

By: Representative Eure

To: Ways and Means

COMMITTEE SUBSTITUTE
FOR
HOUSE BILL NO. 1341

1 AN ACT TO REENACT SECTIONS 57-117-1 THROUGH 57-117-9,
2 MISSISSIPPI CODE OF 1972, WHICH ARE THE MISSISSIPPI HEALTH CARE
3 INDUSTRY ZONE ACT; TO AMEND SECTION 57-117-11, MISSISSIPPI CODE OF
4 1972, TO EXTEND THE DATE OF THE REPEALER ON THE MISSISSIPPI HEALTH
5 CARE INDUSTRY ZONE ACT; TO AMEND SECTION 27-31-101, MISSISSIPPI
6 CODE OF 1972, TO EXTEND THE DATE OF THE REVERTER ON THE STATUTE
7 AUTHORIZING COUNTIES AND MUNICIPALITIES TO GRANT AN AD VALOREM TAX
8 EXEMPTION TO HEALTH CARE INDUSTRY FACILITIES; TO AMEND SECTION
9 27-31-104, MISSISSIPPI CODE OF 1972, TO EXTEND THE DATE OF THE
10 REVERTER ON THE STATUTE AUTHORIZING COUNTIES AND MUNICIPALITIES TO
11 GRANT A FEE-IN-LIEU OF AD VALOREM TAXES TO QUALIFIED BUSINESSES
12 UNDER THE MISSISSIPPI HEALTH CARE INDUSTRY ZONE ACT WHICH MEET
13 MINIMUM CRITERIA ESTABLISHED BY THE MISSISSIPPI DEVELOPMENT
14 AUTHORITY; TO AMEND SECTION 27-65-101, MISSISSIPPI CODE OF 1972,
15 TO EXTEND THE DATE OF THE REPEALER ON THE PROVISION OF LAW THAT
16 EXEMPTS FROM SALES TAXATION SALES OF MATERIALS USED IN THE
17 CONSTRUCTION OF, OR ADDITION OR IMPROVEMENTS TO, A HEALTH CARE
18 INDUSTRY FACILITY; AND FOR RELATED PURPOSES.

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

20 **SECTION 1.** Section 57-117-1, Mississippi Code of 1972, is
21 reenacted as follows:

22 57-117-1. This chapter shall be known and may be cited as
23 the "Mississippi Health Care Industry Zone Act."

24 **SECTION 2.** Section 57-117-3, Mississippi Code of 1972, is
25 reenacted as follows:

26 57-117-3. In this chapter:



(a) "Health care industry facility" means:

(i) A business engaged in the research and development of pharmaceuticals, biologics, biotechnology, diagnostic imaging, medical supplies, medical equipment or medicine and related manufacturing or processing, medical service providers, medical product distribution, or laboratory testing that creates a minimum of twenty-five (25) new full-time jobs and/or Ten Million Dollars (\$10,000,000.00) of capital investment after July 1, 2012; or

(ii) A business that 1. is located on land owned by or leased from an academic health science center with a medical school accredited by the Liaison Committee on Medical Education and a hospital accredited by the Joint Committee on Accreditation of Healthcare Organizations and 2. creates a minimum of twenty-five (25) new jobs and/or Twenty Million Dollars (\$20,000,000.00) of capital investment after July 1, 2012.

The term "health care industry facility" does not include any medical cannabis establishment as defined in the Mississippi Medical Cannabis Act.

(b) "MDA" means the Mississippi Development Authority.

(c) "Health care industry zone" means a geographical area certified by the MDA as provided for in Section 57-117-5.

(d) "Local government unit" means any county or incorporated city, town or village in the State of Mississippi.



(e) "Person" means a natural person, partnership, limited liability company, association, corporation, business trust or other business entity.

(f) "Qualified business" means a business or health care industry facility that meets the requirements of Section 57-117-7 and any other requirements of this chapter. The term "qualified business" does not include any medical cannabis establishment as defined in the Mississippi Medical Cannabis Act.

SECTION 3. Section 57-117-5, Mississippi Code of 1972, is reenacted as follows:

57-117-5. (1) The MDA may certify an area as a health care industry zone if the following requirements are met:

(a) The area is located within:

(i) Three (3) contiguous counties which have certificates of need of more than three hundred seventy-five (375) acute care hospital beds; and/or

(ii) A county which has a hospital with a minimum capital investment of Two Hundred Fifty Million Dollars (\$250,000,000.00) and for which construction is completed before July 1, 2017;

(b) The health care industry facility is located within an eight-mile radius of:

(i) A facility with a certificate of need for hospital beds; and/or

(ii) A university or college that is:



76 1. Accredited by the Southern Association of
77 Colleges and Schools and awards degrees and/or trains workers for
78 jobs in health care or pharmaceutical fields of study and/or work,
79 and

80 2. Located along or near Mississippi Highway
81 67 within a master planned community as defined in Section
82 19-5-10; and

83 (c) The zoning of the local government unit, if
84 applicable, allows the construction or operation in the proposed
85 health care industry zone of the health care industry facility.

86 (2) A health care industry facility that engages in an
87 activity for which a certificate of need is required must comply
88 with the provisions of Section 41-7-191 in order to be certified
89 as a qualified business.

90 (3) The MDA may adopt and promulgate such rules and
91 regulations, in compliance with the Mississippi Administrative
92 Procedures Law, as are necessary for the efficient and effective
93 administration of this section in keeping with the purposes for
94 which it is enacted.

95 **SECTION 4.** Section 57-117-7, Mississippi Code of 1972, is
96 reenacted as follows:

97 57-117-7. (1) Businesses and health care industry
98 facilities shall apply to the MDA for certification as a qualified
99 business. If the health care industry facility or business is



located in a health care industry zone and meets the requirements of this chapter, the MDA shall certify it as a qualified business.

(2) A health care industry facility or business certified by the MDA as a qualified business within a health care industry zone that constructs or renovates a health care industry facility within a health care industry zone shall qualify for the following:

(a) An accelerated state income tax depreciation deduction. The accelerated depreciation deduction shall be computed by accelerating depreciation period required by Mississippi Administrative Code, to a ten-year depreciation period.

(b) A sales tax exemption as authorized in Section 27-65-101(1)(pp).

(c) A fee-in-lieu of taxes as authorized in Section 27-31-104.

(d) An ad valorem tax exemption as authorized in Section 27-31-101.

SECTION 5. Section 57-117-9, Mississippi Code of 1972, is reenacted as follows:

57-117-9. If the qualified business has not created the requisite number of jobs required by this chapter, the health care industry zone certification may be revoked by MDA after five (5) years have elapsed from the effective date of certification. A



124 revocation under this section shall not act retroactively to
125 remove any incentives granted by this chapter.

126 **SECTION 6.** Section 57-117-11, Mississippi Code of 1972, is
127 amended as follows:

128 57-117-11. Sections 57-117-1 through 57-117-11 shall be
129 repealed from and after July 1, * * * 2028.

