MISSISSIPPI LEGISLATURE REGULAR SESSION 2021

By: Representative Boyd To: Ways and Means

HOUSE BILL NO. 664

AN ACT TO AMEND SECTIONS 27-25-501, 27-25-503, 27-25-507, 27-25-509, 27-25-511, 27-25-513, 27-25-517, 27-25-521, 27-25-523, 27-25-701, 27-25-703, 27-25-705, 27-25-707, 27-25-709, 27-25-711, 27-25-715, 27-25-719, 27-25-721, 27-25-303, 27-25-305, 27-25-307, 27-25-309, 27-31-73, 27-35-51, 27-31-1, 27-41-79 AND 27-41-81, MISSISSIPPI CODE OF 1972, TO PROVIDE THAT SEVERANCE TAXES ON OIL AND GAS SHALL BE PAID BY THE INTEREST OWNER OF THE OIL AND GAS; TO PROVIDE THAT SUCH TAXES SHALL BE PAID BY THE INTEREST OWNER REGARDLESS OF WHETHER HE RESIDES IN THIS STATE; TO PROVIDE THAT THE OWNER OF THE SURFACE RIGHTS IN REAL ESTATE UNDER WHICH OIL, GAS OR OTHER MINERAL INTERESTS ARE OWNED OR HELD SEPARATELY MAY BE EXEMPT FROM PAYING 25% OF THE AD VALOREM TAXES OTHERWISE DUE ON THE REAL ESTATE, AND THE OWNER OR HOLDER OF ANY NONPRODUCING OIL, GAS OR OTHER MINERAL INTEREST OWNED OR HELD SEPARATELY FROM THE RIGHTS OWNED IN THE SURFACE ESTATE SHALL PAY A PRORATED PORTION OF 25% OF THE AD VALOREM TAXES DUE ON THE LAND; TO PROVIDE THAT IF THE OWNER OR HOLDER OF ANY SEPARATELY OWNED OR HELD NONPRODUCING OIL, GAS OR OTHER MINERAL INTEREST DOES NOT PAY THE PERCENTAGE OF AD VALOREM TAXES THAT HE OR SHE IS REQUIRED TO PAY ON THE SURFACE OF THE LAND UNDER WHICH THE OIL, GAS OR OTHER MINERAL INTEREST IS LOCATED, THEN THE OIL, GAS OR OTHER MINERAL INTEREST SHALL BE SOLD IN THE SAME MANNER AS LANDS ARE SOLD FOR NONPAYMENT OF TAXES; TO PROVIDE THAT IF A SEPARATELY OWNED OR HELD NONPRODUCING OIL, GAS OR OTHER MINERAL INTEREST IS OFFERED FOR SALE DUE TO NONPAYMENT OF TAXES AND THE MINERAL INTEREST IS NOT PURCHASED AT SALE, THEN SUCH MINERAL INTEREST SHALL REVERT TO THE OWNER OF THE SURFACE ESTATE UNDER WHICH THE MINERAL INTEREST IS LOCATED, AND THE OWNER OF THE SURFACE ESTATE SHALL BECOME LIABLE FOR THE AMOUNT OF DELINQUENT TAXES FOR WHICH THE MINERAL INTEREST WAS OFFERED FOR SALE AND FOR A PRORATED PORTION OF THE 25% OF AD VALOREM TAXES DUE ON THE LAND THAT OWNERS OR HOLDERS OF SUCH SEPARATE MINERAL INTERESTS ARE REQUIRED TO PAY; TO REQUIRE TAX COLLECTORS TO PROVIDE LISTS TO THE CHANCERY COURT CLERK SPECIFYING MINERAL INTERESTS THAT WERE SOLD FOR NONPAYMENT OF TAXES AND MINERAL INTERESTS THAT WERE OFFERED

FOR SALE AND WHICH REVERTED TO THE SURFACE OWNER DUE TO NOT BEING PURCHASED AT SALE; AND FOR RELATED PURPOSES.

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

SECTION 1. Section 27-25-501, Mississippi Code of 1972, is amended as follows:

27-25-501. Whenever used in this article, the following words and terms shall have the definition and meaning ascribed to them in this section, unless the intention to give a more limited meaning is disclosed by the context:

(a) "Tax commission" or "department" means the Department of Revenue of the State of Mississippi.

(b) "Commissioner" means the Commissioner of Revenue of the Department of Revenue.

(c) "Annual" means the calendar year or the taxpayer's fiscal year when permission is obtained from the commissioner to use a fiscal year as a tax period in lieu of a calendar year.

