



Mississippi Forestry Association

Legislative Bulletin

The Voice of Forestry

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MFA Member Question of the Week

Q: How do I make sure that I qualify for the logging equipment sales tax reduction?

A: This new law will go into effect July 1, 2009. The state tax commission will develop an application process and MFA will be sure to share this information with our members once it is available. In order to qualify, loggers must have completed the [Continuing Education For Professional Loggers for SFI](#). For more information, you may contact John B. Auel, program director at 662-325-7948, jauel@cfr.msstate.edu.

Mississippi Legislature Passes Major Tax Relief for Loggers and Farmers

Professional loggers and farmers will benefit from a major reduction in their sales taxes, thanks to the Mississippi Legislature and Governor Barbour. A coalition of forestry and agriculture groups supported lower sales taxes on logging and farm equipment and worked actively to pass this beneficial legislation during the 2009 session.

The state sales tax on **logging equipment** and **farm implements** will drop from 3 percent to 1.5 percent, a 50 % reduction, on July 1, 2009. The sales tax on **parts and labor used to repair and maintain the implements and equipment** will drop from 7 percent to 1.5 percent, a 79 % reduction.

The Mississippi Forestry Association, MS Loggers Association, MS Poultry Association, and the MS Farm Bureau Federation worked in coalition to actively lobby for this tax reduction that passed both the Senate and House unanimously. Governor Barbour signed Senate Bill 2606 into law. To read the bill, visit <http://billstatus.ls.state.ms.us/documents/2009/html/SB/2600-2699/SB2606SG.htm>

This tax reduction is estimated to save professional loggers and farmers statewide \$10 million. It will also reduce the competitive disadvantage that Mississippi equipment dealers had with dealers and repair facilities in other states. The state's timber harvesting industry, employing over 15,000 and producing \$2.28 billion annually in total output, should benefit significantly.

Mississippi's forestry, natural resources, and agriculture community thanks Lt. Gov. Phil Bryant, House Speaker Billy McCoy, and all the legislators who were instrumental in the bill's passage. A special MFA thanks with great appreciation goes to Sen. Perry Lee of Mendenhall, author of the bill and Chairman of the Senate Forestry Committee, Reps. Gregory Holloway and Bill Pigott, chair and vice chair of the House Forestry Committee, Sen. Cindy Hyde-Smith of Brookhaven and Rep. Greg Ward of Ripley, chairmen of the Senate and House Agriculture committees, respectively; Reps. Percy Watson of Hattiesburg and David Norquist of Cleveland, chairmen and vice chair of the House Ways and Means Committee, Sen. Dean Kirby chairman of the Senate Finance Committee, and Reps. Johnny Stringer of Montrose and Bo Eaton of Taylorsville, chairmen of the House Appropriations and Wildlife Fisheries and Parks committees.

To qualify for this lower sales tax rate, professional loggers must apply to the State Tax Commission and submit a copy of documentation verifying that they are certified according to Sustainable Forestry Initiative guidelines. Upon a determination that an applicant is a professional logger, the Commission shall issue the applicant a numbered professional logger's permit.



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MFA's mission is leading diverse forestry groups to promote landowner rights, environmental stewardship, member prosperity, and community understanding.

Officials Prep for Stimulus Windfall

By CHERIE WARD, *The Mississippi Press*

Gov. Haley Barbour brought together state agency heads, lawmakers and local government leaders for a Mississippi Stimulus Summit on Thursday, April 16th in Jackson. Barbour said the meeting was intended to provide information to state and local agencies about handling funds from the \$787 billion American Recovery and Reinvestment Act.

The state could receive up to \$2.8 billion from the federal government for a variety of needs, including health care, transportation and education.

Senior managers from the Mississippi Development Authority, and the state departments of Education, Environmental Quality, Human Services and Transportation presented overviews of how each agency intends to spend its share.

Preliminary figures show Mississippi is in line to receive about \$758 million over two years for education programs. Education proposals reflected the money being divided into three areas, including special education, budget stabilization and Title I assistance to students from low-income families. The budget stabilization funds would be used to restore cuts made to public education during recent economic turmoil.

