

By: Representative Ford

To: Ways and Means

HOUSE BILL NO. 1639
(As Passed the House)

1 AN ACT TO PROVIDE THAT A COUNTY THAT IS A MEMBER OF A
2 REGIONAL ECONOMIC DEVELOPMENT ALLIANCE CREATED UNDER THE REGIONAL
3 ECONOMIC DEVELOPMENT ACT SHALL HAVE THE AUTHORITY TO NEGOTIATE A
4 PURCHASE OPTION FOR REAL PROPERTY TO BE USED FOR THE PURPOSES OF
5 THE ALLIANCE; TO PROVIDE THAT A COUNTY MAY PAY ALL COSTS INCURRED
6 FOR THE ACQUISITION OF SUCH AN OPTION REGARDLESS OF WHETHER THE
7 COUNTY EXERCISES THE OPTION AT A LATER DATE; TO PROVIDE THAT AS A
8 PART OF ANY SUCH OPTION, A COUNTY MAY NEGOTIATE THE RIGHT TO ENTER
9 UPON THE REAL PROPERTY BEFORE THE PURCHASE FOR THE PURPOSE OF
10 CONDUCTING ANY PRELIMINARY ENGINEERING, ENVIRONMENTAL AND RELATED
11 SURVEYS OR STUDIES NECESSARY TO EFFECTUATE THE OPTION AND MAY PAY
12 ALL COSTS INCURRED FOR SUCH STUDIES OR OPTIONS REGARDLESS OF
13 WHETHER THE COUNTY EXERCISES THE OPTION AT A LATER DATE; TO
14 PROVIDE THAT A COUNTY THAT IS A MEMBER OF A REGIONAL ECONOMIC
15 DEVELOPMENT ALLIANCE MAY EXERCISE THE POWER OF EMINENT DOMAIN TO
16 ACQUIRE PROPERTY FOR CERTAIN PROJECTS DESCRIBED UNDER THE
17 MISSISSIPPI MAJOR ECONOMIC IMPACT ACT IF THE COUNTY HAS RECEIVED A
18 BINDING COMMITMENT PROVIDING THAT SUCH A PROJECT WILL BE LOCATED
19 IN A COUNTY IN THE REGIONAL ECONOMIC DEVELOPMENT ALLIANCE; TO
20 AMEND SECTION 57-64-7, MISSISSIPPI CODE OF 1972, TO REVISE THE
21 DEFINITION OF THE TERM "PROJECT" FOR PURPOSES OF THE REGIONAL
22 ECONOMIC DEVELOPMENT ACT TO INCLUDE CERTAIN PROJECTS DESCRIBED
23 UNDER THE MISSISSIPPI MAJOR ECONOMIC IMPACT ACT; TO PROVIDE
24 INCENTIVES IN THE FORM OF TEMPORARY EXEMPTIONS FROM LOCAL AD
25 VALOREM TAXES AND STATE INCOME, SALES AND CORPORATION FRANCHISE
26 TAXES FOR BUSINESS ENTERPRISES OPERATING CERTAIN PROJECTS IN
27 COUNTIES THAT ARE MEMBERS OF A REGIONAL ECONOMIC DEVELOPMENT
28 ALLIANCE; TO AMEND SECTIONS 27-7-21, 27-13-5, 27-13-7 AND
29 27-65-101, MISSISSIPPI CODE OF 1972, IN CONFORMITY THERETO; AND
30 FOR RELATED PURPOSES.

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

32 **SECTION 1.** A county that is a member of a regional economic
33 development alliance created under the Regional Economic
34 Development Act is authorized to negotiate a purchase option for
35 real property to be used for the purposes of the alliance. A
36 county may pay all costs incurred for the acquisition of such an
37 option regardless of whether the county exercises the option at a
38 later date. As a part of any such option, a county may negotiate
39 the right to enter upon the real property before the purchase for
40 the purpose of conducting any preliminary engineering,
41 environmental and related surveys or studies necessary to



42 effectuate the option. A county may pay all costs incurred for
43 such surveys or studies regardless of whether the county exercises
44 the option at a later date.

