

By: Senator(s) Robertson

To: Finance

SENATE BILL NO. 3177  
(As Sent to Governor)

1 AN ACT TO AMEND SECTION 27-31-1, MISSISSIPPI CODE OF 1972, TO  
2 EXEMPT FROM AD VALOREM TAXATION THE PROPERTY CERTAIN MISSISSIPPI  
3 NONPROFIT ENTITIES THAT OPERATE CERTAIN TECHNOLOGY INCUBATORS AND  
4 THE PROPERTY OF CERTAIN START-UP COMPANIES THAT ARE TENANTS OF  
5 SUCH INCUBATORS; TO AMEND SECTION 27-65-111, MISSISSIPPI CODE OF  
6 1972, TO EXEMPT FROM SALES TAXATION SALES OF TANGIBLE PERSONAL  
7 PROPERTY OR SERVICES TO THE MISSISSIPPI TECHNOLOGY ALLIANCE; AND  
8 FOR RELATED PURPOSES.

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

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

12 27-31-1. The following shall be exempt from taxation:

13 (a) All cemeteries used exclusively for burial  
14 purposes.

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

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

27 (d) All property, real or personal, belonging to any  
28 religious society, or ecclesiastical body, or any congregation  
29 thereof, or to any charitable society, or to any historical or  
30 patriotic association or society, or to any garden or pilgrimage

31 club or association and used exclusively for such society or  
32 association and not for profit; not exceeding, however, the amount  
33 of land which such association or society may own as provided in  
34 Section 79-11-33. All property, real or personal, belonging to  
35 any rural waterworks system or rural sewage disposal system  
36 incorporated under the provisions of Section 79-11-1. All  
37 property, real or personal, belonging to any college or  
38 institution for the education of youths, used directly and  
39 exclusively for such purposes, provided that no such college or  
40 institution for the education of youths shall have exempt from  
41 taxation more than six hundred forty (640) acres of land;  
42 provided, however, this exemption shall not apply to commercial  
43 schools and colleges or trade institutions or schools where the  
44 profits of same inure to individuals, associations or  
45 corporations. All property, real or personal, belonging to an  
46 individual, institution or corporation and used for the operation  
47 of a grammar school, junior high school, high school or military  
48 school. All property, real or personal, owned and occupied by a  
49 fraternal and benevolent organization, when used by such  
50 organization, and from which no rentals or other profits accrue to  
51 the organization, but any part rented or from which revenue is  
52 received shall be taxed.

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

61 (f) All property, real or personal, whether belonging  
62 to religious or charitable or benevolent organizations, which is  
63 used for hospital purposes, and nurses' homes where a part

64 thereof, and which maintain one or more charity wards that are for  
65 charity patients, and where all the income from said hospitals and  
66 nurses' homes is used entirely for the purposes thereof and no  
67 part of the same for profit.

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

71 (h) Provisions on hand for family consumption.

72 (i) All farm products grown in this state for a period  
73 of two (2) years after they are harvested, when in the possession  
74 of or the title to which is in the producer, except the tax of  
75 one-fifth of one percent (1/5 of 1%) per pound on lint cotton now  
76 levied by the Board of Commissioners of the Mississippi Levee  
77 District; and lint cotton for five (5) years, and cottonseed,  
78 soybeans, oats, rice and wheat for one (1) year regardless of  
79 ownership.

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

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

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

87 (m) All cattle and oxen.

88 (n) All sheep, goats and hogs.

89 (o) All horses, mules and asses.

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

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

95 (r) The libraries of all persons.

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

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

100 (u) All state, county, municipal, levee, drainage and  
101 all school bonds or other governmental obligations, and all bonds  
102 and/or evidences of debts issued by any church or church  
103 organization in this state, and all notes and evidences of  
104 indebtedness which bear a rate of interest not greater than the  
105 maximum rate per annum applicable under the law; and all money  
106 loaned at a rate of interest not exceeding the maximum rate per  
107 annum applicable under the law; and all stock in or bonds of  
108 foreign corporations or associations shall be exempt from all ad  
109 valorem taxes.

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

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

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

119 (y) (1) Boats, seines and fishing equipment used in  
120 fishing and shrimping operations and in the taking or catching of  
121 oysters.

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

125 (z) All materials used in the construction and/or  
126 conversion of vessels in this state; vessels while under  
127 construction and/or conversion; vessels while in the possession of  
128 the manufacturer, builder or converter, for a period of twelve

129 (12) months after completion of construction and/or conversion,  
130 and as used herein the term "vessel" shall include ships, offshore  
131 drilling equipment, dry docks, boats and barges, except watercraft  
132 of every kind and character used in connection with gaming  
133 operations.

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

139 (bb) All growing nursery stock.

140 (cc) A semitrailer used in interstate commerce.

141 (dd) All property, real or personal, used exclusively  
142 for the housing of and provision of services to elderly persons,  
143 disabled persons, mentally impaired persons or as a nursing home,  
144 which is owned, operated and managed by a not-for-profit  
145 corporation, qualified under Section 501(c)(3) of the Internal  
146 Revenue Code, whose membership or governing body is appointed or  
147 confirmed by a religious society or ecclesiastical body or any  
148 congregation thereof.

