

By: Representative Scott

To: Ways and Means

HOUSE BILL NO. 509

1 AN ACT TO CREATE THE "ECONOMICALLY DISTRESSED MUNICIPALITIES
2 DEVELOPMENT ACT" TO ASSIST CERTAIN MUNICIPALITIES IN ENCOURAGING
3 ECONOMIC DEVELOPMENT; TO AUTHORIZE THE MISSISSIPPI DEVELOPMENT
4 AUTHORITY TO DESIGNATE CERTAIN MUNICIPALITIES AS ECONOMICALLY
5 DISTRESSED MUNICIPALITIES; TO PROVIDE THAT CERTAIN MUNICIPALITIES
6 MAY APPLY TO THE MISSISSIPPI DEVELOPMENT AUTHORITY FOR DESIGNATION
7 AS ECONOMICALLY DISTRESSED MUNICIPALITIES; TO PROVIDE INCENTIVES
8 IN THE FORM OF TEMPORARY LOCAL AD VALOREM TAX EXEMPTIONS, STATE
9 INCOME TAX, FRANCHISE TAX AND SALES TAX EXEMPTIONS AND LOANS FOR
10 APPROVED BUSINESS ENTERPRISES THAT LOCATE OR EXPAND IN
11 ECONOMICALLY DISTRESSED MUNICIPALITIES; TO AUTHORIZE THE ISSUANCE
12 OF STATE GENERAL OBLIGATION BONDS TO PROVIDE FUNDS FOR THE LOANS
13 AUTHORIZED UNDER THIS ACT; TO AMEND SECTIONS 27-7-21, 27-13-5,
14 27-13-7 AND 27-65-101, MISSISSIPPI CODE OF 1972, TO CONFORM TO THE
15 PROVISIONS OF THIS ACT; AND FOR RELATED PURPOSES.

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

17 **SECTION 1.** Sections 1 through 3 of this act shall be known
18 and may be cited as the "Economically Distressed Municipalities
19 Development Act."

20 **SECTION 2.** (1) As used in Sections 1 through 3 of this act,
21 the following words and phrases shall have the meanings ascribed
22 herein unless the context clearly indicates otherwise:

23 (a) "Approved business enterprise" means any business
24 enterprise seeking to locate or expand in an economically



distressed municipality, which business enterprise is approved by the MDA.

(b) "Business enterprise" means any (i) industry for the manufacturing, processing, assembling, storing, warehousing, servicing, distributing or selling of any products or goods, including products of agriculture; (ii) commercial enterprise; (iii) enterprise for research and development, including, but not limited to, scientific laboratories; or (iv) such other business or industry as will be in furtherance of the public purposes of this section as determined by the MDA and which creates a minimum of five (5) jobs. "Business enterprise" includes a commercial enterprise with a primary business of retail sales if the enterprise has less than fifty (50) full-time employees or less than One Million Dollars (\$1,000,000.00) in net worth at the time of submitting its application to the MDA under this section. "Business enterprise" does not include gaming businesses.

(c) "Economically distressed municipality" means a municipality that meets the requirements of this section and which has by resolution or order given its consent to participate in the program established in this section.

(d) "Local tax" means any municipal or county ad valorem tax imposed on the approved business enterprise pursuant to law, except the school portion of the tax and any portion of the tax imposed to pay the cost of providing fire and police protection.



50 (e) "Local taxing authority" means a municipality or
51 county which by resolution or order has given its consent to
52 participate in the program established in this section acting
53 through its respective municipal governing board, council,
54 commission or other legal authority or board of supervisors.

55 (f) "MDA" means the Mississippi Development Authority.

56 (g) "State tax" means:

57 (i) Any sales and use tax imposed on the approved
58 business enterprise pursuant to law related to the purchase of
59 component building materials and equipment for initial
60 construction of facilities or expansion of facilities in an
61 economically distressed municipality;

62 (ii) All income tax imposed pursuant to law on
63 income earned by the approved business enterprise in an
64 economically distressed municipality;

65 (iii) Franchise tax imposed pursuant to law on the
66 value of capital used, invested or employed by the approved
67 business enterprise in an economically distressed municipality;
68 and

69 (iv) Any sales and use tax imposed on the lease of
70 machinery and equipment acquired in the initial construction to
71 establish the facility or for an expansion, including, but not
72 limited to, leases in existence prior to July 1, 2018, as
73 certified by the MDA, in an economically distressed municipality.



74 (2) (a) From and after July 1, 2018, and until December 31,
75 2029, a municipality meeting the requirements of this subsection
76 may apply to the MDA for the issuance of a certificate of
77 convenience and necessity. In order to be eligible to apply for
78 the issuance of a certificate of convenience and necessity, a
79 municipality must have a population of less than twenty thousand
80 (20,000) according to the 2010 federal decennial census and have
81 lost at least ten percent (10%) of it population since the 1980
82 federal decennial census and:

83 (i) Have an annualized unemployment rate that is
84 at least two hundred percent (200%) of the state's unemployment
85 rate as of December 31 of any year from 2017 through 2028, as
86 determined by the Mississippi Department of Employment Security's
87 most recently published data; and/or

88 (ii) Thirty percent (30%) or more of the
89 population of the municipality is at or below the federal poverty
90 level according to the most recent official data compiled by the
91 United States Census Bureau.

92 (b) A municipality desiring to be designated as an
93 economically distressed municipality under this section must
94 submit an application to the MDA. The application, at a minimum,
95 must contain (i) the Mississippi Department of Employment
96 Security's most recently published figures that reflect the
97 annualized unemployment rate of the applying municipality as of
98 December 31 or the most recent official data by the United States



Census Bureau required by paragraph (a) of this subsection, as the case may be, (ii) information verifying the municipality's required population figures, and (iii) an order or resolution of the municipality consenting to the designation of the municipality as an economically distressed municipality.

(c) A county in which an economically distressed municipality is located may by order or resolution of the county board of supervisors consent to participation in the program established in this section in connection with an approved business enterprise in an economically distressed municipality.

(d) No incentive or tax exemption shall be given under this section without the consent of the affected municipality or county.

(3) (a) Upon the issuance by the MDA of its certificate of convenience and necessity, designating a municipality as an economically distressed municipality, any approved business enterprise in such economically distressed municipality shall be exempt from all local taxes levied by the municipality and all state taxes for a period of ten (10) years or until December 31, 2029, whichever occurs first, and upon consent of the county within which such a municipality is located, shall be exempt from all local taxes levied by such county for a period of ten (10) years or until December 31, 2029, whichever occurs first; however, if the business enterprise is located in an area that has been declared by the Governor to be a disaster area and as a direct



124 result of the disaster the business enterprise is unable to use
125 the exemption from state taxes, the MDA may extend the duration of
126 the exemption from state taxes for not more than two (2) years or
127 until December 31, 2031, whichever occurs first. Any business
128 enterprise that has property or equipment purchased using the
129 state tax exemption that is damaged or destroyed as a result of
130 the disaster may purchase replacement equipment and component
131 building materials exempt from sales and use tax.

132 (b) The following conditions, along with any other
133 conditions the MDA shall promulgate from time to time by rule or
134 regulation, shall apply to such exemptions: (i) any exemption
135 provided under this section is nontransferable and cannot be
136 applied, used or assigned to any other person or business or tax
137 account; (ii) no approved business enterprise may claim or use the
138 exemption granted under this section unless that enterprise is in
139 full compliance with all state and local tax laws, and related
140 ordinances and resolutions; and (iii) the approved business
141 enterprise must enter into an agreement with the MDA which sets
142 out, at a minimum, the performance requirements of the approved
143 business enterprise during the term of the exemption and
144 provisions for the recapture of all or a portion of the taxes
145 exempted if the performance requirements of the approved business
146 enterprise are not met.

147 (c) Upon entering into such an agreement, the MDA shall
148 forward such agreement to the Department of Revenue and the



149 affected local taxing authorities so that the exemptions can be
150 implemented. The Department of Revenue shall promulgate rules and
151 regulations, in accordance with the Mississippi Administrative
152 Procedures Law, for the implementation of both local and state
153 exemptions granted under this section.