45 **SECTION 2.** The board of supervisors of any county that is a
46 member of a regional economic development alliance created under
47 the Regional Economic Development Act may exercise the power of
48 eminent domain for the purpose of acquiring land, property and/or
49 rights-of-way for a project as defined in Section 57-75-5(f)(i) or
50 any facility related to the project as defined in Section
51 57-75-5(d), or both. The board of supervisors of such a county
52 shall not exercise the authority granted under this section
53 without first receiving a binding commitment providing that such a
54 project will be located in a county that is a member of the
55 regional economic development alliance. The board of supervisors
56 of such a county shall not exercise the power of eminent domain
57 under this section after July 1, 2004.

58 **SECTION 3.** Section 57-64-7, Mississippi Code of 1972, is
59 amended as follows:

60 57-64-7. For the purposes of this chapter, the following
61 words shall be defined as herein provided unless the context
62 requires otherwise:

63 (a) "Alliance" means a regional economic development
64 alliance created under this chapter.

65 (b) "Bond" or "bonds" means bonds, notes or other
66 evidence of indebtedness of the local government unit issued
67 pursuant to this chapter.

68 (c) "Cost of project" means all costs of site
69 preparation and other start-up costs; all costs of construction;
70 all costs of fixtures and of real and personal property required
71 for the purposes of the project and facilities related thereto,
72 including land and any rights or undivided interest therein,
73 easements, franchises, fees, permits, approvals, licenses, and
74 certificates and the securing of such permits, approvals,



75 licenses, and certificates and all machinery and equipment,
76 including motor vehicles which are used for project functions; and
77 including any cost associated with the closure, post-closure
78 maintenance or corrective action on environmental matters,
79 financing charges and interest prior to and during construction
80 and during such additional period as the alliance may reasonably
81 determine to be necessary for the placing of the project in
82 operation; costs of engineering, surveying, environmental
83 geotechnical, architectural and legal services; costs of plans and
84 specifications and all expenses necessary or incident to
85 determining the feasibility or practicability of the project;
86 administrative expenses; and such other expenses as may be
87 necessary or incidental to the financing authorized in this
88 chapter. The costs of any project may also include funds for the
89 creation of a debt service reserve, a renewal and replacement
90 reserve, bond insurance and credit enhancement, and such other
91 reserves as may be reasonably required by the alliance for the
92 operation of its projects and as may be authorized by any bond
93 resolution or trust agreement or indenture pursuant to the
94 provisions of which the issuance of any such bonds may be
95 authorized. Any obligation or expense incurred for any of the
96 foregoing purposes shall be regarded as a part of the costs of the
97 project and may be paid or reimbursed as such out of the proceeds
98 of user fees, of revenue bonds or notes issued under this chapter
99 for such project, or from other revenues obtained by the alliance.

100 (d) "County" means any county of this state.

101 (e) "Foreign governmental unit" means any county,
102 parish, city, town, village, utility district, school district,
103 any community college, any institution of higher learning, any
104 municipal airport authority, regional airport authority, port
105 authority or any other political subdivision of another state.

106 (f) "Governing body" means the board of supervisors of
107 any county or the governing board of any city, town or village.



108 As to the state, the term governing body means the State Bond
109 Commission.

110 (g) "Holder of bonds" or "bondholder" or any similar
111 term means any person who shall be the registered owner of any
112 such bond or bonds which shall at the time be registered.

113 (h) "Law" means any act or statute, general, special or
114 local, of this state.

115 (i) "Local government unit" means any county or
116 incorporated city, town or village in the state acting jointly or
117 severally.

118 (j) "MDA" means the Mississippi Development Authority.

119 (k) "Municipality" means any incorporated municipality
120 in the state.

121 (l) "Person" means a natural person, partnership,
122 association, corporation, business trust or other business entity.

