By: Senator(s) Robertson

To: Finance

SENATE BILL NO. 2785

AN ACT TO AMEND SECTIONS 27-65-18 AND 27-65-93, MISSISSIPPI CODE OF 1972, TO CLARIFY THE USE OF SALES TAX DIRECT PAY PERMITS BY THE OWNERS OF CERTAIN FLOATING STRUCTURES; AND FOR RELATED PURPOSES.

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

SECTION 1. Section 27-65-18, Mississippi Code of 1972, is amended as follows:

27-65-18. (1) There is levied, assessed and shall be collected a tax of three and one-half percent (3-1/2%) upon the gross proceeds of sales or gross receipts of sales of every person engaging or continuing within this state in the business of selling any tangible personal property or performing any construction activity upon any floating structure that is normally moored and not normally engaged in the business of transporting people or property, and that is located in the waters within the State of Mississippi. Such structures include, but are not limited to, casinos, floating restaurants, floating hotels and similar property, regardless of whether the property is self-propelled. The tax imposed under this subsection (1) shall not apply to tangible personal property that is not a component part of the structure.

(2) If the owner of a structure described in subsection (1) of this section holds a direct pay permit issued by the State Tax Commission under Section 27-65-93, <u>the</u> owner <u>shall furnish</u> the permit to the seller or person performing the construction activity <u>unless the holder of the direct pay permit is given written instructions or written authority to do otherwise by the commissioner.</u> *** <u>After being furnished the direct pay permit,</u>

the seller or person performing the construction activity shall be relieved of the duty to collect the tax imposed under subsection (1) of this section. The commissioner may assign a distinctive number to a structure and issue the distinctive number to the owner. The owner of the structure may furnish the distinctive number to persons performing construction activity in order to allow such persons to purchase component materials and parts for use in the construction activity without the requirement of paying sales tax on the purchases.

SECTION 2. Section 27-65-93, Mississippi Code of 1972, is amended as follows:

27-65-93. The commissioner shall, from time to time, promulgate rules and regulations, not inconsistent with the provisions of the sales tax law, for making returns and for the ascertainment, assessment and collection of the tax imposed by the sales tax law as he may deem necessary to enforce its provisions; and, upon request, he shall furnish any taxpayer with a copy of the rules and regulations.

All forms, necessary for the enforcement of the sales tax law, shall be prescribed, printed and furnished by the commissioner.

The commissioner may adopt rules and regulations providing for the issuance of permits to manufacturers, utilities, construction contractors, companies receiving bond financing through the Mississippi Business Finance Corporation or the Mississippi Development Authority, and other taxpayers as determined by the commissioner to purchase tangible personal property taxed under Section 27-65-17, items taxed under Section 27-65-18 and services taxed under Section 27-65-23 without the payment to the vendor of the tax imposed by the sales and use tax laws, and providing for *** * *** persons to report and pay the tax directly to the commissioner in instances where the commissioner determines that these provisions will facilitate and expedite the collection of the tax at the proper rates which may be due on *** * *** purchases by the permittee. Under the provisions of this chapter, the vendor is relieved of collecting and remitting the taxes specified hereunder and the person holding the permit shall become liable for such taxes instead of the seller. The full enforcement provisions of the sales tax law shall apply in the collection of the tax from the permittee.

SECTION 3. This act shall take effect and be in force from and after July 1, 2004.

ST: Sales tax; clarify use of direct pay permits by casinos.