130 **SECTION 7.** Section 27-31-101, Mississippi Code of 1972, is
131 amended as follows:

132 **[Through June 30, * * * 2028, this section shall read as**
133 **follows:]**

134 27-31-101. (1) County boards of supervisors and municipal
135 authorities are hereby authorized and empowered, in their
136 discretion, to grant exemptions from ad valorem taxation, except
137 state ad valorem taxation; however, such governing authorities
138 shall not exempt ad valorem taxes for school district purposes on
139 tangible property used in, or necessary to, the operation of the
140 manufacturers and other new enterprises enumerated by classes in
141 this section, except to the extent authorized in Sections
142 27-31-104 and 27-31-105(2), nor shall they exempt from ad valorem
143 taxes the products of the manufacturers or other new enterprises
144 or automobiles and trucks belonging to the manufacturers or other
145 new enterprises operating on and over the highways of the State of
146 Mississippi. The time of such exemption shall be for a period not
147 to exceed a total of ten (10) years, which shall begin on the date
148 of completion of the new enterprise for which the exemption is



149 granted; however, boards of supervisors and municipal authorities,
150 in lieu of granting the exemption for one (1) period of ten (10)
151 years, may grant the exemption in a period of less than ten (10)
152 years. When the initial exemption period granted is less than ten
153 (10) years, the boards of supervisors and municipal authorities
154 may grant a subsequent consecutive period or periods to follow the
155 initial period of exemption, provided that the total of all
156 periods of exemption shall not exceed ten (10) years. The date of
157 completion of the new enterprise, from which the initial period of
158 exemption shall begin, shall be the date on which operations of
159 the new enterprise begin. The initial request for an exemption
160 must be made in writing by June 1 of the year immediately
161 following the year in which the date of completion of a new
162 enterprise occurs. If the initial request for the exemption is
163 not timely made, the board of supervisors or municipal authorities
164 may grant a subsequent request for the exemption and, in such
165 case, the exemption shall begin on the anniversary date of
166 completion of the enterprise in the year in which the request is
167 made and may be for a period of time extending not more than ten
168 (10) years from the date of completion of the new enterprise. Any
169 subsequent request for the exemption must be made in writing by
170 June 1 of the year in which it is granted.

171 (2) Any board of supervisors or municipal authority which
172 has granted an exemption for a period of less than ten (10) years
173 may grant subsequent periods of exemption to run consecutively



with the initial exemption period, or a subsequently granted exemption period, but in no case shall the total of the exemption periods granted for a new enterprise exceed ten (10) years. Any consecutive period of exemption shall be granted by entry of an order by the board or the authority granting the consecutive exemption on its minutes, reflecting the granting of the consecutive exemption period and the dates upon which such consecutive exemption period begins and expires. The entry of this order granting the consecutive period of exemption shall be made before the expiration of the exemption period immediately preceding the consecutive exemption period being granted.

(3) (a) The new enterprises for which any or all of the tangible property described in paragraph (b) of this subsection (3) may be exempt from ad valorem taxation, except state ad valorem taxation, ad valorem taxes for school district purposes, and ad valorem taxes on the products thereof or on automobiles and trucks belonging thereto and operating on and over the highways of the State of Mississippi, are enumerated as and limited to the following, as determined by the Department of Revenue:

- (i) Warehouse and/or distribution centers;
- (ii) Manufacturing, processors and refineries;
- (iii) Research facilities;
- (iv) Corporate regional and national headquarters meeting minimum criteria established by the Mississippi Development Authority;



199 (v) Movie industry studios meeting minimum
200 criteria established by the Mississippi Development Authority;
201 (vi) Air transportation and maintenance facilities
202 meeting minimum criteria established by the Mississippi
203 Development Authority;
204 (vii) Recreational facilities that impact tourism
205 meeting minimum criteria established by the Mississippi
206 Development Authority;
207 (viii) Data/information processing enterprises
208 meeting minimum criteria established by the Mississippi
209 Development Authority;
210 (ix) Technology intensive enterprises or
211 facilities meeting criteria established by the Mississippi
212 Development Authority;
213 (x) Health care industry facilities as defined in
214 Section 57-117-3;
215 (xi) Data centers as defined in Section 57-113-21;
216 (xii) Telecommunications enterprises meeting
217 minimum criteria established by the Mississippi Development
218 Authority. The term "telecommunications enterprises" means
219 entities engaged in the creation, display, management, storage,
220 processing, transmission or distribution for compensation of
221 images, text, voice, video or data by wire or by wireless means,
222 or entities engaged in the construction, design, development,
223 manufacture, maintenance or distribution for compensation of



224 devices, products, software or structures used in the above
225 activities. Companies organized to do business as commercial
226 broadcast radio stations, television stations or news
227 organizations primarily serving in-state markets shall not be
228 included within the definition of the term "telecommunications
229 enterprises"; and

230 (xiii) Controlled environment agriculture
231 enterprises meeting minimum criteria established by the
232 Mississippi Development Authority.

233 The new enterprises enumerated in this paragraph (a) do not
234 include medical cannabis establishments as defined in Section
235 41-137-3 of the Mississippi Medical Cannabis Act.

236 (b) An exemption from ad valorem taxes granted under
237 this section may include any or all tangible property, real or
238 personal, including any leasehold interests therein but excluding
239 automobiles and trucks operating on and over the highways of the
240 State of Mississippi, used in connection with, or necessary to,
241 the operation of an enterprise enumerated in paragraph (a) of this
242 subsection (3), whether or not such property is owned, leased,
243 subleased, licensed or otherwise obtained by such enterprise,
244 irrespective of the taxpayer to which any such leased property is
245 assessed for ad valorem tax purposes. If an exemption is granted
246 pursuant to this section with respect to any leasehold interest
247 under a lease, sublease or license of tangible property used in
248 connection with, or necessary to, the operation of an enterprise



enumerated in paragraph (a) of this subsection (3), the corresponding ownership interest of the owner, lessor and sublessor of such tangible property shall similarly and automatically be exempt without any action being required to be taken by such owner, lessor or sublessor.

(4) Any exemption from ad valorem taxes granted under this section before March 28, 2019, and consistent herewith, is hereby ratified, approved and confirmed.

[From and after July 1, * * * 2028, this section shall read as follows:]

27-31-101. (1) County boards of supervisors and municipal authorities are hereby authorized and empowered, in their discretion, to grant exemptions from ad valorem taxation, except state ad valorem taxation; however, such governing authorities shall not exempt ad valorem taxes for school district purposes on tangible property used in, or necessary to, the operation of the manufacturers and other new enterprises enumerated by classes in this section, except to the extent authorized in Sections 27-31-104 and 27-31-105(2), nor shall they exempt from ad valorem taxes the products of the manufacturers or other new enterprises or automobiles and trucks belonging to the manufacturers or other new enterprises operating on and over the highways of the State of Mississippi. The time of such exemption shall be for a period not to exceed a total of ten (10) years, which shall begin on the date of completion of the new enterprise for which the exemption is



274 granted; however, boards of supervisors and municipal authorities,
275 in lieu of granting the exemption for one (1) period of ten (10)
276 years, may grant the exemption in a period of less than ten (10)
277 years. When the initial exemption period granted is less than ten
278 (10) years, the boards of supervisors and municipal authorities
279 may grant a subsequent consecutive period or periods to follow the
280 initial period of exemption, provided that the total of all
281 periods of exemption shall not exceed ten (10) years. The date of
282 completion of the new enterprise, from which the initial period of
283 exemption shall begin, shall be the date on which operations of
284 the new enterprise begin. The initial request for an exemption
285 must be made in writing by June 1 of the year immediately
286 following the year in which the date of completion of a new
287 enterprise occurs. If the initial request for the exemption is
288 not timely made, the board of supervisors or municipal authorities
289 may grant a subsequent request for the exemption and, in such
290 case, the exemption shall begin on the anniversary date of
291 completion of the enterprise in the year in which the request is
292 made and may be for a period of time extending not more than ten
293 (10) years from the date of completion of the new enterprise. Any
294 subsequent request for the exemption must be made in writing by
295 June 1 of the year in which it is granted.

296 (2) Any board of supervisors or municipal authority which
297 has granted an exemption for a period of less than ten (10) years
298 may grant subsequent periods of exemption to run consecutively



299 with the initial exemption period, or a subsequently granted
300 exemption period, but in no case shall the total of the exemption
301 periods granted for a new enterprise exceed ten (10) years. Any
302 consecutive period of exemption shall be granted by entry of an
303 order by the board or the authority granting the consecutive
304 exemption on its minutes, reflecting the granting of the
305 consecutive exemption period and the dates upon which such
306 consecutive exemption period begins and expires. The entry of
307 this order granting the consecutive period of exemption shall be
308 made before the expiration of the exemption period immediately
309 preceding the consecutive exemption period being granted.

