

**\*\*\*Not Germane\*\*\***

**AMENDMENT No. 2 PROPOSED TO**

**House Bill NO. 771**

**By Representative(s) Ellzey**

1       **AMEND** on Lines 10 and 11 by striking the language "person  
2     engaging or continuing within this state in the business of" and  
3     inserting the language "interest owner who is" in lieu thereof;

4       **AMEND FURTHER** on Line 11 by inserting the language "in this  
5     state" after the word "oil";

6       **AMEND FURTHER** on Line 12 by deleting the language "as defined  
7     herein,";

8       **AMEND FURTHER** on Line 26 by inserting the language "whether  
9     the interest owner resides in this state, regardless of" before  
10    the word "the" and by inserting a comma after the word "sale";

11      **AMEND FURTHER** on Line 27 by inserting the language  
12     "regardless of" after the word "or";

13      **AMEND FURTHER** on Line 28 by striking ", and the" and  
14     inserting ". The" in lieu thereof;

15      **AMEND FURTHER** on Lines 162 and 163 by striking the language  
16     "person engaging or continuing within this state in the business  
17     of" and inserting the language "interest owner who is" in lieu  
18     thereof;

19      **AMEND FURTHER** on Line 163 by inserting the language "in this  
20     state" after the word "gas";

21      **AMEND FURTHER** on Line 164 by deleting the language "as  
22     defined herein,";

23      **AMEND FURTHER** on Line 171 by inserting the language "whether

24 the interest owner resides in this state, regardless of before  
25 the word "the";

26 **AMEND FURTHER** on Line 172 by inserting the language  
27 "regardless of" after the word "or";

28 **AMEND FURTHER** on Lines 308 and 309 by striking the language  
29 "person engaging or continuing within this state in the business  
30 of" and inserting the language "interest owner who is" in lieu  
31 thereof;

32 **AMEND FURTHER** on Line 309 by inserting the language "in this  
33 state" after the word "gas";

34 **AMEND FURTHER** on Line 310 by deleting the language "as  
35 defined herein,";

36 **AMEND FURTHER** on Line 317 by inserting the language "whether  
37 the interest owner resides in this state, regardless of" before  
38 the word "the";

39 **AMEND FURTHER** on Line 318 by inserting the language  
40 "regardless of" after the word "or";

41 **AMEND FURTHER** by inserting the following language after Line  
42 453 and renumbering the succeeding section:

43 **SECTION 3.** Section 27-25-501, Mississippi Code of 1972, is  
44 amended as follows:

45 27-25-501. Whenever used in this article, the following  
46 words and terms shall have the definition and meaning ascribed to  
47 them in this section, unless the intention to give a more limited  
48 meaning is disclosed by the context:

49 (a) "Tax commission" means the Tax Commission of the  
50 State of Mississippi.

51 (b) "Commissioner" means the Chairman of the State Tax  
52 Commission.

53 (c) "Annual" means the calendar year or the taxpayer's  
54 fiscal year when permission is obtained from the commissioner to  
55 use a fiscal year as a tax period in lieu of a calendar year.

56 (d) "Value" means the sale price, or market value, at  
57 the mouth of the well. If the oil is exchanged for something  
58 other than cash, or if there is no sale at the time of severance,

59 or if the relation between the buyer and the seller is such that  
60 the consideration paid, if any, is not indicative of the true  
61 value or market price, then the commissioner shall determine the  
62 value of the oil subject to tax, considering the sale price for  
63 cash of oil of like quality. With respect to salvaged crude oil  
64 as hereinafter defined, the term "value" shall mean the sale price  
65 or market value of such salvaged crude oil at the time of its sale  
66 after such salvaged crude oil has been processed or treated so as  
67 to render it marketable.

68 (e) "Taxpayer" means any person liable for the tax  
69 imposed by this article. With respect to the tax imposed upon  
70 salvaged crude oil as hereafter defined, the term "taxpayer" shall  
71 mean the person having title to the salvaged crude oil at the time  
72 it is being processed or treated so as to render it marketable.

73 (f) "Oil" means petroleum, other crude oil, natural  
74 gasoline, distillate, condensate, casinghead gasoline, asphalt or  
75 other mineral oil which is mined, or produced, or withdrawn from  
76 below the surface of the soil or water, in this state. Any type  
77 of salvaged crude oil which, after any treatment, becomes  
78 marketable shall be defined as crude oil which has been severed  
79 from the soil or water.

80 (g) "Severed" means the extraction or withdrawing from  
81 below the surface of the soil or water of any oil, whether such  
82 extraction or withdrawal shall be by natural flow, mechanically  
83 enforced flow, pumping or any other means employed to get the oil  
84 from below the surface of the soil or water, and shall include the  
85 withdrawing by any means whatsoever of oil upon which the tax has  
86 not been paid, from any surface reservoir, natural or artificial,  
87 or from a water surface. \* \* \* However, \* \* \* in the case of  
88 salvaged crude oil, "severed" means the process of treating such  
89 oil so that it will become marketable and the time of severance  
90 shall occur upon completion of said treatment.

91 (h) "Person" means any natural person, firm,  
92 copartnership, joint venture, association, corporation, estate,  
93 trust or any other group, or combination acting as a unit, and the

94 plural as well as the singular number.

95           (i) "Producer" means any person owning, controlling,  
96 managing or leasing any oil property, or oil well, and any person  
97 who produces in any manner any oil by taking it from the earth or  
98 water in this state, and shall include a person acting on behalf  
99 of an interest owner of oil being produced, whether produced by  
100 him, or by some other person on his behalf, either by lease  
101 contract or otherwise.

102           (j) "Engaging in business" means any act or acts  
103 engaged in (personal or corporate) by producers, or parties at  
104 interest, the result of which, oil is severed from the soil or  
105 water, for storage, transport or manufacture, or by which there is  
106 an exchange of money, or goods, or thing of value, for oil which  
107 has been or is in process of being severed, from the soil or  
108 water.

109           (k) "Barrel" for oil measurement, means a barrel of  
110 forty-two (42) United States gallons of two hundred thirty-one  
111 (231) cubic inches per gallon, computed at a temperature of sixty  
112 (60) degrees Fahrenheit.

113           (l) "Production" means the total gross amount of oil  
114 produced, including all royalty or other interest; that is, the  
115 amount for the purpose of the tax imposed by this article shall be  
116 measured or determined by tank tables compiled to show one hundred  
117 percent (100%) of the full capacity of tanks without deduction for  
118 overage or losses in handling. Allowance for any reasonable and  
119 bona fide deduction for basic sediment and water, and for  
120 correction of temperature to sixty (60) degrees Fahrenheit will be  
121 allowed. If the amount of oil produced has been measured or  
122 determined by tank tables compiled to show less than one hundred  
123 percent (100%) of the full capacity of tanks, then such amount  
124 shall be raised to a basis by one hundred percent (100%) for the  
125 purpose of the tax imposed by this article.

126           (m) "Gathering system" means the pipelines, pumps and  
127 other property used in gathering oil from the property on which it  
128 is produced, the tanks used for storage at a central place,

loading racks and equipment for loading oil into tank cars or other transporting media, and all other equipment and appurtenances necessary to a gathering system for transferring oil into trunk pipelines.

(n) "Discovery well" means any well producing oil from a single pool in which a well has not been previously produced in paying quantities after testing.

(o) "Development wells" means all oil producing wells other than discovery wells and replacement wells.

(p) "Replacement well" means a well drilled on a drilling and/or production unit to replace another well which is drilled in the same unit and completed in the same pool.