154 (d) Any business enterprise that relocates its present
155 operation and jobs to an economically distressed municipality from
156 elsewhere in the state shall not receive any of the exemptions
157 granted in this section.

158 (4) If the annualized unemployment rate in an economically
159 distressed municipality falls below one hundred fifty percent
160 (150%) of the state's annualized unemployment rate for three (3)
161 consecutive calendar years and less than thirty percent (30%) of
162 the population of the municipality is at or below the federal
163 poverty level according to the most recent official data compiled
164 by the United States Census Bureau as of December 31 of the third
165 of such consecutive calendar years, the tax exemptions authorized
166 under this section may not be granted to additional business
167 enterprises.

168 (5) The MDA shall have all powers necessary to implement and
169 administer the provisions of this section, and the MDA shall
170 promulgate rules and regulations, in accordance with the
171 Mississippi Administrative Procedures Law, necessary for the
172 implementation of this section.



SECTION 3.

(1) There is established the Economically Distressed Municipalities Assistance Program to be administered by the MDA for the purpose of providing loans to assist approved small business enterprises in economically distressed municipalities. For the purposes of this section, "approved small business enterprise" means an approved business enterprise with less than fifty (50) full-time employees or less than One Million Dollars (\$1,000,000.00) in net worth.

(2) (a) An entity desiring assistance under this section must submit an application to the MDA. The application must include a description of the purpose for which assistance is requested, the amount of assistance requested and any other information required by the MDA.

(b) The proceeds of a loan received under this section may be used in connection with the purchase or lease of land, buildings, equipment and inventory, and for working capital; however, no more than one-third (1/3) of the total loan proceeds or Fifty Thousand Dollars (\$50,000.00), whichever is less, may be used for working capital.

(c) The maximum term of any loan under this section shall not exceed the following: fifteen (15) years if used to purchase or lease land or buildings, ten (10) years if used to purchase or lease equipment, five (5) years if used to provide working capital and three (3) years if used to purchase inventory.



(d) The maximum amount of assistance provided to an approved small business enterprise under this section shall not exceed an aggregate amount of One Hundred Fifty Thousand Dollars (\$150,000.00).

(3) There is created in the State Treasury a special fund to be designated as the "Economically Distressed Municipalities Assistance Fund," which shall consist of funds made available by the Legislature in any manner and funds from any other source designated for deposit into such fund. Unexpended amounts remaining in the fund at the end of a fiscal year shall not lapse into the State General Fund, and any investment earnings or interest earned on amounts in the fund shall be deposited to the credit of the fund. Monies in the fund shall be used by the MDA for the purposes described in this section.

(4) The MDA shall have all powers necessary to implement and administer the provisions of this section, and the MDA shall promulgate rules and regulations, in accordance with the Mississippi Administrative Procedures Law, necessary for the implementation of this section.

SECTION 4. (1) As used in this section, the following words shall have the meanings ascribed herein unless the context clearly requires otherwise:

(a) "Accreted value" of any bonds means, as of any date of computation, an amount equal to the sum of (i) the stated initial value of such bond, plus (ii) the interest accrued thereon



from the issue date to the date of computation at the rate,
compounded semiannually, that is necessary to produce the
approximate yield to maturity shown for bonds of the same
maturity.

(b) "State" means the State of Mississippi.

(c) "Commission" means the State Bond Commission.

(2) (a) The Mississippi Development Authority, at one time,
or from time to time, may declare by resolution the necessity for
issuance of general obligation bonds of the State of Mississippi
to provide funds for the program authorized in Section 3 of this
act. Upon the adoption of a resolution by the Mississippi
Development Authority, declaring the necessity for the issuance of
any part or all of the general obligation bonds authorized by this
subsection, the Mississippi Development Authority shall deliver a
certified copy of its resolution or resolutions to the commission.
Upon receipt of such resolution, the commission, in its
discretion, may act as the issuing agent, prescribe the form of
the bonds, determine the appropriate method for sale of the bonds,
advertise for and accept bids or negotiate the sale of the bonds,
issue and sell the bonds so authorized to be sold and do any and
all other things necessary and advisable in connection with the
issuance and sale of such bonds. The total amount of bonds issued
under this section shall not exceed Ten Million Dollars
(\$10,000,000.00). No bonds authorized under this section shall be
issued after July 1, 2022.



247 (b) The proceeds of bonds issued pursuant to this
248 section shall be deposited into the Economically Distressed
249 Municipalities Assistance Fund created in Section 3 of this act.
250 Any investment earnings on bonds issued pursuant to this section
251 shall be used to pay debt service on bonds issued under this
252 section, in accordance with the proceedings authorizing issuance
253 of such bonds.

254 (3) The principal of and interest on the bonds authorized
255 under this section shall be payable in the manner provided in this
256 subsection. Such bonds shall bear such date or dates, be in such
257 denomination or denominations, bear interest at such rate or rates
258 (not to exceed the limits set forth in Section 75-17-101,
259 Mississippi Code of 1972), be payable at such place or places
260 within or without the State of Mississippi, shall mature
261 absolutely at such time or times not to exceed twenty-five (25)
262 years from date of issue, be redeemable before maturity at such
263 time or times and upon such terms, with or without premium, shall
264 bear such registration privileges, and shall be substantially in
265 such form, all as shall be determined by resolution of the
266 commission.

267 (4) The bonds authorized by this section shall be signed by
268 the chairman of the commission, or by his facsimile signature, and
269 the official seal of the commission shall be affixed thereto,
270 attested by the secretary of the commission. The interest
271 coupons, if any, to be attached to such bonds may be executed by



the facsimile signatures of such officers. Whenever any such bonds shall have been signed by the officials designated to sign the bonds who were in office at the time of such signing but who may have ceased to be such officers before the sale and delivery of such bonds, or who may not have been in office on the date such bonds may bear, the signatures of such officers upon such bonds and coupons shall nevertheless be valid and sufficient for all purposes and have the same effect as if the person so officially signing such bonds had remained in office until their delivery to the purchaser, or had been in office on the date such bonds may bear. However, notwithstanding anything herein to the contrary, such bonds may be issued as provided in the Registered Bond Act of the State of Mississippi.

(5) All bonds and interest coupons issued under the provisions of this section have all the qualities and incidents of negotiable instruments under the provisions of the Uniform Commercial Code, and in exercising the powers granted by this section, the commission shall not be required to and need not comply with the provisions of the Uniform Commercial Code.

(6) The commission shall act as issuing agent for the bonds authorized under this section, prescribe the form of the bonds, determine the appropriate method for sale of the bonds, advertise for and accept bids or negotiate the sale of the bonds, issue and sell the bonds so authorized to be sold, pay all fees and costs incurred in such issuance and sale, and do any and all other



297 things necessary and advisable in connection with the issuance and
298 sale of such bonds. The commission is authorized and empowered to
299 pay the costs that are incident to the sale, issuance and delivery
300 of the bonds authorized under this section from the proceeds
301 derived from the sale of such bonds. The commission may sell such
302 bonds on sealed bids at public sale or may negotiate the sale of
303 the bonds for such price as it may determine to be for the best
304 interest of the State of Mississippi. All interest accruing on
305 such bonds so issued shall be payable semiannually or annually.

306 If such bonds are sold by sealed bids at public sale, notice
307 of the sale shall be published at least one time, not less than
308 ten (10) days before the date of sale, and shall be so published
309 in one or more newspapers published or having a general
310 circulation in the City of Jackson, Mississippi, selected by the
311 commission.

312 The commission, when issuing any bonds under the authority of
313 this section, may provide that bonds, at the option of the State
314 of Mississippi, may be called in for payment and redemption at the
315 call price named therein and accrued interest on such date or
316 dates named therein.

317 (7) The bonds issued under the provisions of this section
318 are general obligations of the State of Mississippi, and for the
319 payment thereof the full faith and credit of the State of
320 Mississippi is irrevocably pledged. If the funds appropriated by
321 the Legislature are insufficient to pay the principal of and the



322 interest on such bonds as they become due, then the deficiency
323 shall be paid by the State Treasurer from any funds in the State
324 Treasury not otherwise appropriated. All such bonds shall contain
325 recitals on their faces substantially covering the provisions of
326 this subsection.