310 (3) (a) The new enterprises for which any or all of the
311 tangible property described in paragraph (b) of this subsection
312 (3) may be exempt from ad valorem taxation, except state ad
313 valorem taxation, ad valorem taxes for school district purposes,
314 and ad valorem taxes on the products thereof or on automobiles and
315 trucks belonging thereto and operating on and over the highways of
316 the State of Mississippi, are enumerated as and limited to the
317 following, as determined by the Department of Revenue:

318 (i) Warehouse and/or distribution centers;
319 (ii) Manufacturing, processors and refineries;
320 (iii) Research facilities;
321 (iv) Corporate regional and national headquarters
322 meeting minimum criteria established by the Mississippi
323 Development Authority;



324 (v) Movie industry studios meeting minimum
325 criteria established by the Mississippi Development Authority;
326 (vi) Air transportation and maintenance facilities
327 meeting minimum criteria established by the Mississippi
328 Development Authority;
329 (vii) Recreational facilities that impact tourism
330 meeting minimum criteria established by the Mississippi
331 Development Authority;
332 (viii) Data/information processing enterprises
333 meeting minimum criteria established by the Mississippi
334 Development Authority;
335 (ix) Technology intensive enterprises or
336 facilities meeting criteria established by the Mississippi
337 Development Authority;
338 (x) Data centers as defined in Section 57-113-21;
339 (xi) Telecommunications enterprises meeting
340 minimum criteria established by the Mississippi Development
341 Authority. The term "telecommunications enterprises" means
342 entities engaged in the creation, display, management, storage,
343 processing, transmission or distribution for compensation of
344 images, text, voice, video or data by wire or by wireless means,
345 or entities engaged in the construction, design, development,
346 manufacture, maintenance or distribution for compensation of
347 devices, products, software or structures used in the above
348 activities. Companies organized to do business as commercial



broadcast radio stations, television stations or news organizations primarily serving in-state markets shall not be included within the definition of the term "telecommunications enterprises"; and

(xii) Controlled environment agriculture enterprises meeting minimum criteria established by the Mississippi Development Authority.

The new enterprises enumerated in this paragraph (a) do not include medical cannabis establishments as defined in Section 41-137-3 of the Mississippi Medical Cannabis Act.

(b) An exemption from ad valorem taxes granted under this section may include any or all tangible property, real or personal, including any leasehold interests therein but excluding automobiles and trucks operating on and over the highways of the State of Mississippi, used in connection with, or necessary to, the operation of an enterprise enumerated in paragraph (a) of this subsection (3), whether or not such property is owned, leased, subleased, licensed or otherwise obtained by such enterprise, irrespective of the taxpayer to which any such leased property is assessed for ad valorem tax purposes. If an exemption is granted pursuant to this section with respect to any leasehold interest under a lease, sublease or license of tangible property used in connection with, or necessary to, the operation of an enterprise enumerated in paragraph (a) of this subsection (3), the corresponding ownership interest of the owner, lessor and



sublessor of such tangible property shall similarly and automatically be exempt without any action being required to be taken by such owner, lessor or sublessor.

(4) Any exemption from ad valorem taxes granted under this section before March 28, 2019, and consistent herewith, is hereby ratified, approved and confirmed.

SECTION 8. Section 27-31-104, Mississippi Code of 1972, is amended as follows:

[Through June 30, * * * 2028, this section shall read as follows:]

27-31-104. (1) (a) County boards of supervisors and municipal authorities are each hereby authorized and empowered to enter into an agreement with an enterprise granting, and pursuant to such agreement grant a fee-in-lieu of ad valorem taxes, including ad valorem taxes levied for school purposes, for the following:

(i) Projects totaling over Sixty Million Dollars (\$60,000,000.00) by any new enterprises enumerated in Section 27-31-101;

(ii) Projects by a private company (as such term is defined in Section 57-61-5) having a minimum capital investment of Sixty Million Dollars (\$60,000,000.00);

(iii) Projects by a qualified business (as such term is defined in Section 57-117-3) meeting minimum criteria established by the Mississippi Development Authority;



399 (iv) Projects, in addition to those projects
400 referenced in Section 27-31-105, totaling over Sixty Million
401 Dollars (\$60,000,000.00) by an existing enterprise that has been
402 doing business in the county or municipality for twenty-four (24)
403 months. For purposes of this subparagraph (iv), the term
404 "existing enterprise" includes those enterprises enumerated in
405 Section 27-31-101; or

406 (v) A private company (as such term is defined in
407 Section 57-61-5) or entity defined in Section 77-3-3(d)(i) having
408 a minimum capital investment of One Hundred Million Dollars
409 (\$100,000,000.00) from any source or combination of sources,
410 provided that a majority of the capital investment is from private
411 sources, when such project is located within a geographic area for
412 which a Presidential Disaster Declaration was issued on or after
413 January 1, 2014.

414 County boards of supervisors and municipal authorities may
415 not enter into an agreement with an enterprise that is a medical
416 cannabis establishment, as defined in Section 41-137-3 of the
417 Mississippi Medical Cannabis Act, granting, and pursuant to such
418 agreement grant a fee-in-lieu of ad valorem taxes.

419 (b) A fee-in-lieu of ad valorem taxes granted in
420 accordance with this section may include any or all tangible
421 property, real or personal, including any leasehold interests
422 therein but excluding automobiles and trucks operating on and over
423 the highways of the State of Mississippi, used in connection with,



424 or necessary to, the operation of any enterprise, private company
425 or business described in paragraph (a) of this subsection (1), as
426 applicable, whether or not such property is owned, leased,
427 subleased, licensed or otherwise obtained by such enterprise,
428 private company or business, as applicable, irrespective of the
429 taxpayer to which any such leased property is assessed for ad
430 valorem tax purposes. If a fee-in-lieu of ad valorem taxes is
431 granted pursuant to this section with respect to any leasehold
432 interest under a lease, sublease or license of tangible property
433 used in connection with, or necessary to, the operation of an
434 enterprise, private company or business described in paragraph (a)
435 of this subsection (1), as applicable, the corresponding ownership
436 interest of the owner, lessor and sublessor of such tangible
437 property shall similarly and automatically be exempt and subject
438 to the fee-in-lieu granted in accordance herewith without any
439 action being required to be taken by such owner, lessor or
440 sublessor.

441 (2) A county board of supervisors may enter into a
442 fee-in-lieu agreement on behalf of the county and any county
443 school district, and a municipality may enter into such a
444 fee-in-lieu agreement on behalf of the municipality and any
445 municipal school district located in the municipality; however, if
446 the project is located outside the limits of a municipality but
447 within the boundaries of the municipal school district, then the
448 county board of supervisors may enter into such a fee-in-lieu



449 agreement on behalf of the school district granting a fee-in-lieu
450 of ad valorem taxes for school district purposes.

451 (3) Any grant of a fee-in-lieu of ad valorem taxes shall be
452 evidenced by a written agreement negotiated by the enterprise and
453 the county board of supervisors and/or municipal authority, as the
454 case may be, and given final approval by the Mississippi
455 Development Authority as satisfying the requirements of this
456 section.

