

By: Senator(s) Younger, Whaley, Moran,
Chism, McMahan

To: Agriculture; Finance

SENATE BILL NO. 2008

1 AN ACT TO AMEND SECTION 27-65-17, MISSISSIPPI CODE OF 1972,
2 TO REQUIRE A CERTIFICATE FROM THE DEPARTMENT OF REVENUE FOR
3 COMMERCIAL FARMERS TO RECEIVE THE 1.5% SALES TAX RATE FOR FARM
4 TRACTORS, PARTS AND LABOR USED TO MAINTAIN AND/OR REPAIR SUCH
5 TRACTORS, AND FARM IMPLEMENTS TO BE USED IN CERTAIN SPECIFIED
6 APPLICATIONS; TO REQUIRE PRESENTATION OF THE CERTIFICATE AT THE
7 TIME OF PURCHASE TO RECEIVE THE REDUCED RATE; TO REQUIRE THE
8 DEPARTMENT TO ESTABLISH AN APPLICATION PROCESS FOR ISSUANCE OF THE
9 CERTIFICATE, INCLUDING VERIFICATION BY THE APPLICANT THAT THE
10 IMPLEMENTS PURCHASED AT THE REDUCED RATE WILL BE USED FOR THE
11 STATUTORILY SPECIFIED AGRICULTURAL PURPOSES; TO PROVIDE THAT EACH
12 CERTIFICATE SHALL BE NUMBERED AND SHALL BE VALID FOR FOUR YEARS,
13 OR UNTIL THE APPLICANT IS NO LONGER OPERATING WITHIN THE SCOPE OF
14 THE ORIGINAL APPLICATION; TO SUBJECT MISREPRESENTATION ON THE
15 APPLICATION TO APPLICABLE TAX, PENALTY AND INTEREST; AND FOR
16 RELATED PURPOSES.

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

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

20 27-65-17. (1) (a) Except as otherwise provided in this
21 section, upon every person engaging or continuing within this
22 state in the business of selling any tangible personal property
23 whatsoever there is hereby levied, assessed and shall be collected
24 a tax equal to seven percent (7%) of the gross proceeds of the
25 retail sales of the business.



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

30 In order to be eligible for the rate of tax provided for in
31 this paragraph (b), such sales must be made to a commercial
32 farmer. For the purposes of this paragraph (b), a "commercial
33 farmer" is a person, corporation, limited liability company or
34 other entity, or an agent thereof, who possesses a commercial
35 farmer's certificate issued by the Department of Revenue and who
36 presents the certificate to the seller at the time of purchase.
37 The department shall establish an application process for a
38 commercial farmer's certificate to be issued, which shall include
39 a requirement that the applicant submit a copy of documentation
40 verifying that all farm tractors purchased at the one and one-half
41 percent (1-1/2%) rate will be used for agricultural purposes, and
42 that all tractor parts and labor purchased at the one and one-half
43 percent (1-1/2%) rate will be used to maintain and/or repair
44 tractors used for agricultural purposes. Upon a determination
45 that an applicant is a commercial farmer, the department shall
46 issue the applicant a numbered commercial farmer's certificate
47 valid for four (4) years, or until the applicant is no longer
48 operating within the scope of the original application. Any
49 misrepresentation made on the application shall subject the
50 applicant to any applicable tax, penalty and interest.



51 (c) (i) Retail sales of farm implements sold to
52 farmers and used directly in the production of poultry, ratite,
53 domesticated fish as defined in Section 69-7-501, livestock,
54 livestock products, agricultural crops or ornamental plant crops
55 or used for other agricultural purposes, and parts and labor used
56 to maintain and/or repair such implements, shall be taxed at the
57 rate of one and one-half percent (1-1/2%) when used on the farm.

58 In order to be eligible for the rate of tax provided for in
59 this subparagraph (i), such sales must be made to a commercial
60 farmer. For the purposes of this subparagraph (i), a "commercial
61 farmer" is a person, corporation, limited liability company or
62 other entity, or an agent thereof, who possesses a commercial
63 farmer's certificate issued by the Department of Revenue and who
64 presents the certificate to the seller at the time of purchase.
65 The department shall establish an application process for a
66 commercial farmer's certificate to be issued, which shall include
67 a requirement that the applicant submit a copy of documentation
68 verifying that all farm implements purchased at the one and
69 one-half percent (1-1/2%) rate will be used as specified in this
70 subparagraph (i). Upon a determination that an applicant is a
71 commercial farmer, the department shall issue the applicant a
72 numbered commercial farmer's certificate valid for four (4) years,
73 or until the applicant is no longer operating within the scope of
74 the original application. Any misrepresentation made on the



75 application shall subject the applicant to any applicable tax,
76 penalty and interest.

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

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

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



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

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

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

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

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

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



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

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

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

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

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

143 (i) Wholesale sales of beer shall be taxed at the rate
144 of seven percent (7%), and the retailer shall file a return and
145 compute the retail tax on retail sales but may take credit for the
146 amount of the tax paid to the wholesaler on said return covering
147 the subsequent sales of same property, provided adequate invoices
148 and records are maintained to substantiate the credit.



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

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

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

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

171 (2) From and after January 1, 1995, retail sales of private
172 carriers of passengers and light carriers of property, as defined



173 in Section 27-51-101, shall be taxed an additional two percent
174 (2%).

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

178 **SECTION 2.** This act shall take effect and be in force from
179 and after July 1, 2022.

