

By: Representative Hopkins

To: Ways and Means

HOUSE BILL NO. 538

1 AN ACT TO AMEND SECTION 27-65-17, MISSISSIPPI CODE OF 1972,  
2 TO REDUCE THE SALES TAX RATE ON RETAIL SALES OF MOTORCYCLES FROM  
3 SEVEN PERCENT TO FIVE PERCENT; AND FOR RELATED PURPOSES.

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

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

7 27-65-17. (1) (a) Except as otherwise provided in this  
8 section, upon every person engaging or continuing within this  
9 state in the business of selling any tangible personal property  
10 whatsoever there is hereby levied, assessed and shall be collected  
11 a tax equal to seven percent (7%) of the gross proceeds of the  
12 retail sales of the business.

13 (b) Retail sales of farm tractors and parts and labor  
14 used to maintain and/or repair such tractors shall be taxed at the  
15 rate of one and one-half percent (1-1/2%) when made to farmers for  
16 agricultural purposes.

17 (c) (i) Retail sales of farm implements sold to  
18 farmers and used directly in the production of poultry, ratite,



domesticated fish as defined in Section 69-7-501, livestock, livestock products, agricultural crops or ornamental plant crops or used for other agricultural purposes, and parts and labor used to maintain and/or repair such implements, shall be taxed at the rate of one and one-half percent (1-1/2%) when used on the farm.

(ii) The one and one-half percent (1-1/2%) rate shall also apply to all equipment used in logging, pulpwood operations or tree farming, and parts and labor used to maintain and/or repair such equipment, which is either:

1. Self-propelled, or
2. Mounted so that it is permanently attached to other equipment which is self-propelled or permanently attached to other equipment drawn by a vehicle which is self-propelled.

In order to be eligible for the rate of tax provided for in this subparagraph (ii), such sales must be made to a professional logger. For the purposes of this subparagraph (ii), a "professional logger" is a person, corporation, limited liability company or other entity, or an agent thereof, who possesses a professional logger's permit issued by the Department of Revenue and who presents the permit to the seller at the time of purchase. The department shall establish an application process for a professional logger's permit to be issued, which shall include a requirement that the applicant submit a copy of documentation verifying that the applicant is certified according to Sustainable Forestry Initiative guidelines. Upon a determination that an



applicant is a professional logger, the department shall issue the applicant a numbered professional logger's permit.

(d) Except as otherwise provided in subsection (3) of this section, retail sales of aircraft, automobiles, trucks, truck-tractors, semitrailers and manufactured or mobile homes shall be taxed at the rate of three percent (3%).

(e) Sales of manufacturing machinery or manufacturing machine parts when made to a manufacturer or custom processor for plant use only when the machinery and machine parts will be used exclusively and directly within this state in manufacturing a commodity for sale, rental or in processing for a fee shall be taxed at the rate of one and one-half percent (1-1/2%).

(f) Sales of machinery and machine parts when made to a technology intensive enterprise for plant use only when the machinery and machine parts will be used exclusively and directly within this state for industrial purposes, including, but not limited to, manufacturing or research and development activities, shall be taxed at the rate of one and one-half percent (1-1/2%). In order to be considered a technology intensive enterprise for purposes of this paragraph:

(i) The enterprise shall meet minimum criteria established by the Mississippi Development Authority;

(ii) The enterprise shall employ at least ten (10) persons in full-time jobs;



(iii) At least ten percent (10%) of the workforce in the facility operated by the enterprise shall be scientists, engineers or computer specialists;

(iv) The enterprise shall manufacture plastics, chemicals, automobiles, aircraft, computers or electronics; or shall be a research and development facility, a computer design or related facility, or a software publishing facility or other technology intensive facility or enterprise as determined by the Mississippi Development Authority;

(v) The average wage of all workers employed by the enterprise at the facility shall be at least one hundred fifty percent (150%) of the state average annual wage; and

(vi) The enterprise must provide a basic health care plan to all employees at the facility.

(g) Sales of materials for use in track and track structures to a railroad whose rates are fixed by the Interstate Commerce Commission or the Mississippi Public Service Commission shall be taxed at the rate of three percent (3%).

(h) Sales of tangible personal property to electric power associations for use in the ordinary and necessary operation of their generating or distribution systems shall be taxed at the rate of one percent (1%).

(i) Wholesale sales of beer shall be taxed at the rate of seven percent (7%), and the retailer shall file a return and compute the retail tax on retail sales but may take credit for the



93 amount of the tax paid to the wholesaler on said return covering  
94 the subsequent sales of same property, provided adequate invoices  
95 and records are maintained to substantiate the credit.

96 (j) Wholesale sales of food and drink for human  
97 consumption to full-service vending machine operators to be sold  
98 through vending machines located apart from and not connected with  
99 other taxable businesses shall be taxed at the rate of eight  
100 percent (8%).

101 (k) Sales of equipment used or designed for the purpose  
102 of assisting disabled persons, such as wheelchair equipment and  
103 lifts, that is mounted or attached to or installed on a private  
104 carrier of passengers or light carrier of property, as defined in  
105 Section 27-51-101, at the time when the private carrier of  
106 passengers or light carrier of property is sold shall be taxed at  
107 the same rate as the sale of such vehicles under this section.

108 (l) Sales of the factory-built components of modular  
109 homes, panelized homes and precut homes, and panel constructed  
110 homes consisting of structural insulated panels, shall be taxed at  
111 the rate of three percent (3%).

112 (m) Sales of materials used in the repair, renovation,  
113 addition to, expansion and/or improvement of buildings and related  
114 facilities used by a dairy producer shall be taxed at the rate of  
115 three and one-half percent (3-1/2%). For the purposes of this  
116 paragraph (m), "dairy producer" means any person engaged in the  
117 production of milk for commercial use.



(n) Retail sales of motorcycles, as defined in Section 27-19-3, shall be taxed at the rate of five percent (5%).

(2) From and after January 1, 1995, retail sales of private carriers of passengers and light carriers of property, as defined in Section 27-51-101, shall be taxed an additional two percent (2%).

(3) A manufacturer selling at retail in this state shall be required to make returns of the gross proceeds of such sales and pay the tax imposed in this section.

**SECTION 2.** Nothing in this act shall affect or defeat any claim, assessment, appeal, suit, right or cause of action for taxes due or accrued under the sales tax laws before the date on which this act becomes effective, whether such claims, assessments, appeals, suits or actions have been begun before the date on which this act becomes effective or are begun thereafter; and the provisions of the sales tax laws are expressly continued in full force, effect and operation for the purpose of the assessment, collection and enrollment of liens for any taxes due or accrued and the execution of any warrant under such laws before the date on which this act becomes effective, and for the imposition of any penalties, forfeitures or claims for failure to comply with such laws.

**SECTION 3.** This act shall take effect and be in force from and after July 1, 2018.