457 (4) The minimum sum allowable as a fee-in-lieu shall not be
458 less than one-third (1/3), or one-tenth (1/10) if the project is
459 also a project eligible for an ad valorem tax exemption under
460 Section 27-31-46 and a fee-in-lieu agreement is entered into
461 before July 1, 2026, of the ad valorem levy, including ad valorem
462 taxes for school district purposes, and except as otherwise
463 provided, the sum allowed shall be apportioned between the county
464 or municipality, as appropriate, and the school districts in such
465 amounts as may be determined by the county board of supervisors or
466 municipal governing authority, as the case may be, however, except
467 as otherwise provided in this section, from the sum allowed the
468 apportionment to school districts shall not be less than the
469 school districts' pro rata share based upon the proportion that
470 the millage imposed for the school districts by the appropriate
471 levying authority bears to the millage imposed by such levying
472 authority for all other county or municipal purposes. Any
473 fee-in-lieu agreement entered into under this section shall become



a binding obligation of the parties to the agreement, be effective upon its execution by the parties and approval by the Mississippi Development Authority and, except as otherwise provided in Section 17-25-23 or Section 57-75-33, or any other provision of law, continue in effect for a period not to exceed thirty (30) years commencing on the date that the fee-in-lieu granted thereunder begins in accordance with the agreement; however, no particular parcel of land, real property improvement or item of personal property shall be subject to a fee-in-lieu for a duration of more than ten (10) years. Any such agreement shall be binding, according to its terms, on future boards of supervisors of the county and/or governing authorities of a municipality, as the case may be, for the duration of the agreement.

(5) The fee-in-lieu may be a stated fraction or percentage of the ad valorem taxes otherwise payable or a stated dollar amount. If the fee is a fraction or percentage of the ad valorem tax levy, it shall be annually computed on all ad valorem taxes otherwise payable, including school taxes, as the same may vary from year to year based upon changes in the millage rate or assessed value and shall not be less than one-third (1/3) of that amount or one-tenth (1/10) of that amount if the project is also a project eligible for an ad valorem tax exemption under Section 27-31-46 and a fee-in-lieu agreement is entered into before July 1, 2026. If the fee is a stated dollar amount, said amount shall be the higher of the sum provided for fixed payment or (a)



one-third (1/3) of the total of all ad valorem taxes otherwise payable as annually determined during each year of the fee-in-lieu or (b) if the project is also a project eligible for an ad valorem tax exemption under Section 27-31-46 and a fee-in-lieu agreement is entered into before July 1, 2026, one-tenth (1/10) of the total of all ad valorem taxes otherwise payable as annually determined during each year of the fee-in-lieu.

(6) Notwithstanding Section 27-31-111, the parties to a fee-in-lieu may agree on terms and conditions providing for the reduction, suspension, termination or reinstatement of a fee-in-lieu agreement or any fee-in-lieu period granted thereunder upon the cessation of operations by project for twelve (12) or more consecutive months or due to other conditions set forth in the agreement.

(7) For a project as defined in Section 57-75-5(f)(xxi) and located in a county that is a member of a regional economic development alliance created under Section 57-64-1 et seq., the members of the regional economic development alliance may divide the sum allowed as a fee-in-lieu in a manner as determined by the alliance agreement, and the boards of supervisors of the member counties may then apportion the sum allowed between school district purposes and all other county purposes.

(8) For a project as defined in Section 57-75-5(f)(xxvi), the board of supervisors of the county in which the project is located may negotiate with the school district in which the



524 project is located and apportion to the school district an amount
525 of the fee-in-lieu that is agreed upon in the negotiations
526 different than the amount provided for in subsection (3) of this
527 section.

528 (9) For a project as defined in Section 57-75-5(f)(xxviii),
529 the annual amount of the fee-in-lieu apportioned to the county
530 shall not be less than the amount necessary to pay the debt
531 service on bonds issued by the county pursuant to Section
532 57-75-37(3)(c).

533 (10) For any county and/or municipality that enters into a
534 fee-in-lieu agreement for a project as defined in Section
535 57-75-5(f)(xxxiii), the minimum sum allowable as a fee-in-lieu for
536 the project shall not be less than one-third (1/3); provided that
537 such allowed sum of each annual fee-in-lieu payment may be first
538 apportioned between the county or municipality, as appropriate,
539 and the school districts in any such amounts as may be determined
540 by the county board of supervisors or municipal governing
541 authority, as the case may be, to either: (a) first allocate and
542 remit to the Mississippi Major Economic Impact Authority or the
543 Mississippi Development Authority, as applicable, such portion of
544 each annual fee-in-lieu payment to repay to the Mississippi Major
545 Economic Impact Authority or the Mississippi Development
546 Authority, as applicable, funds advanced thereby to such county
547 and/or municipality or to other public agency, as defined in
548 Section 57-75-37(7)(a)(ii), to fund public improvements and



549 related costs for the project pursuant to an agreement entered
550 into in accordance with Section 57-75-37(7)(c)(iii); or (b) first
551 allocate and remit to the enterprise owning and/or operating the
552 project such portion of each annual fee-in-lieu payment payable
553 thereto pursuant to an agreement entered into in accordance with
554 Section 57-75-37(7)(d)(iv). The balance of any annual fee-in-lieu
555 amount remaining after such initial allocation and remittance to
556 the Mississippi Major Economic Impact Authority, Mississippi
557 Development Authority or enterprise owning and/or operating the
558 project, as applicable, shall then be apportioned in accordance
559 with subsection (4) of this section or as otherwise authorized by
560 state law.

561 (11) Any fee-in-lieu of ad valorem taxes granted under this
562 section before March 28, 2019, and consistent herewith, is hereby
563 ratified, approved and confirmed.

564 **[From and after July 1, * * * 2028, this section shall read**
565 **as follows:]**

566 27-31-104. (1) (a) County boards of supervisors and
567 municipal authorities are each hereby authorized and empowered to
568 enter into an agreement with an enterprise granting, and pursuant
569 to such agreement grant a fee-in-lieu of ad valorem taxes,
570 including ad valorem taxes levied for school purposes, for the
571 following:



(i) Projects totaling over Sixty Million Dollars (\$60,000,000.00) by any new enterprises enumerated in Section 27-31-101;

(ii) Projects by a private company (as such term is defined in Section 57-61-5, Mississippi Code of 1972) having a minimum capital investment of Sixty Million Dollars (\$60,000,000.00);

(iii) Projects, in addition to those projects referenced in Section 27-31-105, totaling over Sixty Million Dollars (\$60,000,000.00) by an existing enterprise that has been doing business in the county or municipality for twenty-four (24) months. For purposes of this subparagraph (iii), the term "existing enterprise" includes those enterprises enumerated in Section 27-31-101; or

(iv) A private company (as such term is defined in Section 57-61-5) or entity defined in Section 77-3-3(d)(i) having a minimum capital investment of One Hundred Million Dollars (\$100,000,000.00) from any source or combination of sources, provided that a majority of the capital investment is from private sources, when such project is located within a geographic area for which a Presidential Disaster Declaration was issued on or after January 1, 2014.

County boards of supervisors and municipal authorities may not enter into an agreement with an enterprise that is a medical cannabis establishment, as defined in Section 41-137-3 of the



597 Mississippi Medical Cannabis Act, granting, and pursuant to such
598 agreement grant a fee-in-lieu of ad valorem taxes.

599 (b) A fee-in-lieu of ad valorem taxes granted in
600 accordance with this section may include any or all tangible
601 property, real or personal, including any leasehold interests
602 therein but excluding automobiles and trucks operating on and over
603 the highways of the State of Mississippi, used in connection with,
604 or necessary to, the operation of any enterprise, private company
605 or business described in paragraph (a) of this subsection (1), as
606 applicable, whether or not such property is owned, leased,
607 subleased, licensed or otherwise obtained by such enterprise,
608 private company or business, as applicable, irrespective of the
609 taxpayer to which any such leased property is assessed for ad
610 valorem tax purposes. If a fee-in-lieu of ad valorem taxes is
611 granted pursuant to this section with respect to any leasehold
612 interest under a lease, sublease or license of tangible property
613 used in connection with, or necessary to, the operation of an
614 enterprise, private company or business described in paragraph (a)
615 of this subsection (1), as applicable, the corresponding ownership
616 interest of the owner, lessor and sublessor of such tangible
617 property shall similarly and automatically be exempt and subject
618 to the fee-in-lieu granted in accordance herewith without any
619 action being required to be taken by such owner, lessor or
620 sublessor.



