

By: Senator(s) Johnson

To: Finance

SENATE BILL NO. 2994

1 AN ACT TO AMEND SECTION 27-31-1, MISSISSIPPI CODE OF 1972, TO
2 EXEMPT FROM AD VALOREM TAXATION CERTAIN PERSONAL PROPERTY THAT IS
3 OWNED BY A BUSINESS ENTERPRISE AND USED BY THE BUSINESS ENTERPRISE
4 SOLELY ON THE PREMISES OF THE BUSINESS ENTERPRISE IN THE OPERATION
5 OF THE ENTERPRISE; TO REPEAL SECTION 27-7-22.5, MISSISSIPPI CODE
6 OF 1972, WHICH PROVIDES AN INCOME TAX CREDIT FOR AD VALOREM TAXES
7 PAID ON COMMODITIES, RAW MATERIALS, WORKS-IN-PROCESS, PRODUCTS,
8 GOODS, WARES AND MERCHANDISE HELD FOR RESALE BY ANY MANUFACTURER,
9 DISTRIBUTOR, WHOLESALE OR RETAIL MERCHANT; AND FOR RELATED
10 PURPOSES.

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

12 **SECTION 1.** Section 27-31-1, Mississippi Code of 1972, is
13 amended as follows:

14 27-31-1. The following shall be exempt from taxation:

15 (a) All cemeteries used exclusively for burial
16 purposes.

17 (b) All property, real or personal, belonging to the
18 State of Mississippi or any of its political subdivisions, except
19 property of a municipality not being used for a proper municipal
20 purpose and located outside the county or counties in which such
21 municipality is located. A proper municipal purpose within the



22 meaning of this section shall be any authorized governmental or
23 corporate function of a municipality.

24 (c) All property, real or personal, owned by units of
25 the Mississippi National Guard, or title to which is vested in
26 trustees for the benefit of any unit of the Mississippi National
27 Guard; provided such property is used exclusively for such unit,
28 or for public purposes, and not for profit.

29 (d) All property, real or personal, belonging to any
30 religious society, or ecclesiastical body, or any congregation
31 thereof, or to any charitable society, or to any historical or
32 patriotic association or society, or to any garden or pilgrimage
33 club or association and used exclusively for such society or
34 association and not for profit; not exceeding, however, the amount
35 of land which such association or society may own as provided in
36 Section 79-11-33. All property, real or personal, belonging to
37 any foundation organized as a nonprofit corporation that is exempt
38 from federal income taxation under Section 501(c)(3) of the
39 Internal Revenue Code and that receives, invests and administers
40 private support for a state-supported institution of higher
41 learning, a public community college or junior college located in
42 the State of Mississippi or a nonprofit private university or
43 college located in the State of Mississippi, as the case may be.
44 For the sole purpose of applying the preceding sentence, all
45 property, real or personal, belonging to an entity that is wholly
46 owned by and controlled by such a foundation shall be treated as



47 belonging to the foundation, provided such property is not leased
48 or otherwise used to generate revenue that is not used exclusively
49 to benefit an institution described above. All property, real or
50 personal, belonging to any rural waterworks system or rural sewage
51 disposal system incorporated under the provisions of Section
52 79-11-1. All property, real or personal, belonging to any college
53 or institution for the education of youths, used directly and
54 exclusively for such purposes, provided that no such college or
55 institution for the education of youths shall have exempt from
56 taxation more than six hundred forty (640) acres of land;
57 provided, however, this exemption shall not apply to commercial
58 schools and colleges or trade institutions or schools where the
59 profits of same inure to individuals, associations or
60 corporations. All property, real or personal, belonging to an
61 individual, institution or corporation and used for the operation
62 of a grammar school, junior high school, high school or military
63 school. All property, real or personal, owned and occupied by a
64 fraternal and benevolent organization, when used by such
65 organization, and from which no rentals or other profits accrue to
66 the organization, but any part rented or from which revenue is
67 received shall be taxed.

68 (e) All property, real or personal, held and occupied
69 by trustees of public schools, and school lands of the respective
70 townships for the use of public schools, and all property kept in
71 storage for the convenience and benefit of the State of



72 Mississippi in warehouses owned or leased by the State of
73 Mississippi, wherein said property is to be sold by the Alcoholic
74 Beverage Control Division of the Department of Revenue of the
75 State of Mississippi.

76 (f) All property, real or personal, whether belonging
77 to religious or charitable or benevolent organizations, which is
78 used for hospital purposes, and nurses' homes where a part
79 thereof, and which maintain one or more charity wards that are for
80 charity patients, and where all the income from said hospitals and
81 nurses' homes is used entirely for the purposes thereof and no
82 part of the same for profit. All property, real or personal,
83 belonging to a federally qualified health center where all the
84 income from such center is used entirely for the purposes thereof
85 and no part of the same for profit.

86 (g) The wearing apparel of every person; and also
87 jewelry and watches kept by the owner for personal use to the
88 extent of One Hundred Dollars (\$100.00) in value for each owner.