123 (m) "Project" means and includes any of the following
124 which promotes economic development or which assists in the
125 creation of jobs:

126 (i) Acquisition, construction, repair, renovation,
127 demolition or removal of:

- 128 1. Buildings and site improvements (including
129 fixtures);
- 130 2. Potable and nonpotable water supply systems;
- 131 3. Sewage and waste disposal systems;
- 132 4. Storm water drainage and other drainage
133 systems;
- 134 5. Airport facilities;
- 135 6. Rail lines and rail spurs;
- 136 7. Port facilities;
- 137 8. Highways, streets and other roadways;
- 138 9. Fire suppression and prevention systems;
- 139 10. Utility distribution systems, including,

140 but not limited to, water, electricity, natural gas, telephone and



141 other information and telecommunications facilities, whether by
142 wire, fiber or wireless means; provided, however, that electrical,
143 natural gas, telephone and telecommunication systems shall be
144 constructed, repaired or renovated only for the purpose of
145 completing the project and connecting to existing utility systems
146 (this provision shall not be construed to prevent a city, county
147 or natural gas district from supplying utility service that it is
148 authorized to supply in the service area that it is authorized to
149 serve);

150 11. Business, industrial and technology parks
151 and the acquisition of land and acquisition or construction of
152 improvements to land connected with any of the preceding purposes;

153 (ii) County purposes authorized by or defined in
154 Sections 17-5-3 and 19-9-1, (except Section 19-9-1(f));

155 (iii) Municipal purposes authorized by or defined in
156 Sections 17-5-3, 17-17-301 et seq., 21-27-23, 21-33-301; * * *

157 (iv) Refunding of bonds as authorized in Section
158 21-27-1 et seq.; and

159 (v) A project as defined in Section 57-75-5(f)(i)
160 or a facility related to the project as defined in Section
161 57-75-5(d), or both.

162 (n) "Resolution" means a resolution, ordinance, act,
163 record of minutes or other appropriate enactment of a governing
164 body.

165 (o) "Revenues" mean any and all taxes, fees, rates,
166 rentals, profits and receipts collected by, payable to, or
167 otherwise derived by, the local government units and foreign
168 governmental units, and all other monies and income of whatsoever
169 kind or character collected by, payable to, or otherwise derived
170 by, the local government unit and foreign governmental units in
171 connection with the economic development projects provided through
172 this chapter.



173 (p) "Security" means a bond, note or other evidence of
174 indebtedness issued by a local government unit pursuant to the
175 provisions of this chapter.

176 (q) "State" means the State of Mississippi.

177 **SECTION 4.** (1) For the purposes of this section, the
178 following words and phrases shall have the meanings ascribed in
179 this section unless the context clearly indicates otherwise:

180 (a) "Business enterprise" means a business enterprise
181 operating a project.

182 (b) "Local tax" means any county or municipal ad
183 valorem tax imposed on the business enterprise pursuant to law,
184 except the school portion of the tax and any portion of the tax
185 imposed to pay the cost of providing fire and police protection.

186 (c) "MDA" means the Mississippi Development Authority.

187 (d) "Project" means a project as defined in Section
188 57-75-5(f)(i).

189 (e) "Regional economic development alliance" means a
190 regional economic development alliance created under the Regional
191 Economic Development Act.

192 (f) "State tax" means any sales and use tax imposed on
193 the business enterprise pursuant to law related to the purchase of
194 component building materials and equipment for initial
195 construction of facilities or expansion of facilities in a county
196 that is a member of a regional economic development alliance, all
197 income tax imposed pursuant to law on income earned by the
198 business enterprise in a county that is a member of a regional
199 economic development alliance, and franchise tax imposed pursuant
200 to law on the value of capital used, invested or employed by the
201 business enterprise in a county that is a member of a regional
202 economic development alliance.

203 (2) A business enterprise operating a project in a county
204 that is a member of a regional economic development alliance shall
205 be exempt from all local taxes levied by the county and all state



206 taxes for a period of ten (10) years or until December 31, 2015,
207 whichever occurs first, and upon consent of any municipality
208 within such county, shall be exempt from all local taxes levied by
209 such municipality for a period of ten (10) years or until December
210 31, 2015, whichever occurs first.

211 (3) (a) The following conditions, along with any other
212 conditions the MDA shall promulgate from time to time by rule or
213 regulation, shall apply to such exemptions: (a) any exemption
214 provided under this section is nontransferable and cannot be
215 applied, used or assigned to any other person or business or tax
216 account; (b) no business enterprise may claim or use the exemption
217 granted under this section unless that enterprise is in full
218 compliance with all state and local tax laws, and related
219 ordinances and resolutions; and (c) the business enterprise must
220 enter into an agreement with the MDA which sets out, at a minimum
221 the performance requirements of the business enterprise during the
222 term of the exemption and provisions for the recapture of all or a
223 portion of the taxes exempted if the performance requirements of
224 the business enterprise are not met.

