

**Adopted  
COMMITTEE AMENDMENT NO 1 PROPOSED TO**

**Senate Bill No. 3026**

**BY: Committee**

**Amend by striking all after the enacting clause and inserting  
in lieu thereof the following:**

10           **SECTION 1.** Section 27-65-23, Mississippi Code of 1972, is  
11 amended as follows:

12           27-65-23. Upon every person engaging or continuing in any of  
13 the following businesses or activities there is hereby levied,  
14 assessed and shall be collected a tax equal to seven percent (7%)  
15 of the gross income of the business, except as otherwise provided:

16           Air conditioning installation or repairs;

17           Automobile, aircraft, motorcycle, boat or any other  
18 vehicle repairing or servicing, except the repairing or servicing  
19 of aircraft engaged in foreign or interstate transportation;

20           Billiards, pool or domino parlors;

21           Bowling or tenpin alleys;

22           Burglar and fire alarm systems or services;

23           Car washing--automatic, self-service, or manual;

24           Computer software sales and services;

25           Cotton compresses or cotton warehouses;

26           Custom creosoting or treating, custom planing, custom  
27 sawing;

28           Custom meat processing;

29           Electricians, electrical work, wiring, all repairs or  
30 installation of electrical equipment;  
31           Elevator or escalator installing, repairing or  
32 servicing;  
33           Film developing or photo finishing;  
34           Foundries, machine or general repairing;  
35           Furniture repairing or upholstering;  
36           Grading, excavating, ditching, dredging or landscaping;  
37           Hotels, motels, tourist courts or camps, trailer parks;  
38           Insulating services or repairs;  
39           Jewelry or watch repairing;  
40           Laundering, cleaning, pressing or dyeing;  
41           Marina services;  
42           Mattress renovating;  
43           Office and business machine repairing;  
44           Parking garages and lots;  
45           Plumbing or pipe fitting;  
46           Public storage warehouses (There shall be no tax levied  
47 on gross income of a public storage warehouse derived from the  
48 temporary storage of tangible personal property in this state  
49 pending shipping or mailing of the property to another state);  
50           Refrigerating equipment repairs;  
51           Radio or television installing, repairing, or servicing;  
52           Renting or leasing personal property used within this  
53 state;  
54           Services performed in connection with geophysical  
55 surveying, exploring, developing, drilling, producing,  
56 distributing, or testing of oil, gas, water and other mineral  
57 resources;  
58           Shoe repairing;  
59           Storage lockers;  
60           Telephone answering or paging services;

61           Termite or pest control services;  
62           Tin and sheet metal shops;  
63           TV cable systems, subscription TV services, and other  
64 similar activities;  
65           Vulcanizing, repairing or recapping of tires or tubes;  
66           Welding; and  
67           Woodworking or wood turning shops.

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

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

77           Income from renting or leasing tangible personal property  
78 used within this state shall be taxed at the same rates as sales  
79 of the same property.

80           Persons doing business in this state who rent transportation  
81 equipment with a situs within or without the state to common,  
82 contract or private commercial carriers are taxed on that part of  
83 the income derived from use within this state. If specific  
84 accounting is impracticable, a formula may be used with approval  
85 of the commissioner.

86           A lessor may deduct from the tax computed on the rental  
87 income from tangible personal property a credit for sales or use  
88 tax paid to this state at the time of purchase of the specific  
89 personal property being leased or rented until such credit has  
90 been exhausted.

91           Charges for custom processing and repairing services may be  
92 excluded from gross taxable income when the property on which the

93 service was performed is delivered to the customer in another  
94 state either by common carrier or in the seller's equipment.

95 When a taxpayer performs unitary services covered by this  
96 section, which are performed both in intrastate and interstate  
97 commerce, the commissioner is hereby invested with authority to  
98 formulate in each particular case and to fix for such taxpayer in  
99 each instance formulae of apportionment which will apportion to  
100 this state, for taxation, that portion of the services which are  
101 performed within the State of Mississippi.

102 **SECTION 2.** Section 27-65-101, Mississippi Code of 1972, is  
103 amended as follows:

104 27-65-101. (1) The exemptions from the provisions of this  
105 chapter which are of an industrial nature or which are more  
106 properly classified as industrial exemptions than any other  
107 exemption classification of this chapter shall be confined to  
108 those persons or property exempted by this section or by the  
109 provisions of the Constitution of the United States or the State  
110 of Mississippi. No industrial exemption as now provided by any  
111 other section except Section 57-3-33 shall be valid as against the  
112 tax herein levied. Any subsequent industrial exemption from the  
113 tax levied hereunder shall be provided by amendment to this  
114 section. No exemption provided in this section shall apply to  
115 taxes levied by Section 27-65-15 or 27-65-21.

