

By: Representative Turner

To: Ways and Means

HOUSE BILL NO. 696

1 AN ACT TO AMEND SECTION 27-65-101, MISSISSIPPI CODE OF 1972,
 2 TO EXTEND UNTIL JULY 1, 2023, THE SALES TAX EXEMPTION ON SALES OF
 3 EQUIPMENT TO TELECOMMUNICATIONS ENTERPRISES WHICH IS USED IN THE
 4 DEPLOYMENT OF BROADBAND TECHNOLOGIES; TO AMEND SECTION 57-87-5,
 5 MISSISSIPPI CODE OF 1972, TO EXTEND UNTIL JULY 1, 2023, THE INCOME
 6 AND FRANCHISE TAX CREDIT GRANTED TO TELECOMMUNICATIONS ENTERPRISES
 7 FOR THE COST OF EQUIPMENT USED IN THE DEPLOYMENT OF BROADBAND
 8 TECHNOLOGIES; TO AMEND SECTION 57-87-7, MISSISSIPPI CODE OF 1972,
 9 TO EXTEND UNTIL JULY 1, 2023, THE AD VALOREM TAX EXEMPTION FOR
 10 EQUIPMENT USED IN THE DEPLOYMENT OF BROADBAND TECHNOLOGIES BY
 11 TELECOMMUNICATIONS ENTERPRISES; AND FOR RELATED PURPOSES.

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

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

15 27-65-101. (1) The exemptions from the provisions of this
 16 chapter which are of an industrial nature or which are more
 17 properly classified as industrial exemptions than any other
 18 exemption classification of this chapter shall be confined to
 19 those persons or property exempted by this section or by the
 20 provisions of the Constitution of the United States or the State
 21 of Mississippi. No industrial exemption as now provided by any
 22 other section except Section 57-3-33 shall be valid as against the



23 tax herein levied. Any subsequent industrial exemption from the
24 tax levied hereunder shall be provided by amendment to this
25 section. No exemption provided in this section shall apply to
26 taxes levied by Section 27-65-15 or 27-65-21.

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

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

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



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

58 (d) Sales to commercial fishermen of commercial fishing
59 boats of over five (5) tons load displacement and not more than
60 fifty (50) tons load displacement as registered with the United
61 States Coast Guard and licensed by the Mississippi Commission on
62 Marine Resources.

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

65 (f) Sales of petroleum products to vessels or barges
66 for consumption in marine international commerce or interstate
67 transportation businesses.

68 (g) Sales and rentals of rail rolling stock (and
69 component parts thereof) for ultimate use in interstate commerce
70 and gross income from services with respect to manufacturing,



71 repairing, cleaning, altering, reconditioning or improving such
72 rail rolling stock (and component parts thereof).

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

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

88 (j) Sales of tangible personal property to persons
89 operating ships in international commerce for use or consumption
90 on board such ships. This exemption shall be limited to cases in
91 which procedures satisfactory to the commissioner, ensuring
92 against use in this state other than on such ships, are
93 established.

94 (k) Sales of materials used in the construction of a
95 building, or any addition or improvement thereon, and sales of any



96 machinery and equipment not later than three (3) months after the
97 completion of construction of the building, or any addition
98 thereon, to be used therein, to qualified businesses, as defined
99 in Section 57-51-5, which are located in a county or portion
100 thereof designated as an enterprise zone pursuant to Sections
101 57-51-1 through 57-51-15.

102 (l) Sales of materials used in the construction of a
103 building, or any addition or improvement thereon, and sales of any
104 machinery and equipment not later than three (3) months after the
105 completion of construction of the building, or any addition
106 thereon, to be used therein, to qualified businesses, as defined
107 in Section 57-54-5.

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

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

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

117 (p) Sales of materials used in the construction of a
118 building, or any addition or improvement thereon, and sales of any
119 machinery and equipment not later than three (3) months after the
120 completion of construction of the building, or any addition



121 thereon, to be used therein, to qualified companies, certified as
122 such by the Mississippi Development Authority under Section
123 57-53-1.