327 (8) Upon the issuance and sale of bonds under the provisions
328 of this section, the commission shall transfer the proceeds of any
329 such sale or sales to the Economically Distressed Municipalities
330 Assistance Fund created in Section 3 of this act. The proceeds of
331 such bonds shall be disbursed solely upon the order of the
332 Mississippi Development Authority under such restrictions, if any,
333 as may be contained in the resolution providing for the issuance
334 of the bonds.

335 (9) The bonds authorized under this section may be issued
336 without any other proceedings or the happening of any other
337 conditions or things other than those proceedings, conditions and
338 things which are specified or required by this section. Any
339 resolution providing for the issuance of bonds under the
340 provisions of this section shall become effective immediately upon
341 its adoption by the commission, and any such resolution may be
342 adopted at any regular or special meeting of the commission by a
343 majority of its members.

344 (10) The bonds authorized under the authority of this
345 section may be validated in the Chancery Court of the First
346 Judicial District of Hinds County, Mississippi, in the manner and



347 with the force and effect provided by Chapter 13, Title 31,
348 Mississippi Code of 1972, for the validation of county, municipal,
349 school district and other bonds. The notice to taxpayers required
350 by such statutes shall be published in a newspaper published or
351 having a general circulation in the City of Jackson, Mississippi.

352 (11) Any holder of bonds issued under the provisions of this
353 section or of any of the interest coupons pertaining thereto may,
354 either at law or in equity, by suit, action, mandamus or other
355 proceeding, protect and enforce any and all rights granted under
356 this section, or under such resolution, and may enforce and compel
357 performance of all duties required by this section to be
358 performed, in order to provide for the payment of bonds and
359 interest thereon.

360 (12) All bonds issued under the provisions of this section
361 shall be legal investments for trustees and other fiduciaries, and
362 for savings banks, trust companies and insurance companies
363 organized under the laws of the State of Mississippi, and such
364 bonds shall be legal securities which may be deposited with and
365 shall be received by all public officers and bodies of this state
366 and all municipalities and political subdivisions for the purpose
367 of securing the deposit of public funds.

368 (13) Bonds issued under the provisions of this section and
369 income therefrom shall be exempt from all taxation in the State of
370 Mississippi.



(14) The proceeds of the bonds issued under this section shall be used solely for the purposes therein provided, including the costs incident to the issuance and sale of such bonds.

(15) The State Treasurer is authorized, without further process of law, to certify to the Department of Finance and Administration the necessity for warrants, and the Department of Finance and Administration is authorized and directed to issue such warrants, in such amounts as may be necessary to pay when due the principal of, premium, if any, and interest on, or the accreted value of, all bonds issued under this section; and the State Treasurer shall forward the necessary amount to the designated place or places of payment of such bonds in ample time to discharge such bonds, or the interest thereon, on the due dates thereof.

(16) This section shall be deemed to be full and complete authority for the exercise of the powers therein granted, but this section shall not be deemed to repeal or to be in derogation of any existing law of this state.

SECTION 5. Section 27-7-21, Mississippi Code of 1972, is amended as follows:

27-7-21. (a) **Allowance of deductions.** In the case of a resident individual, the exemptions provided by this section, as applicable to individuals, shall be allowed as deductions in computing taxable income.



(b) **Single individuals.** In the case of a single individual, a personal exemption of Five Thousand Two Hundred Fifty Dollars (\$5,250.00) for the 1979 and 1980 calendar years and Six Thousand Dollars (\$6,000.00) for each calendar year thereafter.

(c) **Married individuals.** In the case of married individuals living together, a joint personal exemption of Eight Thousand Dollars (\$8,000.00) for the 1979 and 1980 calendar years and Nine Thousand Five Hundred Dollars (\$9,500.00) for the 1981 through 1997 calendar years, Ten Thousand Dollars (\$10,000.00) for the calendar year 1998, Eleven Thousand Dollars (\$11,000.00) for the calendar year 1999, and Twelve Thousand Dollars (\$12,000.00) for each calendar year thereafter. A husband and wife living together shall receive but one (1) personal exemption in the amounts provided for in this subsection for each calendar year against their aggregate income.

(d) **Head of family individuals.** In the case of a head of family individual, a personal exemption of Eight Thousand Dollars (\$8,000.00) for the 1979 and 1980 calendar years and Nine Thousand Five Hundred Dollars (\$9,500.00) for each calendar year thereafter. The term "head of family" means an individual who is single, or married but not living with his spouse for the entire taxable year, who maintains a household which constitutes the principal place of abode of himself and one or more individuals who are dependents under the provisions of Section 152(a) of the Internal Revenue Code of 1954, as amended. The head of family



individual shall be entitled to the additional dependent exemption as provided in subsection (e) of this section only to the extent of dependents in excess of the one (1) dependent needed to qualify as head of family.

(e) **Additional exemption for dependents.** In the case of any individual having a dependent, other than husband or wife, an additional personal exemption of One Thousand Five Hundred Dollars (\$1,500.00) for each such dependent, except as otherwise provided in subsection (d) of this section. The term "dependent" as used in this subsection shall mean any person or individual who qualifies as a dependent under the provisions of Section 152, Internal Revenue Code of 1954, as amended.

(f) **Additional exemption for taxpayer or spouse aged sixty-five (65) or more.** In the case of any taxpayer or the spouse of the taxpayer who has attained the age of sixty-five (65) before the close of his taxable year, an additional exemption of One Thousand Five Hundred Dollars (\$1,500.00).

(g) **Additional exemption for blindness of taxpayer or spouse.** In the case of any taxpayer or the spouse of the taxpayer who is blind at the close of the taxable year, an additional exemption of One Thousand Five Hundred Dollars (\$1,500.00). For the purpose of this subsection, an individual is blind only if his central visual acuity does not exceed 20/200 in the better eye with correcting lenses, or if his visual acuity is greater than 20/200 but is accompanied by a limitation in the fields of vision



such that the widest diameter of the visual field subtends an angle no greater than twenty (20) degrees.

(h) **Husband and wife--claiming exemptions.** In the case of husband and wife living together and filing combined returns, the personal and additional exemptions authorized and allowed by this section may be taken by either, or divided between them in any manner they may choose. If the husband and wife fail to choose, the commissioner shall divide the exemptions between husband and wife in an equitable manner. In the case of a husband and wife filing separate returns, the personal and additional exemptions authorized and allowed by this section shall be divided equally between the spouses.

(i) **Nonresidents.** A nonresident individual shall be allowed the same personal and additional exemptions as are authorized for resident individuals in subsection (a) of this section; however, the nonresident individual is entitled only to that proportion of the personal and additional exemptions as his net income from sources within the State of Mississippi bears to his total or entire net income from all sources.

A nonresident individual who is married and whose spouse has income from independent sources must declare the joint income of himself and his spouse from sources within and without Mississippi and claim as a personal exemption that proportion of the authorized personal and additional exemptions which the total net income from Mississippi sources bears to the total net income of



470 both spouses from all sources. If both spouses have income from
471 sources within Mississippi and wish to file separate returns,
472 their combined personal and additional exemptions shall be that
473 proration of the exemption which their combined net income from
474 Mississippi sources is of their total combined net income from all
475 sources. The amount of the personal and additional exemptions so
476 computed may be divided between them in any manner they choose.

477 In the case of married individuals where one (1) spouse is a
478 resident and the other is a nonresident, the personal exemption of
479 the resident individual shall be prorated on the same basis as if
480 both were nonresidents having net income from within and without
481 the State of Mississippi.

482 For the purpose of this subsection, the term "net income"
483 means gross income less business expenses incurred in the
484 taxpayer's regular trade or business and computed in accordance
485 with the provisions of the Mississippi Income Tax Law.

