(3) of the Internal Revenue Code and is the host
314 organization coordinating a professional golf tournament played or
315 to be played in this state and the supplies, equipment or other
316 personal property will be used for purposes related to the golf
317 tournament and related activities.



318 (pp) Sales of materials used in the construction of a
319 health care industry facility, as defined in Section 57-117-3, or
320 any addition or improvement thereon, and sales of any machinery
321 and equipment not later than three (3) months after the completion
322 of construction of the facility, or any addition thereon, to be
323 used therein, to qualified businesses, as defined in Section
324 57-117-3. This paragraph shall be repealed from and after July 1,
325 2022.

326 (qq) Sales or leases to a manufacturer of automotive
327 parts operating a project that has been certified by the
328 Mississippi Major Economic Impact Authority as a project as
329 defined in Section 57-75-5(f) (xxviii) of machinery and equipment;
330 or repair parts therefor or replacements thereof; repair services
331 thereon; fuel, supplies, electricity, coal, nitrogen and natural
332 gas used directly in the manufacture of automotive parts or used
333 to provide climate control for manufacturing areas.

334 (rr) Gross collections derived from guided tours on any
335 navigable waters of this state, which include providing
336 accommodations, guide services and/or related equipment operated
337 by or under the direction of the person providing the tour, for
338 the purposes of outdoor tourism. The exemption provided in this
339 paragraph (rr) does not apply to the sale of tangible personal
340 property by a person providing such tours.

341 (ss) Retail sales of truck-tractors and semitrailers
342 used in interstate commerce and registered under the International



343 Registration Plan (IRP) or any similar reciprocity agreement or
344 compact relating to the proportional registration of commercial
345 vehicles entered into as provided for in Section 27-19-143.

346 (tt) Sales exempt under the Facilitating Business Rapid
347 Response to State Declared Disasters Act of 2015 (Sections
348 27-113-1 through 27-113-9).

349 (uu) Sales or leases to an enterprise and its
350 affiliates operating a project that has been certified by the
351 Mississippi Major Economic Impact Authority as a project as
352 defined in Section 57-75-5(f)(xxix) of:

353 (i) All personal property and fixtures, including
354 without limitation, sales or leases to the enterprise and its
355 affiliates of:

356 1. Manufacturing machinery and equipment;

357 2. Special tooling such as dies, molds, jigs
358 and similar items treated as special tooling for federal income
359 tax purposes;

360 3. Component building materials, machinery
361 and equipment used in the construction of buildings, and any other
362 additions or improvements to the project site for the project;

363 4. Nonmanufacturing furniture, fixtures and
364 equipment (inclusive of all communications, computer, server,
365 software and other hardware equipment); and

366 5. Fuel, supplies (other than
367 nonmanufacturing consumable supplies and water), electricity,



368 nitrogen gas and natural gas used directly in the
369 manufacturing/production operations of such project or used to
370 provide climate control for manufacturing/production areas of such
371 project;

372 (ii) All replacements of, repair parts for or
373 services to repair items described in subparagraph (i)1, 2 and 3
374 of this paragraph; and

375 (iii) All services taxable pursuant to Section
376 27-65-23 required to establish, support, operate, repair and/or
377 maintain such project.

378 (vv) Sales or leases to an enterprise operating a
379 project that has been certified by the Mississippi Major Economic
380 Impact Authority as a project as defined in Section
381 57-75-5(f) (xxx) of:

382 (i) Purchases required to establish and operate
383 the project, including, but not limited to, sales of component
384 building materials, machinery and equipment required to establish
385 the project facility and any additions or improvements thereon;
386 and

387 (ii) Machinery, special tools (such as dies,
388 molds, and jigs) or repair parts thereof, or replacements and
389 lease thereof, repair services thereon, fuel, supplies and
390 electricity, coal and natural gas used in the manufacturing
391 process and purchased by the enterprise owning or operating the
392 project for the benefit of the project.



393 (ww) Sales of component materials used in the
394 construction of a building, or any expansion or improvement
395 thereon, sales of machinery and/or equipment to be used therein,
396 and sales of processing machinery and equipment which is
397 permanently attached to the ground or to a permanent foundation
398 which is not by its nature intended to be housed in a building
399 structure, no later than three (3) months after initial startup,
400 expansion or improvement of a permanent enterprise solely engaged
401 in the conversion of natural sand into proppants used in oil and
402 gas exploration and development with at least ninety-five percent
403 (95%) of such proppants used in the production of oil and/or gas
404 from horizontally drilled wells and/or horizontally drilled
405 recompletion wells as defined in Sections 27-25-501 and 27-25-701.