(q) "Three-dimensional seismic" means data which is regularly organized in three (3) orthogonal directions and thus suitable for interpretation with a three-dimensional software package on an interactive work station.

(r) "Two-year inactive well" means any oil or gas well certified by the State Oil and Gas Board as having not produced oil or gas in more than a total of thirty (30) days during a twelve (12) consecutive month period in the two (2) years before the date of certification.

(s) "Interest owner" means any person owning any royalty or other interest in oil or its value.

**SECTION 4.** Section 27-25-507, Mississippi Code of 1972, is amended as follows:

27-25-507. When any regular monthly report required from producers or interest owners by this article, does not disclose the actual source of any oil taxable under this article, but does show such oil to have escaped from a well or wells and to have been recovered from streams, lakes, ravines, or other natural depressions, it shall be the duty of the commissioner to collect, in addition to the privilege tax herein imposed, an additional amount equal to fourteen percent (14%) of the gross value of such escaped oil. The commissioner shall hold such additional collection in a special escrow account for a period of twelve (12)

months from the date of the collection, during which time any person or persons who claim to be the rightful owner or owners of any royalty interest in the escaped oil, shall present proper and satisfactory proof of such ownership to the commissioner. If the commissioner shall be satisfied as to the ownership of such escaped oil, then he shall pay to such claimant or claimants a proportionate part of such additional collection held in escrow, according to their proper interest or interests. No payment to any claimant shall be made, however, before it is approved by the Attorney General, or before it is ordered by any court having proper jurisdiction. After the lapse of twelve (12) months from the date of any additional collection, if no claim or claims have been made to it, or to the balance remaining of it after the payment by the commissioner of any claim or claims, the commissioner shall distribute the additional collection or any balance of it in the same manner as is herein provided for the distribution of the tax imposed by this article.

**SECTION 5.** Section 27-25-509, Mississippi Code of 1972, is amended as follows:

27-25-509. (1) The tax hereby imposed is levied upon the interest owners of such oil in the proportion of their ownership at the time of severance, but, except as otherwise herein provided, may be paid by the person in charge of the production operations, who, in such case, shall deduct from any amount due to interest owners of such production at the time of severance the proportionate amount of the tax herein levied before making payments to such interest owners. The tax shall become due and payable as provided by this article and \* \* \* shall constitute a first lien upon any of the oil so produced, when in the hands of the interest owner, or any purchaser of such oil in its unmanufactured state or condition. In the event the person in charge of production operations fails to pay the tax, then the commissioner shall proceed against the interest owner to collect the tax in accordance with the provisions made for the collection of delinquent taxes by the Mississippi Sales Tax Law.

199           (2) When any person in charge of the production operations  
200 shall sell the oil produced by him to any person under contracts  
201 requiring such purchaser to pay all owners of such oil direct,  
202 then the person in charge of the production operations may not be  
203 required to deduct the tax herein levied, but in which event such  
204 deduction shall be made by the purchaser before making payments to  
205 each interest owner of such oil. \* \* \* The purchaser in that case  
206 shall account for the tax; provided that nothing herein shall be  
207 construed as releasing the person in charge of production  
208 operations from liability for the payment of said tax.

209           (3) When any person in charge of production operations shall  
210 sell oil produced by him on the open market, he shall withhold the  
211 tax imposed by this article, and if he is required to pay other  
212 interest holders, shall deduct from any amount due them, the  
213 amount of tax levied and due under the provisions of this article  
214 before making payment to them.

215           (4) Every person in charge of production operations by which  
216 oil is severed from the soil or water in this state, who fails to  
217 deduct and withhold, as required herein, the amount of tax from  
218 sale or purchase price, when such oil is sold or purchased under  
219 contract, or agreement, or on the open market, or otherwise, shall  
220 be liable to the state for the full amount of taxes, interest, and  
221 penalties which should have been deducted, withheld and remitted  
222 to the state. \* \* \* The commissioner shall proceed to collect the  
223 tax from the person in charge of production operations, under the  
224 provisions of this article, as if he were the interest owner of  
225 the oil.

226           **SECTION 6.** Section 27-25-511, Mississippi Code of 1972, is  
227 amended as follows:

228           27-25-511. When the title to any oil being severed from the  
229 soil, or water, is in dispute, or whenever the producer, interest  
230 owner of such oil from the soil, or water, or purchaser thereof,  
231 shall be withholding payments on account of litigation, or for any  
232 other reason, such producer, interest owner or purchaser shall  
233 deduct from the gross amount thus held the amount of the tax

herein levied and imposed, and to make remittance thereof to the commissioner as provided by this article.

**SECTION 7.** Section 27-25-513, Mississippi Code of 1972, is amended as follows:

27-25-513. Every interest owner, producer or person in charge of production operations by which oil is severed from the soil, or water, in this state, when making the reports required by this article, shall file with the commissioner a statement, under oath, on forms prescribed by him, of the business conducted by such producer or person in charge of production operations, during the period for which the report is made, showing gross quantity of oil and the value thereof, so severed or produced, and such other reasonable and necessary information pertaining thereto as the commissioner may require for the proper enforcement of the provisions of this article.

**SECTION 8.** Section 27-25-517, Mississippi Code of 1972, is amended as follows:

27-25-517. The commissioner shall have the power to require any interest owner, producer, or person in charge of production operations, or person purchasing any oil from the soil, or water, to furnish any additional information by him deemed to be necessary for the purpose of computing the amount of said tax; and for said purpose to examine the books, records, and all files of such person; and, to that end, the commissioner shall have the power to examine witnesses, and if any such witness shall fail or refuse to appear at the request of the commissioner, or refuse access to books, records and files, said commissioner shall have the power and authority to proceed as provided by the Mississippi Sales Tax Law.

**SECTION 9.** Section 27-25-521, Mississippi Code of 1972, is amended as follows:

27-25-521. Every person who is an interest owner of oil or who is engaged in the business of producing or purchasing any oil in this state, or who is in charge of production operations, and who is required to pay the tax imposed by this article, shall make



and keep, for a period of three (3) years, a complete and accurate record, in the form required by the commissioner, showing the gross quantity of oil produced and value of same, the names of the persons from whom purchased, and the time of purchase. It is \* \* \* the duty of such person to file quarterly with the commissioner a statement, under oath, showing the names and addresses of all persons from whom has been purchased any oil, produced or severed from the soil, or water, in Mississippi during the preceding quarter (three (3) months), and the county from which the oil was severed, together with a total gross quantity and value of oil so purchased, and any other information which the commissioner may require. Said report shall begin with the first calendar quarter after this article becomes effective and shall thereafter be filed within thirty (30) days after the expiration of each quarter and shall be made on such forms as may be prescribed by the commissioner. Any person failing to make the report required by this section shall be guilty of a misdemeanor and be punished by a fine of not less than Fifty Dollars (\$50.00) or more than Five Hundred Dollars (\$500.00) for each such offense.

**SECTION 10.** Section 27-25-523, Mississippi Code of 1972, is amended as follows:

27-25-523. (1) All oil produced or under the ground on producing properties within the State of Mississippi and all producing oil equipment, including wells, connections, pumps, derricks and other appurtenances actually owned by and belonging to the producer, and all leases in production, including mineral rights in producing properties, shall be exempt from all ad valorem taxes now levied or hereafter levied by the State of Mississippi, or any county, municipality, levee district, road, school or any other taxing district within this state. This exemption shall not apply to drilling equipment, including derricks, machinery, and other materials necessary to drilling, nor to oil gathering systems, nor to the surface of lands leased for oil production or upon which oil producing properties are situated, but all such drilling equipment, gathering systems, and

lands shall be assessed as are other properties and shall be subject to ad valorem tax. However, no additional assessment shall be added to the surface value of such lands by reason of the presence of oil thereunder or its production therefrom. The exemption herein granted shall apply to all ad valorem taxes levied in the year 1944 and each year thereafter.