89 (h) Provisions on hand for family consumption.

90 (i) All farm products grown in this state for a period
91 of two (2) years after they are harvested, when in the possession
92 of or the title to which is in the producer, except the tax of
93 one-fifth of one percent ($1/5$ of 1%) per pound on lint cotton now
94 levied by the Board of Commissioners of the Mississippi Levee
95 District; and lint cotton for five (5) years, and cottonseed,



soybeans, oats, rice and wheat for one (1) year regardless of ownership.

(j) All guns and pistols kept by the owner for private use.

(k) All poultry in the hands of the producer.

(l) Household furniture, including all articles kept in the home by the owner for his own personal or family use; but this shall not apply to hotels, rooming houses or rented or leased apartments.

(m) All cattle and oxen.

(n) All sheep, goats and hogs.

(o) All horses, mules and asses.

(p) Farming tools, implements and machinery, when used exclusively in the cultivation or harvesting of crops or timber.

(q) All property of agricultural and mechanical associations and fairs used for promoting their objects, and where no part of the proceeds is used for profit.

(r) The libraries of all persons.

(s) All pictures and works of art, not kept for or offered for sale as merchandise.

(t) The tools of any mechanic necessary for carrying on his trade.

(u) All state, county, municipal, levee, drainage and all school bonds or other governmental obligations, and all bonds and/or evidences of debts issued by any church or church



organization in this state, and all notes and evidences of indebtedness which bear a rate of interest not greater than the maximum rate per annum applicable under the law; and all money loaned at a rate of interest not exceeding the maximum rate per annum applicable under the law; and all stock in or bonds of foreign corporations or associations shall be exempt from all ad valorem taxes.

(v) All lands and other property situated or located between the Mississippi River and the levee shall be exempt from the payment of any and all road taxes levied or assessed under any road laws of this state.

(w) Any and all money on deposit in either national banks, state banks or trust companies, on open account, savings account or time deposit.

(x) All wagons, carts, drays, carriages and other horse-drawn vehicles, kept for the use of the owner.

(y) (i) Boats, seines and fishing equipment used in fishing and shrimping operations and in the taking or catching of oysters.

(ii) All towboats, tugboats and barges documented under the laws of the United States, except watercraft of every kind and character used in connection with gaming operations.

(z) (i) All materials used in the construction and/or conversion of vessels in this state;



(ii) Vessels while under construction and/or conversion;

(iii) Vessels while in the possession of the manufacturer, builder or converter, for a period of twelve (12) months after completion of construction and/or conversion; however, the twelve-month limitation shall not apply to:

1. Vessels used for the exploration for, or production of, oil, gas and other minerals offshore outside the boundaries of this state; or

2. Vessels that were used for the exploration for, or production of, oil, gas and other minerals that are converted to a new service for use outside the boundaries of this state;

(iv) 1. In order for a vessel described in subparagraph (iii) of this paragraph (z) to be exempt for a period of more than twelve (12) months, the vessel must:

a. Be operating or operable, generating or capable of generating its own power or connected to some other power source, and not removed from the service or use for which manufactured or to which converted; and

b. The manufacturer, builder, converter or other entity possessing the vessel must be in compliance with any lease or other agreement with any applicable port authority or other entity regarding the vessel and in compliance with all applicable tax laws of this state and applicable federal tax laws.



170 2. A vessel exempt from taxation under
171 subparagraph (iii) of this paragraph (z) may not be exempt for a
172 period of more than three (3) years unless the board of
173 supervisors of the county and/or governing authorities of the
174 municipality, as the case may be, in which the vessel would
175 otherwise be taxable adopts a resolution or ordinance authorizing
176 the extension of the exemption and setting a maximum period for
177 the exemption.

178 (v) As used in this paragraph (z), the term
179 "vessel" includes ships, offshore drilling equipment, dry docks,
180 boats and barges, except watercraft of every kind and character
181 used in connection with gaming operations.

182 (aa) Sixty-six and two-thirds percent (66-2/3%) of
183 nuclear fuel and reprocessed, recycled or residual nuclear fuel
184 by-products, fissionable or otherwise, used or to be used in
185 generation of electricity by persons defined as public utilities
186 in Section 77-3-3.

187 (bb) All growing nursery stock.

188 (cc) A semitrailer used in interstate commerce.

189 (dd) All property, real or personal, used exclusively
190 for the housing of and provision of services to elderly persons,
191 disabled persons, mentally impaired persons or as a nursing home,
192 which is owned, operated and managed by a not-for-profit
193 corporation, qualified under Section 501(c)(3) of the Internal
194 Revenue Code, whose membership or governing body is appointed or



confirmed by a religious society or ecclesiastical body or any congregation thereof.

(ee) All vessels while in the hands of bona fide dealers as merchandise and which are not being operated upon the waters of this state shall be exempt from ad valorem taxes. As used in this paragraph, the terms "vessel" and "waters of this state" shall have the meaning ascribed to such terms in Section 59-21-3.