406 (2) Sales of component materials used in the construction of
407 a building, or any addition or improvement thereon, sales of
408 machinery and equipment to be used therein, and sales of
409 manufacturing or processing machinery and equipment which is
410 permanently attached to the ground or to a permanent foundation
411 and which is not by its nature intended to be housed within a
412 building structure, not later than three (3) months after the
413 initial start-up date, to permanent business enterprises engaging
414 in manufacturing or processing in Tier Two areas and Tier One
415 areas (as such areas are designated in accordance with Section
416 57-73-21), which businesses are certified by the Department of
417 Revenue as being eligible for the exemption granted in this



418 subsection, shall be exempt from one-half (1/2) of the taxes
419 imposed on such transactions under this chapter.

420 (3) Sales of component materials used in the construction of
421 a facility, or any addition or improvement thereon, and sales or
422 leases of machinery and equipment not later than three (3) months
423 after the completion of construction of the facility, or any
424 addition or improvement thereto, to be used in the building or any
425 addition or improvement thereto, to a permanent business
426 enterprise operating a data/information enterprise in Tier Two
427 areas and Tier One areas (as such areas are designated in
428 accordance with Section 57-73-21), which businesses meet minimum
429 criteria established by the Mississippi Development Authority,
430 shall be exempt from one-half (1/2) of the taxes imposed on such
431 transaction under this chapter.

432 (4) Sales of component materials used in the construction of
433 a facility, or any addition or improvement thereto, and sales of
434 machinery and equipment not later than three (3) months after the
435 completion of construction of the facility, or any addition or
436 improvement thereto, to be used in the building or any addition or
437 improvement thereto, to technology intensive enterprises for
438 industrial purposes in Tier Two areas and Tier One areas (as such
439 areas are designated in accordance with Section 57-73-21), which
440 businesses are certified by the Department of Revenue as being
441 eligible for the exemption granted in this subsection, shall be
442 exempt from one-half (1/2) of the taxes imposed on such



443 transactions under this chapter. For purposes of this subsection,
444 an enterprise must meet the criteria provided for in Section
445 27-65-17(1)(f) in order to be considered a technology intensive
446 enterprise.

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

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

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

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

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

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

465 (b) Sales of equipment to telecommunications
466 enterprises after June 30, 2003, and before July 1, 2020, that is
467 installed in Tier One areas and used in the deployment of



468 broadband technologies shall be exempt from one-half (1/2) of the
469 taxes imposed on such transactions under this chapter.

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

475 (6) Sales of component materials used in the replacement,
476 reconstruction or repair of a building that has been destroyed or
477 sustained extensive damage as a result of a disaster declared by
478 the Governor, sales of machinery and equipment to be used therein
479 to replace machinery or equipment damaged or destroyed as a result
480 of such disaster, including, but not limited to, manufacturing or
481 processing machinery and equipment which is permanently attached
482 to the ground or to a permanent foundation and which is not by its
483 nature intended to be housed within a building structure, to
484 enterprises that were eligible for the partial exemptions provided
485 for in subsections (2), (3) and (4) of this section during initial
486 construction of the building that was destroyed or damaged, which
487 enterprises are certified by the Department of Revenue as being
488 eligible for the partial exemption granted in this subsection,
489 shall be exempt from one-half (1/2) of the taxes imposed on such
490 transactions under this chapter.

491 **SECTION 2.** Section 27-65-107, Mississippi Code of 1972, is
492 amended as follows:



493 27-65-107. The exemptions from the provisions of this
494 chapter which relate to utilities or which are more properly
495 classified as utility exemptions than any other exemption
496 classification of this chapter shall be confined to those persons
497 or property exempted by this section or by provisions of the
498 Constitutions of the United States or the State of Mississippi.
499 No utility exemption as now provided by any other section shall be
500 valid as against the tax herein levied. Any subsequent utility
501 exemption from the tax levied hereunder shall be provided by
502 amendment to this section.