(d) "Value" means the sale price, or market value, at the mouth of the well. If the oil is exchanged for something other than cash, or if there is no sale at the time of severance, or if the relation between the buyer and the seller is such that the consideration paid, if any, is not indicative of the true value or market price, then the commissioner shall determine the value of the oil subject to tax, considering the sale price for cash of oil of like quality. With respect to salvaged crude oil as hereinafter defined, the term "value" shall mean the sale price or market value of such salvaged crude oil at the time of its sale

after such salvaged crude oil has been processed or treated so as to render it marketable.

(e) "Taxpayer" means any person liable for the tax imposed by this article. With respect to the tax imposed upon salvaged crude oil as hereafter defined, the term "taxpayer" shall mean the person having title to the salvaged crude oil at the time it is being processed or treated so as to render it marketable.

(f) "Oil" means petroleum, other crude oil, natural gasoline, distillate, condensate, casinghead gasoline, asphalt or other mineral oil which is mined, or produced, or withdrawn from below the surface of the soil or water, in this state. Any type of salvaged crude oil which, after any treatment, becomes marketable shall be defined as crude oil which has been severed from the soil or water.

(g) "Severed" means the extraction or withdrawing from below the surface of the soil or water of any oil, whether such extraction or withdrawal shall be by natural flow, mechanically enforced flow, pumping or any other means employed to get the oil from below the surface of the soil or water, and shall include the withdrawing by any means whatsoever of oil upon which the tax has not been paid, from any surface reservoir, natural or artificial, or from a water surface. *** * *** However, *** * *** in the case of salvaged crude oil, "severed" means the process of treating such oil so that it will become marketable and the time of severance shall occur upon completion of the treatment.

(h) "Person" means any natural person, firm, copartnership, joint venture, association, corporation, estate, trust or any other group, or combination acting as a unit, and the plural as well as the singular number.

(i) "Producer" means any person owning, controlling, managing or leasing any oil property, or oil well, and any person who produces in any manner any oil by taking it from the earth or water in this state, and shall include * * * a person * * * acting on behalf of an interest owner of oil produced, whether produced by him, or by some other person on his behalf, either by lease contract or otherwise.

(j) "Engaging in business" means any act or acts engaged in (personal or corporate) by producers, or parties at interest, the result of which, oil is severed from the soil or water, for storage, transport or manufacture, or by which there is an exchange of money, or goods, or thing of value, for oil which has been or is in process of being severed, from the soil or water.

(k) "Barrel" for oil measurement, means a barrel of forty-two (42) United States gallons of two hundred thirty-one (231) cubic inches per gallon, computed at a temperature of sixty (60) degrees Fahrenheit.

(l) "Production" means the total gross amount of oil produced, including all royalty or other interest; that is, the amount for the purpose of the tax imposed by this article shall be

measured or determined by tank tables compiled to show one hundred percent (100%) of the full capacity of tanks without deduction for overage or losses in handling. Allowance for any reasonable and bona fide deduction for basic sediment and water, and for correction of temperature to sixty (60) degrees Fahrenheit will be allowed. If the amount of oil produced has been measured or determined by tank tables compiled to show less than one hundred percent (100%) of the full capacity of tanks, then such amount shall be raised to a basis by one hundred percent (100%) for the purpose of the tax imposed by this article.

(m) "Gathering system" means the pipelines, pumps and other property used in gathering oil from the property on which it is produced, the tanks used for storage at a central place, loading racks and equipment for loading oil into tank cars or other transporting media, and all other equipment and appurtenances necessary to a gathering system for transferring oil into trunk pipelines.

(n) "Discovery well" means any well producing oil from a single pool in which a well has not been previously produced in paying quantities after testing.

(o) "Development wells" means all oil producing wells other than discovery wells and replacement wells.

(p) "Replacement well" means a well drilled on a drilling and/or production unit to replace another well which is drilled in the same unit and completed in the same pool.

(q) "Three-dimensional seismic" means data which is regularly organized in three (3) orthogonal directions and thus suitable for interpretation with a three-dimensional software package on an interactive work station.

(r) "Two-year inactive well" means any oil or gas well certified by the State Oil and Gas Board as having not produced oil or gas in more than a total of thirty (30) days during a twelve-consecutive-month period in the two (2) years before the date of certification.

(s) "Horizontally drilled well" means a well in which the deviation of the borehole is at least eighty degrees (80°) from vertical so that the borehole penetrates a productive formation in a manner parallel to the formation and in which there is at least one thousand (1,000) feet of lateral penetration through productive reservoirs.

(t) "Horizontally drilled recompletion well" means an existing well in which the deviation of the borehole is at least eighty degrees (80°) from vertical so that the borehole penetrates a productive formation in a manner parallel to the formation and in which there is at least one thousand (1,000) feet of lateral penetration through productive reservoirs.