(2) The exemption from ad valorem taxes granted in this section shall not apply to the percentage of ad valorem taxes that the owner or holder of a nonproducing oil interest in real estate, which is owned or held separately and apart from and independently of the rights owned in the surface of such real estate, must pay on the land under which the oil interest is located, pursuant to the provisions of Section 28 of House Bill No. 771, 2003 Regular Session.

**SECTION 11.** Section 27-25-701, Mississippi Code of 1972, is amended as follows:

**[Until July 1, 2004, this section shall read as follows:]**

27-25-701. Whenever used in this article, the following words and terms shall have the definition and meaning ascribed to them in this section, unless the intention to give a more limited meaning is disclosed by the context:

(a) "Tax commission" means the Tax Commission of the State of Mississippi.

(b) "Commissioner" means the Chairman of the State Tax Commission.

(c) "Annual" means the calendar year or the taxpayer's fiscal year when permission is obtained from the commissioner to use a fiscal year as a tax period in lieu of a calendar year.

(d) "Value" means the sale price, or market value, at the mouth of the well. If the gas is exchanged for something other than cash, or if there is no sale at the time of severance, or if the relation between the buyer and the seller is such that the consideration paid, if any, is not indicative of the true value or market price, then the commissioner shall determine the value of the gas subject to tax, considering the sale price for

cash of gas of like quality in the same or nearest gas-producing field.

(e) "Taxpayer" means any person liable for the tax imposed by this article.

(f) "Gas" means natural and casinghead gas and any gas or vapor taken from below the surface of the soil or water in this state, regardless of whether produced from a gas well or from a well also productive of oil or any other product; provided, however, the term "gas" shall not include carbon dioxide.

(g) "Casinghead gas" means any gas or vapor indigenous to an oil stratum and produced from such stratum with oil.

(h) "Severed" means the extraction or withdrawing by any means whatsoever, from below the surface of the soil or water, of any gas.

(i) "Person" means any natural person, firm, copartnership, joint venture, association, corporation, estate, trust, or any other group, or combination acting as a unit, and the plural as well as the singular number.

(j) "Producer" means any person \* \* \* controlling, managing or leasing any oil or gas property, or oil or gas well, and any person who produces in any manner any gas by taking it from the earth or water in this state, and shall include a person acting on behalf of an interest owner of gas being produced either by lease contract or otherwise.

(k) "Engaging in business" means any act or acts engaged in (personal or corporate) by producers, or parties at interest, the result of which gas is severed from the soil or water, for storage, transport or manufacture, or by which there is an exchange of money, or goods, or thing of value, for gas which has been or is in process of being severed from the soil or water.

(l) "Production" means the total gross amount of gas produced, including all royalty or other interest; that is, the amount for the purpose of the tax imposed by this article shall be measured or determined by meter readings showing one hundred percent (100%) of the full volume expressed in cubic feet at a

standard base and flowing temperature of sixty (60) degrees Fahrenheit and at the absolute pressure at which the gas is sold and purchased; correction to be made for pressure according to Boyle's law, and for specific gravity according to the gravity at which the gas is sold and purchased or if not so specified, according to test made by the balance method.

(m) "Gathering system" means the pipelines, compressors, pumps, regulators, separators, dehydrators, meters, metering installations and all other property used in gathering gas from the well from which it is produced if such properties are owned by other than the operator, and all such properties, if owned by the operator, beyond the first metering installation that is nearest the well.

(n) "Discovery well" means any well producing gas from a single pool in which a well has not been previously produced in paying quantities after testing.

(o) "Development wells" means all gas producing wells other than discovery wells and replacement wells.

(p) "Replacement well" means a well drilled on a drilling and/or production unit to replace another well which is drilled in the same unit and completed in the same pool.

(q) "Three-dimensional seismic" means data which is regularly organized in three (3) orthogonal directions and thus suitable for interpretation with a three-dimensional software package on an interactive work station.

(r) "Two-year inactive well" means any oil or gas well certified by the State Oil and Gas Board as having not produced oil or gas in more than a total of thirty (30) days during a twelve (12) consecutive month period in the two (2) years before the date of certification.

(s) "Interest owner" means any person owning any royalty or other interest in any gas or its value.

**[From and after July 1, 2004, this section shall read as follows:]**

27-25-701. Whenever used in this article, the following

words and terms shall have the definition and meaning ascribed to them in this section, unless the intention to give a more limited meaning is disclosed by the context:

(a) "Tax commission" means the Tax Commission of the State of Mississippi.

(b) "Commissioner" means the Chairman of the State Tax Commission.

(c) "Annual" means the calendar year or the taxpayer's fiscal year when permission is obtained from the commissioner to use a fiscal year as a tax period in lieu of a calendar year.

(d) "Value" means the sale price, or market value, at the mouth of the well. If the gas is exchanged for something other than cash, or if there is no sale at the time of severance, or if the relation between the buyer and the seller is such that the consideration paid, if any, is not indicative of the true value or market price, then the commissioner shall determine the value of the gas subject to tax, considering the sale price for cash of gas of like quality in the same or nearest gas-producing field.

(e) "Taxpayer" means any person liable for the tax imposed by this article.

(f) "Gas" means natural and casinghead gas and any gas or vapor taken from below the surface of the soil or water in this state, regardless of whether produced from a gas well or from a well also productive of oil or any other product.

(g) "Casinghead gas" means any gas or vapor indigenous to an oil stratum and produced from such stratum with oil.

(h) "Severed" means the extraction or withdrawing by any means whatsoever, from below the surface of the soil or water, of any gas.

(i) "Person" means any natural person, firm, copartnership, joint venture, association, corporation, estate, trust, or any other group, or combination acting as a unit, and the plural as well as the singular number.

(j) "Producer" means any person \* \* \* controlling,

managing or leasing any oil or gas property, or oil or gas well,  
and any person who produces in any manner any gas by taking it  
from the earth or water in this state, and shall include a person  
acting on behalf of an interest owner of gas being produced either  
by lease contract or otherwise.

(k) "Engaging in business" means any act or acts  
engaged in (personal or corporate) by producers, or parties at  
interest, the result of which gas is severed from the soil or  
water, for storage, transport or manufacture, or by which there is  
an exchange of money, or goods, or thing of value, for gas which  
has been or is in process of being severed from the soil or water.

(l) "Production" means the total gross amount of gas  
produced, including all royalty or other interest; that is, the  
amount for the purpose of the tax imposed by this article shall be  
measured or determined by meter readings showing one hundred  
percent (100%) of the full volume expressed in cubic feet at a  
standard base and flowing temperature of sixty (60) degrees  
Fahrenheit and at the absolute pressure at which the gas is sold  
and purchased; correction to be made for pressure according to  
Boyle's law, and for specific gravity according to the gravity at  
which the gas is sold and purchased or if not so specified,  
according to test made by the balance method.

(m) "Gathering system" means the pipelines,  
compressors, pumps, regulators, separators, dehydrators, meters,  
metering installations and all other property used in gathering  
gas from the well from which it is produced if such properties are  
owned by other than the operator, and all such properties, if  
owned by the operator, beyond the first metering installation that  
is nearest the well.

