

By: Senator(s) Berry, Whaley, Younger,
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To: Agriculture; Finance

SENATE BILL NO. 2266

1 AN ACT TO REQUIRE THE DEPARTMENT OF REVENUE TO PUBLISH, BY
2 AUGUST 1, 2025, A LIST OF ITEMS ELIGIBLE FOR ANY SALES TAX
3 EXEMPTION OR REDUCED SALES TAX RATE FOR THE HOLDER OF A COMMERCIAL
4 FARMER PERMIT; TO BRING FORWARD SECTIONS 27-65-17 AND 27-65-103,
5 MISSISSIPPI CODE OF 1972, FOR THE PURPOSE OF POSSIBLE AMENDMENT;
6 AND FOR RELATED PURPOSES.

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

8 **SECTION 1.** By August 1, 2025, the department shall publish a
9 list of items eligible for any sales tax exemption or reduced
10 sales tax rate under this chapter for the holder of a commercial
11 farmer permit.

12 **SECTION 2.** Section 27-65-17, Mississippi Code of 1972, is
13 brought forward as follows:

14 27-65-17. (1) (a) Except as otherwise provided in this
15 section, upon every person engaging or continuing within this
16 state in the business of selling any tangible personal property
17 whatsoever there is hereby levied, assessed and shall be collected
18 a tax equal to seven percent (7%) of the gross proceeds of the
19 retail sales of the business.



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

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

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

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

39 In order to be eligible for the rate of tax provided for in
40 this subparagraph (ii), such sales must be made to a professional
41 logger. For the purposes of this subparagraph (ii), a
42 "professional logger" is a person, corporation, limited liability
43 company or other entity, or an agent thereof, who possesses a
44 professional logger's permit issued by the Department of Revenue



45 and who presents the permit to the seller at the time of purchase.
46 The department shall establish an application process for a
47 professional logger's permit to be issued, which shall include a
48 requirement that the applicant submit a copy of documentation
49 verifying that the applicant is certified according to Sustainable
50 Forestry Initiative guidelines. Upon a determination that an
51 applicant is a professional logger, the department shall issue the
52 applicant a numbered professional logger's permit.

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

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

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



In order to be considered a technology intensive enterprise for purposes of this paragraph:

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

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

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

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

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

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

A medical cannabis establishment, as defined in the Mississippi Medical Cannabis Act, shall not be considered to be a technology intensive enterprise for the purposes of this paragraph (f).



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

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

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

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

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



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

(m) Sales of equipment and materials used in connection with geophysical surveying, exploring, developing, drilling, redrilling, completing, working over, producing, distributing, or testing of oil, gas and other mineral resources shall be taxed at the rate of four and one-half percent (4-1/2%). Operators that rebill sales of equipment and materials to nonoperating working interest owners on behalf of a joint account through the joint interest billing (JIB), where the sales tax has been paid or accrued by the operator shall not be charged a sales tax on the JIB as services income.

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

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

SECTION 3. Section 27-65-103, Mississippi Code of 1972, is brought forward as follows:



27-65-103. The exemptions from the provisions of this chapter which are of an agricultural nature or which are more properly classified as agricultural exemptions than any other exemption classification of this chapter shall be confined to those persons or property exempted by this section or by provisions of the Constitution of the United States or the State of Mississippi. No agricultural exemption as now provided by any other section shall be valid as against the tax herein levied. Any subsequent agricultural 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, Mississippi Code of 1972.

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

(a) The gross proceeds of sales of lint cotton, seed cotton, baled cotton, whether compressed or not, and cottonseed and soybeans in their original condition. Retail sales of seeds, livestock feed, poultry feed, fish feed and fertilizers. Sales of defoliants, insecticides, fungicides, herbicides and baby chicks used in growing agricultural products for market. Bagging and ties for baling cotton, hay-baling wire and twine, boxes, bags and cans used in growing or preparing agricultural products for market when possession thereof will pass to the customer at the time of sale of the product contained therein. Sales of ice to commercial



fishermen purchased for use in the preservation of seafood or to producers for use in the refrigeration of vegetables for market.

(b) The sales by producers of livestock, poultry, fish, honey bees or other products of farm, grove, apiary or garden when such products are sold in the original state or condition of preparation for sale before such products are subjected to any other process within a class of business or sold by a producer through an established store, as defined in the Privilege Tax Law. However, except as otherwise provided in this paragraph (b), this exemption shall not apply to ornamental plants which bear no fruit of commercial value. The exemption provided in this paragraph (b) shall apply to Christmas trees, hay, straw, fresh cut flowers and similar products when (i) grown in Mississippi and (ii) cut, severed or otherwise removed from the farm, grove, garden or other place of production and first sold from such place of production in the original state or condition of preparation for sale. All sales by agricultural cooperative associations organized under Article 9, Chapter 7, Title 69, or under Chapter 17 or 19, Title 79, Mississippi Code of 1972, of agricultural products produced by members for market before such products are subjected to any manufacturing process.

(c) The gross proceeds of retail sales of mules, horses, honey bees and other livestock.



189 (d) Income from grading, excavating, ditching, dredging
190 or landscaping activities performed for a farmer on a farm for
191 agricultural or soil erosion purposes.

192 (e) The gross proceeds of sales of all antibiotics,
193 hormones and hormone preparations, drugs, medicines and other
194 medications including serums and vaccines, vitamins, minerals or
195 other nutrients for use in the production and growing of fish,
196 livestock, honey bees and poultry by whomever sold. Such
197 exemption shall be in addition to the exemption provided in this
198 section for feed for fish, livestock, honey bees and poultry.

199 (f) Sales of food products and honey that are grown,
200 made or processed in Mississippi and sold from farmers' markets
201 that have been certified by the Mississippi Department of
202 Agriculture and Commerce.

203 **SECTION 4.** Section 1 of this act shall be codified in
204 Chapter 65, Title 27, Mississippi Code of 1972.

205 **SECTION 5.** This act shall take effect and be in force from
206 and after July 1, 2025.