(u) "Interest owner" means any person owning any royalty or other interest in oil or its value.

SECTION 2. Section 27-25-503, Mississippi Code of 1972, is amended as follows:

27-25-503. (1) (a) Except as otherwise provided in this section, there is levied, to be collected as provided in this article, annual privilege taxes upon every * * * interest owner who is producing, or severing oil in this state, from the soil or water for sale, transport, storage, profit or for commercial use. The amount of the tax shall be measured by the value of the oil produced, and shall be levied and assessed at the rate of six percent (6%) of the value of the oil at the point of production.

(b) The tax shall be levied and assessed at the rate of three percent (3%) of the value of the oil at the point of production on oil produced by an enhanced oil recovery method in which carbon dioxide is used; provided, that such carbon dioxide is transported by pipeline to the oil well site and on oil produced by any other enhanced oil recovery method approved and permitted by the State Oil and Gas Board on or after April 1, 1994, pursuant to Section 53-3-101 et seq.

(c) (i) The tax shall be levied and assessed at the rate of one and three-tenths percent (1.3%) of the value of the oil at the point of production on oil produced from a horizontally drilled well or from any horizontally drilled recompletion well from which production commences from and after July 1, 2013, for a period of thirty (30) months beginning on the date of first sale of production or until payout of the well cost is achieved, whichever first occurs. Thereafter, the tax shall be levied and assessed as provided for in paragraph (a) of this subsection.

(ii) Payout of a horizontally drilled well or horizontally drilled recompletion well shall be deemed to have occurred the first day of the next month after gross revenues, less royalties and severance taxes, equal to the cost to drill and complete the well.

(iii) Each operator must apply by letter to the State Oil and Gas Board for the reduced rate provided in this paragraph (c), and shall provide the board with the status of payout on a semiannual basis of any horizontally drilled well or horizontally drilled recompletion well by signed affidavit executed by a company representative.

(iv) This paragraph (c) shall be repealed from and after July 1, 2023; however, any horizontally drilled well or horizontally drilled recompletion well from which production commences before July 1, 2023, shall be taxed as provided for in this paragraph (c) notwithstanding that the repeal of this paragraph (c) has become effective.

(2) The tax is levied upon the entire production in this state regardless of whether the interest owner resides in this state, regardless of the place of sale, or to whom sold, or by whom used, or regardless of the fact that the delivery may be made to points outside the state * * *. The tax shall accrue at the time the oil is severed from the soil, or water, and in its natural, unrefined or unmanufactured state.

(3) (a) Oil produced from a discovery well for which drilling or re-entry commenced on or after April 1, 1994, but before July 1, 1999, shall be exempt from the taxes levied under this section for a period of five (5) years beginning on the date of first sale of production from such well, provided that the average monthly sales price of such oil does not exceed Twenty-five Dollars ($25.00) per barrel. The exemption for oil produced from a discovery well as described in this paragraph (a) shall be repealed from and after July 1, 2003, provided that any such production for which a permit was granted by the board before July 1, 2003, shall be exempt for an entire period of five (5) years, notwithstanding that the repeal of this provision has become effective. Oil produced from development wells or replacement wells drilled in connection with discovery wells for which drilling commenced on or after January 1, 1994, but before July 1, 1999, shall be assessed at the rate of three percent (3%) of the value of the oil at the point of production for a period of three (3) years. The reduced rate of assessment of oil produced from development wells or replacement wells as described in this paragraph (a) shall be repealed from and after January 1, 2003, provided that any such production for which drilling commenced before January 1, 2003, shall be assessed at the reduced rate for an entire period of three (3) years, notwithstanding that the repeal of this provision has become effective.

(b) Oil produced from a discovery well for which drilling or re-entry commenced on or after July 1, 1999, shall be assessed at the rate of three percent (3%) of the value of the oil at the point of production for a period of five (5) years beginning on the date of first sale of production from such well, provided that the average monthly sales price of such oil does not exceed Twenty Dollars ($20.00) per barrel. The reduced rate of assessment of oil produced from a discovery well as described in this paragraph (b) shall be repealed from and after July 1, 2003, provided that any such production for which a permit was granted by the board before July 1, 2003, shall be assessed at the reduced rate for an entire period of five (5) years, notwithstanding that the repeal of this provision has become effective. Oil produced from development wells or replacement wells drilled in connection with discovery wells for which drilling commenced on or after July 1, 1999, shall be assessed at the rate of three percent (3%) of the value of the oil at the point of production for a period of three (3) years. The reduced rate of assessment of oil produced from development wells or replacement wells as described in this paragraph (b) shall be repealed from and after January 1, 2003, provided that any such production for which drilling commenced before July 1, 2003, shall be assessed at the reduced rate for an entire period of three (3) years, notwithstanding that the repeal of this provision has become effective.