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

505 The tax levied by this chapter shall not apply to the
506 following:

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

511 (b) Rentals of manufacturing machinery to a
512 manufacturer or custom processor where such manufacturer or custom
513 processor is engaged in, and such machinery is used in, the
514 manufacture of containers made from timber or wood for sale. The
515 tax, likewise, shall not apply to replacement or repair parts of
516 such machinery used in such manufacture.



517 (c) Sales of tangible personal property and services to
518 nonprofit water associations or corporations in which no part of
519 the net earnings inures to the benefit of any private shareholder,
520 group or individual. Only sales of property or services which are
521 ordinary and necessary to the operation of such organizations are
522 exempt from tax.

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

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

529 (f) Sales of electricity, current, power, steam, coal,
530 natural gas, liquefied petroleum gas or other fuel to a * * *
531 custom processor, technology intensive enterprise meeting the
532 criteria provided for in Section 27-65-17(1)(f), or public service
533 company for industrial purposes, which shall include that used to
534 generate electricity, to operate an electrical distribution or
535 transmission system, to operate pipeline compressor or pumping
536 stations, or to operate railroad locomotives.

537 (g) Sales of electricity, current, power, steam, coal,
538 natural gas, liquefied petroleum gas or other fuel to a producer
539 or processor for use directly in the production of poultry or
540 poultry products, the production of livestock and livestock
541 products, the production of domesticated fish and domesticated



542 fish products, the production of marine aquaculture products, the
543 production of plants or food by commercial horticulturists, the
544 processing of milk and milk products, the processing of poultry
545 and livestock feed, and the irrigation of farm crops.

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

549 (i) Sales exempt under the Facilitating Business Rapid
550 Response to State Declared Disasters Act of 2015 (Sections
551 27-113-1 through 27-113-9).

552 (j) Sales of electricity, current, power, steam, coal,
553 natural gas, liquefied petroleum gas or other fuel to a permanent
554 enterprise that is eligible for the exemption authorized in
555 Section 27-65-101(1)(ww) upon completion of the expansion upon
556 which such exemption is based; however, in order to be eligible
557 for the exemption authorized by this paragraph, the expansion
558 must:

559 (i) Create at least eighty-five (85) full-time
560 jobs in this state with an average annual wage of at least Sixty
561 Thousand Dollars (\$60,000.00); and

562 (ii) Have at least Eighty Million Dollars
563 (\$80,000,000.00) in new investment at the existing facility.

564 **SECTION 3.** Section 27-65-111, Mississippi Code of 1972, is
565 amended as follows:



566 27-65-111. The exemptions from the provisions of this
567 chapter which are not industrial, agricultural or governmental, or
568 which do not relate to utilities or taxes, or which are not
569 properly classified as one (1) of the exemption classifications of
570 this chapter, shall be confined to persons or property exempted by
571 this section or by the Constitution of the United States or the
572 State of Mississippi. No exemptions as now provided by any other
573 section, except the classified exemption sections of this chapter
574 set forth herein, shall be valid as against the tax herein levied.
575 Any subsequent exemption from the tax levied hereunder, except as
576 indicated above, shall be provided by amendments to this section.

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

579 The tax levied by this chapter shall not apply to the
580 following:

581 (a) Sales of tangible personal property and services to
582 hospitals or infirmaries owned and operated by a corporation or
583 association in which no part of the net earnings inures to the
584 benefit of any private shareholder, group or individual, and which
585 are subject to and governed by Sections 41-7-123 through 41-7-127
586 shall be exempt from one-half (1/2) of the taxes imposed on such
587 transactions under this chapter.

588 Only sales of tangible personal property or services which
589 are ordinary and necessary to the operation of such hospitals and
590 infirmaries are exempted from tax.



591 (b) Sales of daily or weekly newspapers, and
592 periodicals or publications of scientific, literary or educational
593 organizations exempt from federal income taxation under Section
594 501(c) (3) of the Internal Revenue Code of 1954, as it exists as of
595 March 31, 1975, and subscription sales of all magazines.

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

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

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

604 (f) Sales of tangible personal property, labor or
605 services taxable under Sections 27-65-17, 27-65-19 and 27-65-23,
606 to a YMCA, YWCA, a Boys' or Girls' Club owned and operated by a
607 corporation or association in which no part of the net earnings
608 inures to the benefit of any private shareholder, group or
609 individual.