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

136 (r) (i) Sales of component materials used in the
137 construction of a building, or any addition or improvement
138 thereon, and sales of any machinery and equipment not later than
139 three (3) months after the completion of the building, addition or
140 improvement thereon, to be used therein, for any company
141 establishing or transferring its national or regional headquarters
142 from within or outside the State of Mississippi and creating a
143 minimum of twenty (20) jobs at the new headquarters in this state.
144 The Department of Revenue shall establish criteria and prescribe
145 procedures to determine if a company qualifies as a national or



146 regional headquarters for the purpose of receiving the exemption
147 provided in this subparagraph (i).

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

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

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



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

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

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

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

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

185 (v) Sales or leases of materials and equipment to
186 approved business enterprises as provided under the Growth and
187 Prosperity Act.

188 (w) From and after July 1, 2001, sales of pollution
189 control equipment to manufacturers or custom processors for
190 industrial use. For the purposes of this exemption, "pollution
191 control equipment" means equipment, devices, machinery or systems
192 used or acquired to prevent, control, monitor or reduce air, water
193 or groundwater pollution, or solid or hazardous waste as required
194 by federal or state law or regulation.



195 (x) Sales or leases to a manufacturer of motor vehicles
196 or powertrain components operating a project that has been
197 certified by the Mississippi Major Economic Impact Authority as a
198 project as defined in Section 57-75-5(f)(iv)1, Section
199 57-75-5(f)(xxi) or Section 57-75-5(f)(xxii) of machinery and
200 equipment; special tooling such as dies, molds, jigs and similar
201 items treated as special tooling for federal income tax purposes;
202 or repair parts therefor or replacements thereof; repair services
203 thereon; fuel, supplies, electricity, coal and natural gas used
204 directly in the manufacture of motor vehicles or motor vehicle
205 parts or used to provide climate control for manufacturing areas.

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

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

216 (aa) The gross income from the stripping and painting
217 of commercial aircraft engaged in foreign or interstate
218 transportation business.

219 (bb) [Repealed]



220 (cc) Sales or leases to an enterprise owning or
221 operating a project that has been designated by the Mississippi
222 Major Economic Impact Authority as a project as defined in Section
223 57-75-5(f) (xviii) of machinery and equipment; special tooling such
224 as dies, molds, jigs and similar items treated as special tooling
225 for federal income tax purposes; or repair parts therefor or
226 replacements thereof; repair services thereon; fuel, supplies,
227 electricity, coal and natural gas used directly in the
228 manufacturing/production operations of the project or used to
229 provide climate control for manufacturing/production areas.

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

237 (ee) Sales of parts used in the repair and servicing of
238 aircraft not registered in Mississippi engaged exclusively in the
239 business of foreign or interstate transportation to businesses
240 engaged in aircraft repair and maintenance.

241 (ff) Sales of component materials used in the
242 construction of a facility, or any addition or improvement
243 thereon, and sales or leases of machinery and equipment not later
244 than three (3) months after the completion of construction of the



245 facility, or any addition or improvement thereto, to be used in
246 the building or any addition or improvement thereto, to a
247 permanent business enterprise operating a data/information
248 enterprise in Tier Three areas (as such areas are designated in
249 accordance with Section 57-73-21), meeting minimum criteria
250 established by the Mississippi Development Authority.

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

263 (hh) Sales of component materials used in the
264 replacement, reconstruction or repair of a building or facility
265 that has been destroyed or sustained extensive damage as a result
266 of a disaster declared by the Governor, sales of machinery and
267 equipment to be used therein to replace machinery or equipment
268 damaged or destroyed as a result of such disaster, including, but
269 not limited to, manufacturing or processing machinery and



270 equipment which is permanently attached to the ground or to a
271 permanent foundation and which is not by its nature intended to be
272 housed within a building structure, to enterprises or companies
273 that were eligible for the exemptions authorized in paragraph (q),
274 (r), (ff) or (gg) of this subsection during initial construction
275 of the building that was destroyed or damaged, which enterprises
276 or companies are certified by the Department of Revenue as being
277 eligible for the exemption granted in this paragraph.

278 (ii) Sales of software or software services transmitted
279 by the Internet to a destination outside the State of Mississippi
280 where the first use of such software or software services by the
281 purchaser occurs outside the State of Mississippi.

