

By: Representatives Broomfield, Watson

To: Ways and Means

HOUSE BILL NO. 1707

1 AN ACT TO AMEND SECTION 27-65-17, MISSISSIPPI CODE OF 1972,
2 TO REDUCE THE SALES TAX ON SALES OF PARTS USED IN THE REPAIR AND
3 MAINTENANCE OF AIRCRAFT TO BUSINESSES ENGAGED IN AIRCRAFT REPAIR
4 AND MAINTENANCE; TO AMEND SECTION 27-65-23, MISSISSIPPI CODE OF
5 1972, TO REMOVE AIRCRAFT REPAIRING AND SERVICING FROM THE
6 BUSINESSES OR ACTIVITIES TAXED UNDER THE SALES TAX LAW; AND FOR
7 RELATED PURPOSES.

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

9 **SECTION 1.** Section 27-65-17, Mississippi Code of 1972, is
10 amended as follows:

11 27-65-17. (1) Upon every person engaging or continuing
12 within this state in the business of selling any tangible personal
13 property whatsoever there is hereby levied, assessed and shall be
14 collected a tax equal to seven percent (7%) of the gross proceeds
15 of the retail sales of the business, except as otherwise provided
16 herein.

17 Retail sales of farm tractors shall be taxed at the rate of
18 one percent (1%) when made to farmers for agricultural purposes.

19 Retail sales of farm implements sold to farmers and used
20 directly in the production of poultry, ratite, domesticated fish
21 as defined in Section 69-7-501, livestock, livestock products,
22 agricultural crops or ornamental plant crops or used for other
23 agricultural purposes shall be taxed at the rate of three percent
24 (3%) when used on the farm. The three percent (3%) rate shall
25 also apply to all equipment used in logging, pulpwood operations
26 or tree farming which is either (a) self-propelled or which is (b)
27 mounted so that it is (i) permanently attached to other equipment
28 which is self-propelled or (ii) permanently attached to other
29 equipment drawn by a vehicle which is self-propelled.

30 Except as otherwise provided in subsection (3) of this
31 section, retail sales of aircraft, automobiles, trucks,
32 truck-tractors, semitrailers and mobile homes shall be taxed at
33 the rate of three percent (3%).

34 Sales of manufacturing machinery or manufacturing machine
35 parts when made to a manufacturer or custom processor for plant
36 use only when said machinery and machine parts will be used
37 exclusively and directly within this state in manufacturing a
38 commodity for sale, rental or in processing for a fee shall be
39 taxed at the rate of one and one-half percent (1-1/2%).

40 Sales of materials for use in track and track structures to a
41 railroad whose rates are fixed by the Interstate Commerce
42 Commission or the Mississippi Public Service Commission shall be
43 taxed at the rate of three percent (3%).

44 Sales of tangible personal property to electric power
45 associations for use in the ordinary and necessary operation of
46 their generating or distribution systems shall be taxed at the
47 rate of one percent (1%).

48 Wholesale sales of beer shall be taxed at the rate of seven
49 percent (7%), and the retailer shall file a return and compute the
50 retail tax on retail sales but may take credit for the amount of
51 the tax paid to the wholesaler on said return covering the
52 subsequent sales of same property, provided adequate invoices and
53 records are maintained to substantiate the credit.

54 Wholesale sales of food and drink for human consumption to
55 full service vending machine operators to be sold through vending
56 machines located apart from and not connected with other taxable
57 businesses shall be taxed at the rate of eight percent (8%).

58 Sales of parts used in the repair and maintenance of aircraft
59 to businesses engaged in aircraft repair and maintenance shall be
60 taxed at the rate of four percent (4%).

61 A manufacturer selling at retail in this state shall be
62 required to make returns of the gross proceeds of such sales and
63 pay the tax imposed in this section.

64 Any person exercising any privilege taxable under Section
65 27-65-15 and selling his natural resource products at wholesale or
66 to exempt persons shall pay the tax levied by said section in lieu
67 of the tax levied by this section.

68 (2) From and after January 1, 1995, retail sales of private
69 carriers of passengers and light carriers of property, as defined
70 in Section 27-51-101, shall be taxed an additional two percent
71 (2%).