116 The tax levied by this chapter shall not apply to the  
117 following:

118 (a) Sales of boxes, crates, cartons, cans, bottles and  
119 other packaging materials to manufacturers and wholesalers for use  
120 as containers or shipping materials to accompany goods sold by  
121 said manufacturers or wholesalers where possession thereof will  
122 pass to the customer at the time of sale of the goods contained  
123 therein and sales to anyone of containers or shipping materials  
124 for use in ships engaged in international commerce.

125           (b) Sales of raw materials, catalysts, processing  
126 chemicals, welding gases or other industrial processing gases  
127 (except natural gas) to a manufacturer for use directly in  
128 manufacturing or processing a product for sale or rental or  
129 repairing or reconditioning vessels or barges of fifty (50) tons  
130 load displacement and over. For the purposes of this exemption,  
131 electricity used directly in the electrolysis process in the  
132 production of sodium chlorate shall be considered a raw material.  
133 This exemption shall not apply to any property used as fuel except  
134 to the extent that such fuel comprises by-products which have no  
135 market value.

136           (c) The gross proceeds of sales of dry docks, offshore  
137 drilling equipment for use in oil exploitation or production,  
138 vessels or barges of fifty (50) tons load displacement and over,  
139 when sold by the manufacturer or builder thereof.

140           (d) Sales to commercial fishermen of commercial fishing  
141 boats of over five (5) tons load displacement and not more than  
142 fifty (50) tons load displacement as registered with the United  
143 States Coast Guard and licensed by the Mississippi Commission on  
144 Marine Resources.

145           (e) The gross income from repairs to vessels and barges  
146 engaged in foreign trade or interstate transportation.

147           (f) Sales of petroleum products to vessels or barges  
148 for consumption in marine international commerce or interstate  
149 transportation businesses.

150           (g) Sales and rentals of rail rolling stock (and  
151 component parts thereof) for ultimate use in interstate commerce  
152 and gross income from services with respect to manufacturing,  
153 repairing, cleaning, altering, reconditioning or improving such  
154 rail rolling stock (and component parts thereof).

155           (h) Sales of raw materials, catalysts, processing  
156 chemicals, welding gases or other industrial processing gases

157 (except natural gas) used or consumed directly in manufacturing,  
158 repairing, cleaning, altering, reconditioning or improving such  
159 rail rolling stock (and component parts thereof). This exemption  
160 shall not apply to any property used as fuel.

161 (i) Sales of machinery or tools or repair parts  
162 therefor or replacements thereof, fuel or supplies used directly  
163 in manufacturing, converting or repairing ships of three thousand  
164 (3,000) tons load displacement and over, but not to include office  
165 and plant supplies or other equipment not directly used on the  
166 ship being built, converted or repaired.

167 (j) Sales of tangible personal property to persons  
168 operating ships in international commerce for use or consumption  
169 on board such ships. This exemption shall be limited to cases in  
170 which procedures satisfactory to the commissioner, ensuring  
171 against use in this state other than on such ships, are  
172 established.

173 (k) Sales of materials used in the construction of a  
174 building, or any addition or improvement thereon, and sales of any  
175 machinery and equipment not later than three (3) months after the  
176 completion of construction of the building, or any addition  
177 thereon, to be used therein, to qualified businesses, as defined  
178 in Section 57-51-5, which are located in a county or portion  
179 thereof designated as an enterprise zone pursuant to Sections  
180 57-51-1 through 57-51-15.

181 (l) Sales of materials used in the construction of a  
182 building, or any addition or improvement thereon, and sales of any  
183 machinery and equipment not later than three (3) months after the  
184 completion of construction of the building, or any addition  
185 thereon, to be used therein, to qualified businesses, as defined  
186 in Section 57-54-5.

187 (m) Income from storage and handling of perishable  
188 goods by a public storage warehouse.

189           (n) The value of natural gas lawfully injected into the  
190 earth for cycling, repressuring or lifting of oil, or lawfully  
191 vented or flared in connection with the production of oil;  
192 however, if any gas so injected into the earth is sold for such  
193 purposes, then the gas so sold shall not be exempt.

194           (o) The gross collections from self-service commercial  
195 laundering, drying, cleaning and pressing equipment.