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

285 (kk) Sales of component building materials and
286 equipment for initial construction of facilities or expansion of
287 facilities as authorized under Sections 57-113-1 through 57-113-7
288 and Sections 57-113-21 through 57-113-27.

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

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



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

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

313 (pp) Sales of materials used in the construction of a
314 health care industry facility, as defined in Section 57-117-3, or
315 any addition or improvement thereon, and sales of any machinery
316 and equipment not later than three (3) months after the completion
317 of construction of the facility, or any addition thereon, to be
318 used therein, to qualified businesses, as defined in Section



319 57-117-3. This paragraph shall be repealed from and after July 1,
320 2022.

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

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

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

341 (tt) Sales exempt under the Facilitating Business Rapid
342 Response to State Declared Disasters Act of 2015 (Sections
343 27-113-1 through 27-113-9).



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

348 (i) All personal property and fixtures, including
349 without limitation, sales or leases to the enterprise and its
350 affiliates of:

351 1. Manufacturing machinery and equipment;

352 2. Special tooling such as dies, molds, jigs
353 and similar items treated as special tooling for federal income
354 tax purposes;

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

358 4. Nonmanufacturing furniture, fixtures and
359 equipment (inclusive of all communications, computer, server,
360 software and other hardware equipment); and

361 5. Fuel, supplies (other than
362 nonmanufacturing consumable supplies and water), electricity,
363 nitrogen gas and natural gas used directly in the
364 manufacturing/production operations of such project or used to
365 provide climate control for manufacturing/production areas of such
366 project;



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

370 (iii) All services taxable pursuant to Section
371 27-65-23 required to establish, support, operate, repair and/or
372 maintain such project.

373 (vv) Sales or leases to an enterprise operating a
374 project that has been certified by the Mississippi Major Economic
375 Impact Authority as a project as defined in Section
376 57-75-5(f) (xxx) of:

377 (i) Purchases required to establish and operate
378 the project, including, but not limited to, sales of component
379 building materials, machinery and equipment required to establish
380 the project facility and any additions or improvements thereon;
381 and

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

388 (ww) Sales of component materials used in the
389 construction of a building, or any expansion or improvement
390 thereon, sales of machinery and/or equipment to be used therein,
391 and sales of processing machinery and equipment which is



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

401 (2) Sales of component materials used in the construction of
402 a building, or any addition or improvement thereon, sales of
403 machinery and equipment to be used therein, and sales of
404 manufacturing or processing machinery and equipment which is
405 permanently attached to the ground or to a permanent foundation
406 and which is not by its nature intended to be housed within a
407 building structure, not later than three (3) months after the
408 initial start-up date, to permanent business enterprises engaging
409 in manufacturing or processing in Tier Two areas and Tier One
410 areas (as such areas are designated in accordance with Section
411 57-73-21), which businesses are certified by the Department of
412 Revenue as being eligible for the exemption granted in this
413 subsection, shall be exempt from one-half (1/2) of the taxes
414 imposed on such transactions under this chapter.

415 (3) Sales of component materials used in the construction of
416 a facility, or any addition or improvement thereon, and sales or



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

427 (4) Sales of component materials used in the construction of
428 a facility, or any addition or improvement thereto, and sales of
429 machinery and equipment not later than three (3) months after the
430 completion of construction of the facility, or any addition or
431 improvement thereto, to be used in the building or any addition or
432 improvement thereto, to technology intensive enterprises for
433 industrial purposes in Tier Two areas and Tier One areas (as such
434 areas are designated in accordance with Section 57-73-21), which
435 businesses are certified by the Department of Revenue as being
436 eligible for the exemption granted in this subsection, shall be
437 exempt from one-half (1/2) of the taxes imposed on such
438 transactions under this chapter. For purposes of this subsection,
439 an enterprise must meet the criteria provided for in Section
440 27-65-17(1)(f) in order to be considered a technology intensive
441 enterprise.



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

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

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

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

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

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

460 (b) Sales of equipment to telecommunications
461 enterprises after June 30, 2003, and before July 1, * * * 2023,
462 that is installed in Tier One areas and used in the deployment of
463 broadband technologies shall be exempt from one-half (1/2) of the
464 taxes imposed on such transactions under this chapter.