(ff) All property, real or personal, owned by a nonprofit organization that: (i) is qualified as tax exempt under Section 501(c)(4) of the Internal Revenue Code of 1986, as amended; (ii) assists in the implementation of the national contingency plan or area contingency plan, and which is created in response to the requirements of Title IV, Subtitle B of the Oil Pollution Act of 1990, Public Law 101-380; (iii) engages primarily in programs to contain, clean up and otherwise mitigate spills of oil or other substances occurring in the United States coastal or tidal waters; and (iv) is used for the purposes of the organization.

(gg) If a municipality changes its boundaries so as to include within the boundaries of such municipality the project site of any project as defined in Section 57-75-5(f)(iv)1, Section 57-75-5(f)(xxi) or Section 57-75-5(f)(xxviii) or Section 57-75-5(f)(xxix), all real and personal property located on the project site within the boundaries of such municipality that is



owned by a business enterprise operating such project, shall be exempt from ad valorem taxation for a period of time not to exceed thirty (30) years upon receiving approval for such exemption by the Mississippi Major Economic Impact Authority. The provisions of this paragraph shall not be construed to authorize a breach of any agreement entered into pursuant to Section 21-1-59.

(hh) All leases, lease contracts or lease agreements (including, but not limited to, subleases, sublease contracts and sublease agreements), and leaseholds or leasehold interests (including, but not limited to, subleaseholds and subleasehold interests), of or with respect to any and all property (real, personal or mixed) constituting all or any part of a facility for the manufacture, production, generation, transmission and/or distribution of electricity, and any real property related thereto, shall be exempt from ad valorem taxation during the period as the United States is both the title owner of the property and a sublessee of or with respect to the property; however, the exemption authorized by this paragraph (hh) shall not apply to any entity to whom the United States sub-subleases its interest in the property nor to any entity to whom the United States assigns its sublease interest in the property. As used in this paragraph, the term "United States" includes an agency or instrumentality of the United States of America. This paragraph (hh) shall apply to all assessments for ad valorem taxation for the 2003 calendar year and each calendar year thereafter.



(ii) All property, real, personal or mixed, including fixtures and leaseholds, used by Mississippi nonprofit entities qualified, on or before January 1, 2005, under Section 501(c)(3) of the Internal Revenue Code to provide support and operate technology incubators for research and development start-up companies, telecommunication startup companies and/or other technology startup companies, utilizing technology spun-off from research and development activities of the public colleges and universities of this state, State of Mississippi governmental research or development activities resulting therefrom located within the State of Mississippi.

(jj) All property, real, personal or mixed, including fixtures and leaseholds, of start-up companies (as described in paragraph (ii) of this section) for the period of time, not to exceed five (5) years, that the startup company remains a tenant of a technology incubator (as described in paragraph (ii) of this section).

(kk) All leases, lease contracts or lease agreements (including, but not limited to, subleases, sublease contracts and sublease agreements), and leaseholds or leasehold interests, of or with respect to any and all property (real, personal or mixed) constituting all or any part of an auxiliary facility, and any real property related thereto, constructed or renovated pursuant to Section 37-101-41, Mississippi Code of 1972.



(ll) Equipment brought into the state temporarily for use during a disaster response period as provided in Sections 27-113-1 through 27-113-9 and subsequently removed from the state on or before the end of the disaster response period as defined in Section 27-113-5.

(mm) For any lease or contractual arrangement to which the Department of Finance and Administration and a nonprofit corporation are a party to as provided in Section 39-25-1(5), the nonprofit corporation shall, along with the possessory and leasehold interests and/or real and personal property of the corporation, be exempt from all ad valorem taxation, including, but not limited to, school, city and county ad valorem taxes, for the term or period of time stated in the lease or contractual arrangement.

(nn) All property, real or personal, that is owned, operated and managed by a not for profit corporation qualified under Section 501(c)(3) of the Internal Revenue Code, and used to provide, free of charge, (i) a practice facility for a public school district swim team, and (ii) a facility for another not for profit organization as defined under Section 501(c)(3) of the Internal Revenue Code to conduct water safety and lifeguard training programs. This section shall not apply to real or personal property owned by a country club, tennis club with a pool, or any club requiring stock ownership for membership.



(oo) The entire assessed value of eligible personal property owned by a business enterprise and used by the business enterprise solely on the premises of the business enterprise in the operation of the enterprise. For purposes of this paragraph (oo), "eligible personal property" means furniture, fixtures or equipment classified as personal property for purposes of ad valorem taxation. However, "eligible personal property" does not include (i) motor vehicles, or (ii) personal property included in Class IV property as defined in Section 112, Mississippi Constitution of 1890.

SECTION 2. Section 27-7-22.5, Mississippi Code of 1972, which provides an income tax credit for ad valorem taxes paid on commodities, raw materials, works-in-process, products, goods, wares and merchandise held for resale by any manufacturer, distributor, wholesale or retail merchant, is repealed.

SECTION 3. This act shall take effect and be in force from and after January 1, 2026.