72 (3) In lieu of the tax levied in subsection (1) of this
73 section, there is levied on retail sales of truck-tractors and
74 semitrailers used in interstate commerce and registered under the
75 International Registration Plan (IRP) or any similar reciprocity
76 agreement or compact relating to the proportional registration of
77 commercial vehicles entered into as provided for in Section
78 27-19-143, a tax at the rate of three percent (3%) of the portion
79 of the sale that is attributable to the usage of such
80 truck-tractor or semitrailer in Mississippi. The portion of the
81 retail sale that is attributable to the usage of such
82 truck-tractor or semitrailer in Mississippi is the retail sales
83 price of the truck-tractor or semitrailer multiplied by the
84 percentage of the total miles traveled by the vehicle that are
85 traveled in Mississippi. The tax levied pursuant to this
86 subsection (3) shall be collected by the State Tax Commission from
87 the purchaser of such truck-tractor or semitrailer at the time of
88 registration of such truck-tractor or semitrailer.

89 **SECTION 2.** Section 27-65-23, Mississippi Code of 1972, is
90 amended as follows:

91 27-65-23. Upon every person engaging or continuing in any of
92 the following businesses or activities there is hereby levied,

93 assessed and shall be collected a tax equal to seven percent (7%)
94 of the gross income of the business, except as otherwise provided:
95 Air conditioning installation or repairs;
96 Automobile, * * * motorcycle, boat or any other vehicle
97 repairing or servicing except aircraft repairing or servicing;
98 Billiards, pool or domino parlors;
99 Bowling or tenpin alleys;
100 Burglar and fire alarm systems or services;
101 Car washing--automatic, self-service, or manual;
102 Computer software sales and services;
103 Cotton compresses or cotton warehouses;
104 Custom creosoting or treating, custom planing, custom
105 sawing;
106 Custom meat processing;
107 Electricians, electrical work, wiring, all repairs or
108 installation of electrical equipment;
109 Elevator or escalator installing, repairing or
110 servicing;
111 Film developing or photo finishing;
112 Foundries, machine or general repairing;
113 Furniture repairing or upholstering;
114 Grading, excavating, ditching, dredging or landscaping;
115 Hotels, motels, tourist courts or camps, trailer parks;
116 Insulating services or repairs;
117 Jewelry or watch repairing;
118 Laundering, cleaning, pressing or dyeing;
119 Marina services;
120 Mattress renovating;
121 Office and business machine repairing;
122 Parking garages and lots;
123 Plumbing or pipe fitting;
124 Public storage warehouses (There shall be no tax levied
125 on gross income of a public storage warehouse derived from the

126 temporary storage of tangible personal property in this state
127 pending shipping or mailing of the property to another state.);
128 Refrigerating equipment repairs;
129 Radio or television installing, repairing, or servicing;
130 Renting or leasing personal property used within this
131 state;
132 Services performed in connection with geophysical
133 surveying, exploring, developing, drilling, producing,
134 distributing, or testing of oil, gas, water and other mineral
135 resources;
136 Shoe repairing;
137 Storage lockers;
138 Telephone answering or paging services;
139 Termite or pest control services;
140 Tin and sheet metal shops;
141 TV cable systems, subscription TV services, and other
142 similar activities;
143 Vulcanizing, repairing or recapping of tires or tubes;
144 Welding; and
145 Woodworking or wood turning shops.

146 Income from services taxed herein performed for electric
147 power associations in the ordinary and necessary operation of
148 their generating or distribution systems shall be taxed at the
149 rate of one percent (1%).

150 Income from services taxed herein performed on materials for
151 use in track or track structures to a railroad whose rates are
152 fixed by the Interstate Commerce Commission or the Mississippi
153 Public Service Commission shall be taxed at the rate of three
154 percent (3%).

155 Income from renting or leasing tangible personal property
156 used within this state shall be taxed at the same rates as sales
157 of the same property.

158 Persons doing business in this state who rent transportation
159 equipment with a situs within or without the state to common,
160 contract or private commercial carriers are taxed on that part of
161 the income derived from use within this state. If specific
162 accounting is impracticable, a formula may be used with approval
163 of the commissioner.

164 A lessor may deduct from the tax computed on the rental
165 income from tangible personal property a credit for sales or use
166 tax paid to this state at the time of purchase of the specific
167 personal property being leased or rented until such credit has
168 been exhausted.

169 Charges for custom processing and repairing services may be
170 excluded from gross taxable income when the property on which the
171 service was performed is delivered to the customer in another
172 state either by common carrier or in the seller's equipment.

173 When a taxpayer performs unitary services covered by this
174 section, which are performed both in intrastate and interstate
175 commerce, the commissioner is hereby invested with authority to
176 formulate in each particular case and to fix for such taxpayer in
177 each instance formulae of apportionment which will apportion to
178 this state, for taxation, that portion of the services which are
179 performed within the State of Mississippi.

180 **SECTION 3.** This act shall take effect and be in force from
181 and after July 1, 2005.