225 (b) Upon entering into such an agreement, the MDA shall
226 forward such agreement to the State Tax Commission and the
227 affected local taxing authorities so that the exemption can be
228 implemented. The State Tax Commission shall promulgate rules and
229 regulations, in accordance with the Mississippi Administrative
230 Procedures Law, for the implementation of both local and state
231 exemptions granted under this section.

232 (4) Any business enterprise that relocates its present
233 operation and jobs to a county that is a member of a regional
234 economic development alliance from another county in the state
235 shall not receive any of the exemptions granted in this section.

236 **SECTION 5.** Section 27-7-21, Mississippi Code of 1972, is
237 amended as follows:



238 27-7-21. (a) **Allowance of deductions.** In the case of a
239 resident individual, the exemptions provided by this section, as
240 applicable to individuals, shall be allowed as deductions in
241 computing taxable income.

242 (b) **Single individuals.** In the case of a single individual,
243 a personal exemption of Five Thousand Two Hundred Fifty Dollars
244 (\$5,250.00) for the 1979 and 1980 calendar years and Six Thousand
245 Dollars (\$6,000.00) for each calendar year thereafter.

246 (c) **Married individuals.** In the case of married individuals
247 living together, a joint personal exemption of Eight Thousand
248 Dollars (\$8,000.00) for the 1979 and 1980 calendar years and Nine
249 Thousand Five Hundred Dollars (\$9,500.00) for the 1981 through
250 1997 calendar years, Ten Thousand Dollars (\$10,000.00) for the
251 calendar year 1998, Eleven Thousand Dollars (\$11,000.00) for the
252 calendar year 1999, and Twelve Thousand Dollars (\$12,000.00) for
253 each calendar year thereafter. A husband and wife living together
254 shall receive but one (1) personal exemption in the amounts
255 provided for in this subsection for each calendar year against
256 their aggregate income.

257 (d) **Head of family individuals.** In the case of a head of
258 family individual, a personal exemption of Eight Thousand Dollars
259 (\$8,000.00) for the 1979 and 1980 calendar years and Nine Thousand
260 Five Hundred Dollars (\$9,500.00) for each calendar year
261 thereafter. The term "head of family" means an individual who is
262 single, or married but not living with his spouse for the entire
263 taxable year, who maintains a household which constitutes the
264 principal place of abode of himself and one or more individuals
265 who are dependents under the provisions of Section 152(a) of the
266 Internal Revenue Code of 1954, as amended. The head of family
267 individual shall be entitled to the additional dependent exemption
268 as provided in subsection (e) of this section only to the extent
269 of dependents in excess of the one (1) dependent needed to qualify
270 as head of family.



271 (e) **Additional exemption for dependents.** In the case of any
272 individual having a dependent, other than husband or wife, an
273 additional personal exemption of One Thousand Five Hundred Dollars
274 (\$1,500.00) for each such dependent, except as otherwise provided
275 in subsection (d) of this section. The term "dependent" as used
276 in this subsection shall mean any person or individual who
277 qualifies as a dependent under the provisions of Section 152,
278 Internal Revenue Code of 1954, as amended.

279 (f) **Additional exemption for taxpayer or spouse aged**
280 **sixty-five (65) or more.** In the case of any taxpayer or the
281 spouse of the taxpayer who has attained the age of sixty-five (65)
282 before the close of his taxable year, an additional exemption of
283 One Thousand Five Hundred Dollars (\$1,500.00).

284 (g) **Additional exemption for blindness of taxpayer or**
285 **spouse.** In the case of any taxpayer or the spouse of the taxpayer
286 who is blind at the close of the taxable year, an additional
287 exemption of One Thousand Five Hundred Dollars (\$1,500.00). For
288 the purpose of this subsection, an individual is blind only if his
289 central visual acuity does not exceed 20/200 in the better eye
290 with correcting lenses, or if his visual acuity is greater than
291 20/200 but is accompanied by a limitation in the fields of vision
292 such that the widest diameter of the visual field subtends an
293 angle no greater than twenty (20) degrees.