Mississippi is also expected to gain about \$354 million for transportation maintenance and new construction. Wayne Brown, Southern District transportation commissioner, said that Department of Transportation directors on Thursday

showed ways that the money would be used to repair crumbling highways and bridges. Brown said the funds would be distributed through the Gulf Regional Planning Commission, and amounts would vary statewide, depending on each city's and county's population.

Gov. Barbour filled out paperwork Thursday to receive Mississippi's portion of the stimulus package. "They're telling us we should have the money in about two weeks," he said. Lawmakers could return to the Capitol as early as May 4th to address ways to use the funds.

State Tax Changes a Mixed Bag

John Mott Coffey, *The Commercial Dispatch*, Columbus

Mississippians, with another tax season behind them, can look ahead to a variety of changes the Legislature recently made in the state's tax structure. Most of the legislation impacts sales taxes and takes effect in July.

Among the new laws are a sales tax holiday and a broadened sales tax exemption on home medical supplies for Medicaid and Medicare recipients. Another law makes sure people pay sales taxes on downloaded music and video bought through the Internet. The Legislature approved a bill to provide an income tax credit for furniture makers, but it was vetoed by Gov. Haley Barbour. Bills that died include measures to expand the homestead tax exemption and cut the business inventory tax.



The Legislature convened its annual session in January and recessed April 1 to return later to pass the state budget. Still in flux this legislative session: a cigarette tax increase, the state's diminishing car tax reduction fund and a hospital tax to help plug a Medicaid budget deficit.

Lt. Gov. Phil Bryant said the tax reductions passed by the Legislature are among the top achievements of the 2009 session. "Targeted tax cuts were a central theme in my common-sense agenda. In this tough time, these tax cuts will help stimulate Mississippi's economy," said the Republican Senate president. That was the impetus behind the furniture industry tax break that passed the Legislature but which Barbour vetoed. "This vital manufacturer is literally hanging on by its fingernails, and the governor's action is simply hammering Mississippians who need jobs," said House Speaker Billy McCoy, D-Rienzi.

Gov. Barbour said the furniture tax bill was flawed and would cause a state revenue loss with no assurances it would save jobs. In vetoing the Senate bill with the tax break for furniture makers, Barbour cited various objections, including an estimated \$9 million revenue loss and an "unfair" special preference given to one industry. It would "adversely affect the state budget, conflict with existing state law and create loopholes that limit its value. It also singles out the furniture industry but would not cover other important Mississippi businesses, which are also struggling," Barbour said.

Barbour's veto prompted a sharp reaction from the Democratic-led House of Representatives. "Saving existing industries is just as important as trying to attract new industries. I would hope the governor would reconsider and try to provide assistance for the people who are hurting in this industry," said Rep. Tyrone Ellis, D-Starkville. A two-thirds majority in the House and GOP-controlled Senate is necessary to override the governor's veto, which has never been done by the Legislature since Barbour took office in 2004.

Tax bills Barbour signed included those to:

- Exempt clothes and shoes from sales taxes the last weekend of July each year. Those items valued less than \$100 won't be assessed the 7 percent sales tax. (House Bill 348)
- Provide sales tax exemptions for eyeglasses and home medical supplies that people on Medicaid and Medicare partially pay for. Under the old law, only the costs covered by the government health care programs were exempt from the sales tax. (House Bill 193)
- Clarify the state sales tax on downloaded music and video bought on the Internet. It's to make sure the tax charged to people who buy music and video in stores also applies to what the new law calls "electronically transferred digital products." (House Bill 1461)
- Reduce to 1.5 percent the various sales tax rates on the repair of tractor parts, the sale of farm implements and the sale and repair of forestry equipment. The same bill also increases the 1 percent sales tax on tractors to 1.5 percent. (Senate Bill 2606)
- Exempt from sales taxes prepaid meals sold on college campuses. (House Bill 856.)
- Allow cities create entertainment districts that would impose special ticket taxes and provide businesses with state income-tax breaks as incentives to develop theaters, ballparks and other entertainment facilities. (House Bill 1623)

Another bill changes the name of the Mississippi State Tax Commission. Effective July 1, it'll be known as the Mississippi Department of Revenue. The bill also creates a special board for tax appeals. Under the old law, the three-member Tax Commission hears such appeals. The new board will be an independent agency.