465 (c) Sales of equipment to telecommunications
466 enterprises after June 30, 2003, and before July 1, * * * 2023,



467 that is installed in Tier Two and Tier Three areas and used in the
468 deployment of broadband technologies shall be exempt from the
469 taxes imposed on such transactions under this chapter.

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

486 **SECTION 2.** Section 57-87-5, Mississippi Code of 1972, is
487 amended as follows:

488 57-87-5. (1) For purposes of this section:

489 (a) "Telecommunications enterprises" shall have the
490 meaning ascribed to such term in Section 57-73-21(14);



491 (b) "Tier One areas" mean counties designated as Tier
492 One areas pursuant to Section 57-73-21(1);

493 (c) "Tier Two areas" mean counties designated as Tier
494 Two areas pursuant to Section 57-73-21(1);

495 (d) "Tier Three areas" mean counties designated as Tier
496 Three areas pursuant to Section 57-73-21(1); and

497 (e) "Equipment used in the deployment of broadband
498 technologies" means any equipment capable of being used for or in
499 connection with the transmission of information at a rate, prior
500 to taking into account the effects of any signal degradation, that
501 is not less than three hundred eighty-four (384) kilobits per
502 second in at least one (1) direction, including, but not limited
503 to, asynchronous transfer mode switches, digital subscriber line
504 access multiplexers, routers, servers, multiplexers, fiber optics
505 and related equipment.

506 (2) With respect to the investment in each year by a
507 telecommunications enterprise after June 30, 2003, and before July
508 1, * * * 2023, there shall be allowed annually as a credit against
509 the aggregate tax imposed by Chapters 7 and 13 of Title 27,
510 Mississippi Code of 1972, an amount equal to:

511 (a) Five percent (5%) of the cost of equipment used in
512 the deployment of broadband technologies in Tier One areas;

513 (b) Ten percent (10%) of the cost of equipment used in
514 the deployment of broadband technologies in Tier Two areas; and



515 (c) Fifteen percent (15%) of the cost of equipment used
516 in the deployment of broadband technologies in Tier Three areas.

517 (3) Such annual credits shall be allowed commencing with the
518 taxable year in which such property is placed in service and
519 continue for nine (9) consecutive years thereafter. The aggregate
520 credit established by this section taken in any one (1) tax year
521 shall be limited to an amount not greater than fifty percent (50%)
522 of the taxpayer's tax liabilities under Chapters 7 and 13 of Title
523 27, Mississippi Code of 1972; however, any tax credit claimed
524 under this section, but not used in any taxable year, may be
525 carried forward for ten (10) consecutive years from the close of
526 the tax year in which the credits were earned.

527 (4) The maximum aggregate amount of credits that may be
528 claimed under this section shall not exceed the original
529 investment made by a telecommunications enterprise in the
530 qualifying equipment used in the deployment of broadband
531 technologies.

532 (5) For purposes of this section, the tier in which
533 broadband technology is deployed shall be determined in the year
534 in which such technology is deployed in a county and such tier
535 shall not change if the county is later designated in another
536 tier.

537 **SECTION 3.** Section 57-87-7, Mississippi Code of 1972, is
538 amended as follows:



539 57-87-7. Equipment used in the deployment of broadband
540 technologies by a telecommunications enterprise (as defined in
541 Section 57-73-21(14)), that is placed in service after June 30,
542 2003, and before July 1, * * * 2023, shall be exempt from ad
543 valorem taxation for a period of ten (10) years after the date
544 such equipment is placed in service. For purposes of this
545 section, "equipment used in the deployment of broadband
546 technologies" means any equipment capable of being used for or in
547 connection with the transmission of information at a rate, prior
548 to taking into account the effects of any signal degradation, that
549 is not less than three hundred eighty-four (384) kilobits per
550 second in at least one direction, including, but not limited to,
551 asynchronous transfer mode switches, digital subscriber line
552 access multiplexers, routers, servers, multiplexers, fiber optics
553 and related equipment.

554 **SECTION 4.** This act shall take effect and be in force from
555 and after July 1, 2020.