196           (p) Sales of materials used in the construction of a  
197 building, or any addition or improvement thereon, and sales of any  
198 machinery and equipment not later than three (3) months after the  
199 completion of construction of the building, or any addition  
200 thereon, to be used therein, to qualified companies, certified as  
201 such by the Mississippi Development Authority under Section  
202 57-53-1.

203           (q) Sales of component materials used in the  
204 construction of a building, or any addition or improvement  
205 thereon, sales of machinery and equipment to be used therein, and  
206 sales of manufacturing or processing machinery and equipment which  
207 is permanently attached to the ground or to a permanent foundation  
208 and which is not by its nature intended to be housed within a  
209 building structure, not later than three (3) months after the  
210 initial start-up date, to permanent business enterprises engaging  
211 in manufacturing or processing in Tier Three areas (as such term  
212 is defined in Section 57-73-21), which businesses are certified by  
213 the State Tax Commission as being eligible for the exemption  
214 granted in this paragraph (q).

215           (r) Sales of component materials used in the  
216 construction of a building, or any addition or improvement  
217 thereon, and sales of any machinery and equipment not later than  
218 three (3) months after the completion of the building, addition or  
219 improvement thereon, to be used therein, for any company  
220 establishing or transferring its national or regional headquarters

221 from within or outside the State of Mississippi and creating a  
222 minimum of thirty-five (35) jobs at the new headquarters in this  
223 state. The Tax Commission shall establish criteria and prescribe  
224 procedures to determine if a company qualifies as a national or  
225 regional headquarters for the purpose of receiving the exemption  
226 provided in this paragraph.

227 (s) The gross proceeds from the sale of semitrailers,  
228 trailers, boats, travel trailers, motorcycles and all-terrain  
229 cycles if exported from this state within forty-eight (48) hours  
230 and registered and first used in another state.

231 (t) Gross income from the storage and handling of  
232 natural gas in underground salt domes and in other underground  
233 reservoirs, caverns, structures and formations suitable for such  
234 storage.

235 (u) Sales of machinery and equipment to nonprofit  
236 organizations if the organization:

237 (i) Is tax-exempt pursuant to Section 501(c)(4) of  
238 the Internal Revenue Code of 1986, as amended;

239 (ii) Assists in the implementation of the national  
240 contingency plan or area contingency plan, and which is created in  
241 response to the requirements of Title IV, Subtitle B of the Oil  
242 Pollution Act of 1990, Public Law 101-380; and

243 (iii) Engages primarily in programs to contain,  
244 clean up and otherwise mitigate spills of oil or other substances  
245 occurring in the United States coastal and tidal waters.

246 For purposes of this exemption, "machinery and equipment"  
247 means any ocean-going vessels, barges, booms, skimmers and other  
248 capital equipment used primarily in the operations of nonprofit  
249 organizations referred to herein.

250 (v) Sales or leases of materials and equipment to  
251 approved business enterprises as provided under the Growth and  
252 Prosperity Act.



253           (w) From and after July 1, 2001, sales of pollution  
254 control equipment to manufacturers or custom processors for  
255 industrial use. For the purposes of this exemption, "pollution  
256 control equipment" means equipment, devices, machinery or systems  
257 used or acquired to prevent, control, monitor or reduce air, water  
258 or groundwater pollution, or solid or hazardous waste as required  
259 by federal or state law or regulation.

260           (x) Sales or leases to a manufacturer of motor vehicles  
261 operating a project that has been certified by the Mississippi  
262 Major Economic Impact Authority as a project as defined in Section  
263 57-75-5(f)(iv)1 of machinery and equipment; special tooling such  
264 as dies, molds, jigs and similar items treated as special tooling  
265 for federal income tax purposes; or repair parts therefor or  
266 replacements thereof; repair services thereon; fuel, supplies,  
267 electricity, coal and natural gas used directly in the manufacture  
268 of motor vehicles or motor vehicle parts or used to provide  
269 climate control for manufacturing areas.

270           (y) Sales or leases of component materials, machinery  
271 and equipment used in the construction of a building, or any  
272 addition or improvement thereon to an enterprise operating a  
273 project that has been certified by the Mississippi Major Economic  
274 Impact Authority as a project as defined in Section  
275 57-75-5(f)(iv)1 and any other sales or leases required to  
276 establish or operate such project.

277           (z) Sales of component materials and equipment to a  
278 business enterprise as provided under Section 57-64-33.

279           (aa) The gross income from the stripping and painting  
280 of commercial aircraft engaged in foreign or interstate  
281 transportation business.