294 (h) **Husband and wife--claiming exemptions.** In the case of
295 husband and wife living together and filing combined returns, the
296 personal and additional exemptions authorized and allowed by this
297 section may be taken by either, or divided between them in any
298 manner they may choose. If the husband and wife fail to choose,
299 the commissioner shall divide the exemptions between husband and
300 wife in an equitable manner. In the case of a husband and wife
301 filing separate returns, the personal and additional exemptions
302 authorized and allowed by this section shall be divided equally
303 between the spouses.



304 (i) **Nonresidents.** A nonresident individual shall be allowed
305 the same personal and additional exemptions as are authorized for
306 resident individuals in subsection (a) of this section; however,
307 the nonresident individual is entitled only to that proportion of
308 the personal and additional exemptions as his net income from
309 sources within the State of Mississippi bears to his total or
310 entire net income from all sources.

311 A nonresident individual who is married and whose spouse has
312 income from independent sources must declare the joint income of
313 himself and his spouse from sources within and without Mississippi
314 and claim as a personal exemption that proportion of the
315 authorized personal and additional exemptions which the total net
316 income from Mississippi sources bears to the total net income of
317 both spouses from all sources. If both spouses have income from
318 sources within Mississippi and wish to file separate returns,
319 their combined personal and additional exemptions shall be that
320 proration of the exemption which their combined net income from
321 Mississippi sources is of their total combined net income from all
322 sources. The amount of the personal and additional exemptions so
323 computed may be divided between them in any manner they choose.

324 In the case of married individuals where one (1) spouse is a
325 resident and the other is a nonresident, the personal exemption of
326 the resident individual shall be prorated on the same basis as if
327 both were nonresidents having net income from within and without
328 the State of Mississippi.

329 For the purpose of this subsection, the term "net income"
330 means gross income less business expenses incurred in the
331 taxpayer's regular trade or business and computed in accordance
332 with the provisions of the Mississippi Income Tax Law.

333 (j) **Part-year residents.** An individual who is a resident of
334 Mississippi for only a part of his taxable year by reason of
335 either moving into the state or moving from the state shall be
336 allowed the same personal and additional exemptions as authorized



337 for resident individuals in subsection (a) of this section; the
338 part-year resident shall prorate his exemption on the same basis
339 as nonresidents having net income from within and without the
340 state.

341 (k) **Estates.** In the case of an estate, a specific exemption
342 of Six Hundred Dollars (\$600.00).

343 (l) **Trusts.** In the case of a trust which, under its
344 governing instrument, is required to distribute all of its income
345 currently, a specific exemption of Three Hundred Dollars
346 (\$300.00). In the case of all other trusts, a specific exemption
347 of One Hundred Dollars (\$100.00).

348 (m) **Corporations, foundations, joint ventures, associations.**
349 In the case of a corporation, foundation, joint venture or
350 association taxable herein, there shall be allowed no specific
351 exemption, except as provided under the Growth and Prosperity Act
352 and Section 4 of House Bill No. 1639, 2002 Regular Session.

353 (n) **Status.** The status on the last day of the taxable year,
354 except in the case of the head of family as provided in subsection
355 (d) of this section, shall determine the right to the exemptions
356 provided in this section; provided, that a taxpayer shall be
357 entitled to such exemptions, otherwise allowable, if the husband
358 or wife or dependent has died during the taxable year.

359 (o) **Fiscal-year taxpayers.** Individual taxpayers reporting
360 on a fiscal year basis shall prorate their exemptions in a manner
361 established by regulations promulgated by the commissioner.

