

By: Representative Watson

To: Ways and Means

HOUSE BILL NO. 4

1 AN ACT TO AMEND SECTION 27-65-17, MISSISSIPPI CODE OF 1972,
2 TO REDUCE THE SALES TAX ON THE FACTORY BUILT COMPONENTS OF MODULAR
3 HOMES, PANELIZED HOMES AND PRECUT HOMES, AND PANEL CONSTRUCTED
4 HOMES CONSISTING OF STRUCTURAL INSULATED PANELS; TO REQUIRE
5 SELLERS OF SUCH HOMES TO DISCLOSE TO THE BUYERS OF SUCH HOMES THE
6 AMOUNT OF SALES TAX OR USE TAX PAID ON THE FACTORY BUILT
7 COMPONENTS OF SUCH HOMES; TO PROVIDE THAT THE STATE TAX COMMISSION
8 SHALL PRESCRIBE BY REGULATION THE MANNER IN WHICH SUCH DISCLOSURE
9 SHALL BE MADE; AND FOR RELATED PURPOSES.

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

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

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

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

22 (c) Retail sales of farm implements sold to farmers and
23 used directly in the production of poultry, ratite, domesticated
24 fish as defined in Section 69-7-501, livestock, livestock
25 products, agricultural crops or ornamental plant crops or used for
26 other agricultural purposes shall be taxed at the rate of three
27 percent (3%) when used on the farm. The three percent (3%) rate
28 shall also apply to all equipment used in logging, pulpwood
29 operations or tree farming which is either:

30 (i) Self-propelled, or

(ii) Mounted so that it is permanently attached to other equipment which is self-propelled or permanently attached to other equipment drawn by a vehicle which is self-propelled.

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

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

(f) Sales of machinery and machine parts when made to a technology intensive enterprise for plant use only when the machinery and machine parts will be used exclusively and directly within this state for industrial purposes, including, but not limited to, manufacturing or research and development activities, shall be taxed at the rate of one and one-half percent (1-1/2%). In order to be considered a technology intensive enterprise for purposes of this paragraph:

(i) The enterprise shall meet minimum criteria established by the Mississippi Development Authority;

(ii) The enterprise shall employ at least ten (10) persons in full-time jobs;

(iii) At least ten percent (10%) of the workforce in the facility operated by the enterprise shall be scientists, engineers or computer specialists;

(iv) The enterprise shall manufacture plastics, chemicals, automobiles, aircraft, computers or electronics; or shall be a research and development facility, a computer design or related facility, or a software publishing facility or other

technology intensive facility or enterprise as determined by the
Mississippi Development Authority;

(v) The average wage of all workers employed by
the enterprise at the facility shall be at least one hundred fifty
percent (150%) of the state average annual wage; and

(vi) The enterprise must provide a basic health
care plan to all employees at the facility.

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

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

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

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

(k) Sales of equipment used or designed for the purpose
of assisting disabled persons, such as wheelchair equipment and
lifts, that is mounted or attached to or installed on a private
carrier of passengers or light carrier of property, as defined in
Section 27-51-101, at the time when the private carrier of
passengers or light carrier of property is sold shall be taxed at
the same rate as the sale of such vehicles under this section.

96 (1) Sales of the factory built components of modular
97 homes, panelized homes and precut homes, and panel constructed
98 homes consisting of structural insulated panels, shall be taxed at
99 the rate of four percent (4%).

100 (2) From and after January 1, 1995, retail sales of private
101 carriers of passengers and light carriers of property, as defined
102 in Section 27-51-101, shall be taxed an additional two percent
103 (2%).

104 (3) In lieu of the tax levied in subsection (1) of this
105 section, there is levied on retail sales of truck-tractors and
106 semitrailers used in interstate commerce and registered under the
107 International Registration Plan (IRP) or any similar reciprocity
108 agreement or compact relating to the proportional registration of
109 commercial vehicles entered into as provided for in Section
110 27-19-143, a tax at the rate of three percent (3%) of the portion
111 of the sale that is attributable to the usage of such
112 truck-tractor or semitrailer in Mississippi. The portion of the
113 retail sale that is attributable to the usage of such
114 truck-tractor or semitrailer in Mississippi is the retail sales
115 price of the truck-tractor or semitrailer multiplied by the
116 percentage of the total miles traveled by the vehicle that are
117 traveled in Mississippi. The tax levied pursuant to this
118 subsection (3) shall be collected by the State Tax Commission from
119 the purchaser of such truck-tractor or semitrailer at the time of
120 registration of such truck-tractor or semitrailer.

121 (4) A manufacturer selling at retail in this state shall be
122 required to make returns of the gross proceeds of such sales and
123 pay the tax imposed in this section.

124 (5) Any person exercising any privilege taxable under
125 Section 27-65-15 and selling his natural resource products at
126 wholesale or to exempt persons shall pay the tax levied by said
127 section in lieu of the tax levied by this section.

128 **SECTION 2.** Sellers of modular homes, panelized homes and
129 precut homes, and panel constructed homes consisting of structural
130 insulated panels shall disclose to the buyers of such homes the
131 amount of sales tax or use tax paid on the factory built
132 components of such homes. The State Tax Commission shall
133 prescribe by regulation the manner in which such disclosure shall
134 be made.

135 **SECTION 3.** This act shall take effect and be in force from
136 and after its passage.