282           (bb) Sales of production items used in the production  
283 of motion pictures such as film; videotape; component building  
284 materials used in the construction of a set; makeup; fabric used

285 as or in the making of costumes; clothing, including, shoes,  
286 accessories and jewelry used as wardrobes; materials used as set  
287 dressing; materials used as props on a set or by an actor;  
288 materials used in the creation of special effects; and expendable  
289 items purchased for limited use by grip, electric and camera  
290 departments such as tape, fasteners and compressed air. For the  
291 purposes of this paragraph \* \* \* the term "motion picture" means a  
292 nationally distributed feature-length film, video, television  
293 series or commercial made in Mississippi, in whole or in part, for  
294 theatrical or television viewing or as a television pilot. The  
295 term "motion picture" shall not include the production of  
296 television coverage of news and athletic events, or a film, video,  
297 television series or commercial that contains any material or  
298 performance defined in Section 97-29-103.

299 (cc) Sales of parts used in the repair and servicing of  
300 aircraft engaged in foreign or interstate commerce to businesses  
301 engaged in aircraft repair and maintenance.

302 (2) Sales of component materials used in the construction of  
303 a building, or any addition or improvement thereon, sales of  
304 machinery and equipment to be used therein, and sales of  
305 manufacturing or processing machinery and equipment which is  
306 permanently attached to the ground or to a permanent foundation  
307 and which is not by its nature intended to be housed within a  
308 building structure, not later than three (3) months after the  
309 initial start-up date, to permanent business enterprises engaging  
310 in manufacturing or processing in Tier Two areas and Tier One  
311 areas (as such areas are designated in accordance with Section  
312 57-73-21), which businesses are certified by the State Tax  
313 Commission as being eligible for the exemption granted in this  
314 paragraph, shall be exempt from one-half (1/2) of the taxes  
315 imposed on such transactions under this chapter.

316 (3) (a) For purposes of this subsection:

317 (i) "Telecommunications enterprises" shall have  
318 the meaning ascribed to such term in Section 57-73-21(13);

319 (ii) "Tier One areas" mean counties designated as  
320 Tier One areas pursuant to Section 57-73-21(1);

321 (iii) "Tier Two areas" mean counties designated as  
322 Tier Two areas pursuant to Section 57-73-21(1);

323 (iv) "Tier Three areas" mean counties designated  
324 as Tier Three areas pursuant to Section 57-73-21(1); and

325 (v) "Equipment used in the deployment of broadband  
326 technologies" means any equipment capable of being used for or in  
327 connection with the transmission of information at a rate, prior  
328 to taking into account the effects of any signal degradation, that  
329 is not less than three hundred eighty-four (384) kilobits per  
330 second in at least one direction, including, but not limited to,  
331 asynchronous transfer mode switches, digital subscriber line  
332 access multiplexers, routers, servers, multiplexers, fiber optics  
333 and related equipment.

334 (b) Sales of equipment to telecommunications  
335 enterprises after June 30, 2003, and before July 1, 2013, that is  
336 installed in Tier One areas and used in the deployment of  
337 broadband technologies shall be exempt from one-half (1/2) of the  
338 taxes imposed on such transactions under this chapter.

339 (c) Sales of equipment to telecommunications  
340 enterprises after June 30, 2003, and before July 1, 2013, that is  
341 installed in Tier Two and Tier Three areas and used in the  
342 deployment of broadband technologies shall be exempt from the  
343 taxes imposed on such transactions under this chapter.

344 **SECTION 3.** This act shall take effect and be in force from  
345 and after July 1, 2005, and shall stand repealed from and after  
346 June 30, 2005.

**Further, amend by striking the title in its entirety and  
inserting in lieu thereof the following:**

1 AN ACT TO AMEND SECTION 27-65-23, MISSISSIPPI CODE OF 1972,  
2 TO REMOVE THE REPAIRING AND SERVICING OF AIRCRAFT ENGAGED IN  
3 FOREIGN OR INTERSTATE COMMERCE FROM THE ACTIVITIES TAXED UNDER THE  
4 SALES TAX LAW; TO AMEND SECTION 27-65-101, MISSISSIPPI CODE OF  
5 1972, TO EXEMPT FROM SALES TAXATION SALES OF PARTS USED IN THE  
6 REPAIR AND MAINTENANCE OF AIRCRAFT ENGAGED IN FOREIGN OR  
7 INTERSTATE COMMERCE TO BUSINESSES ENGAGED IN AIRCRAFT REPAIR AND  
8 MAINTENANCE; AND FOR RELATED PURPOSES.