486 (j) **Part-year residents.** An individual who is a resident of
487 Mississippi for only a part of his taxable year by reason of
488 either moving into the state or moving from the state shall be
489 allowed the same personal and additional exemptions as authorized
490 for resident individuals in subsection (a) of this section; the
491 part-year resident shall prorate his exemption on the same basis
492 as nonresidents having net income from within and without the
493 state.



(k) **Estates.** In the case of an estate, a specific exemption of Six Hundred Dollars (\$600.00).

(l) **Trusts.** In the case of a trust which, under its governing instrument, is required to distribute all of its income currently, a specific exemption of Three Hundred Dollars (\$300.00). In the case of all other trusts, a specific exemption of One Hundred Dollars (\$100.00).

(m) **Corporations, foundations, joint ventures, associations.** In the case of a corporation, foundation, joint venture or association taxable herein, there shall be allowed no specific exemption, except as provided under the Growth and Prosperity Act, * * * Sections 57-113-1 through 57-113-7, and Section 2 of this act.

(n) **Status.** The status on the last day of the taxable year, except in the case of the head of family as provided in subsection (d) of this section, shall determine the right to the exemptions provided in this section; provided, that a taxpayer shall be entitled to such exemptions, otherwise allowable, if the husband or wife or dependent has died during the taxable year.

(o) **Fiscal-year taxpayers.** Individual taxpayers reporting on a fiscal year basis shall prorate their exemptions in a manner established by regulations promulgated by the commissioner.

SECTION 6. Section 27-13-5, Mississippi Code of 1972, is amended as follows:



27-13-5. (1) (a) **Franchise tax levy.** Except as otherwise provided in subsections (3), (4), (5) * * *, (7) and (8) of this section, there is hereby imposed, to be paid and collected as hereinafter provided, a franchise or excise tax upon every corporation, association or joint-stock company or partnership treated as a corporation under the income tax laws or regulations, organized or created for pecuniary gain, having privileges not possessed by individuals, and having authorized capital stock now existing in this state, or hereafter organized, created or established, under and by virtue of the laws of the State of Mississippi, equal to:

(i) For tax years beginning before January 1, 2018, Two Dollars and Fifty Cents (\$2.50) for each One Thousand Dollars (\$1,000.00), or fraction thereof, of the value of the capital used, invested or employed in the exercise of any power, privilege or right enjoyed by such organization within this state, except as hereinafter provided.

(ii) For tax years beginning on or after January 1, 2018, but before January 1, 2019, Two Dollars and Fifty Cents (\$2.50) for each One Thousand Dollars (\$1,000.00), or fraction thereof, in excess of One Hundred Thousand Dollars (\$100,000.00), of the value of the capital used, invested or employed in the exercise of any power, privilege or right enjoyed by such organization within this state, except as hereinafter provided.



(iii) For tax years beginning on or after January 1, 2019, but before January 1, 2020, Two Dollars and Twenty-five Cents (\$2.25) for each One Thousand Dollars (\$1,000.00), or fraction thereof, in excess of One Hundred Thousand Dollars (\$100,000.00), of the value of the capital used, invested or employed in the exercise of any power, privilege or right enjoyed by such organization within this state, except as hereinafter provided.

(iv) For tax years beginning on or after January 1, 2020, but before January 1, 2021, Two Dollars (\$2.00) for each One Thousand Dollars (\$1,000.00), or fraction thereof, in excess of One Hundred Thousand Dollars (\$100,000.00), of the value of the capital used, invested or employed in the exercise of any power, privilege or right enjoyed by such organization within this state, except as hereinafter provided.

(v) For tax years beginning on or after January 1, 2021, but before January 1, 2022, One Dollar and Seventy-five Cents (\$1.75) for each One Thousand Dollars (\$1,000.00), or fraction thereof, in excess of One Hundred Thousand Dollars (\$100,000.00), of the value of the capital used, invested or employed in the exercise of any power, privilege or right enjoyed by such organization within this state, except as hereinafter provided.

(vi) For tax years beginning on or after January 1, 2022, but before January 1, 2023, One Dollar and Fifty Cents



567 (\$1.50) for each One Thousand Dollars (\$1,000.00), or fraction
568 thereof, in excess of One Hundred Thousand Dollars (\$100,000.00),
569 of the value of the capital used, invested or employed in the
570 exercise of any power, privilege or right enjoyed by such
571 organization within this state, except as hereinafter provided.

572 (vii) For tax years beginning on or after January
573 1, 2023, but before January 1, 2024, One Dollar and Twenty-five
574 Cents (\$1.25) for each One Thousand Dollars (\$1,000.00), or
575 fraction thereof, in excess of One Hundred Thousand Dollars
576 (\$100,000.00), of the value of the capital used, invested or
577 employed in the exercise of any power, privilege or right enjoyed
578 by such organization within this state, except as hereinafter
579 provided.

580 (viii) For tax years beginning on or after January
581 1, 2024, but before January 1, 2025, One Dollar (\$1.00) for each
582 One Thousand Dollars (\$1,000.00), or fraction thereof, in excess
583 of One Hundred Thousand Dollars (\$100,000.00), of the value of the
584 capital used, invested or employed in the exercise of any power,
585 privilege or right enjoyed by such organization within this state,
586 except as hereinafter provided.

587 (ix) For tax years beginning on or after January
588 1, 2025, but before January 1, 2026, Seventy-five Cents (75¢) for
589 each One Thousand Dollars (\$1,000.00), or fraction thereof, in
590 excess of One Hundred Thousand Dollars (\$100,000.00), of the value
591 of the capital used, invested or employed in the exercise of any



power, privilege or right enjoyed by such organization within this state, except as hereinafter provided.

(x) For tax years beginning on or after January 1, 2026, but before January 1, 2027, Fifty Cents (50¢) for each One Thousand Dollars (\$1,000.00), or fraction thereof, in excess of One Hundred Thousand Dollars (\$100,000.00), of the value of the capital used, invested or employed in the exercise of any power, privilege or right enjoyed by such organization within this state, except as hereinafter provided.

(xi) For tax years beginning on or after January 1, 2027, but before January 1, 2028, Twenty-five Cents (25¢) for each One Thousand Dollars (\$1,000.00), or fraction thereof, in excess of One Hundred Thousand Dollars (\$100,000.00), of the value of the capital used, invested or employed in the exercise of any power, privilege or right enjoyed by such organization within this state, except as hereinafter provided.

(b) In no case shall the franchise tax due for the accounting period be less than Twenty-five Dollars (\$25.00).

(c) It is the purpose of this section to require the payment to the State of Mississippi of this tax for the right granted by the laws of this state to exist as such organization, and to enjoy, under the protection of the laws of this state, the powers, rights, privileges and immunities derived from the state by the form of such existence.



616 (2) **Annual report of domestic corporations.** Each domestic
617 corporation shall file an annual report as required by the
618 provisions of Section 79-4-16.22.

619 (3) (a) A corporation that has negotiated a fee-in-lieu as
620 defined in Section 57-75-5 shall not be subject to the tax levied
621 by this section on such project; however, the fee-in-lieu payment
622 shall be otherwise treated in the same manner as the payment of
623 franchise taxes.

624 (b) (i) As used in this paragraph:

625 1. "Authority" shall have the meaning
626 ascribed to such term in Section 57-75-5(b);

627 2. "Project" shall have the meaning ascribed
628 to such term in Section 57-75-5(f)(xxix); and

629 3. "Enterprise" shall mean the corporation
630 authorized for the project pursuant to Section 57-75-5(f)(xxix).

631 (ii) The term of the franchise tax fee-in-lieu
632 agreement negotiated under this subsection and authorized by
633 Section 57-75-5(j), between the authority and the enterprise for
634 the project shall not exceed twenty-five (25) years. The
635 franchise tax fee-in-lieu agreement shall apply only to new
636 franchise tax liability attributable to the project, and shall not
637 apply to any existing franchise tax liability of the enterprise in
638 connection with any current operations in this state.