621 (2) A county board of supervisors may enter into a
622 fee-in-lieu agreement on behalf of the county and any county
623 school district, and a municipality may enter into such a
624 fee-in-lieu agreement on behalf of the municipality and any
625 municipal school district located in the municipality; however, if
626 the project is located outside the limits of a municipality but
627 within the boundaries of the municipal school district, then the
628 county board of supervisors may enter into such a fee-in-lieu
629 agreement on behalf of the school district granting a fee-in-lieu
630 of ad valorem taxes for school district purposes.

631 (3) Any grant of a fee-in-lieu of ad valorem taxes shall be
632 evidenced by a written agreement negotiated by the enterprise and
633 the county board of supervisors and/or municipal authority, as the
634 case may be, and given final approval by the Mississippi
635 Development Authority as satisfying the requirements of this
636 section.

637 (4) The minimum sum allowable as a fee-in-lieu shall not be
638 less than one-third (1/3), or one-tenth (1/10) if the project is
639 also a project eligible for an ad valorem tax exemption under
640 Section 27-31-46 and a fee-in-lieu agreement is entered into
641 before July 1, 2026, of the ad valorem levy, including ad valorem
642 taxes for school district purposes, and except as otherwise
643 provided, the sum allowed shall be apportioned between the county
644 or municipality, as appropriate, and the school districts in such
645 amounts as may be determined by the county board of supervisors or



municipal governing authority, as the case may be, however, except as otherwise provided in this section, from the sum allowed the apportionment to school districts shall not be less than the school districts' pro rata share based upon the proportion that the millage imposed for the school districts by the appropriate levying authority bears to the millage imposed by such levying authority for all other county or municipal purposes. Any fee-in-lieu agreement entered into under this section shall become a binding obligation of the parties to the agreement, be effective upon its execution by the parties and approval by the Mississippi Development Authority and, except as otherwise provided in Section 17-25-23 or Section 57-75-33, or any other provision of law, continue in effect for a period not to exceed thirty (30) years commencing on the date that the fee-in-lieu granted thereunder begins in accordance with the agreement; however, no particular parcel of land, real property improvement or item of personal property shall be subject to a fee-in-lieu for a duration of more than ten (10) years. Any such agreement shall be binding, according to its terms, on future boards of supervisors of the county and/or governing authorities of a municipality, as the case may be, for the duration of the agreement.

(5) The fee-in-lieu may be a stated fraction or percentage of the ad valorem taxes otherwise payable or a stated dollar amount. If the fee is a fraction or percentage of the ad valorem tax levy, it shall be annually computed on all ad valorem taxes



671 otherwise payable, including school taxes, as the same may vary
672 from year to year based upon changes in the millage rate or
673 assessed value and shall not be less than one-third (1/3) of that
674 amount or one-tenth (1/10) of that amount if the project is also a
675 project eligible for an ad valorem tax exemption under Section
676 27-31-46 and a fee-in-lieu agreement is entered into before July
677 1, 2026. If the fee is a stated dollar amount, said amount shall
678 be the higher of the sum provided for fixed payment or (a)
679 one-third (1/3) of the total of all ad valorem taxes otherwise
680 payable as annually determined during each year of the fee-in-lieu
681 or (b) if the project is also a project eligible for an ad valorem
682 tax exemption under Section 27-31-46 and a fee-in-lieu agreement
683 is entered into before July 1, 2026, one-tenth (1/10) of the total
684 of all ad valorem taxes otherwise payable as annually determined
685 during each year of the fee-in-lieu.

686 (6) Notwithstanding Section 27-31-111, the parties to a
687 fee-in-lieu may agree on terms and conditions providing for the
688 reduction, suspension, termination or reinstatement of a
689 fee-in-lieu agreement or any fee-in-lieu period granted thereunder
690 upon the cessation of operations by project for twelve (12) or
691 more consecutive months or due to other conditions set forth in
692 the agreement.

693 (7) For a project as defined in Section 57-75-5(f)(xxi) and
694 located in a county that is a member of a regional economic
695 development alliance created under Section 57-64-1 et seq., the



members of the regional economic development alliance may divide the sum allowed as a fee-in-lieu in a manner as determined by the alliance agreement, and the boards of supervisors of the member counties may then apportion the sum allowed between school district purposes and all other county purposes.

(8) For a project as defined in Section 57-75-5(f)(xxvi), the board of supervisors of the county in which the project is located may negotiate with the school district in which the project is located and apportion to the school district an amount of the fee-in-lieu that is agreed upon in the negotiations different than the amount provided for in subsection (3) of this section.

(9) For a project as defined in Section 57-75-5(f)(xxviii), the annual amount of the fee-in-lieu apportioned to the county shall not be less than the amount necessary to pay the annual debt service on bonds issued by the county pursuant to Section 57-75-37(3)(c).

(10) For any county and/or municipality that enters into a fee-in-lieu agreement for a project as defined in Section 57-75-5(f)(xxxiii), the minimum sum allowable as a fee-in-lieu for the project shall not be less than one-third (1/3); provided that such allowed sum of each annual fee-in-lieu payment may be first apportioned between the county or municipality, as appropriate, and the school districts in any such amounts as may be determined by the county board of supervisors or municipal governing



721 authority, as the case may be, to either: (a) first allocate and
722 remit to the Mississippi Major Economic Impact Authority or the
723 Mississippi Development Authority, as applicable, such portion of
724 each annual fee-in-lieu payment to repay to the Mississippi Major
725 Economic Impact Authority or the Mississippi Development
726 Authority, as applicable, funds advanced thereby to such county
727 and/or municipality or to other public agency, as defined in
728 Section 57-75-37(7)(a)(ii), to fund public improvements and
729 related costs for the project pursuant to an agreement entered
730 into in accordance with Section 57-75-37(7)(c)(iii); or (b) first
731 allocate and remit to the enterprise owning and/or operating the
732 project such portion of each annual fee-in-lieu payment payable
733 thereto pursuant to an agreement entered into in accordance with
734 Section 57-75-37(7)(d)(iv). The balance of any annual fee-in-lieu
735 amount remaining after such initial allocation and remittance to
736 the Mississippi Major Economic Impact Authority, Mississippi
737 Development Authority or enterprise owning and/or operating the
738 project, as applicable, shall then be apportioned in accordance
739 with subsection (4) of this section or as otherwise authorized by
740 state law.

741 (11) Any fee-in-lieu of ad valorem taxes granted under this
742 section before March 28, 2019, and consistent herewith, is hereby
743 ratified, approved and confirmed.

744 **SECTION 9.** Section 27-65-101, Mississippi Code of 1972, is
745 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



771 repairing or reconditioning vessels or barges of fifty (50) tons
772 load displacement and over. For the purposes of this exemption,
773 electricity used directly in the electrolysis process in the
774 production of sodium chlorate shall be considered a raw material.
775 This exemption shall not apply to any property used as fuel except
776 to the extent that such fuel comprises by-products which have no
777 market value.

778 (c) The gross proceeds of sales of dry docks, offshore
779 drilling equipment for use in oil or natural gas exploration or
780 production, vessels or barges of fifty (50) tons load displacement
781 and over, when the vessels or barges are sold by the manufacturer
782 or builder thereof. In addition to other types of equipment,
783 offshore drilling equipment for use in oil or natural gas
784 exploration or production shall include aircraft used
785 predominately to transport passengers or property to or from
786 offshore oil or natural gas exploration or production platforms or
787 vessels, and engines, accessories and spare parts for such
788 aircraft.

789 (d) Sales to commercial fishermen of commercial fishing
790 boats of over five (5) tons load displacement and not more than
791 fifty (50) tons load displacement as registered with the United
792 States Coast Guard and licensed by the Mississippi Commission on
793 Marine Resources.