(n) "Discovery well" means any well producing gas from  
a single pool in which a well has not been previously produced in  
paying quantities after testing.

(o) "Development wells" means all gas producing wells  
other than discovery wells and replacement wells.

(p) "Replacement well" means a well drilled on a

drilling and/or production unit to replace another well which is drilled in the same unit and completed in the same pool.

(q) "Three-dimensional seismic" means data which is regularly organized in three (3) orthogonal directions and thus suitable for interpretation with a three-dimensional software package on an interactive work station.

(r) "Two-year inactive well" means any oil or gas well certified by the State Oil and Gas Board as having not produced oil or gas in more than a total of thirty (30) days during a twelve (12) consecutive month period in the two (2) years before the date of certification.

(s) "Interest owner" means any person owning any royalty or other interest in any gas or its value.

**SECTION 12.** Section 27-25-705, Mississippi Code of 1972, is amended as follows:

**[With regard to any county which is exempt from the provisions of Section 19-2-3, this section shall read as follows:]**

27-25-705. All taxes herein levied and collected by the State Tax Commission shall be paid into the State Treasury on the same day in which such taxes are collected. The commissioner shall apportion all such tax collections to the state and to the county in which the gas was produced, in the proportion of sixty-six and two-thirds percent (66-2/3%) to the state and thirty-three and one-third percent (33-1/3%) to the county. \* \* \* However, when the price of the gas subject to the tax levied in this article is increased, such increase is subject to approval by a federal regulatory board or commission, and when the interest owner and producer of the gas so requests, the State Treasurer is \* \* \* authorized to hold the severance tax collected on the price increase in escrow until such time as the price increase or a portion thereof is finally granted or approved. The severance tax thus held in escrow shall be deposited by the State Treasurer to an account in a state depository to be invested in an interest-bearing account in the manner provided by law. When the price increase in question or a portion thereof is granted or

514 approved, the commissioner shall compute the correct severance tax  
515 due on such increase and certify the amount of tax thus computed.

516 This amount and interest earned from the depository shall be  
517 distributed to the General Fund and to the county or counties  
518 proportionately as herein provided. The balance, if any, of the  
519 tax and interest held in escrow on the price increase shall be  
520 returned to the taxpayer.

521 The state's share of all gas severance taxes collected  
522 pursuant to this section shall be deposited as provided for in  
523 Section 27-25-506.

524 The commissioner shall certify at the end of each month the  
525 apportionment to each county to the State Treasurer, who shall  
526 remit the county's share of said funds on or before the twentieth  
527 day of the month next succeeding the month in which such  
528 collections were made for division among the municipalities and  
529 taxing districts of the county. The commissioner shall submit a  
530 report to the State Treasurer for distribution to each county  
531 receiving such funds showing from whom said tax and interest, if  
532 any, were collected. Upon receipt of said funds, the board of  
533 supervisors of the county shall allocate the same to the  
534 municipalities and to the various maintenance and bond and  
535 interest funds of the county, school districts, supervisors  
536 districts and road districts, as hereinafter provided.

537 When there shall be any gas producing properties within the  
538 corporate limits of any municipality, then such municipality shall  
539 participate in the division of the tax and interest, if any,  
540 returned to the county in which the municipality is located in the  
541 proportion which the tax on production of gas from properties  
542 located within the municipal corporate limits bears to the tax on  
543 total production of gas in the county. In no event, however,  
544 shall the amount allocated to the municipalities exceed one-third  
545 (1/3) of the tax and interest produced in the municipality and  
546 returned to the county. Any amount received by any municipality  
547 as a result of the allocation herein provided shall be used for  
548 such purposes as are authorized by law.



549       The balance remaining of any funds returned to the county  
550 after the allocation to municipalities shall be divided among the  
551 various maintenance and bond and interest funds of the county,  
552 school districts, supervisors districts and road districts, in the  
553 discretion of the board of supervisors, and such board shall make  
554 the division in consideration of the needs of the various taxing  
555 districts. The funds so allocated shall be used only for such  
556 purposes as are authorized by law.

557       **[With regard to any county which is required to operate on a**  
558 **countywide system of road administration as described in Section**  
559 **19-2-3, this section shall read as follows:]**

560       27-25-705. All taxes herein levied and collected by the  
561 State Tax Commission shall be paid into the State Treasury on the  
562 same day in which such taxes are collected. The commissioner  
563 shall apportion all such tax collections to the state and to the  
564 county in which the gas was produced, in the proportion of  
565 sixty-six and two-thirds percent (66-2/3%) to the state and  
566 thirty-three and one-third percent (33-1/3%) to the county. \* \* \*  
567 However, when the price of the gas subject to the tax levied in  
568 this article is increased, such increase is subject to approval by  
569 a federal regulatory board or commission, and when the interest  
570 owner and producer of the gas so requests, the State Treasurer  
571 is \* \* \* authorized to hold the severance tax collected on the  
572 price increase in escrow until such time as the price increase or  
573 a portion thereof is finally granted or approved. The severance  
574 tax thus held in escrow shall be deposited by the State Treasurer  
575 to an account in a state depository to be invested in an  
576 interest-bearing account in the manner provided by law. When the  
577 price increase in question or a portion thereof is granted or  
578 approved, the commissioner shall compute the correct severance tax  
579 due on such increase and certify the amount of tax thus computed.

580       This amount and interest earned from the depository shall be  
581 distributed to the General Fund and to the county or counties  
582 proportionately as herein provided. The balance, if any, of the  
583 tax and interest held in escrow on the price increase shall be

584 returned to the taxpayer.

585       The state's share of all gas severance taxes collected  
586 pursuant to this section shall be deposited as provided for in  
587 Section 27-25-506.

588       The commissioner shall certify at the end of each month the  
589 apportionment to each county to the State Treasurer, who shall  
590 remit the county's share of said funds on or before the twentieth  
591 day of the month next succeeding the month in which such  
592 collections were made for division among the municipalities and  
593 taxing districts of the county. The commissioner shall submit a  
594 report to the State Treasurer for distribution to each county  
595 receiving such funds showing from whom said tax and interest, if  
596 any, were collected. Upon receipt of said funds, the board of  
597 supervisors of the county shall allocate the same to the  
598 municipalities and to the various maintenance and bond and  
599 interest funds of the county and school districts, as hereinafter  
600 provided.

601       When there shall be any gas producing properties within the  
602 corporate limits of any municipality, then such municipality shall  
603 participate in the division of the tax and interest, if any,  
604 returned to the county in which the municipality is located in the  
605 proportion which the tax on production of gas from properties  
606 located within the municipal corporate limits bears to the tax on  
607 total production of gas in the county. In no event, however,  
608 shall the amount allocated to the municipalities exceed one-third  
609 (1/3) of the tax and interest produced in the municipality and  
610 returned to the county. Any amount received by any municipality  
611 as a result of the allocation herein provided shall be used for  
612 such purposes as are authorized by law.

613       The balance remaining of any funds returned to the county  
614 after the allocation to municipalities shall be divided among the  
615 various maintenance and bond and interest funds of the county and  
616 school districts, in the discretion of the board of supervisors,  
617 and such board shall make the division in consideration of the  
618 needs of the various taxing districts. The funds so allocated

shall be used only for such purposes as are authorized by law.