639 (iii) In the event that the annual number of
640 full-time jobs maintained by the enterprise falls below the



641 minimum annual number of full-time jobs required by the authority
642 pursuant to a written agreement between the authority and the
643 enterprise for two (2) consecutive years, the franchise tax
644 fee-in-lieu for the project shall be suspended until the first tax
645 year during which the annual number of full-time jobs maintained
646 by the enterprise reaches the minimum annual number of full-time
647 jobs required by the authority pursuant to a written agreement
648 between the authority and the enterprise.

649 (iv) The enterprise shall be entitled to utilize a
650 single sales apportionment factor in the calculation of its
651 liability for franchise tax imposed by this chapter which is
652 attributable to the project for any year for which it files a
653 Mississippi franchise tax return. The enterprise shall be
654 entitled to continue to utilize such single sales apportionment
655 factor notwithstanding a suspension of the franchise tax
656 fee-in-lieu pursuant to subparagraph (iii) of this paragraph.

657 (4) An approved business enterprise as defined in the Growth
658 and Prosperity Act shall not be subject to the tax levied by this
659 section on the value of capital used, invested or employed by the
660 approved business enterprise in a growth and prosperity county or
661 supervisors district as provided in the Growth and Prosperity Act.

662 (5) A business enterprise operating a project as defined in
663 Section 57-64-33, in a county that is a member of a regional
664 economic development alliance created under the Regional Economic
665 Development Act shall not be subject to the tax levied by this



section on the value of capital used, invested or employed by the business enterprise in such a county as provided in Section 57-64-33.

(6) The tax levied by this chapter and paid by a business enterprise located in a redevelopment project area under Sections 57-91-1 through 57-91-11 shall be deposited into the Redevelopment Project Incentive Fund created in Section 57-91-9.

(7) A business enterprise as defined in Section 57-113-1 that is exempt from certain state taxes under Section 57-113-5 shall not be subject to the tax levied by this section on the value of capital used, invested or employed by the business enterprise.

(8) An approved business enterprise as defined in Section 2 of this act shall not be subject to the tax levied by this section on the value of capital used, invested or employed by the approved business enterprise in an economically distressed municipality as provided in Section 2 of this act.

SECTION 7. Section 27-13-7, Mississippi Code of 1972, is amended as follows:

27-13-7. (1) (a) **Franchise tax levy.** Except as otherwise provided in subsections (3), (4), (5) * * *, (7) and (8) of this section, there is hereby imposed, levied and assessed upon every corporation, association or joint-stock company, or partnership treated as a corporation under the income tax laws or regulations as hereinbefore defined, organized and existing under and by



691 virtue of the laws of some other state, territory or country, or
692 organized and existing without any specific statutory authority,
693 now or hereafter doing business or exercising any power, privilege
694 or right within this state, as hereinbefore defined, a franchise
695 or excise tax equal to:

696 (i) For tax years beginning before January 1,
697 2018, Two Dollars and Fifty Cents (\$2.50) of each One Thousand
698 Dollars (\$1,000.00), or fraction thereof, of the value of capital
699 used, invested or employed within this state, except as
700 hereinafter provided.

701 (ii) For tax years beginning on or after January
702 1, 2018, but before January 1, 2019, Two Dollars and Fifty Cents
703 (\$2.50) for each One Thousand Dollars (\$1,000.00), or fraction
704 thereof, in excess of One Hundred Thousand Dollars (\$100,000.00),
705 of the value of the capital used, invested or employed in the
706 exercise of any power, privilege or right enjoyed by such
707 organization within this state, except as hereinafter provided.

708 (iii) For tax years beginning on or after January
709 1, 2019, but before January 1, 2020, Two Dollars and Twenty-five
710 Cents (\$2.25) for each One Thousand Dollars (\$1,000.00), or
711 fraction thereof, in excess of One Hundred Thousand Dollars
712 (\$100,000.00), of the value of the capital used, invested or
713 employed in the exercise of any power, privilege or right enjoyed
714 by such organization within this state, except as hereinafter
715 provided.



(iv) For tax years beginning on or after January 1, 2020, but before January 1, 2021, Two Dollars (\$2.00) for each One Thousand Dollars (\$1,000.00), or fraction thereof, in excess of One Hundred Thousand Dollars (\$100,000.00), of the value of the capital used, invested or employed in the exercise of any power, privilege or right enjoyed by such organization within this state, except as hereinafter provided.

(v) For tax years beginning on or after January 1, 2021, but before January 1, 2022, One Dollar and Seventy-five Cents (\$1.75) for each One Thousand Dollars (\$1,000.00), or fraction thereof, in excess of One Hundred Thousand Dollars (\$100,000.00), of the value of the capital used, invested or employed in the exercise of any power, privilege or right enjoyed by such organization within this state, except as hereinafter provided.

(vi) For tax years beginning on or after January 1, 2022, but before January 1, 2023, One Dollar and Fifty Cents (\$1.50) for each One Thousand Dollars (\$1,000.00), or fraction thereof, in excess of One Hundred Thousand Dollars (\$100,000.00), of the value of the capital used, invested or employed in the exercise of any power, privilege or right enjoyed by such organization within this state, except as hereinafter provided.

(vii) For tax years beginning on or after January 1, 2023, but before January 1, 2024, One Dollar and Twenty-five Cents (\$1.25) for each One Thousand Dollars (\$1,000.00), or



fraction thereof, in excess of One Hundred Thousand Dollars (\$100,000.00), of the value of the capital used, invested or employed in the exercise of any power, privilege or right enjoyed by such organization within this state, except as hereinafter provided.

(viii) For tax years beginning on or after January 1, 2024, but before January 1, 2025, One Dollar (\$1.00) for each One Thousand Dollars (\$1,000.00), or fraction thereof, in excess of One Hundred Thousand Dollars (\$100,000.00), of the value of the capital used, invested or employed in the exercise of any power, privilege or right enjoyed by such organization within this state, except as hereinafter provided.

(ix) For tax years beginning on or after January 1, 2025, but before January 1, 2026, Seventy-five Cents (75¢) for each One Thousand Dollars (\$1,000.00), or fraction thereof, in excess of One Hundred Thousand Dollars (\$100,000.00), of the value of the capital used, invested or employed in the exercise of any power, privilege or right enjoyed by such organization within this state, except as hereinafter provided.

(x) For tax years beginning on or after January 1, 2026, but before January 1, 2027, Fifty Cents (50¢) for each One Thousand Dollars (\$1,000.00), or fraction thereof, in excess of One Hundred Thousand Dollars (\$100,000.00), of the value of the capital used, invested or employed in the exercise of any power,



privilege or right enjoyed by such organization within this state,
except as hereinafter provided.

(xi) For tax years beginning on or after January 1, 2027, but before January 1, 2028, Twenty-five Cents (25¢) for each One Thousand Dollars (\$1,000.00), or fraction thereof, in excess of One Hundred Thousand Dollars (\$100,000.00), of the value of the capital used, invested or employed in the exercise of any power, privilege or right enjoyed by such organization within this state, except as hereinafter provided.

(b) In no case shall the franchise tax due for the accounting period be less than Twenty-five Dollars (\$25.00).

(c) It is the purpose of this section to require the payment of a tax by all organizations not organized under the laws of this state, measured by the amount of capital or its equivalent, for which such organization receives the benefit and protection of the government and laws of the state.

(2) **Annual report of foreign corporations.** Each foreign corporation authorized to transact business in this state shall file an annual report as required by the provisions of Section 79-4-16.22.

(3) (a) A corporation that has negotiated a fee-in-lieu as defined in Section 57-75-5 shall not be subject to the tax levied by this section on such project; however, the fee-in-lieu payment shall be otherwise treated in the same manner as the payment of franchise taxes.



790 (b) (i) As used in this paragraph:

791 1. "Authority" shall have the meaning
792 ascribed to such term in Section 57-75-5(b);

793 2. "Project" shall have the meaning ascribed
794 to such term in Section 57-75-5(f)(xxix); and

795 3. "Enterprise" shall mean the corporation
796 authorized for the project pursuant to Section 57-75-5(f)(xxix).