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



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

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

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

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

(j) Sales of tangible personal property to persons operating ships in international commerce for use or consumption



821 on board such ships. This exemption shall be limited to cases in
822 which procedures satisfactory to the commissioner, ensuring
823 against use in this state other than on such ships, are
824 established.

825 (k) Sales of materials used in the construction of a
826 building, or any addition or improvement thereon, and sales of any
827 machinery and equipment not later than three (3) months after the
828 completion of construction of the building, or any addition
829 thereon, to be used therein, to qualified businesses, as defined
830 in Section 57-51-5, which are located in a county or portion
831 thereof designated as an enterprise zone pursuant to Sections
832 57-51-1 through 57-51-15.

833 (l) Sales of materials used in the construction of a
834 building, or any addition or improvement thereon, and sales of any
835 machinery and equipment not later than three (3) months after the
836 completion of construction of the building, or any addition
837 thereon, to be used therein, to qualified businesses, as defined
838 in Section 57-54-5.

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

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



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

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

(q) Sales of component materials used in the construction of a building, or any addition or improvement thereon, sales of machinery and equipment to be used therein, and sales of manufacturing or processing machinery and equipment which is permanently attached to the ground or to a permanent foundation and which is not by its nature intended to be housed within a building structure, not later than three (3) months after the initial start-up date, to permanent business enterprises engaging in manufacturing or processing in Tier Three areas (as such term is defined in Section 57-73-21), which businesses are certified by the Department of Revenue as being eligible for the exemption granted in this paragraph (q). The exemption provided in this paragraph (q) shall not apply to sales to any business enterprise that is a medical cannabis establishment as defined in Section 41-137-3 of the Mississippi Medical Cannabis Act.



870 (r) (i) Sales of component materials used in the
871 construction of a building, or any addition or improvement
872 thereon, and sales of any machinery and equipment not later than
873 three (3) months after the completion of the building, addition or
874 improvement thereon, to be used therein, for any company
875 establishing or transferring its national or regional headquarters
876 from within or outside the State of Mississippi and creating a
877 minimum of twenty (20) jobs at the new headquarters in this state.
878 The exemption provided in this subparagraph (i) shall not apply to
879 sales for any company that is a medical cannabis establishment as
880 defined in Section 41-137-3 of the Mississippi Medical Cannabis
881 Act. The Department of Revenue shall establish criteria and
882 prescribe procedures to determine if a company qualifies as a
883 national or regional headquarters for the purpose of receiving the
884 exemption provided in this subparagraph (i).

885 (ii) Sales of component materials used in the
886 construction of a building, or any addition or improvement
887 thereon, and sales of any machinery and equipment not later than
888 three (3) months after the completion of the building, addition or
889 improvement thereon, to be used therein, for any company expanding
890 or making additions after January 1, 2013, to its national or
891 regional headquarters within the State of Mississippi and creating
892 a minimum of twenty (20) new jobs at the headquarters as a result
893 of the expansion or additions. The exemption provided in this
894 subparagraph (ii) shall not apply to sales for any company that is



895 a medical cannabis establishment as defined in Section 41-137-3 of
896 the Mississippi Medical Cannabis Act. The Department of Revenue
897 shall establish criteria and prescribe procedures to determine if
898 a company qualifies as a national or regional headquarters for the
899 purpose of receiving the exemption provided in this subparagraph
900 (ii).

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

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

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

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

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



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

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

925 (v) Sales or leases of materials and equipment to
926 approved business enterprises as provided under the Growth and
927 Prosperity Act.

928 (w) From and after July 1, 2001, sales of pollution
929 control equipment to manufacturers or custom processors for
930 industrial use. For the purposes of this exemption, "pollution
931 control equipment" means equipment, devices, machinery or systems
932 used or acquired to prevent, control, monitor or reduce air, water
933 or groundwater pollution, or solid or hazardous waste as required
934 by federal or state law or regulation.

935 (x) Sales or leases to a manufacturer of motor vehicles
936 or powertrain components operating a project that has been
937 certified by the Mississippi Major Economic Impact Authority as a
938 project as defined in Section 57-75-5(f)(iv)1, Section
939 57-75-5(f)(xxi) or Section 57-75-5(f)(xxii) of machinery and
940 equipment; special tooling such as dies, molds, jigs and similar
941 items treated as special tooling for federal income tax purposes;
942 or repair parts therefor or replacements thereof; repair services



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

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

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

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

(bb) [Repealed]

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



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

970 (dd) Sales or leases of component materials, machinery
971 and equipment used in the construction of a building, or any
972 addition or improvement thereon to an enterprise owning or
973 operating a project that has been designated by the Mississippi
974 Major Economic Impact Authority as a project as defined in Section
975 57-75-5(f)(xviii) and any other sales or leases required to
976 establish or operate such project.

977 (ee) Sales of parts used in the repair and servicing of
978 aircraft not registered in Mississippi engaged exclusively in the
979 business of foreign or interstate transportation to businesses
980 engaged in aircraft repair and maintenance.

981 (ff) Sales of component materials used in the
982 construction of a facility, or any addition or improvement
983 thereon, and sales or leases of machinery and equipment not later
984 than three (3) months after the completion of construction of the
985 facility, or any addition or improvement thereto, to be used in
986 the building or any addition or improvement thereto, to a
987 permanent business enterprise operating a data/information
988 enterprise in Tier Three areas (as such areas are designated in
989 accordance with Section 57-73-21), meeting minimum criteria
990 established by the Mississippi Development Authority. The
991 exemption provided in this paragraph (ff) shall not apply to sales
992 to any business enterprise that is a medical cannabis



establishment as defined in Section 41-137-3 of the Mississippi Medical Cannabis Act.

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

(hh) Sales of component materials used in the replacement, reconstruction or repair of a building or facility that has been destroyed or sustained extensive damage as a result of a disaster declared by the Governor, sales of machinery and equipment to be used therein to replace machinery or equipment damaged or destroyed as a result of such disaster, including, but not limited to, manufacturing or processing machinery and equipment which is permanently attached to the ground or to a permanent foundation and which is not by its nature intended to be housed within a building structure, to enterprises or companies that were eligible for the exemptions authorized in paragraph (q),



1018 (r), (ff) or (gg) of this subsection during initial construction
1019 of the building that was destroyed or damaged, which enterprises
1020 or companies are certified by the Department of Revenue as being
1021 eligible for the exemption granted in this paragraph.

1022 (ii) Sales of software or software services transmitted
1023 by the Internet to a destination outside the State of Mississippi
1024 where the first use of such software or software services by the
1025 purchaser occurs outside the State of Mississippi.

1026 (jj) Gross income of public storage warehouses derived
1027 from the temporary storage of raw materials that are to be used in
1028 an eligible facility as defined in Section 27-7-22.35.

1029 (kk) Sales of component building materials and
1030 equipment for initial construction of facilities or expansion of
1031 facilities as authorized under Sections 57-113-1 through 57-113-7
1032 and Sections 57-113-21 through 57-113-27.

1033 (ll) Sales and leases of machinery and equipment
1034 acquired in the initial construction to establish facilities as
1035 authorized in Sections 57-113-1 through 57-113-7.

1036 (mm) Sales and leases of replacement hardware, software
1037 or other necessary technology to operate a data center as
1038 authorized under Sections 57-113-21 through 57-113-27.

1039 (nn) Sales of component materials used in the
1040 construction of a building, or any addition or improvement
1041 thereon, and sales or leases of machinery and equipment not later
1042 than three (3) months after the completion of the construction of



1043 the facility, to be used in the facility, to permanent business
1044 enterprises operating a facility producing renewable crude oil
1045 from biomass harvested or produced, in whole or in part, in
1046 Mississippi, which businesses meet minimum criteria established by
1047 the Mississippi Development Authority. As used in this paragraph,
1048 the term "biomass" shall have the meaning ascribed to such term in
1049 Section 57-113-1.