**SECTION 13.** Section 27-25-707, Mississippi Code of 1972, is amended as follows:

27-25-707. (1) The tax hereby imposed is levied upon the interest owners of such gas in the proportion of their ownership at the time of severance, but, except as otherwise herein provided, may be paid by the person in charge of the production operations, who, in such case, shall deduct from any amount due to interest owners of such production at the time of severance the proportionate amount of the tax herein levied before making payments to such interest owners. The tax shall become due and payable as provided by this article and \* \* \* shall constitute a first lien upon the property from which the gas was produced. In the event the person in charge of production operations fails to pay the tax, then the commissioner shall proceed against the interest owner to collect the tax in accordance with the provisions made for the collection of delinquent taxes by the Mississippi Sales Tax Law.

(2) When any person in charge of the production operations shall sell the gas produced by him to any person under contracts requiring such purchaser to pay all owners of such gas direct, then the person in charge of the production operations may not be required to deduct the tax herein levied, but in which event such deduction shall be made by the purchaser before making payments to each interest owner of such gas. \* \* \* The purchaser in that case shall account for the tax; provided that nothing herein shall be construed as releasing the person in charge of production operations from liability for the payment of said tax.

(3) When any person in charge of production operations shall sell gas produced by him on the open market, he shall withhold the tax imposed by this article, and if he is required to pay other interest holders, is hereby authorized, empowered and required to deduct from any amount due them, the amount of tax levied and due under the provisions of this article before making payment to them.

(4) Every person in charge of production operations by which gas is severed from the soil or water in this state, who fails to deduct and withhold, as required herein, the amount of tax from sale or purchase price, when such gas is sold or purchased under contract or agreement, or on the open market, or otherwise, shall be liable to the state for the full amount of taxes, interest, and penalties which should have been deducted, withheld and remitted to the state. \* \* \* The commissioner shall proceed to collect the tax from the person in charge of production operations, under the provisions of this article, as if he were the interest owner of the gas.

**SECTION 14.** Section 27-25-709, Mississippi Code of 1972, is amended as follows:

27-25-709. When the title to any gas being severed from the soil, or water, is in dispute, or whenever the producer or interest owner of such gas from the soil, or water, or purchaser thereof, shall be withholding payments on account of litigation, or for any other reason, such producer, interest owner, or purchaser shall deduct from the gross amount thus held the amount of the tax herein levied and imposed, and to make remittance thereof to the commissioner as provided by this article.

**SECTION 15.** Section 27-25-711, Mississippi Code of 1972, is amended as follows:

27-25-711. Every interest owner, producer or person in charge of production operations by which gas is severed from the soil, or water, in this state, when making the reports required by this article, shall file with the commissioner a statement, under oath, on forms prescribed by him, of the business conducted by such producer or person in charge of production operations, during the period for which the report is made, showing gross quantity of gas and the value thereof, so severed or produced, and such other reasonable and necessary information pertaining thereto as the commissioner may require for the proper enforcement of the provisions of this article.

**SECTION 16.** Section 27-25-715, Mississippi Code of 1972, is

689 amended as follows:

690       27-25-715. The commissioner shall have the power to require  
691 any interest owner, producer or person in charge of production  
692 operations, or person purchasing any gas from the soil, or water,  
693 to furnish any additional information by him deemed to be  
694 necessary for the purpose of computing the amount of said tax; and  
695 for said purpose to examine the meter and other charts, books,  
696 records, and all files of such person; and, to that end, the  
697 commissioner shall have the power to examine witnesses, and if any  
698 such witness shall fail or refuse to appear at the request of the  
699 commissioner, or refuse access to books, records and files, said  
700 commissioner shall have the power and authority to proceed as  
701 provided by the Mississippi Sales Tax Law.

702       **SECTION 17.** Section 27-25-719, Mississippi Code of 1972, is  
703 amended as follows:

704       27-25-719. Every person who is an interest owner of gas, or  
705 who is engaged in the business of producing or purchasing any gas  
706 in this state, or who is in charge of production operations, and  
707 who is required to pay the tax imposed by this article, shall make  
708 and keep, for a period of three (3) years, a complete and accurate  
709 record, in the form required by the commissioner showing the gross  
710 quantity of gas produced and value of same, the names of the  
711 persons from whom purchased, and the time of purchase.

712       **SECTION 18.** Section 27-25-721, Mississippi Code of 1972, is  
713 amended as follows:

714       **[Until July 1, 2004, this section shall read as follows:]**

715       27-25-721. (1) All gas and carbon dioxide produced or under  
716 the ground on producing properties within the State of Mississippi  
717 and all producing gas or carbon dioxide equipment, including  
718 wells, connections, pumps, derricks and other appurtenances  
719 actually owned by and belonging to the producer, and all leases in  
720 production, including mineral rights in producing properties,  
721 shall be exempt from all ad valorem taxes now levied or hereafter  
722 levied by the State of Mississippi, or any other taxing district  
723 within this state. This exemption shall not apply to drilling

equipment, including derricks, machinery, and other materials necessary to drilling, nor to gas or carbon dioxide gathering systems, nor to the surface of lands leased for gas or carbon dioxide production or upon which gas or carbon dioxide producing properties are situated, but all such drilling equipment, gathering systems, and lands shall be assessed as are other properties and shall be subject to ad valorem tax. However, no additional assessment shall be added to the surface value of such lands by reason of the presence of gas or carbon dioxide thereunder or its production therefrom. The exemption herein granted shall apply to all ad valorem taxes levied in the year 1948 and each year thereafter.

(2) The exemption from ad valorem taxes granted in this section shall not apply to the percentage of ad valorem taxes that the owner or holder of a nonproducing gas interest in real estate, which is owned or held separately and apart from and independently of the rights owned in the surface of such real estate, must pay on the land under which the gas interest is located, under the provisions of Section 28 of House Bill No. 771, 2003 Regular Session.

**[From and after July 1, 2004, this section shall read as follows:]**

27-25-721. (1) All gas produced or under the ground on producing properties within the State of Mississippi and all producing gas equipment, including wells, connections, pumps, derricks and other appurtenances actually owned by and belonging to the producer, and all leases in production, including mineral rights in producing properties, shall be exempt from all ad valorem taxes now levied or hereafter levied by the State of Mississippi, or any other taxing district within this state. This exemption shall not apply to drilling equipment, including derricks, machinery, and other materials necessary to drilling, nor to gas gathering systems, nor to the surface of lands leased for gas production or upon which gas producing properties are situated, but all such drilling equipment, gathering systems, and

lands shall be assessed as are other properties and shall be subject to ad valorem tax. However, no additional assessment shall be added to the surface value of such lands by reason of the presence of gas thereunder or its production therefrom. The exemption herein granted shall apply to all ad valorem taxes levied in the year 1948 and each year thereafter.

(2) The exemption from ad valorem taxes granted in this section shall not apply to the percentage of ad valorem taxes that the owner or holder of a nonproducing gas interest in real estate, which is owned or held separately and apart from and independently of the rights owned in the surface of such real estate, must pay on the land under which the gas interest is located, under the provisions of Section 28 of House Bill No. 771, 2003 Regular Session.

**SECTION 19.** Section 27-25-303, Mississippi Code of 1972, is amended as follows:

27-25-303. The words, terms and phrases used in this article shall have the meanings ascribed to them herein.

(a) "Tax Commission" means the Tax Commission of the State of Mississippi.

(b) "Commissioner" means the Chairman of the State Tax Commission.

(c) "Person" means and includes any individual, firm, copartnership, joint venture, association, corporation, estate, trust or other group or combination acting as a unit, and includes the plural as well as the singular in number.

(d) "Taxpayer" means any person liable for or having paid any tax to the State of Mississippi under the provisions of this article.

(e) "Producer" means any person who produces or severs or who is responsible for the production of salt from the earth or water for sale, profit or commercial use.

