

By: Representative Lamar

To: Ways and Means

HOUSE BILL NO. 1984
(As Sent to Governor)

1 AN ACT TO AUTHORIZE AN AD VALOREM TAX CREDIT FOR A PERSON,
2 FIRM OR CORPORATION OPERATING A REFINERY AND OWNING OIL, GAS
3 OR PETROLEUM PRODUCTS LOCATED AT SUCH REFINERY PRIOR TO BEING
4 REFINED IN THE PROCESS OF BEING REFINED AT SUCH REFINERY, OR
5 HAVING BEEN REFINED, AT SUCH REFINERY AND STORED AT SUCH
6 REFINERY; TO PROVIDE THAT THE TAX CREDIT SHALL BE FOR THE
7 AMOUNT OF ALL AD VALOREM TAXES PAYABLE THAT ARE ATTRIBUTABLE
8 TO SUCH OIL, GAS OR PETROLEUM PRODUCTS AND SHALL BE APPLIED
9 AGAINST OTHER AD VALOREM TAXES PAYABLE ON OTHER TAXABLE
10 REFINERY PROPERTY OF THE PERSON, FIRM OR CORPORATION OPERATING
11 THE REFINERY; TO PROVIDE THAT AD VALOREM TAXES APPLIED AND
12 USED AS AN INCOME TAX CREDIT UNDER SECTION 27-7-22.5 MAY NOT
13 BE APPLIED AND USED AS A CREDIT UNDER THIS ACT; TO AMEND
14 SECTION 27-7-22.5, MISSISSIPPI CODE OF 1972, WHICH AUTHORIZES
15 AN INCOME TAX CREDIT FOR ANY MANUFACTURER, DISTRIBUTOR,
16 WHOLESALE OR RETAIL MERCHANT WHO PAYS AD VALOREM TAXES IMPOSED ON
17 COMMODITIES, RAW MATERIALS, WORKS-IN-PROCESS, PRODUCTS, GOODS,
18 WARES AND MERCHANDISE HELD FOR RESALE, TO PROVIDE THAT AD
19 VALOREM TAXES APPLIED AND USED AS A CREDIT UNDER THIS ACT MAY
20 NOT BE APPLIED AND USED AS AN INCOME TAX CREDIT UNDER SUCH
21 SECTION; TO AMEND SECTION 27-31-19, MISSISSIPPI CODE OF 1972,
22 WHICH PROVIDES AN AD VALOREM TAX EXEMPTION FOR OIL, GAS AND
23 PETROLEUM PRODUCTS OWNED BY A PERSON, FIRM OR CORPORATION
24 OPERATING A REFINERY IN THE STATE, WHICH ARE IN TRANSIT TO OR
25 SITUATED AT SUCH REFINERY FOR REFINING THEREAT, ARE IN THE PROCESS
26 OF BEING REFINED AT SUCH REFINERY, OR HAVE BEEN REFINED AT SUCH
27 REFINERY AND ARE STILL OWNED BY OR IN THE HANDS OF THE REFINER, TO
28 CLARIFY THAT THE EXEMPTION DOES NOT EXTEND TO FINISHED PETROLEUM
29 PRODUCTS IN TEMPORARY STORAGE OUTSIDE THE REFINERY PROPERTY; AND
30 FOR RELATED PURPOSES.

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



32 **SECTION 1.** (1) A person, firm, or corporation operating a
33 refinery for the refining of oil, gas or petroleum products
34 and owning oil, gas or petroleum products, whether produced
35 within or without the state, which (a) are located at such a
36 refinery prior to being refined, (b) are in the process of
37 being refined at such refinery, or (c) have been refined at
38 such refinery and are stored at such refinery, and which are
39 subject to ad valorem taxes levied or hereafter levied by any
40 county, municipality, levee district, school district or any other
41 taxing authority of the state or a political subdivision thereof
42 shall be allowed a tax credit for the amount of all ad valorem
43 taxes payable by the person, firm or corporation that are
44 attributable to such oil, gas or petroleum products. The tax
45 credit may be applied against other ad valorem taxes payable
46 on other taxable refinery property of such person, firm or
47 corporation by the same county, municipality, levee district,
48 school district or any other taxing authority of the state or a
49 political subdivision thereof. However, the amount of credit that
50 may be utilized during a taxable year cannot exceed the ad valorem
51 tax liability of the person, firm or corporation on such other
52 property for the taxable year. The tax credit provided by this
53 section shall also extend to ad valorem taxes payable that are
54 attributable to such oil, gas and petroleum products owned by
55 any corporation controlled by or under common control with, or
56 controlling such refiner; however, the tax credit shall not



57 extend to those finished petroleum products no longer at the
58 refinery incident to regular, normal and customary marketing
59 operations held in temporary storage at marketing bulk plants
60 outside refinery property, including storage facilities from
61 which a finished product is marketed in the state and from
62 which a finished product is shipped out of the state for
63 marketing, or at retail service stations.

64 (2) The administration of the tax credit provided by this
65 section will be performed by the tax assessor and/or tax
66 collector of the county in which each refinery is located, and
67 may include a credit applied by the tax assessor against the
68 assessed value of other taxable property, or a credit applied
69 by the tax collector against taxes on other taxable property
70 which have been determined but not yet billed.

71 (3) Any amount of ad valorem taxes applied and used as a
72 tax credit under Section 27-7-22.5, Mississippi Code of 1972,
73 may not be applied and used as a tax credit under this
74 section.