797 (ii) The term of the franchise tax fee-in-lieu
798 agreement negotiated under this subsection and authorized by
799 Section 57-75-5(j), between the authority and the enterprise for
800 the project shall not exceed twenty-five (25) years. The
801 franchise tax fee-in-lieu agreement shall apply only to new
802 franchise tax liability attributable to the project, and shall not
803 apply to any existing franchise tax liability of the enterprise in
804 connection with any current operations in this state.

805 (iii) In the event that the annual number of
806 full-time jobs maintained by the enterprise falls below the
807 minimum annual number of full-time jobs required by the authority
808 pursuant to a written agreement between the authority and the
809 enterprise for two (2) consecutive years, the franchise tax
810 fee-in-lieu for the project shall be suspended until the first tax
811 year during which the annual number of full-time jobs maintained
812 by the enterprise reaches the minimum annual number of full-time
813 jobs required by the authority pursuant to a written agreement
814 between the authority and the enterprise.



815 (iv) The enterprise shall be entitled to utilize a
816 single sales apportionment factor in the calculation of its
817 liability for franchise tax imposed by this chapter which is
818 attributable to the project for any year for which it files a
819 Mississippi franchise tax return. The enterprise shall be
820 entitled to continue to utilize such single sales apportionment
821 factor notwithstanding a suspension of the franchise tax
822 fee-in-lieu pursuant to subparagraph (iii) of this paragraph.

823 (4) An approved business enterprise as defined in the Growth
824 and Prosperity Act shall not be subject to the tax levied by this
825 section on the value of capital used, invested or employed by the
826 approved business enterprise in a growth and prosperity county or
827 supervisors district as provided in the Growth and Prosperity Act.

828 (5) A business enterprise operating a project as defined in
829 Section 57-64-33, in a county that is a member of a regional
830 economic development alliance created under the Regional Economic
831 Development Act shall not be subject to the tax levied by this
832 section on the value of capital used, invested or employed by the
833 business enterprise in such a county as provided in Section
834 57-64-33.

835 (6) The tax levied by this chapter and paid by a business
836 enterprise located in a redevelopment project area under Sections
837 57-91-1 through 57-91-11 shall be deposited into the Redevelopment
838 Project Incentive Fund created in Section 57-91-9.



(7) A business enterprise as defined in Section 57-113-1 that is exempt from certain state taxes under Section 57-113-5 shall not be subject to the tax levied by this section on the value of capital used, invested or employed by the business enterprise.

(8) An approved business enterprise as defined in Section 2 of this act shall not be subject to the tax levied by this section on the value of capital used, invested or employed by the approved business enterprise in an economically distressed municipality as provided in Section 2 of this act.

SECTION 8. Section 27-65-101, Mississippi Code of 1972, is amended as follows:

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



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

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

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

(c) The gross proceeds of sales of dry docks, offshore drilling equipment for use in oil or natural gas exploration or production, vessels or barges of fifty (50) tons load displacement and over, when the vessels or barges are sold by the manufacturer or builder thereof. In addition to other types of equipment,



888 offshore drilling equipment for use in oil or natural gas
889 exploration or production shall include aircraft used
890 predominately to transport passengers or property to or from
891 offshore oil or natural gas exploration or production platforms or
892 vessels, and engines, accessories and spare parts for such
893 aircraft.

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

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

901 (f) Sales of petroleum products to vessels or barges
902 for consumption in marine international commerce or interstate
903 transportation businesses.

904 (g) Sales and rentals of rail rolling stock (and
905 component parts thereof) for ultimate use in interstate commerce
906 and gross income from services with respect to manufacturing,
907 repairing, cleaning, altering, reconditioning or improving such
908 rail rolling stock (and component parts thereof).

909 (h) Sales of raw materials, catalysts, processing
910 chemicals, welding gases or other industrial processing gases
911 (except natural gas) used or consumed directly in manufacturing,
912 repairing, cleaning, altering, reconditioning or improving such



913 rail rolling stock (and component parts thereof). This exemption
914 shall not apply to any property used as fuel.

915 (i) Sales of machinery or tools or repair parts
916 therefor or replacements thereof, fuel or supplies used directly
917 in manufacturing, converting or repairing ships, vessels or barges
918 of three thousand (3,000) tons load displacement and over, but not
919 to include office and plant supplies or other equipment not
920 directly used on the ship, vessel or barge being built, converted
921 or repaired. For purposes of this exemption, "ships, vessels or
922 barges" shall not include floating structures described in Section
923 27-65-18.

924 (j) Sales of tangible personal property to persons
925 operating ships in international commerce for use or consumption
926 on board such ships. This exemption shall be limited to cases in
927 which procedures satisfactory to the commissioner, ensuring
928 against use in this state other than on such ships, are
929 established.

930 (k) Sales of materials used in the construction of a
931 building, or any addition or improvement thereon, and sales of any
932 machinery and equipment not later than three (3) months after the
933 completion of construction of the building, or any addition
934 thereon, to be used therein, to qualified businesses, as defined
935 in Section 57-51-5, which are located in a county or portion
936 thereof designated as an enterprise zone pursuant to Sections
937 57-51-1 through 57-51-15.



938 (1) Sales of materials used in the construction of a
939 building, or any addition or improvement thereon, and sales of any
940 machinery and equipment not later than three (3) months after the
941 completion of construction of the building, or any addition
942 thereon, to be used therein, to qualified businesses, as defined
943 in Section 57-54-5.

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

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

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

953 (p) Sales of materials used in the construction of a
954 building, or any addition or improvement thereon, and sales of any
955 machinery and equipment not later than three (3) months after the
956 completion of construction of the building, or any addition
957 thereon, to be used therein, to qualified companies, certified as
958 such by the Mississippi Development Authority under Section
959 57-53-1.

960 (q) Sales of component materials used in the
961 construction of a building, or any addition or improvement
962 thereon, sales of machinery and equipment to be used therein, and



963 sales of manufacturing or processing machinery and equipment which
964 is permanently attached to the ground or to a permanent foundation
965 and which is not by its nature intended to be housed within a
966 building structure, not later than three (3) months after the
967 initial start-up date, to permanent business enterprises engaging
968 in manufacturing or processing in Tier Three areas (as such term
969 is defined in Section 57-73-21), which businesses are certified by
970 the Department of Revenue as being eligible for the exemption
971 granted in this paragraph (q).

972 (r) (i) Sales of component materials used in the
973 construction of a building, or any addition or improvement
974 thereon, and sales of any machinery and equipment not later than
975 three (3) months after the completion of the building, addition or
976 improvement thereon, to be used therein, for any company
977 establishing or transferring its national or regional headquarters
978 from within or outside the State of Mississippi and creating a
979 minimum of twenty (20) jobs at the new headquarters in this state.
980 The Department of Revenue shall establish criteria and prescribe
981 procedures to determine if a company qualifies as a national or
982 regional headquarters for the purpose of receiving the exemption
983 provided in this subparagraph (i).

984 (ii) Sales of component materials used in the
985 construction of a building, or any addition or improvement
986 thereon, and sales of any machinery and equipment not later than
987 three (3) months after the completion of the building, addition or



improvement thereon, to be used therein, for any company expanding or making additions after January 1, 2013, to its national or regional headquarters within the State of Mississippi and creating a minimum of twenty (20) new jobs at the headquarters as a result of the expansion or additions. The Department of Revenue shall establish criteria and prescribe procedures to determine if a company qualifies as a national or regional headquarters for the purpose of receiving the exemption provided in this subparagraph (ii).

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

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

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

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

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



1013 (iii) Engages primarily in programs to contain,
1014 clean up and otherwise mitigate spills of oil or other substances
1015 occurring in the United States coastal and tidal waters.

1016 For purposes of this exemption, "machinery and equipment"
1017 means any ocean-going vessels, barges, booms, skimmers and other
1018 capital equipment used primarily in the operations of nonprofit
1019 organizations referred to herein.

1020 (v) Sales or leases of materials and equipment to
1021 approved business enterprises as provided under the Growth and
1022 Prosperity Act.

1023 (w) From and after July 1, 2001, sales of pollution
1024 control equipment to manufacturers or custom processors for
1025 industrial use. For the purposes of this exemption, "pollution
1026 control equipment" means equipment, devices, machinery or systems
1027 used or acquired to prevent, control, monitor or reduce air, water
1028 or groundwater pollution, or solid or hazardous waste as required
1029 by federal or state law or regulation.

