

By: Representative Watson

To: Ways and Means

HOUSE BILL NO. 1710
(As Passed the House)

1 AN ACT TO AMEND SECTION 27-65-103, MISSISSIPPI CODE OF 1972,
2 TO REMOVE THE EXEMPTION FOR SALES OF CERTAIN AGRICULTURAL PRODUCTS
3 TO THOSE OTHER THAN BONA FIDE FARMERS; AND FOR RELATED PURPOSES.

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

5 **SECTION 1.** Section 27-65-103, Mississippi Code of 1972, is
6 amended as follows:

7 27-65-103. The exemptions from the provisions of this
8 chapter which are of an agricultural nature or which are more
9 properly classified as agricultural exemptions than any other
10 exemption classification of this chapter shall be confined to
11 those persons or property exempted by this section or by
12 provisions of the Constitution of the United States or the State
13 of Mississippi. No agricultural exemption as now provided by any
14 other section shall be valid as against the tax herein levied.
15 Any subsequent agricultural exemption from the tax levied
16 hereunder shall be provided by amendment to this section.

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

19 The tax levied by this chapter shall not apply to the
20 following:

21 (a) (i) The gross proceeds of sales to a bona fide
22 farmer of lint cotton, seed cotton, baled cotton, whether
23 compressed or not, * * * cottonseed and soybeans in their original
24 condition, seeds, livestock feed, poultry feed, fish feed,
25 fertilizers, defoliants, insecticides, fungicides, herbicides and
26 baby chicks used in growing agricultural products for market.

27 (ii) For all sales tax purposes, a "bona fide
28 farmer" is a purchaser who possesses a farmer's permit issued by
29 the Mississippi Cooperative Extension Service and who presents the
30 permit to the seller at the time of purchase. The Mississippi
31 Cooperative Extension Service, hereinafter referred to as MCES,
32 shall establish an application process for a farmer's permit to be
33 issued. The MCES may require an applicant to submit proof that
34 the applicant is a farmer. Proof that the applicant is a farmer
35 may be made in any form required by the MCES, and may include a
36 copy of the farmer's Schedule F (Schedule of Farm Income) filed as
37 a part of the applicant's federal tax return for the prior year.
38 Farm Service Agency farm number and paid tax receipt on farm
39 number shall be sufficient proof to receive a permit. Upon a
40 determination that an applicant is a bona fide farmer, the MCES
41 shall issue the applicant a numbered farmer's permit.

42 (b) The gross proceeds of sales of bagging and ties for
43 baling cotton, hay baling wire and twine, boxes, bags and cans
44 used in growing or preparing agricultural products for market when
45 possession thereof will pass to the customer at the time of sale
46 of the product contained therein; ice to commercial fishermen
47 purchased for use in the preservation of seafood or to producers
48 for use in the refrigeration of vegetables for market.

49 (c) The gross proceeds of sales by producers of
50 livestock, poultry, fish or other products of farm, grove or
51 garden when the products are sold in the original state or
52 condition of preparation for sale before the products are
53 subjected to any other process within a class of business or sold
54 by a producer through an established store, as defined in the
55 Privilege Tax Law, except that this exemption shall not apply to
56 ornamental plants which bear no fruit of commercial value; sales
57 by agricultural cooperative associations organized under Article 9
58 of Chapter 7 of Title 69, or under Chapters 17 or 19 of Title 79,
59 Mississippi Code of 1972, of agricultural products produced by

60 members for market before such products are subjected to any
61 manufacturing process.

62 (d) The gross proceeds of * * * sales of mules, horses
63 and other livestock.

64 (e) The gross proceeds of sales or income derived from
65 grading, excavating, ditching, dredging or landscaping activities
66 performed for a farmer on a farm for agricultural or soil erosion
67 purposes.

68 (f) The gross proceeds of sales of all antibiotics,
69 hormones and hormone preparations, drugs, medicines and other
70 medications including serums and vaccines, vitamins, minerals or
71 other nutrients for use in the production and growing of fish,
72 livestock and poultry by whomever sold. Such exemption shall be
73 in addition to the exemption provided in this section for feed for
74 fish, livestock and poultry.

75 **SECTION 2.** Nothing in this act shall affect or defeat any
76 claim, assessment, appeal, suit, right or cause of action for
77 taxes due or accrued under the sales tax laws before the date on
78 which this act becomes effective, whether such claims,
79 assessments, appeals, suits or actions have been begun before the
80 date on which this act becomes effective or are begun thereafter;
81 and the provisions of the sales tax laws are expressly continued
82 in full force, effect and operation for the purpose of the
83 assessment, collection and enrollment of liens for any taxes due
84 or accrued and the execution of any warrant under such laws before
85 the date on which this act becomes effective, and for the
86 imposition of any penalties, forfeitures or claims for failure to
87 comply with such laws.

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