1050 (oo) Sales of supplies, equipment and other personal
1051 property to an organization that is exempt from taxation under
1052 Section 501(c)(3) of the Internal Revenue Code and is the host
1053 organization coordinating a professional golf tournament played or
1054 to be played in this state and the supplies, equipment or other
1055 personal property will be used for purposes related to the golf
1056 tournament and related activities.

1057 (pp) Sales of materials used in the construction of a
1058 health care industry facility, as defined in Section 57-117-3, or
1059 any addition or improvement thereon, and sales of any machinery
1060 and equipment not later than three (3) months after the completion
1061 of construction of the facility, or any addition thereon, to be
1062 used therein, to qualified businesses, as defined in Section
1063 57-117-3. This paragraph shall be repealed from and after July
1064 1, * * * 2028.

1065 (qq) Sales or leases to a manufacturer of automotive
1066 parts operating a project that has been certified by the
1067 Mississippi Major Economic Impact Authority as a project as



1068 defined in Section 57-75-5(f) (xxviii) of machinery and equipment;
1069 or repair parts therefor or replacements thereof; repair services
1070 thereon; fuel, supplies, electricity, coal, nitrogen and natural
1071 gas used directly in the manufacture of automotive parts or used
1072 to provide climate control for manufacturing areas.

1073 (rr) Gross collections derived from guided tours on any
1074 navigable waters of this state, which include providing
1075 accommodations, guide services and/or related equipment operated
1076 by or under the direction of the person providing the tour, for
1077 the purposes of outdoor tourism. The exemption provided in this
1078 paragraph (rr) does not apply to the sale of tangible personal
1079 property by a person providing such tours.

1080 (ss) Retail sales of truck-tractors and semitrailers
1081 used in interstate commerce and registered under the International
1082 Registration Plan (IRP) or any similar reciprocity agreement or
1083 compact relating to the proportional registration of commercial
1084 vehicles entered into as provided for in Section 27-19-143.

1085 (tt) Sales exempt under the Facilitating Business Rapid
1086 Response to State Declared Disasters Act of 2015 (Sections
1087 27-113-1 through 27-113-9).

1088 (uu) Sales or leases to an enterprise and its
1089 affiliates operating a project that has been certified by the
1090 Mississippi Major Economic Impact Authority as a project as
1091 defined in Section 57-75-5(f) (xxix) of:



1092 (i) All personal property and fixtures, including
1093 without limitation, sales or leases to the enterprise and its
1094 affiliates of:

1095 1. Manufacturing machinery and equipment;

1096 2. Special tooling such as dies, molds, jigs
1097 and similar items treated as special tooling for federal income
1098 tax purposes;

1099 3. Component building materials, machinery
1100 and equipment used in the construction of buildings, and any other
1101 additions or improvements to the project site for the project;

1102 4. Nonmanufacturing furniture, fixtures and
1103 equipment (inclusive of all communications, computer, server,
1104 software and other hardware equipment); and

1105 5. Fuel, supplies (other than
1106 nonmanufacturing consumable supplies and water), electricity,
1107 nitrogen gas and natural gas used directly in the
1108 manufacturing/production operations of such project or used to
1109 provide climate control for manufacturing/production areas of such
1110 project;

1111 (ii) All replacements of, repair parts for or
1112 services to repair items described in subparagraph (i)1, 2 and 3
1113 of this paragraph; and

1114 (iii) All services taxable pursuant to Section
1115 27-65-23 required to establish, support, operate, repair and/or
1116 maintain such project.



1117 (vv) Sales or leases to an enterprise operating a
1118 project that has been certified by the Mississippi Major Economic
1119 Impact Authority as a project as defined in Section
1120 57-75-5(f) (xxx) of:

1121 (i) Purchases required to establish and operate
1122 the project, including, but not limited to, sales of component
1123 building materials, machinery and equipment required to establish
1124 the project facility and any additions or improvements thereon;
1125 and

1126 (ii) Machinery, special tools (such as dies,
1127 molds, and jigs) or repair parts thereof, or replacements and
1128 lease thereof, repair services thereon, fuel, supplies and
1129 electricity, coal and natural gas used in the manufacturing
1130 process and purchased by the enterprise owning or operating the
1131 project for the benefit of the project.

1132 (wv) Sales of component materials used in the
1133 construction of a building, or any expansion or improvement
1134 thereon, sales of machinery and/or equipment to be used therein,
1135 and sales of processing machinery and equipment which is
1136 permanently attached to the ground or to a permanent foundation
1137 which is not by its nature intended to be housed in a building
1138 structure, no later than three (3) months after initial startup,
1139 expansion or improvement of a permanent enterprise solely engaged
1140 in the conversion of natural sand into proppants used in oil and
1141 gas exploration and development with at least ninety-five percent



1142 (95%) of such proppants used in the production of oil and/or gas
1143 from horizontally drilled wells and/or horizontally drilled
1144 recompletion wells as defined in Sections 27-25-501 and 27-25-701.

1145 (xx) (i) Sales or leases to an enterprise operating a
1146 project that has been certified by the Mississippi Major Economic
1147 Impact Authority as a project as defined in Section
1148 57-75-5(f)(xxxi), for a period ending no later than one (1) year
1149 following completion of the construction of the facility or
1150 facilities comprising such project of all personal property and
1151 fixtures, including without limitation, sales or leases to the
1152 enterprise and its affiliates of:

1153 1. Manufacturing machinery and equipment;

1154 2. Special tooling such as dies, molds, jigs
1155 and similar items treated as special tooling for federal income
1156 tax purposes;

1157 3. Component building materials, machinery
1158 and equipment used in the construction of buildings, and any other
1159 additions or improvements to the project site for the project;

1160 4. Nonmanufacturing furniture, fixtures and
1161 equipment (inclusive of all communications, computer, server,
1162 software and other hardware equipment);

1163 5. Replacements of, repair parts for or
1164 services to repair items described in this subparagraph (i)1, 2
1165 and 3; and



1166 6. All services taxable pursuant to Section
1167 27-65-23 required to establish, support, operate, repair and/or
1168 maintain such project; and

1169 (ii) Sales or leases to an enterprise operating a
1170 project that has been certified by the Mississippi Major Economic
1171 Impact Authority as a project as defined in Section
1172 57-75-5(f)(xxxi) of electricity, current, power, steam, coal,
1173 natural gas, liquefied petroleum gas or other fuel, biomass,
1174 nitrogen or other atmospheric or other industrial gases used
1175 directly by the enterprise in the manufacturing/production
1176 operations of its project or used to provide climate control for
1177 manufacturing/production areas (which manufacturing/production
1178 areas shall be apportioned based on square footage). As used in
1179 this paragraph, the term "biomass" shall have the meaning ascribed
1180 to such term in Section 57-113-1.

1181 (yy) The gross proceeds from the sale of any item of
1182 tangible personal property by the manufacturer or custom processor
1183 thereof if such item is shipped, transported or exported from this
1184 state and first used in another state, whether such shipment,
1185 transportation or exportation is made by the seller, purchaser, or
1186 any third party acting on behalf of such party. For the purposes
1187 of this paragraph (yy), any instruction to, training of or
1188 inspection by the purchaser with respect to the item prior to
1189 shipment, transportation or exportation of the item shall not
1190 constitute a first use of such item within this state.