1030 (x) Sales or leases to a manufacturer of motor vehicles
1031 or powertrain components operating a project that has been
1032 certified by the Mississippi Major Economic Impact Authority as a
1033 project as defined in Section 57-75-5(f)(iv)1, Section
1034 57-75-5(f)(xxi) or Section 57-75-5(f)(xxii) of machinery and
1035 equipment; special tooling such as dies, molds, jigs and similar
1036 items treated as special tooling for federal income tax purposes;
1037 or repair parts therefor or replacements thereof; repair services



1038 thereon; fuel, supplies, electricity, coal and natural gas used
1039 directly in the manufacture of motor vehicles or motor vehicle
1040 parts or used to provide climate control for manufacturing areas.

1041 (y) Sales or leases of component materials, machinery
1042 and equipment used in the construction of a building, or any
1043 addition or improvement thereon to an enterprise operating a
1044 project that has been certified by the Mississippi Major Economic
1045 Impact Authority as a project as defined in Section
1046 57-75-5(f)(iv)1, Section 57-75-5(f)(xxi), Section 57-75-5(f)(xxii)
1047 or Section 57-75-5(f)(xxviii) and any other sales or leases
1048 required to establish or operate such project.

1049 (z) Sales of component materials and equipment to a
1050 business enterprise as provided under Section 57-64-33.

1051 (aa) The gross income from the stripping and painting
1052 of commercial aircraft engaged in foreign or interstate
1053 transportation business.

1054 (bb) [Repealed]

1055 (cc) Sales or leases to an enterprise owning or
1056 operating a project that has been designated by the Mississippi
1057 Major Economic Impact Authority as a project as defined in Section
1058 57-75-5(f)(xviii) of machinery and equipment; special tooling such
1059 as dies, molds, jigs and similar items treated as special tooling
1060 for federal income tax purposes; or repair parts therefor or
1061 replacements thereof; repair services thereon; fuel, supplies,
1062 electricity, coal and natural gas used directly in the



1063 manufacturing/production operations of the project or used to
1064 provide climate control for manufacturing/production areas.

1065 (dd) Sales or leases of component materials, machinery
1066 and equipment used in the construction of a building, or any
1067 addition or improvement thereon to an enterprise owning or
1068 operating a project that has been designated by the Mississippi
1069 Major Economic Impact Authority as a project as defined in Section
1070 57-75-5(f)(xviii) and any other sales or leases required to
1071 establish or operate such project.

1072 (ee) Sales of parts used in the repair and servicing of
1073 aircraft not registered in Mississippi engaged exclusively in the
1074 business of foreign or interstate transportation to businesses
1075 engaged in aircraft repair and maintenance.

1076 (ff) Sales of component materials used in the
1077 construction of a facility, or any addition or improvement
1078 thereon, and sales or leases of machinery and equipment not later
1079 than three (3) months after the completion of construction of the
1080 facility, or any addition or improvement thereto, to be used in
1081 the building or any addition or improvement thereto, to a
1082 permanent business enterprise operating a data/information
1083 enterprise in Tier Three areas (as such areas are designated in
1084 accordance with Section 57-73-21), meeting minimum criteria
1085 established by the Mississippi Development Authority.

1086 (gg) Sales of component materials used in the
1087 construction of a facility, or any addition or improvement



1088 thereto, and sales of machinery and equipment not later than three
1089 (3) months after the completion of construction of the facility,
1090 or any addition or improvement thereto, to be used in the facility
1091 or any addition or improvement thereto, to technology intensive
1092 enterprises for industrial purposes in Tier Three areas (as such
1093 areas are designated in accordance with Section 57-73-21), as
1094 certified by the Department of Revenue. For purposes of this
1095 paragraph, an enterprise must meet the criteria provided for in
1096 Section 27-65-17(1)(f) in order to be considered a technology
1097 intensive enterprise.

1098 (hh) Sales of component materials used in the
1099 replacement, reconstruction or repair of a building or facility
1100 that has been destroyed or sustained extensive damage as a result
1101 of a disaster declared by the Governor, sales of machinery and
1102 equipment to be used therein to replace machinery or equipment
1103 damaged or destroyed as a result of such disaster, including, but
1104 not limited to, manufacturing or processing machinery and
1105 equipment which is permanently attached to the ground or to a
1106 permanent foundation and which is not by its nature intended to be
1107 housed within a building structure, to enterprises or companies
1108 that were eligible for the exemptions authorized in paragraph (q),
1109 (r), (ff) or (gg) of this subsection during initial construction
1110 of the building that was destroyed or damaged, which enterprises
1111 or companies are certified by the Department of Revenue as being
1112 eligible for the exemption granted in this paragraph.



1113 (ii) Sales of software or software services transmitted
1114 by the Internet to a destination outside the State of Mississippi
1115 where the first use of such software or software services by the
1116 purchaser occurs outside the State of Mississippi.

1117 (jj) Gross income of public storage warehouses derived
1118 from the temporary storage of raw materials that are to be used in
1119 an eligible facility as defined in Section 27-7-22.35.

1120 (kk) Sales of component building materials and
1121 equipment for initial construction of facilities or expansion of
1122 facilities as authorized under Sections 57-113-1 through 57-113-7
1123 and Sections 57-113-21 through 57-113-27.

1124 (ll) Sales and leases of machinery and equipment
1125 acquired in the initial construction to establish facilities as
1126 authorized in Sections 57-113-1 through 57-113-7.

1127 (mm) Sales and leases of replacement hardware, software
1128 or other necessary technology to operate a data center as
1129 authorized under Sections 57-113-21 through 57-113-27.

1130 (nn) Sales of component materials used in the
1131 construction of a building, or any addition or improvement
1132 thereon, and sales or leases of machinery and equipment not later
1133 than three (3) months after the completion of the construction of
1134 the facility, to be used in the facility, to permanent business
1135 enterprises operating a facility producing renewable crude oil
1136 from biomass harvested or produced, in whole or in part, in
1137 Mississippi, which businesses meet minimum criteria established by



1138 the Mississippi Development Authority. As used in this paragraph,
1139 the term "biomass" shall have the meaning ascribed to such term in
1140 Section 57-113-1.

1141 (oo) Sales of supplies, equipment and other personal
1142 property to an organization that is exempt from taxation under
1143 Section 501(c)(3) of the Internal Revenue Code and is the host
1144 organization coordinating a professional golf tournament played or
1145 to be played in this state and the supplies, equipment or other
1146 personal property will be used for purposes related to the golf
1147 tournament and related activities.

1148 (pp) Sales of materials used in the construction of a
1149 health care industry facility, as defined in Section 57-117-3, or
1150 any addition or improvement thereon, and sales of any machinery
1151 and equipment not later than three (3) months after the completion
1152 of construction of the facility, or any addition thereon, to be
1153 used therein, to qualified businesses, as defined in Section
1154 57-117-3. This paragraph shall be repealed from and after July 1,
1155 2022.

1156 (qq) Sales or leases to a manufacturer of automotive
1157 parts operating a project that has been certified by the
1158 Mississippi Major Economic Impact Authority as a project as
1159 defined in Section 57-75-5(f)(xxviii) of machinery and equipment;
1160 or repair parts therefor or replacements thereof; repair services
1161 thereon; fuel, supplies, electricity, coal, nitrogen and natural



1162 gas used directly in the manufacture of automotive parts or used
1163 to provide climate control for manufacturing areas.

1164 (rr) Gross collections derived from guided tours on any
1165 navigable waters of this state, which include providing
1166 accommodations, guide services and/or related equipment operated
1167 by or under the direction of the person providing the tour, for
1168 the purposes of outdoor tourism. The exemption provided in this
1169 paragraph (rr) does not apply to the sale of tangible personal
1170 property by a person providing such tours.

1171 (ss) Retail sales of truck-tractors and semitrailers
1172 used in interstate commerce and registered under the International
1173 Registration Plan (IRP) or any similar reciprocity agreement or
1174 compact relating to the proportional registration of commercial
1175 vehicles entered into as provided for in Section 27-19-143.