610 (g) Sales to elementary and secondary grade schools,
611 junior and senior colleges owned and operated by a corporation or
612 association in which no part of the net earnings inures to the
613 benefit of any private shareholder, group or individual, and which
614 are exempt from state income taxation, provided that this
615 exemption does not apply to sales of property or services which



616 are not to be used in the ordinary operation of the school, or
617 which are to be resold to the students or the public.

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

620 (i) Prescribed for the treatment of a human being
621 by a person authorized to prescribe the medicines, and dispensed
622 or prescription filled by a registered pharmacist in accordance
623 with law; or

624 (ii) Furnished by a licensed physician, surgeon,
625 dentist or podiatrist to his own patient for treatment of the
626 patient; or

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

630 (iv) Sold to a licensed physician, surgeon,
631 podiatrist, dentist or hospital for the treatment of a human
632 being; or

633 (v) Sold to this state or any political
634 subdivision or municipal corporation thereof, for use in the
635 treatment of a human being or furnished for the treatment of a
636 human being by a medical facility or clinic maintained by this
637 state or any political subdivision or municipal corporation
638 thereof.

639 "Medicines," as used in this paragraph (h), shall mean and
640 include any substance or preparation intended for use by external



641 or internal application to the human body in the diagnosis, cure,
642 mitigation, treatment or prevention of disease and which is
643 commonly recognized as a substance or preparation intended for
644 such use; provided that "medicines" do not include any auditory,
645 prosthetic, ophthalmic or ocular device or appliance, any dentures
646 or parts thereof or any artificial limbs or their replacement
647 parts, articles which are in the nature of splints, bandages,
648 pads, compresses, supports, dressings, instruments, apparatus,
649 contrivances, appliances, devices or other mechanical, electronic,
650 optical or physical equipment or article or the component parts
651 and accessories thereof, or any alcoholic beverage or any other
652 drug or medicine not commonly referred to as a prescription drug.

653 Notwithstanding the preceding sentence of this paragraph (h),
654 "medicines" as used in this paragraph (h), shall mean and include
655 sutures, whether or not permanently implanted, bone screws, bone
656 pins, pacemakers and other articles permanently implanted in the
657 human body to assist the functioning of any natural organ, artery,
658 vein or limb and which remain or dissolve in the body.

659 "Hospital," as used in this paragraph (h), shall have the
660 meaning ascribed to it in Section 41-9-3, Mississippi Code of
661 1972.

662 Insulin furnished by a registered pharmacist to a person for
663 treatment of diabetes as directed by a physician shall be deemed
664 to be dispensed on prescription within the meaning of this
665 paragraph (h).



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

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

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

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

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

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

683 (o) Retail sales of food for human consumption
684 purchased with food stamps issued by the United States Department
685 of Agriculture, or other federal agency, from and after October 1,
686 1987, or from and after the expiration of any waiver granted
687 pursuant to federal law, the effect of which waiver is to permit
688 the collection by the state of tax on such retail sales of food
689 for human consumption purchased with food stamps.



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

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

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

697 (s) Sales of tangible personal property or services to
698 National Association of Junior Auxiliaries, Inc., and chapters of
699 the National Association of Junior Auxiliaries, Inc.

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

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

705 (v) Retail sales of food for human consumption
706 purchased with food instruments issued the Mississippi Band of
707 Choctaw Indians under the Women, Infants and Children Program
708 (WIC) funded by the United States Department of Agriculture.

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

713 (x) The gross collections from the operation of
714 self-service, coin-operated car washing equipment and sales of the



715 service of washing motor vehicles with portable high-pressure
716 washing equipment on the premises of the customer.

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

719 (z) Sales of tangible personal property to nonprofit
720 organizations that provide foster care, adoption services and
721 temporary housing for unwed mothers and their children if the
722 organization is exempt from federal income taxation under Section
723 501(c) (3) of the Internal Revenue Code.

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

729 (bb) Retail sales of an article of clothing or footwear
730 designed to be worn on or about the human body if the sales price
731 of the article is less than One Hundred Dollars (\$100.00) and the
732 sale takes place during a period beginning at 12:01 a.m. on the
733 last Friday in July and ending at 12:00 midnight the following
734 Saturday. This paragraph (bb) shall not apply to:

735 (i) Accessories including jewelry, handbags,
736 luggage, umbrellas, wallets, watches, backpacks, briefcases,
737 garment bags and similar items carried on or about the human body,
738 without regard to whether worn on the body in a manner
739 characteristic of clothing;



740 (ii) The rental of clothing or footwear; and
741 (iii) Skis, swim fins, roller blades, skates and
742 similar items worn on the foot.