1191 (zz) (i) Sales or leases to an enterprise operating a
1192 project that has been certified by the Mississippi Major Economic
1193 Impact Authority as a project as defined in Section
1194 57-75-5(f) (xxxii), for a period ending no later than one (1) year
1195 following completion of the construction of the facility or
1196 facilities comprising such project of all personal property and
1197 fixtures, including, without limitation, sales or leases to the
1198 enterprise and its affiliates of:

- 1199 1. Manufacturing machinery and equipment;
- 1200 2. Special tooling such as dies, molds, jigs
1201 and similar items treated as special tooling for federal income
1202 tax purposes;
- 1203 3. Component building materials, machinery
1204 and equipment used in the construction of buildings, and any other
1205 additions or improvements to the project site for the project;
- 1206 4. Nonmanufacturing furniture, fixtures and
1207 equipment (inclusive of all communications, computer, server,
1208 software and other hardware equipment);
- 1209 5. Replacements of, repair parts for or
1210 services to repair items described in this subparagraph (i)1, 2
1211 and 3; and
- 1212 6. All services taxable pursuant to Section
1213 27-65-23 required to establish, support, operate, repair and/or
1214 maintain such project; and



1215 (ii) Sales or leases to an enterprise operating a
1216 project that has been certified by the Mississippi Major Economic
1217 Impact Authority as a project as defined in Section
1218 57-75-5(f)(xxxii) of electricity, current, power, steam, coal,
1219 natural gas, liquefied petroleum gas or other fuel, biomass,
1220 nitrogen or other atmospheric or other industrial gases used
1221 directly by the enterprise in the manufacturing/production
1222 operations of its project or used to provide climate control for
1223 manufacturing/production areas (which manufacturing/production
1224 areas shall be apportioned based on square footage). As used in
1225 this paragraph, the term "biomass" shall have the meaning ascribed
1226 to such term in Section 57-113-1.

1227 (aaa) Sales or leases to an enterprise and/or any
1228 affiliates thereof operating a project that has been certified by
1229 the Mississippi Major Economic Impact Authority as a project as
1230 defined in Section 57-75-5(f)(xxxiii) of:

1231 (i) Component building materials, fixtures,
1232 machinery and equipment used in the construction of a data
1233 processing facility or other buildings comprising all or part of a
1234 project, for a period ending no later than one (1) year following
1235 completion of the construction of the data processing facility or
1236 such other building; and

1237 (ii) All equipment and other personal property
1238 needed to establish and operate the project and any expansions
1239 thereof or additions thereto, including, but not limited to:



1240 1. Communications, computer, server,
1241 software, connectivity materials and equipment, emergency power
1242 generation equipment, other hardware equipment and any other
1243 technology;

1244 2. All replacements of, and repair parts for,
1245 such equipment or other personal property; and

1246 3. All services taxable pursuant to Section
1247 27-65-23 required to install, support, operate, repair and/or
1248 maintain the foregoing equipment and other personal property
1249 described in this subparagraph (ii).

1250 (bbb) Sales, leases or other retail transfers of
1251 fixed-wing aircraft to, or to be used by, certified common
1252 carriers in the transport of persons or property in interstate,
1253 intrastate or foreign commerce, and engines, accessories and spare
1254 parts for such fixed-wing aircraft.

1255 (2) Sales of component materials used in the construction of
1256 a building, or any addition or improvement thereon, sales of
1257 machinery and equipment to be used therein, and sales of
1258 manufacturing or processing machinery and equipment which is
1259 permanently attached to the ground or to a permanent foundation
1260 and which is not by its nature intended to be housed within a
1261 building structure, not later than three (3) months after the
1262 initial start-up date, to permanent business enterprises engaging
1263 in manufacturing or processing in Tier Two areas and Tier One
1264 areas (as such areas are designated in accordance with Section



1265 57-73-21), which businesses are certified by the Department of
1266 Revenue as being eligible for the exemption granted in this
1267 subsection, shall be exempt from one-half (1/2) of the taxes
1268 imposed on such transactions under this chapter. The exemption
1269 provided in this subsection (2) shall not apply to sales to any
1270 business enterprise that is a medical cannabis establishment as
1271 defined in Section 41-137-3 of the Mississippi Medical Cannabis
1272 Act.

1273 (3) Sales of component materials used in the construction of
1274 a facility, or any addition or improvement thereon, and sales or
1275 leases of machinery and equipment not later than three (3) months
1276 after the completion of construction of the facility, or any
1277 addition or improvement thereto, to be used in the building or any
1278 addition or improvement thereto, to a permanent business
1279 enterprise operating a data/information enterprise in Tier Two
1280 areas and Tier One areas (as such areas are designated in
1281 accordance with Section 57-73-21), which businesses meet minimum
1282 criteria established by the Mississippi Development Authority,
1283 shall be exempt from one-half (1/2) of the taxes imposed on such
1284 transaction under this chapter. The exemption provided in this
1285 subsection (3) shall not apply to sales to any business enterprise
1286 that is a medical cannabis establishment as defined in Section
1287 41-137-3 of the Mississippi Medical Cannabis Act.

1288 (4) Sales of component materials used in the construction of
1289 a facility, or any addition or improvement thereto, and sales of



1290 machinery and equipment not later than three (3) months after the
1291 completion of construction of the facility, or any addition or
1292 improvement thereto, to be used in the building or any addition or
1293 improvement thereto, to technology intensive enterprises for
1294 industrial purposes in Tier Two areas and Tier One areas (as such
1295 areas are designated in accordance with Section 57-73-21), which
1296 businesses are certified by the Department of Revenue as being
1297 eligible for the exemption granted in this subsection, shall be
1298 exempt from one-half (1/2) of the taxes imposed on such
1299 transactions under this chapter. For purposes of this subsection,
1300 an enterprise must meet the criteria provided for in Section
1301 27-65-17(1)(f) in order to be considered a technology intensive
1302 enterprise.

1303 (5) (a) For purposes of this subsection:

1304 (i) "Telecommunications enterprises" shall have
1305 the meaning ascribed to such term in Section 57-73-21;

1306 (ii) "Tier One areas" mean counties designated as
1307 Tier One areas pursuant to Section 57-73-21;

1308 (iii) "Tier Two areas" mean counties designated as
1309 Tier Two areas pursuant to Section 57-73-21;

1310 (iv) "Tier Three areas" mean counties designated
1311 as Tier Three areas pursuant to Section 57-73-21; and

1312 (v) "Equipment used in the deployment of broadband
1313 technologies" means any equipment capable of being used for or in
1314 connection with the transmission of information at a rate, prior



to taking into account the effects of any signal degradation, that is not less than three hundred eighty-four (384) kilobits per second in at least one (1) direction, including, but not limited to, asynchronous transfer mode switches, digital subscriber line access multiplexers, routers, servers, multiplexers, fiber optics and related equipment.

(b) Sales of equipment to telecommunications enterprises after June 30, 2003, and before July 1, 2025, that is installed in Tier One areas and used in the deployment of broadband technologies shall be exempt from one-half (1/2) of the taxes imposed on such transactions under this chapter.

(c) Sales of equipment to telecommunications enterprises after June 30, 2003, and before July 1, 2025, that is installed in Tier Two and Tier Three areas and used in the deployment of broadband technologies shall be exempt from the taxes imposed on such transactions under this chapter.

(6) Sales of component materials used in the replacement, reconstruction or repair of a building that has been destroyed or sustained extensive damage as a result of a disaster declared by the Governor, sales of machinery and equipment to be used therein to replace machinery or equipment damaged or destroyed as a result of such disaster, including, but not limited to, manufacturing or processing machinery and equipment which is permanently attached to the ground or to a permanent foundation and which is not by its nature intended to be housed within a building structure, to



1340 enterprises that were eligible for the partial exemptions provided
1341 for in subsections (2), (3) and (4) of this section during initial
1342 construction of the building that was destroyed or damaged, which
1343 enterprises are certified by the Department of Revenue as being
1344 eligible for the partial exemption granted in this subsection,
1345 shall be exempt from one-half (1/2) of the taxes imposed on such
1346 transactions under this chapter.

1347 **SECTION 10.** This act shall take effect and be in force from
1348 and after July 1, 2025.