362 **SECTION 6.** Section 27-13-5, Mississippi Code of 1972, is
363 amended as follows:

364 27-13-5. (1) Franchise tax levy. Except as otherwise
365 provided in subsections (3), (4) and (5) of this section, there is
366 hereby imposed, to be paid and collected as hereinafter provided,
367 a franchise or excise tax upon every corporation, association or
368 joint-stock company or partnership treated as a corporation under
369 the income tax laws or regulations, organized or created for



370 pecuniary gain, having privileges not possessed by individuals,
371 and having authorized capital stock now existing in this state, or
372 hereafter organized, created or established, under and by virtue
373 of the laws of the State of Mississippi, equal to Two Dollars and
374 Fifty Cents (\$2.50) for each One Thousand Dollars (\$1,000.00), or
375 fraction thereof, of the value of the capital used, invested or
376 employed in the exercise of any power, privilege or right enjoyed
377 by such organization within this state, except as hereinafter
378 provided. In no case shall the franchise tax due for the
379 accounting period be less than Twenty-five Dollars (\$25.00). It
380 is the purpose of this section to require the payment to the State
381 of Mississippi of this tax for the right granted by the laws of
382 this state to exist as such organization, and to enjoy, under the
383 protection of the laws of this state, the powers, rights,
384 privileges and immunities derived from the state by the form of
385 such existence.

386 (2) Annual report of domestic corporations. Each domestic
387 corporation shall file, within the time prescribed by Section
388 79-3-251, an annual report as required by the provisions of
389 Section 79-3-249.

390 (3) A corporation that has negotiated a fee-in-lieu as
391 defined in Section 57-75-5 shall not be subject to the tax levied
392 by this section on such project; provided, however, that the
393 fee-in-lieu payment shall be otherwise treated in the same manner
394 as the payment of franchise taxes.

395 (4) An approved business enterprise as defined in the Growth
396 and Prosperity Act shall not be subject to the tax levied by this
397 section on the value of capital used, invested or employed by the
398 approved business enterprise in a growth and prosperity county or
399 supervisors district as provided in the Growth and Prosperity Act.

400 (5) A business enterprise operating a project as defined in
401 Section 4 of House Bill No. 1639, 2002 Regular Session, in a
402 county that is a member of a regional economic development



403 alliance created under the Regional Economic Development Act shall
404 not be subject to the tax levied by this section on the value of
405 capital used, invested or employed by the business enterprise in
406 such a county as provided in Section 4 of House Bill No. 1639,
407 2002 Regular Session.

408 **SECTION 7.** Section 27-13-7, Mississippi Code of 1972, is
409 amended as follows:

410 27-13-7. (1) Franchise tax levy. Except as otherwise
411 provided in subsections (3), (4) and (5) of this section, there is
412 hereby imposed, levied and assessed upon every corporation,
413 association or joint-stock company, or partnership treated as a
414 corporation under the Income Tax Laws or regulations as
415 hereinbefore defined, organized and existing under and by virtue
416 of the laws of some other state, territory or country, or
417 organized and existing without any specific statutory authority,
418 now or hereafter doing business or exercising any power, privilege
419 or right within this state, as hereinbefore defined, a franchise
420 or excise tax equal to Two Dollars and Fifty Cents (\$2.50) of each
421 One Thousand Dollars (\$1,000.00), or fraction thereof, of the
422 value of capital used, invested or employed within this state,
423 except as hereinafter provided. In no case shall the franchise
424 tax due for the accounting period be less than Twenty-five Dollars
425 (\$25.00). It is the purpose of this section to require the
426 payment of a tax by all organizations not organized under the laws
427 of this state, measured by the amount of capital or its
428 equivalent, for which such organization receives the benefit and
429 protection of the government and laws of the state.

430 (2) Annual report of foreign corporations. Each foreign
431 corporation authorized to transact business in this state shall
432 file, within the time prescribed by Section 79-3-251, an annual
433 report as required by the provisions of Section 79-3-249.

434 (3) A corporation that has negotiated a fee-in-lieu as
435 defined in Section 57-75-5 shall not be subject to the tax levied



436 by this section on such project; provided, however, that the
437 fee-in-lieu payment shall be otherwise treated in the same manner
438 as the payment of franchise taxes.

439 (4) An approved business enterprise as defined in the Growth
440 and Prosperity Act shall not be subject to the tax levied by this
441 section on the value of capital used, invested or employed by the
442 approved business enterprise in a growth and prosperity county or
443 supervisors district as provided in the Growth and Prosperity Act.