149 (ee) All vessels while in the hands of bona fide  
150 dealers as merchandise and which are not being operated upon the  
151 waters of this state shall be exempt from ad valorem taxes. As  
152 used in this paragraph, the terms "vessel" and "waters of this  
153 state" shall have the meaning ascribed to such terms in Section  
154 59-21-3.

155 (ff) All property, real or personal, owned by a  
156 nonprofit organization that: (i) is qualified as tax exempt under  
157 Section 501(c)(4) of the Internal Revenue Code of 1986, as  
158 amended; (ii) assists in the implementation of the national  
159 contingency plan or area contingency plan, and which is created in  
160 response to the requirements of Title IV, Subtitle B of the Oil  
161 Pollution Act of 1990, Public Law 101-380; (iii) engages primarily

162 in programs to contain, clean up and otherwise mitigate spills of  
163 oil or other substances occurring in the United States coastal or  
164 tidal waters; and (iv) is used for the purposes of the  
165 organization.

166 (gg) If a municipality changes its boundaries so as to  
167 include within the boundaries of such municipality the project  
168 site of any project as defined in Section 57-75-5(f)(iv)1, all  
169 real and personal property located on the project site within the  
170 boundaries of such municipality that is owned by a business  
171 enterprise operating such project, shall be exempt from ad valorem  
172 taxation for a period of time not to exceed thirty (30) years upon  
173 receiving approval for such exemption by the Mississippi Major  
174 Economic Impact Authority. The provisions of this subsection  
175 shall not be construed to authorize a breach of any agreement  
176 entered into pursuant to Section 21-1-59.

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

194 (hh) shall apply to all assessments for ad valorem taxation for  
195 the 2003 calendar year and each calendar year thereafter.

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

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

213 **SECTION 2.** Section 27-65-111, Mississippi Code of 1972, is  
214 amended as follows:

215 27-65-111. The exemptions from the provisions of this  
216 chapter which are not industrial, agricultural or governmental, or  
217 which do not relate to utilities or taxes, or which are not  
218 properly classified as one of the exemption classifications of  
219 this chapter, shall be confined to persons or property exempted by  
220 this section or by the Constitution of the United States or the  
221 State of Mississippi. No exemptions as now provided by any other  
222 section, except the classified exemption sections of this chapter  
223 set forth herein, shall be valid as against the tax herein levied.  
224 Any subsequent exemption from the tax levied hereunder, except as  
225 indicated above, shall be provided by amendments to this section.

226 No exemption provided in this section shall apply to taxes  
227 levied by Section 27-65-15 or 27-65-21, Mississippi Code of 1972.

228 The tax levied by this chapter shall not apply to the  
229 following:

230 (a) Sales of tangible personal property and services to  
231 hospitals or infirmaries owned and operated by a corporation or  
232 association in which no part of the net earnings inures to the  
233 benefit of any private shareholder, group or individual, and which  
234 are subject to and governed by Sections 41-7-123 through 41-7-127.

235 Only sales of tangible personal property or services which  
236 are ordinary and necessary to the operation of such hospitals and  
237 infirmaries are exempted from tax.

238 (b) Sales of daily or weekly newspapers, and  
239 periodicals or publications of scientific, literary or educational  
240 organizations exempt from federal income taxation under Section  
241 501(c)(3) of the Internal Revenue Code of 1954, as it exists as of  
242 March 31, 1975, and subscription sales of all magazines.

243 (c) Sales of coffins, caskets and other materials used  
244 in the preparation of human bodies for burial.

245 (d) Sales of tangible personal property for immediate  
246 export to a foreign country.

247 (e) Sales of tangible personal property to an  
248 orphanage, old men's or ladies' home, supported wholly or in part  
249 by a religious denomination, fraternal nonprofit organization or  
250 other nonprofit organization.

251 (f) Sales of tangible personal property, labor or  
252 services taxable under Sections 27-65-17, 27-65-19 and 27-65-23,  
253 to a YMCA, YWCA, a Boys' or Girls' Club owned and operated by a  
254 corporation or association in which no part of the net earnings  
255 inures to the benefit of any private shareholder, group or  
256 individual.

257 (g) Sales to elementary and secondary grade schools,  
258 junior and senior colleges owned and operated by a corporation or



259 association in which no part of the net earnings inures to the  
260 benefit of any private shareholder, group or individual, and which  
261 are exempt from state income taxation, provided that this  
262 exemption does not apply to sales of property or services which  
263 are not to be used in the ordinary operation of the school, or  
264 which are to be resold to the students or the public.