(f) "Production" means the total amount or quantity of marketable salt produced by whatever measurement used.

(g) "Value" means and includes the purchase price or

royalty, cost, and any other expense as determined by generally accepted accounting principles of underground mining and handling of production to the point where processing begins.

(h) "Processing" means an activity of an industrial or commercial nature wherein labor or skill is applied, by hand or machinery, to raw materials so that a more useful product or substance of trade or commerce is produced for sale.

(i) "Engaging in business" means any act or acts engaged in by producers, or parties at interest which results in the production of salt from the soil or water, for storage, transport or further processing.

(j) "Salt" means a substance which is chemically classified as sodium chloride.

(k) "Interest owner" means any person owning any royalty or other interest in salt or its value.

**SECTION 20.** Section 27-25-305, Mississippi Code of 1972, is amended as follows:

27-25-305. There is \* \* \* levied and assessed, and shall be collected by the commissioner, privilege taxes upon every interest owner who is mining, severing or otherwise producing salt or causing it to be produced in this state, for sale, profit or commercial use. The amount of such tax shall be three percent (3%) of the value of the entire production in this state.

The tax is \* \* \* levied upon the entire production in this state, regardless of whether the interest owner resides in this state, regardless of the place of sale, or regardless of the fact that delivery may be made to points outside the state, and the tax shall accrue at the time such salt is severed from the soil or water, and in its natural, unrefined or unprocessed state.

The tax levied hereunder shall be a lien upon all products produced within this state and such lien shall be entitled to preference over all judgments, executions, encumbrances or liens whensoever created.

**SECTION 21.** Section 27-25-307, Mississippi Code of 1972, is amended as follows:



27-25-307. (1) All salt under the ground or salt produced or processed on producing properties and owned by the producer and all leases in production, including mineral rights in producing properties, shall be exempt from all ad valorem taxes now levied or hereafter levied by the State of Mississippi, or any county, or any other taxing district within this state.

(2) The exemption from ad valorem taxes granted in this section shall not apply to the percentage of ad valorem taxes that the owner or holder of a nonproducing salt interest in real estate, which is owned or held separately and apart from and independently of the rights owned in the surface of such real estate, must pay on the land under which the salt interest is located, pursuant to the provisions of Section 28 House Bill No. 771, 2003 Regular Session.

**SECTION 22.** Section 27-25-309, Mississippi Code of 1972, is amended as follows:

27-25-309. Every person who is an interest owner of salt or who is engaged in the business of producing salt in this state, or who is in charge of production operations, and who is required to pay the tax imposed by this article, shall make and keep, for a period of three (3) years, a complete and accurate record to substantiate all taxes accrued hereunder, showing the gross quantity of salt produced and the value of same, the names of the person or persons from whom purchased and the county in which located. All records shall be subject to examination by the commissioner.

The commissioner may promulgate such rules and regulations not inconsistent with this article and the Mississippi Sales Tax Law for keeping records, making returns and for the ascertainment, assessment and collection of the tax imposed hereunder as he may deem necessary to enforce its provisions.

**SECTION 23.** Section 27-31-73, Mississippi Code of 1972, is amended as follows:

27-31-73. (1) To encourage the purchase of leases upon and interests in oil, gas and other minerals in the State of

Mississippi, to encourage drilling for and production of such minerals, and to relieve the taxing officials of the counties of the state of the onerous duties of assessment for, collection of and sale for ad valorem taxes for such interests (which the Legislature finds are generally assessed at nominal values resulting in taxes not commensurate with the services required of such officers), all nonproducing leasehold interests upon all oil, gas and other minerals in, on or under lands lying within the State of Mississippi, created or assigned after the effective date of Sections 27-31-71 through 27-31-87, and also all nonproducing interests in such oil, gas and other minerals (including royalty interests therein) hereafter conveyed to a grantee or purchaser or excepted or reserved to a grantor separately and apart from the surface, shall be exempt from all ad valorem taxes levied on or after January 1, 1947, by the State of Mississippi, or any county, municipality, levee district, road district, school district, drainage district or other taxing district within the state or becoming a lien on or after said date. Any sale for taxes of the surface or of the remainder of the fee shall not in any manner whatsoever affect the interest or interests \* \* \* exempted.

(2) For the same purpose \* \* \* there is \* \* \* likewise exempted from such ad valorem taxation all such interests created prior to the passage of Sections 27-31-71 through 27-31-87 which are owned separately and apart from the surface, provided that as a condition precedent to obtaining such exemption upon existing interests the then owner thereof shall make application for exemption of the interest then owned by him as hereinafter provided and pay, by the purchase of documentary tax stamps, a sum equivalent to the tax herein levied by Section 27-31-77 on instruments hereafter executed creating, transferring or reserving corresponding or similar interests. If any such sum is paid after January 1, 1947, then such exemption shall apply only to taxes becoming a lien after such sum is thus paid.

(3) The exemption from ad valorem taxes granted in this section shall not apply to the percentage of ad valorem taxes that

899 the owner or holder of a nonproducing oil, gas or other mineral  
900 interest in real estate, which is owned or held separately and  
901 apart from and independently of the rights owned in the surface of  
902 such real estate, must pay on the land under which the oil, gas or  
903 other mineral interest is located, pursuant to the provisions of  
904 Section 28 of House Bill No. 771, 2003 Regular Session.

905       **SECTION 24.** Section 27-35-51, Mississippi Code of 1972, is  
906 amended as follows:

907       27-35-51. Whenever any buildings, improvements or  
908 structures, mineral, gas, oil, timber or similar interests in real  
909 estate, including building permits or reservations, are owned  
910 separately and apart from and independently of the rights and  
911 interests owned in the surface of such real estate, or when any  
912 person reserves any right or interest, or has any leasehold in the  
913 elements above enumerated, all of such interests shall be assessed  
914 and taxed separately from such surface rights and interests in  
915 said real estate, and shall be sold for taxes in the same manner  
916 and with the same effect as other interests in real estate are  
917 sold for taxes. Whenever the owner or holder of any separately  
918 owned or held nonproducing oil, gas or other mineral interest does  
919 not pay the percentage of ad valorem taxes that he or she is  
920 required to pay on the surface of the land under which the oil,  
921 gas or other mineral interest is located, the provisions of  
922 Section 28 of House Bill No. 771, 2003 Regular Session, apply.

923 All interests in real estate herein enumerated shall be returned  
924 to the tax assessor within the same time and in the same manner as  
925 the owners of land are now required by law to list lands for  
926 assessment and taxation and under like penalties. The tax  
927 assessor shall enter the assessment of the interests herein  
928 enumerated upon the assessment roll by entering the same upon the  
929 next succeeding line or lines of the roll following the assessment  
930 of the surface owner, the name of the owner and the name of the  
931 interest, and by placing the value in the appropriate column or  
932 columns on the roll; or the assessor may enter the assessment of  
933 any or all of such interests upon a page or pages in the land roll

following the assessment of the lands of the county, and the value of all such interests shall be included in the recapitulation of the roll. And the value of said interest or interests shall be determined and fixed in the same manner and by the same officials now required by law to value and assess property for taxation.

**SECTION 25.** Section 27-31-1, Mississippi Code of 1972, is amended as follows:

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

(a) All cemeteries used exclusively for burial purposes.

(b) All property, real or personal, belonging to the State of Mississippi or any of its political subdivisions, except property of a municipality not being used for a proper municipal purpose and located outside the county or counties in which such municipality is located. A proper municipal purpose within the meaning of this section shall be any authorized governmental or corporate function of a municipality.