743 From and after January 1, 2010, the governing authorities of
744 a municipality, for retail sales occurring within the corporate
745 limits of the municipality, may suspend the application of the
746 exemption provided for in this paragraph (bb) by adoption of a
747 resolution to that effect stating the date upon which the
748 suspension shall take effect. A certified copy of the resolution
749 shall be furnished to the Department of Revenue at least ninety
750 (90) days prior to the date upon which the municipality desires
751 such suspension to take effect.

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

755 As used in this paragraph (cc), "school" means any public or
756 private school that teaches courses of instruction to students in
757 any grade from kindergarten through Grade 12.

758 (dd) Sales of durable medical equipment and home
759 medical supplies when ordered or prescribed by a licensed
760 physician for medical purposes of a patient. As used in this
761 paragraph (dd), "durable medical equipment" and "home medical
762 supplies" mean equipment, including repair and replacement parts
763 for the equipment or supplies listed under Title XVIII of the
764 Social Security Act or under the state plan for medical assistance



765 under Title XIX of the Social Security Act, prosthetics,
766 orthotics, hearing aids, hearing devices, prescription eyeglasses,
767 oxygen and oxygen equipment. Payment does not have to be made, in
768 whole or in part, by any particular person to be eligible for this
769 exemption. Purchases of home medical equipment and supplies by a
770 provider of home health services or a provider of hospice services
771 are eligible for this exemption if the purchases otherwise meet
772 the requirements of this paragraph.

773 (ee) Sales of tangible personal property or services to
774 Mississippi Blood Services.

775 * * *

776 (* * *ff) Sales of nonperishable food items to
777 charitable organizations that are exempt from federal income
778 taxation under Section 501(c)(3) of the Internal Revenue Code and
779 operate a food bank or food pantry or food lines.

780 (* * *gg) Sales of tangible personal property or
781 services to the United Way of the Pine Belt Region, Inc.

782 (* * *hh) Sales of tangible personal property or
783 services to the Mississippi Children's Museum or any subsidiary or
784 affiliate thereof operating a satellite or branch museum within
785 this state.

786 (* * *ii) Sales of tangible personal property or
787 services to the Jackson Zoological Park.

788 (* * *jj) Sales of tangible personal property or
789 services to the Hattiesburg Zoo.



790 (* * *kk) Gross proceeds from sales of food,
791 merchandise or other concessions at an event held solely for
792 religious or charitable purposes at livestock facilities,
793 agriculture facilities or other facilities constructed, renovated
794 or expanded with funds for the grant program authorized under
795 Section 18, Chapter 530, Laws of 1995.

796 (* * *ll) Sales of tangible personal property and
797 services to the Diabetes Foundation of Mississippi and the
798 Mississippi Chapter of the Juvenile Diabetes Research Foundation.

799 (* * *mm) Sales of potting soil, mulch, or other soil
800 amendments used in growing ornamental plants which bear no fruit
801 of commercial value when sold to commercial plant nurseries that
802 operate exclusively at wholesale and where no retail sales can be
803 made.

804 (* * *nn) Sales of tangible personal property or
805 services to the University of Mississippi Medical Center Research
806 Development Foundation.

807 (* * *oo) Sales of tangible personal property or
808 services to Keep Mississippi Beautiful, Inc., and all affiliates
809 of Keep Mississippi Beautiful, Inc.

810 (* * *pp) Sales of tangible personal property or
811 services to the Friends of Children's Hospital.

812 (* * *qq) Sales of tangible personal property or
813 services to the Pinecrest Weekend Backpacks for Kids located in
814 Corinth, Mississippi.



815 (* * *rr) Sales of hearing aids when ordered or
816 prescribed by a licensed physician, audiologist or hearing aid
817 specialist for the medical purposes of a patient.

818 (* * *ss) Sales exempt under the Facilitating Business
819 Rapid Response to State Declared Disasters Act of 2015 (Sections
820 27-113-1 through 27-113-9).

821 **SECTION 4.** This act shall take effect and be in force from
822 and after July 1, 2018.

