

By: Senator(s) Huggins, Minor, Canon

To: Finance

## SENATE BILL NO. 3122

1 AN ACT TO AMEND SECTION 27-65-101, MISSISSIPPI CODE OF 1972,  
2 TO EXEMPT FROM SALES TAXATION SALES OF DIGITAL BROADCAST EQUIPMENT  
3 TO FEDERALLY LICENSED COMMERCIAL OR PUBLIC RADIO AND TELEVISION  
4 BROADCAST STATIONS MADE FOR THE PURPOSE OF ENABLING SUCH STATIONS  
5 TO COMPLY WITH THE TELECOMMUNICATIONS ACT OF 1996; AND FOR RELATED  
6 PURPOSES.

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

8 SECTION 1. Section 27-65-101, Mississippi Code of 1972, is  
9 amended as follows:

10 27-65-101. (1) The exemptions from the provisions of this  
11 chapter which are of an industrial nature or which are more  
12 properly classified as industrial exemptions than any other  
13 exemption classification of this chapter shall be confined to  
14 those persons or property exempted by this section or by the  
15 provisions of the Constitution of the United States or the State  
16 of Mississippi. No industrial exemption as now provided by any  
17 other section except Section 57-3-33 shall be valid as against the  
18 tax herein levied. Any subsequent industrial exemption from the  
19 tax levied hereunder shall be provided by amendment to this  
20 section. No exemption provided in this section shall apply to  
21 taxes levied by Section 27-65-15 or 27-65-21.

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

24 (a) Sales of boxes, crates, cartons, cans, bottles and  
25 other packaging materials to manufacturers and wholesalers for use  
26 as containers or shipping materials to accompany goods sold by  
27 said manufacturers or wholesalers where possession thereof will  
28 pass to the customer at the time of sale of the goods contained

29 therein and sales to anyone of containers or shipping materials  
30 for use in ships engaged in international commerce.

31 (b) Sales of raw materials, catalysts, processing  
32 chemicals, welding gases or other industrial processing gases  
33 (except natural gas) to a manufacturer for use directly in  
34 manufacturing or processing a product for sale or rental or  
35 repairing or reconditioning vessels or barges of fifty (50) tons  
36 load displacement and over. This exemption shall not apply to any  
37 property used as fuel except to the extent that such fuel  
38 comprises by-products which have no market value.

39 (c) The gross proceeds of sales of dry docks, offshore  
40 drilling equipment for use in oil exploitation or production,  
41 vessels or barges of fifty (50) tons load displacement and over,  
42 when sold by the manufacturer or builder thereof.

43 (d) Sales to commercial fishermen of commercial fishing  
44 boats of over five (5) tons load displacement and not more than  
45 fifty (50) tons load displacement as registered with the U.S.  
46 Coast Guard and licensed by the Mississippi Marine Conservation  
47 Commission.

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

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

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

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

64 (i) Machinery or tools or repair parts therefor or  
65 replacements thereof, fuel or supplies used directly in

66 manufacturing, converting or repairing ships of three thousand  
67 (3,000) tons load displacement and over, but not to include office  
68 and plant supplies or other equipment not directly used on the  
69 ship being built, converted or repaired.

70 (j) Sales of tangible personal property to persons  
71 operating ships in international commerce for use or consumption  
72 on board such ships. This exemption shall be limited to cases in  
73 which procedures satisfactory to the commissioner, ensuring  
74 against use in this state other than on such ships, are  
75 established.

76 (k) Sales of materials used in the construction of a  
77 building, or any addition or improvement thereon, and sales of any  
78 machinery and equipment not later than three (3) months after the  
79 completion of construction of the building, or any addition  
80 thereon, to be used therein, to qualified businesses, as defined  
81 in Section 57-51-5, which are located in a county or portion  
82 thereof designated as an enterprise zone pursuant to Sections  
83 57-51-1 through 57-51-15.

84 (l) Sales of materials used in the construction of a  
85 building, or any addition or improvement thereon, and sales of any  
86 machinery and equipment not later than three (3) months after the  
87 completion of construction of the building, or any addition  
88 thereon, to be used therein, to qualified businesses, as defined  
89 in Section 57-54-5.