265 (h) The gross proceeds of retail sales and the use or  
266 consumption in this state of drugs and medicines:

267 (i) Prescribed for the treatment of a human being  
268 by a person authorized to prescribe the medicines, and dispensed  
269 or prescription filled by a registered pharmacist in accordance  
270 with law; or

271 (ii) Furnished by a licensed physician, surgeon,  
272 dentist or podiatrist to his own patient for treatment of the  
273 patient; or

274 (iii) Furnished by a hospital for treatment of any  
275 person pursuant to the order of a licensed physician, surgeon,  
276 dentist or podiatrist; or

277 (iv) Sold to a licensed physician, surgeon,  
278 podiatrist, dentist or hospital for the treatment of a human  
279 being; or

280 (v) Sold to this state or any political  
281 subdivision or municipal corporation thereof, for use in the  
282 treatment of a human being or furnished for the treatment of a  
283 human being by a medical facility or clinic maintained by this  
284 state or any political subdivision or municipal corporation  
285 thereof.

286 "Medicines," as used in this paragraph (h), shall mean and  
287 include any substance or preparation intended for use by external  
288 or internal application to the human body in the diagnosis, cure,  
289 mitigation, treatment or prevention of disease and which is  
290 commonly recognized as a substance or preparation intended for  
291 such use; provided that "medicines" do not include any auditory,

292 prosthetic, ophthalmic or ocular device or appliance, any dentures  
293 or parts thereof or any artificial limbs or their replacement  
294 parts, articles which are in the nature of splints, bandages,  
295 pads, compresses, supports, dressings, instruments, apparatus,  
296 contrivances, appliances, devices or other mechanical, electronic,  
297 optical or physical equipment or article or the component parts  
298 and accessories thereof, or any alcoholic beverage or any other  
299 drug or medicine not commonly referred to as a prescription drug.

300 Notwithstanding the preceding sentence of this paragraph (h),  
301 "medicines" as used in this paragraph (h), shall mean and include  
302 sutures, whether or not permanently implanted, bone screws, bone  
303 pins, pacemakers and other articles permanently implanted in the  
304 human body to assist the functioning of any natural organ, artery,  
305 vein or limb and which remain or dissolve in the body.

306 "Hospital," as used in this paragraph (h), shall have the  
307 meaning ascribed to it in Section 41-9-3, Mississippi Code of  
308 1972.

309 Insulin furnished by a registered pharmacist to a person for  
310 treatment of diabetes as directed by a physician shall be deemed  
311 to be dispensed on prescription within the meaning of this  
312 paragraph (h).

313 (i) Retail sales of automobiles, trucks and  
314 truck-tractors if exported from this state within forty-eight (48)  
315 hours and registered and first used in another state.

316 (j) Sales of tangible personal property or services to  
317 the Salvation Army and the Muscular Dystrophy Association, Inc.

318 (k) From July 1, 1985, through December 31, 1992,  
319 retail sales of "alcohol blended fuel" as such term is defined in  
320 Section 75-55-5. The gasoline-alcohol blend or the straight  
321 alcohol eligible for this exemption shall not contain alcohol  
322 distilled outside the State of Mississippi.

323 (l) Sales of tangible personal property or services to  
324 the Institute for Technology Development.

325 (m) The gross proceeds of retail sales of food and  
326 drink for human consumption made through vending machines serviced  
327 by full line vendors from and not connected with other taxable  
328 businesses.

329 (n) The gross proceeds of sales of motor fuel.

330 (o) Retail sales of food for human consumption  
331 purchased with food stamps issued by the United States Department  
332 of Agriculture, or other federal agency, from and after October 1,  
333 1987, or from and after the expiration of any waiver granted  
334 pursuant to federal law, the effect of which waiver is to permit  
335 the collection by the state of tax on such retail sales of food  
336 for human consumption purchased with food stamps.

337 (p) Sales of cookies for human consumption by the Girl  
338 Scouts of America no part of the net earnings from which sales  
339 inures to the benefit of any private group or individual.

340 (q) Gifts or sales of tangible personal property or  
341 services to public or private nonprofit museums of art.

342 (r) Sales of tangible personal property or services to  
343 alumni associations of state-supported colleges or universities.

344 (s) Sales of tangible personal property or services to  
345 chapters of the National Association of Junior Auxiliaries, Inc.

346 (t) Sales of tangible personal property or services to  
347 domestic violence shelters which qualify for state funding under  
348 Sections 93-21-101 through 93-21-113.

349 (u) Sales of tangible personal property or services to  
350 the National Multiple Sclerosis Society, Mississippi Chapter.

351 (v) Retail sales of food for human consumption  
352 purchased with food instruments issued the Mississippi Band of  
353 Choctaw Indians under the Women, Infants and Children Program  
354 (WIC) funded by the United States Department of Agriculture.

355 (w) Sales of tangible personal property or services to  
356 a private company, as defined in Section 57-61-5, which is making

357 such purchases with proceeds of bonds issued under Section 57-61-1  
358 et seq., the Mississippi Business Investment Act.

359 (x) The gross collections from the operation of  
360 self-service, coin-operated car washing equipment and sales of the  
361 service of washing motor vehicles with portable high pressure  
362 washing equipment on the premises of the customer.

363 (y) Sales of tangible personal property or services to  
364 the Mississippi Technology Alliance.

365 **SECTION 3.** Section 1 of this act shall take effect and be in  
366 force from and after January 1, 2004. Section 2 of this act shall  
367 take effect and be in force from and after July 1, 2004.