75 **SECTION 2.** Section 27-7-22.5, Mississippi Code of 1972, is
76 amended as follows:

77 27-7-22.5. (1) (a) For any manufacturer, distributor,
78 wholesale or retail merchant who pays to a county, municipality,
79 school district, levee district or any other taxing authority of
80 the state or a political subdivision thereof, ad valorem taxes
81 imposed on commodities, raw materials, works-in-process, products,



82 goods, wares and merchandise held for resale, a credit against the
83 income taxes imposed under this chapter shall be allowed for the
84 portion of the ad valorem taxes so paid in the amounts prescribed
85 in subsection (2).

86 (b) (i) For any person, firm or corporation who pays
87 to a county, municipality, school district, levee district or any
88 other taxing authority of the state or a political subdivision
89 thereof, ad valorem taxes imposed on rental equipment, a credit
90 against the income taxes imposed under this chapter shall be
91 allowed for the portion of the ad valorem taxes so paid in the
92 amounts prescribed in subsection (2).

93 (ii) As used in this paragraph, "rental equipment"
94 means any rental equipment or other rental items which are held
95 for short-term rental to the public:

- 96 1. Under rental agreements with no specific
97 term;
- 98 2. Under at-will or open-ended agreements; or
- 99 3. Under rental agreements with terms
100 ordinarily of less than three hundred sixty-five (365) days; and
101 4. Is not subject to privilege taxes imposed
102 in Chapter 19, Title 27, Mississippi Code of 1972.

103 (c) The tax credit allowed by this section may not be
104 claimed by a taxpayer that is a medical cannabis establishment as
105 defined in the Mississippi Medical Cannabis Act.



106 (2) The tax credit allowed by this section shall not exceed
107 the amounts set forth in paragraphs (a) through (g) of this
108 subsection; and may be claimed for each location where such
109 commodities, raw material, works-in-process, products, goods,
110 wares, merchandise and/or rental equipment are found and upon
111 which the ad valorem taxes have been paid. Any tax credit claimed
112 under this section but not used in any taxable year may be carried
113 forward for five (5) consecutive years from the close of the tax
114 year in which the credit was earned.

115 (a) For the 1994 taxable year, the tax credit for each
116 location of the taxpayer shall not exceed the lesser of Two
117 Thousand Dollars (\$2,000.00) or the amount of income taxes due the
118 State of Mississippi that are attributable to such location.

119 (b) For the 1995 taxable year, the tax credit for each
120 location of the taxpayer shall not exceed the lesser of Three
121 Thousand Dollars (\$3,000.00) or the amount of income taxes due the
122 State of Mississippi that are attributable to such location.

123 (c) For the 1996 taxable year, the tax credit for each
124 location of the taxpayer shall not exceed the lesser of Four
125 Thousand Dollars (\$4,000.00) or the amount of income taxes due the
126 State of Mississippi that are attributable to such location.

127 (d) For the 1997 taxable year and each taxable year
128 thereafter through taxable year 2013, the tax credit for each
129 location of the taxpayer shall not exceed the lesser of Five



130 Thousand Dollars (\$5,000.00) or the amount of income taxes due the
131 State of Mississippi that are attributable to such location.

132 (e) For the 2014 taxable year, the tax credit for each
133 location of the taxpayer shall not exceed the lesser of Ten
134 Thousand Dollars (\$10,000.00) or the amount of income taxes due
135 the State of Mississippi that are attributable to such location.

136 (f) For the 2015 taxable year, the tax credit for each
137 location of the taxpayer shall not exceed the lesser of Fifteen
138 Thousand Dollars (\$15,000.00) or the amount of income taxes due
139 the State of Mississippi that are attributable to such location.

140 (g) For the 2016 taxable year and each taxable year
141 thereafter, the tax credit of the taxpayer shall be the lesser of
142 the amount of the ad valorem taxes described in subsection (1)
143 paid or the amount of income taxes due the State of Mississippi
144 that are attributable to such location.

145 (3) Any amount of ad valorem taxes paid by a taxpayer that
146 is applied toward the tax credit allowed in this section may not
147 be used as a deduction by the taxpayer for state income tax
148 purposes. In the case of a taxpayer that is a partnership,
149 limited liability company or S corporation, the credit may be
150 applied only to the tax attributable to partnership, limited
151 liability company or S corporation income derived from the
152 taxpayer.



153 (4) Any amount of ad valorem taxes applied and used as a tax
154 credit under Section 1 of this act may not be applied and used as
155 a tax credit under this section.

156 **SECTION 3.** Section 27-31-19, Mississippi Code of 1972, is
157 amended as follows:

158 27-31-19. There shall be exempt from all ad valorem taxes
159 now levied or hereafter levied by the State of Mississippi, or any
160 county, municipality, levee district, school, or any other taxing
161 district within the state, all oil, gas, and petroleum products,
162 whether produced within or without the state, which oil, gas or
163 petroleum products are owned by a person, firm, or corporation
164 operating a refinery for the refining of oil, gas or petroleum
165 products in the state, and either (1) are in transit to or
166 situated at * * * an in-state refinery for refining thereat; (2)
167 are in the process of being refined at such a refinery; or (3)
168 have been refined at such refinery and are still owned by or in
169 the hands of the refiner. Such exemption shall also extend to such
170 oil, gas and petroleum products owned by any corporation
171 controlled by, under common control with, or controlling such a
172 refiner; provided, however, that the exemption afforded by this
173 section shall not extend to those finished petroleum products
174 incident to regular, normal, and customary marketing operations
175 held in temporary storage at marketing bulk plants outside
176 refinery property, including storage facilities from which a
177 finished product is marketed in the state and from which a



178 finished product is shipped out of the state for marketing, or at
179 retail service stations.

180 **SECTION 4.** This act shall take effect and be in force from
181 and after January 1, 2024.