444 (5) A business enterprise operating a project as defined in
445 Section 4 of House Bill No. 1639, 2002 Regular Session, in a
446 county that is a member of a regional economic development
447 alliance created under the Regional Economic Development Act shall
448 not be subject to the tax levied by this section on the value of
449 capital used, invested or employed by the business enterprise in
450 such a county as provided in Section 4 of House Bill No. 1639,
451 2002 Regular Session.

452 **SECTION 8.** Section 27-65-101, Mississippi Code of 1972, is
453 amended as follows:

454 27-65-101. (1) The exemptions from the provisions of this
455 chapter which are of an industrial nature or which are more
456 properly classified as industrial exemptions than any other
457 exemption classification of this chapter shall be confined to
458 those persons or property exempted by this section or by the
459 provisions of the Constitution of the United States or the State
460 of Mississippi. No industrial exemption as now provided by any
461 other section except Section 57-3-33 shall be valid as against the
462 tax herein levied. Any subsequent industrial exemption from the
463 tax levied hereunder shall be provided by amendment to this
464 section. No exemption provided in this section shall apply to
465 taxes levied by Section 27-65-15 or 27-65-21.

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



468 (a) Sales of boxes, crates, cartons, cans, bottles and
469 other packaging materials to manufacturers and wholesalers for use
470 as containers or shipping materials to accompany goods sold by
471 said manufacturers or wholesalers where possession thereof will
472 pass to the customer at the time of sale of the goods contained
473 therein and sales to anyone of containers or shipping materials
474 for use in ships engaged in international commerce.

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

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

487 (d) Sales to commercial fishermen of commercial fishing
488 boats of over five (5) tons load displacement and not more than
489 fifty (50) tons load displacement as registered with the United
490 States Coast Guard and licensed by the Mississippi Commission on
491 Marine Resources.

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

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

497 (g) Sales and rentals of rail rolling stock (and
498 component parts thereof) for ultimate use in interstate commerce
499 and gross income from services with respect to manufacturing,



500 repairing, cleaning, altering, reconditioning or improving such
501 rail rolling stock (and component parts thereof).

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

508 (i) Sales of machinery or tools or repair parts
509 therefor or replacements thereof, fuel or supplies used directly
510 in manufacturing, converting or repairing ships of three thousand
511 (3,000) tons load displacement and over, but not to include office
512 and plant supplies or other equipment not directly used on the
513 ship being built, converted or repaired.

514 (j) Sales of tangible personal property to persons
515 operating ships in international commerce for use or consumption
516 on board such ships. This exemption shall be limited to cases in
517 which procedures satisfactory to the commissioner, ensuring
518 against use in this state other than on such ships, are
519 established.

520 (k) Sales of materials used in the construction of a
521 building, or any addition or improvement thereon, and sales of any
522 machinery and equipment not later than three (3) months after the
523 completion of construction of the building, or any addition
524 thereon, to be used therein, to qualified businesses, as defined
525 in Section 57-51-5, which are located in a county or portion
526 thereof designated as an enterprise zone pursuant to Sections
527 57-51-1 through 57-51-15.

528 (l) Sales of materials used in the construction of a
529 building, or any addition or improvement thereon, and sales of any
530 machinery and equipment not later than three (3) months after the
531 completion of construction of the building, or any addition



532 thereon, to be used therein, to qualified businesses, as defined
533 in Section 57-54-5.

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

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

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

543 (p) Sales of materials used in the construction of a
544 building, or any addition or improvement thereon, and sales of any
545 machinery and equipment not later than three (3) months after the
546 completion of construction of the building, or any addition
547 thereon, to be used therein, to qualified companies, certified as
548 such by the Mississippi Development Authority under Section
549 57-53-1.

550 (q) Sales of component materials used in the
551 construction of a building, or any addition or improvement
552 thereon, sales of machinery and equipment to be used therein, and
553 sales of manufacturing or processing machinery and equipment which
554 is permanently attached to the ground or to a permanent foundation
555 and which is not by its nature intended to be housed within a
556 building structure, not later than three (3) months after the
557 initial start-up date, to permanent business enterprises engaging
558 in manufacturing or processing in Tier Three areas (as such term
559 is defined in Section 57-73-21), which businesses are certified by
560 the State Tax Commission as being eligible for the exemption
561 granted in this paragraph (q).