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

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

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

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

106           (q) Sales of component materials used in the  
107 construction of a building, or any addition or improvement  
108 thereon, sales of machinery and equipment to be used therein, and  
109 sales of manufacturing or processing machinery and equipment which  
110 is permanently attached to the ground or to a permanent foundation  
111 and which is not by its nature intended to be housed within a  
112 building structure, not later than three (3) months after the  
113 initial start-up date, to permanent business enterprises engaging  
114 in manufacturing or processing in less developed areas (as such  
115 term is defined in Section 57-73-5), which businesses are  
116 certified by the State Tax Commission as being eligible for the  
117 exemption granted in this paragraph (q).

118           (r) Sales of component materials used in the  
119 construction of a building, or any addition or improvement  
120 thereon, and sales of any machinery and equipment not later than  
121 three (3) months after the completion of the building, addition or  
122 improvement thereon, to be used therein, for any company  
123 establishing or transferring its national or regional headquarters  
124 from within or outside the State of Mississippi and creating a  
125 minimum of thirty-five (35) jobs at the new headquarters in this  
126 state. The Tax Commission shall establish criteria and prescribe  
127 procedures to determine if a company qualifies as a national or  
128 regional headquarters for the purpose of receiving the exemption  
129 provided in this paragraph.

130           (s) The gross proceeds from the sale of semitrailers,  
131 trailers, boats, travel trailers, motorcycles and all-terrain

cycles if exported from this state within forty-eight (48) hours and registered and first used in another state.

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

(u) Sales between July 1, 1993, and June 30, 1994, of machinery and equipment to corporations qualified as tax-exempt organizations under Section 501(c)(4) of the Internal Revenue Code and established in response to the Federal Oil Pollution Act of 1990 to provide a private capability to respond to major oil spills. For purposes of this exemption, "machinery and equipment" means property with a useful life of at least three (3) years which is used primarily in the operations of the Marine Oil Spill Response Corporation and shall include, without limitation, vessels, barges, booms and skimmers. This paragraph shall stand repealed on July 1, 1995.

(v) Sales of digital broadcast equipment to a federally licensed commercial or public radio broadcast station or television broadcast station made for the purpose of enabling such station to comply with the Telecommunications Act of 1996, Public Law 104-104, as required by the Federal Communications Commission. This exemption shall not apply to sales of digital broadcast equipment made to repair or replace digital broadcast equipment for which an exemption was previously claimed under this paragraph (v). For the purposes of this exemption "digital broadcast equipment" means equipment purchased by a radio broadcast station or television broadcast station for the origination or integration of program materials for broadcast over the airwaves which uses or produces an electronic signal where the signal carries data generated, stored and processed as strings of binary data. The term "federally licensed commercial or public radio broadcast station or television broadcast station" means any entity or

enterprise, whether commercial or noncommercial, which operates  
under a license granted by the Federal Communications Commission  
for the purpose of free distribution of audio or video services,  
or both, when the distribution occurs by means of transmission  
over the public airwaves.

(2) 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 moderately developed areas and  
developed areas (as such areas are designated in accordance with  
Section 57-73-21), which businesses are certified by the State Tax  
Commission as being eligible for the exemption granted in this  
paragraph, shall be exempt from one-half (1/2) of the taxes  
imposed on such transactions under this chapter.

SECTION 2. Nothing in this act shall affect or defeat any  
claim, assessment, appeal, suit, right or cause of action for  
taxes due or accrued under the sales tax laws before the date on  
which this act becomes effective, whether such claims,  
assessments, appeals, suits or actions have been begun before the  
date on which this act becomes effective or are begun thereafter;  
and the provisions of the sales tax laws are expressly continued  
in full force, effect and operation for the purpose of the  
assessment, collection and enrollment of liens for any taxes due  
or accrued and the execution of any warrant under such laws before  
the date on which this act becomes effective, and for the  
imposition of any penalties, forfeitures or claims for failure to  
comply with such laws.

SECTION 3. This act shall take effect and be in force from

198 and after July 1, 1999.