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

(d) All property, real or personal, belonging to any religious society, or ecclesiastical body, or any congregation thereof, or to any charitable society, or to any historical or patriotic association or society, or to any garden or pilgrimage club or association and used exclusively for such society or association and not for profit; not exceeding, however, the amount of land which such association or society may own as provided in Section 79-11-33. All property, real or personal, belonging to any rural waterworks system or rural sewage disposal system incorporated under the provisions of Section 79-11-1. All property, real or personal, belonging to any college or institution for the education of youths, used directly and exclusively for such purposes, provided that no such college or

institution for the education of youths shall have exempt from taxation more than six hundred forty (640) acres of land; provided, however, this exemption shall not apply to commercial schools and colleges or trade institutions or schools where the profits of same inure to individuals, associations or corporations. All property, real or personal, belonging to an individual, institution or corporation and used for the operation of a grammar school, junior high school, high school or military school. All property, real or personal, owned and occupied by a fraternal and benevolent organization, when used by such organization, and from which no rentals or other profits accrue to the organization, but any part rented or from which revenue is received shall be taxed.

(e) All property, real or personal, held and occupied by trustees of public schools, and school lands of the respective townships for the use of public schools, and all property kept in storage for the convenience and benefit of the State of Mississippi in warehouses owned or leased by the State of Mississippi, wherein said property is to be sold by the Alcoholic Beverage Control Division of the State Tax Commission of the State of Mississippi.

(f) All property, real or personal, whether belonging to religious or charitable or benevolent organizations, which is used for hospital purposes, and nurses' homes where a part thereof, and which maintain one or more charity wards that are for charity patients, and where all the income from said hospitals and nurses' homes is used entirely for the purposes thereof and no part of the same for profit.

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

(h) Provisions on hand for family consumption.

(i) All farm products grown in this state for a period of two (2) years after they are harvested, when in the possession of or the title to which is in the producer, except the tax of

1004 one-fifth of one percent (1/5 of 1%) per pound on lint cotton now  
1005 levied by the Board of Commissioners of the Mississippi Levee  
1006 District; and lint cotton for five (5) years, and cottonseed,  
1007 soybeans, oats, rice and wheat for one (1) year regardless of  
1008 ownership.

1009 (j) All guns and pistols kept by the owner for private  
1010 use.

1011 (k) All poultry in the hands of the producer.

1012 (l) Household furniture, including all articles kept in  
1013 the home by the owner for his own personal or family use; but this  
1014 shall not apply to hotels, rooming houses or rented or leased  
1015 apartments.

1016 (m) All cattle and oxen.

1017 (n) All sheep, goats and hogs.

1018 (o) All horses, mules and asses.

1019 (p) Farming tools, implements and machinery, when used  
1020 exclusively in the cultivation or harvesting of crops or timber.

1021 (q) All property of agricultural and mechanical  
1022 associations and fairs used for promoting their objects, and where  
1023 no part of the proceeds is used for profit.

1024 (r) The libraries of all persons.

1025 (s) All pictures and works of art, not kept for or  
1026 offered for sale as merchandise.

1027 (t) The tools of any mechanic necessary for carrying on  
1028 his trade.

1029 (u) All state, county, municipal, levee, drainage and  
1030 all school bonds or other governmental obligations, and all bonds  
1031 and/or evidences of debts issued by any church or church  
1032 organization in this state, and all notes and evidences of  
1033 indebtedness which bear a rate of interest not greater than the  
1034 maximum rate per annum applicable under the law; and all money  
1035 loaned at a rate of interest not exceeding the maximum rate per  
1036 annum applicable under the law; and all stock in or bonds of  
1037 foreign corporations or associations shall be exempt from all ad  
1038 valorem taxes.

1039           (v) All lands and other property situated or located  
1040 between the Mississippi River and the levee shall be exempt from  
1041 the payment of any and all road taxes levied or assessed under any  
1042 road laws of this state.

1043           (w) Any and all money on deposit in either national  
1044 banks, state banks or trust companies, on open account, savings  
1045 account or time deposit.

1046           (x) All wagons, carts, drays, carriages and other horse  
1047 drawn vehicles, kept for the use of the owner.

1048           (y) (1) Boats, seines and fishing equipment used in  
1049 fishing and shrimping operations and in the taking or catching of  
1050 oysters.

1051           (2) All towboats, tugboats and barges documented  
1052 under the laws of the United States, except watercraft of every  
1053 kind and character used in connection with gaming operations.

1054           (z) All materials used in the construction and/or  
1055 conversion of vessels in this state; vessels while under  
1056 construction and/or conversion; vessels while in the possession of  
1057 the manufacturer, builder or converter, for a period of twelve  
1058 (12) months after completion of construction and/or conversion,  
1059 and as used herein the term "vessel" shall include ships, offshore  
1060 drilling equipment, dry docks, boats and barges, except watercraft  
1061 of every kind and character used in connection with gaming  
1062 operations.

1063           (aa) Sixty-six and two-thirds percent (66-2/3%) of  
1064 nuclear fuel and reprocessed, recycled or residual nuclear fuel  
1065 by-products, fissionable or otherwise, used or to be used in  
1066 generation of electricity by persons defined as public utilities  
1067 in Section 77-3-3.

1068           (bb) All growing nursery stock.

1069           (cc) A semitrailer used in interstate commerce.

1070           (dd) All property, real or personal, used exclusively  
1071 for the housing of and provision of services to elderly persons,  
1072 disabled persons, mentally impaired persons or as a nursing home,  
1073 which is owned, operated and managed by a not-for-profit

corporation, qualified under Section 501(c)(3) of the Internal 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, 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 subsection shall not be construed to authorize a breach of any agreement entered into pursuant to Section 21-1-59.

(hh) (i) Whenever any nonproducing oil, gas or other mineral interest in real estate is owned separately and apart from and independently of the rights owned in the surface of such real



estate, or when any person reserves any right or interest or has any leasehold in any of the elements listed in this subparagraph (i), the owner of the surface estate shall be exempt from paying ten percent (10%) of the ad valorem taxes otherwise due on the real estate if the surface owner has complied with the provisions of subparagraph (ii) of this paragraph.

(ii) It shall be the duty of every person who is eligible for and desires the exemption provided for in this paragraph (hh) to provide to the tax assessor on or before the first day of April each year, for the tax assessor's review and approval, an attorney's title opinion covering the person's real estate reflecting the ownership or reservation of any of the type interests listed in subparagraph (i) of this paragraph (hh). The title opinion shall reflect the name and address of the owner(s) or holder(s) of such interest, the percentage of the interest owned or held and the duration of the interest. The attorney providing the title opinion must have been licensed to practice law in the State of Mississippi for at least two (2) years and must have professional liability insurance.

(iii) If a person who is eligible for and desires the exemption provided for in this paragraph (hh) fails to comply with the requirements of subparagraph (ii) of this paragraph (hh), that person shall not be granted such exemption and shall be liable for the full amount of the ad valorem taxes otherwise due on the real estate.