1176 (tt) Sales exempt under the Facilitating Business Rapid
1177 Response to State Declared Disasters Act of 2015 (Sections
1178 27-113-1 through 27-113-9).

1179 (uu) Sales or leases to an enterprise and its
1180 affiliates operating a project that has been certified by the
1181 Mississippi Major Economic Impact Authority as a project as
1182 defined in Section 57-75-5(f) (xxix) of:

1183 (i) All personal property and fixtures, including
1184 without limitation, sales or leases to the enterprise and its
1185 affiliates of:

1186 1. Manufacturing machinery and equipment;



1187 2. Special tooling such as dies, molds, jigs
1188 and similar items treated as special tooling for federal income
1189 tax purposes;

1190 3. Component building materials, machinery
1191 and equipment used in the construction of buildings, and any other
1192 additions or improvements to the project site for the project;

1193 4. Nonmanufacturing furniture, fixtures and
1194 equipment (inclusive of all communications, computer, server,
1195 software and other hardware equipment); and

1196 5. Fuel, supplies (other than
1197 nonmanufacturing consumable supplies and water), electricity,
1198 nitrogen gas and natural gas used directly in the
1199 manufacturing/production operations of such project or used to
1200 provide climate control for manufacturing/production areas of such
1201 project;

1202 (ii) All replacements of, repair parts for or
1203 services to repair items described in subparagraph (i)1, 2 and 3
1204 of this paragraph; and

1205 (iii) All services taxable pursuant to Section
1206 27-65-23 required to establish, support, operate, repair and/or
1207 maintain such project.

1208 (vv) Sales or leases to an enterprise operating a
1209 project that has been certified by the Mississippi Major Economic
1210 Impact Authority as a project as defined in Section
1211 57-75-5(f) (xxx) of:



1212 (i) Purchases required to establish and operate
1213 the project, including, but not limited to, sales of component
1214 building materials, machinery and equipment required to establish
1215 the project facility and any additions or improvements thereon;
1216 and

1217 (ii) Machinery, special tools (such as dies,
1218 molds, and jigs) or repair parts thereof, or replacements and
1219 lease thereof, repair services thereon, fuel, supplies and
1220 electricity, coal and natural gas used in the manufacturing
1221 process and purchased by the enterprise owning or operating the
1222 project for the benefit of the project.

1223 (wv) Sales of component materials used in the
1224 construction of a building, or any expansion or improvement
1225 thereon, sales of machinery and/or equipment to be used therein,
1226 and sales of processing machinery and equipment which is
1227 permanently attached to the ground or to a permanent foundation
1228 which is not by its nature intended to be housed in a building
1229 structure, no later than three (3) months after initial startup,
1230 expansion or improvement of a permanent enterprise solely engaged
1231 in the conversion of natural sand into proppants used in oil and
1232 gas exploration and development with at least ninety-five percent
1233 (95%) of such proppants used in the production of oil and/or gas
1234 from horizontally drilled wells and/or horizontally drilled
1235 recompletion wells as defined in Sections 27-25-501 and 27-25-701.



1236 (xx) Sales or leases of materials and equipment to
1237 approved business enterprises as provided under Section 2 of this
1238 act.

1239 (2) Sales of component materials used in the construction of
1240 a building, or any addition or improvement thereon, sales of
1241 machinery and equipment to be used therein, and sales of
1242 manufacturing or processing machinery and equipment which is
1243 permanently attached to the ground or to a permanent foundation
1244 and which is not by its nature intended to be housed within a
1245 building structure, not later than three (3) months after the
1246 initial start-up date, to permanent business enterprises engaging
1247 in manufacturing or processing in Tier Two areas and Tier One
1248 areas (as such areas are designated in accordance with Section
1249 57-73-21), which businesses are certified by the Department of
1250 Revenue as being eligible for the exemption granted in this
1251 subsection, shall be exempt from one-half (1/2) of the taxes
1252 imposed on such transactions under this chapter.

1253 (3) Sales of component materials used in the construction of
1254 a facility, or any addition or improvement thereon, and sales or
1255 leases of machinery and equipment not later than three (3) months
1256 after the completion of construction of the facility, or any
1257 addition or improvement thereto, to be used in the building or any
1258 addition or improvement thereto, to a permanent business
1259 enterprise operating a data/information enterprise in Tier Two
1260 areas and Tier One areas (as such areas are designated in



1261 accordance with Section 57-73-21), which businesses meet minimum
1262 criteria established by the Mississippi Development Authority,
1263 shall be exempt from one-half (1/2) of the taxes imposed on such
1264 transaction under this chapter.

1265 (4) Sales of component materials used in the construction of
1266 a facility, or any addition or improvement thereto, and sales of
1267 machinery and equipment not later than three (3) months after the
1268 completion of construction of the facility, or any addition or
1269 improvement thereto, to be used in the building or any addition or
1270 improvement thereto, to technology intensive enterprises for
1271 industrial purposes in Tier Two areas and Tier One areas (as such
1272 areas are designated in accordance with Section 57-73-21), which
1273 businesses are certified by the Department of Revenue as being
1274 eligible for the exemption granted in this subsection, shall be
1275 exempt from one-half (1/2) of the taxes imposed on such
1276 transactions under this chapter. For purposes of this subsection,
1277 an enterprise must meet the criteria provided for in Section
1278 27-65-17(1)(f) in order to be considered a technology intensive
1279 enterprise.

1280 (5) (a) For purposes of this subsection:

1281 (i) "Telecommunications enterprises" shall have
1282 the meaning ascribed to such term in Section 57-73-21;

1283 (ii) "Tier One areas" mean counties designated as
1284 Tier One areas pursuant to Section 57-73-21;



1285 (iii) "Tier Two areas" mean counties designated as
1286 Tier Two areas pursuant to Section 57-73-21;

1287 (iv) "Tier Three areas" mean counties designated
1288 as Tier Three areas pursuant to Section 57-73-21; and

1289 (v) "Equipment used in the deployment of broadband
1290 technologies" means any equipment capable of being used for or in
1291 connection with the transmission of information at a rate, prior
1292 to taking into account the effects of any signal degradation, that
1293 is not less than three hundred eighty-four (384) kilobits per
1294 second in at least one (1) direction, including, but not limited
1295 to, asynchronous transfer mode switches, digital subscriber line
1296 access multiplexers, routers, servers, multiplexers, fiber optics
1297 and related equipment.

1298 (b) Sales of equipment to telecommunications
1299 enterprises after June 30, 2003, and before July 1, 2020, that is
1300 installed in Tier One areas and used in the deployment of
1301 broadband technologies shall be exempt from one-half (1/2) of the
1302 taxes imposed on such transactions under this chapter.

1303 (c) Sales of equipment to telecommunications
1304 enterprises after June 30, 2003, and before July 1, 2020, that is
1305 installed in Tier Two and Tier Three areas and used in the
1306 deployment of broadband technologies shall be exempt from the
1307 taxes imposed on such transactions under this chapter.

1308 (6) Sales of component materials used in the replacement,
1309 reconstruction or repair of a building that has been destroyed or



1310 sustained extensive damage as a result of a disaster declared by
1311 the Governor, sales of machinery and equipment to be used therein
1312 to replace machinery or equipment damaged or destroyed as a result
1313 of such disaster, including, but not limited to, manufacturing or
1314 processing machinery and equipment which is permanently attached
1315 to the ground or to a permanent foundation and which is not by its
1316 nature intended to be housed within a building structure, to
1317 enterprises that were eligible for the partial exemptions provided
1318 for in subsections (2), (3) and (4) of this section during initial
1319 construction of the building that was destroyed or damaged, which
1320 enterprises are certified by the Department of Revenue as being
1321 eligible for the partial exemption granted in this subsection,
1322 shall be exempt from one-half (1/2) of the taxes imposed on such
1323 transactions under this chapter.

1324 **SECTION 9.** This act shall take effect and be in force from
1325 and after July 1, 2018.