562 (r) Sales of component materials used in the
563 construction of a building, or any addition or improvement
564 thereon, and sales of any machinery and equipment not later than



565 three (3) months after the completion of the building, addition or
566 improvement thereon, to be used therein, for any company
567 establishing or transferring its national or regional headquarters
568 from within or outside the State of Mississippi and creating a
569 minimum of thirty-five (35) jobs at the new headquarters in this
570 state. The Tax Commission shall establish criteria and prescribe
571 procedures to determine if a company qualifies as a national or
572 regional headquarters for the purpose of receiving the exemption
573 provided in this paragraph.

574 (s) The gross proceeds from the sale of semitrailers,
575 trailers, boats, travel trailers, motorcycles and all-terrain
576 cycles if exported from this state within forty-eight (48) hours
577 and registered and first used in another state.

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

582 (u) Sales of machinery and equipment to nonprofit
583 organizations if the organization: (i) is tax-exempt pursuant to
584 Section 501(c)(4) of the Internal Revenue Code of 1986, as
585 amended; (ii) assists in the implementation of the national
586 contingency plan or area contingency plan, and which is created in
587 response to the requirements of Title IV, Subtitle B of the Oil
588 Pollution Act of 1990, Public Law 101-380; and (iii) engages
589 primarily in programs to contain, clean up and otherwise mitigate
590 spills of oil or other substances occurring in the United States
591 coastal and tidal waters. For purposes of this exemption,
592 "machinery and equipment" means any ocean-going vessels, barges,
593 booms, skimmers and other capital equipment used primarily in the
594 operations of nonprofit organizations referred to herein.

595 (v) Sales of component materials and equipment to
596 approved business enterprises as provided under the Growth and
597 Prosperity Act.



598 (w) From and after July 1, 2001, sales of pollution
599 control equipment to manufacturers or custom processors for
600 industrial use. For the purposes of this exemption, "pollution
601 control equipment" means equipment, devices, machinery or systems
602 used or acquired to prevent, control, monitor or reduce air, water
603 or groundwater pollution, or solid or hazardous waste as required
604 by federal or state law or regulation.

605 (x) Sales or leases to a manufacturer of motor vehicles
606 operating a project that has been certified by the Mississippi
607 Major Economic Impact Authority as a project as defined in Section
608 57-75-5(f)(iv)1 of machinery and equipment; special tooling such
609 as dies, molds, jigs and similar items treated as special tooling
610 for federal income tax purposes; or repair parts therefor or
611 replacements thereof; repair services thereon; fuel, supplies,
612 electricity, coal and natural gas used directly in the manufacture
613 of motor vehicles or motor vehicle parts or used to provide
614 climate control for manufacturing areas.

615 (y) Sales or leases of component materials, machinery
616 and equipment used in the construction of a building, or any
617 addition or improvement thereon to an enterprise operating a
618 project that has been certified by the Mississippi Major Economic
619 Impact Authority as a project as defined in Section
620 57-75-5(f)(iv)1 and any other sales or leases required to
621 establish or operate such project.

622 (z) Sales of component materials and equipment to a
623 business enterprise as provided under Section 4 of House Bill No.
624 1639, 2002 Regular Session.

625 (2) Sales of component materials used in the construction of
626 a building, or any addition or improvement thereon, sales of
627 machinery and equipment to be used therein, and sales of
628 manufacturing or processing machinery and equipment which is
629 permanently attached to the ground or to a permanent foundation
630 and which is not by its nature intended to be housed within a



631 building structure, not later than three (3) months after the
632 initial start-up date, to permanent business enterprises engaging
633 in manufacturing or processing in Tier Two areas and Tier One
634 areas (as such areas are designated in accordance with Section
635 57-73-21), which businesses are certified by the State Tax
636 Commission as being eligible for the exemption granted in this
637 paragraph, shall be exempt from one-half (1/2) of the taxes
638 imposed on such transactions under this chapter.

639 **SECTION 9.** This act shall take effect and be in force from
640 and after its passage.