**SECTION 26.** Section 27-41-79, Mississippi Code of 1972, is amended as follows:

27-41-79. The tax collector shall on or before the second Monday of May and on or before the second Monday of October of each year, transmit to the clerk of the chancery court of the county separate certified lists of the lands struck off by him to the state and that sold to individuals, specifying to whom assessed, the date of sale, the amount of taxes for which sale was made, and each item of cost incident thereto, and where sold to individuals, the name of the purchaser, such sale to be separately

recorded by the clerk in a book kept by him for that purpose. The tax collector shall also transmit to the clerk of the chancery court of the county separate lists of any nonproducing oil, gas or other mineral interests in real estate which are sold to persons for nonpayment of taxes or which are offered for sale and, because no person bids the whole amount of taxes and costs incident to the sale of such interest, revert to the owners of the surface estate under which such mineral interests are located. All such lists (except lists of nonproducing mineral interests that reverted to the owners of the surface estate under which such mineral interests are located) shall vest in the state or in the individual purchaser thereof a perfect title to the land or mineral interest, or both, sold for taxes, but without the right of possession for the period of and subject to the right of redemption. Lists of nonproducing mineral interests that reverted to the owners of the surface estate under which such mineral interests are located shall vest in such surface owners a perfect title to the mineral interests, not subject to the right of redemption. A failure to transmit or record a list or a defective list shall not affect or render the title void. If the tax collector or clerk shall fail to perform the duties herein prescribed, he shall be liable to the party injured by such default in the penal sum of Twenty-five Dollars (\$25.00), and also on his official bond for the actual damage sustained. The lists hereinabove provided shall, when filed with the clerk, be notice to all persons in the same manner as are deeds when filed for record. The lists of lands hereinabove referred to shall be filed by the tax collector in May for sales made in April and in October for sales made in September, respectively.

**SECTION 27.** Section 27-41-81, Mississippi Code of 1972, is amended as follows:

27-41-81. The tax collector shall on or before the first Monday of June transmit to the clerk of the chancery court of the county separate certified lists of the lands struck off by him to the state and that sold to individuals, specifying to whom

assessed, the day of the sale, the amount of taxes for which the sale was made and each item of cost incidental thereto, and, where sold to individuals, the name of the purchaser, to be separately recorded by the clerk in books kept by him for that purpose. The tax collector shall also transmit to the clerk of the chancery court of the county separate lists of any nonproducing oil, gas or other mineral interests in real estate which are sold to persons for nonpayment of taxes or which are offered for sale and, because no person bids the whole amount of taxes and costs incident to the sale of such interest, revert to the owners of the surface estate under which such mineral interests are located. The \* \* \* lists shall (except lists of nonproducing mineral interests that reverted to the owners of the surface estate under which such mineral interests are located) vest in the state or the individual purchaser thereof a perfect title to the land or mineral interest, or both, sold for taxes, but without the right of possession and subject to the right of redemption. Lists of nonproducing mineral interests that reverted to the owners of the surface estate under which such mineral interests are located shall vest in such surface owners a perfect title to the mineral interests, not subject to the right of redemption. A failure to transmit or record a list, or a defective list, shall not affect or render the title void. If the tax collector or clerk shall fail to perform the duties herein prescribed, he shall be liable to the party injured by such default in the penal sum of Twenty-five Dollars (\$25.00), and also on his bond for the actual damages sustained.

The list hereinabove provided shall, when filed with the clerk, be notice to all persons in the same manner as are deeds when filed for record.

**SECTION 28.** (1) Except as otherwise provided in subsection (2) of this section, the owner(s) or holder(s) of any nonproducing oil, gas or other mineral interest in real estate, which is owned or held separately and apart from and independently of the rights owned in the surface of such real estate, shall pay a percentage of the ad valorem taxes due on the land, as provided in this

subsection. The owner(s) or holder(s) of all of the interests described in the preceding sentence collectively shall pay a total of ten percent (10%) of the ad valorem taxes due on the land under which the interests are located, and each individual owner or holder of any of the interests shall pay a prorated portion of the ten percent (10%) based on his or her percentage of ownership of the collective total of all oil, gas or other mineral interests that are nonproducing and owned separately and apart from and independently of the rights owned in the surface of the real estate. The percentage of ad valorem taxes which the owner(s) or holder(s) of any of the interests described in the first sentence of this subsection must pay shall be due and payable at the same time and in the same manner as the ad valorem taxes due on the land.

(2) If the owner of the surface estate under which any separately owned or held, nonproducing oil, gas or other mineral interest is located fails to comply with the requirements of Section 27-31-1(hh)(ii), he or she shall be liable for the full amount of the ad valorem taxes otherwise due on the real estate, and the owner(s) or holder(s) of any of the interests described in the first sentence of subsection (1) shall not be liable for any percentage of the ad valorem taxes due on the real estate.

**SECTION 29.** (1) If the owner or holder of any nonproducing oil, gas or other mineral interest in real estate, which is owned or held separately and apart from and independently of the rights owned in the surface of such real estate, does not pay the percentage of ad valorem taxes that he or she is required to pay on the surface of the land under which the oil, gas or mineral interest is located, the nonproducing, separately owned or held mineral interest shall be sold in the same manner and in accordance with the same procedure as prescribed by law for the sale of lands for nonpayment of taxes.

(2) In addition to the parties which the chancery clerk is required to provide with notice of a tax sale pursuant to Section 27-43-1 et seq., the chancery clerk shall provide notice to the

owner of the surface estate under which the separately owned or held, nonproducing oil, gas or other mineral interest sold for nonpayment of taxes is located that such interest was sold for taxes. In addition to the owner or holder of the oil, gas or other mineral interest sold for nonpayment of taxes, or any person for him with his consent or any person interested in the oil, gas or other mineral interest, the owner of the surface estate under which the interest is located shall have the right, secondary only to the preceding parties, to redeem the oil, gas or other mineral interest sold for nonpayment of taxes.

(3) If the owner of the surface estate pays the amount necessary to redeem the oil, gas or mineral interest sold for nonpayment of taxes, the chancery clerk shall notify the owner or holder of the interest sold for nonpayment of taxes that the owner of the surface estate has tendered the amount necessary to redeem the interest from the tax sale, and that such tender of the amount necessary to redeem the interest does not operate to redeem the interest from the tax sale. The chancery clerk shall notify the owner or holder of the oil, gas or other mineral interest sold for nonpayment of taxes that if such owner or holder, or any persons for him with his consent, or any person interested in the oil, gas or other mineral interest does not redeem the interest before the expiration of the time of redemption, title to the oil, gas or other mineral interest shall vest in the owner of the surface estate who tendered the amount necessary to redeem the interest from the tax sale. If the owner or holder of the oil, gas or other mineral interest does not redeem the interest from the tax sale before the expiration of the redemption period, after being notified by the chancery clerk in accordance with the provisions of this section, title to the interest shall vest in the owner of the surface estate who tendered the amount necessary to redeem the interest from the tax sale, and the chancery clerk shall execute a deed of conveyance to such owner of the surface estate.

(4) If any such nonproducing oil, gas or other mineral interest in real estate of a delinquent taxpayer is offered for

1284 sale, and no person bids the whole amount of taxes and costs  
1285 incident to the sale of the mineral interest, such mineral  
1286 interest shall revert to the owner of the surface estate under  
1287 which the mineral interest is located. The owner of the surface  
1288 estate to whom such mineral interest reverts shall be liable,  
1289 beginning with the next year of tax liability, for the amount of  
1290 delinquent taxes for which the mineral interest was offered for  
1291 sale and for his prorated portion of the collective ten percent  
1292 (10%) of ad valorem taxes due on the land as provided in Section  
1293 28 of this act.

1294 **SECTION 30.** This act shall apply to any nonproducing oil,  
1295 gas or other mineral interest in real estate which is owned or  
1296 held separate and apart from and independently of the rights owned  
1297 in the surface of such real estate, regardless of whether such  
1298 interest was created or became nonproducing before or after the  
1299 effective date of this act.

1300 **AMEND FURTHER** the title to conform.