Many of the tax bills were recommended by a Barbour-appointed commission, which studied Mississippi's tax structure last year and suggested how to change it. "The commission found that Mississippi has a diversified and balanced tax structure which ranks well in national studies but with room for improvement in specific areas," its report said. The commission said people earning less than \$30,000 a year paid 13% of their income in taxes. Those making \$50,000 or more a year paid 20% and higher in taxes.



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2009 MFA Forestry Bills Watch List

Note: As of April 20, 2009. Bills were added and deleted as necessary throughout the Legislative Session; Recommended MFA Positions: M = monitor, S = support, O = oppose

House Bills

HB 503 Beaver control programs; increase amount that counties may expend for.

Board Recommendation: M; 04/08 Approved by Governor <http://billstatus.ls.state.ms.us/documents/2009/html/HB/0500-0599/HB0503SG.htm>

HB 803 An Act to amend section 11-27-1, Mississippi Code of 1972, to prohibit use of the power of eminent domain except for a public use; and for related purposes.

Board Recommendation: S; 03/24 (H) Veto Overridden, 03/26 (S) Veto Sustained <http://billstatus.ls.state.ms.us/documents/2009/html/HB/0800-0899/HB0803SG.htm>

Governor Barbour's Veto Message

<http://billstatus.ls.state.ms.us/documents/2009/html/veto/HB0803.htm>

HB 881 An Act to amend section 29-3-81, Mississippi Code of 1972, to grant local school boards the option, during the final year of any additional five-year lease on agricultural sixteenth section lands that the board intends to reclassify, to again re-lease the land for an additional five-year term or to proceed with the reclassification; and for related purposes.

Board Recommendation: O; 04/06 Approved by Governor <http://billstatus.ls.state.ms.us/documents/2009/html/HB/0800-0899/HB0881SG.htm>

HB 1132 Harvest permits; extend repealer on law authorizing and revise maximum weight limit and vehicles for which may be issued.

Board Recommendation: S; 04/17 Approved by Governor <http://billstatus.ls.state.ms.us/documents/2009/html/cr/HB1132CR.htm>

HB 1381 Scenic streams; designate a certain portion of the Escatawpa River

Board Recommendation: S; 03/18 Approved by Governor <http://billstatus.ls.state.ms.us/documents/2009/html/HB/1300-1399/HB1381SG.htm>

HB 1733 Sales tax; revise rate on certain sales of tractors, farm implements, logging/pulpwood equipment, repair parts and labor.

Board Recommendation: S; 03/17 (S) Died On Calendar

Senate Bills

SB 2230 An Act to amend section 11-27-1, Mississippi Code of 1972, to prohibit use of the power of eminent domain for certain private, nongovernmental purposes; to provide exemptions; and for related purposes.

Board Recommendation: S; 03/30 (S) Died On Calendar

SB 2606 Sales tax; revise rate on sales of farm tractors and certain farm equipment and parts and labor

Board Recommendation: S; 04/06 Approved by Governor <http://billstatus.ls.state.ms.us/documents/2009/html/SB/2600-2699/SB2606SG.htm>

SB 2659 State-funded buildings; energy performance regulations shall apply to buildings constructed with CDBG funds.

Board Recommendation: M; 03/11 Approved by Governor <http://billstatus.ls.state.ms.us/documents/2009/html/SB/2600-2699/SB2659SG.htm>

SB 2947 Sixteenth section forest lands; authorize management services by private forester subject to approval by the Secretary of State and Forestry Commission

Board Recommendation: M; 04/07 Approved by Governor <http://billstatus.ls.state.ms.us/documents/2009/html/SB/2900-2999/SB2947SG.htm>

SB 3278 Taxation; provide certain incentives to facilities that generate electricity through biomass or cogeneration.

04/07 Approved by Governor; <http://billstatus.ls.state.ms.us/documents/2009/html/>