(4) (a) Oil produced from a development well for which drilling commenced on or after April 1, 1994, but before July 1, 1999, and for which three-dimensional seismic was utilized in connection with the drilling of such well shall be assessed at the rate of three percent (3%) of the value of the oil at the point of production for a period of five (5) years, provided that the average monthly sales price of such oil does not exceed Twenty-five Dollars ($25.00) per barrel. The reduced rate of assessment of oil produced from a development well as described in this paragraph (a) and for which three-dimensional seismic was utilized shall be repealed from and after July 1, 2003, provided that any such production for which a permit was granted by the board before July 1, 2003, shall be assessed at the reduced rate for an entire period of five (5) years, notwithstanding that the repeal of this provision has become effective.

(b) Oil produced from a development well for which drilling commenced on or after July 1, 1999, and for which three-dimensional seismic was utilized in connection with the drilling of such well shall be assessed at the rate of three percent (3%) of the value of the oil at the point of production for a period of five (5) years, provided that the average monthly sales price of such oil does not exceed Twenty Dollars ($20.00) per barrel. The reduced rate of assessment of oil produced from a development well as described in this paragraph (b) and for which three-dimensional seismic was utilized shall be repealed from and

after July 1, 2003, provided that any such production for which a permit was granted by the board before July 1, 2003, shall be assessed at the reduced rate for an entire period of five (5) years, notwithstanding that the repeal of this provision has become effective.

(5) (a) Oil produced before July 1, 1999, from a two-year inactive well as defined in Section 27-25-501 shall be exempt from the taxes levied under this section for a period of three (3) years beginning on the date of first sale of production from such well, provided that the average monthly sales price of such oil does not exceed Twenty-five Dollars ($25.00) per barrel. The exemption for oil produced from an inactive well shall be repealed from and after July 1, 2003, provided that any such production which began before July 1, 2003, shall be exempt for an entire period of three (3) years, notwithstanding that the repeal of this provision has become effective.

(b) Oil produced on or after July 1, 1999, from a two-year inactive well as defined in Section 27-25-501 shall be exempt from the taxes levied under this section for a period of three (3) years beginning on the date of first sale of production from such well, provided that the average monthly sales price of such oil does not exceed Twenty Dollars ($20.00) per barrel. The exemption for oil produced from an inactive well shall be repealed from and after July 1, 2003, provided that any such production which began before July 1, 2003, shall be exempt for an entire

period of three (3) years, notwithstanding that the repeal of this provision has become effective.

(6) [Repealed]

(7) The State Oil and Gas Board shall have the exclusive authority to determine the qualification of wells defined in paragraphs (n) through (t) of Section 27-25-501.

SECTION 3. Section 27-25-507, Mississippi Code of 1972, is amended as follows:

27-25-507. When any regular monthly report required from *** * *** producers or interest owners by this article, does not disclose the actual source of any oil taxable under this article, but does show such oil to have escaped from a well or wells and to have been recovered from streams, lakes, ravines, or other natural depressions, it shall be the duty of the commissioner to collect, in addition to the privilege tax herein imposed, an additional amount equal to fourteen percent (14%) of the gross value of such escaped oil. The commissioner shall hold such additional collection in a special escrow account for a period of twelve (12) months from the date of the collection, during which time any person or persons who claim to be the rightful owner or owners of any royalty interest in the escaped oil, shall present proper and satisfactory proof of such ownership to the commissioner. If the commissioner shall be satisfied as to the ownership of such escaped oil, then he shall pay to such claimant or claimants a proportionate part of such additional collection held in escrow,

according to their proper interest or interests. No payment to any claimant shall be made, however, before it is approved by the attorney general, or before it is ordered by any court having proper jurisdiction. After the lapse of twelve (12) months from the date of any additional collection, if no claim or claims have been made to it, or to the balance remaining of it after the payment by the commissioner of any claim or claims, the commissioner shall distribute the additional collection or any balance of it in the same manner as is herein provided for the distribution of the tax imposed by this article.

SECTION 4. Section 27-25-509, Mississippi Code of 1972, is amended as follows:

27-25-509. (1) The tax hereby imposed is levied upon the * * * interest owners of such oil in the proportion of their ownership at the time of severance, but, except as otherwise herein provided, * * * may be paid by the person in charge of the production operations, who * * *, in such case, shall deduct from any amount due to * * * interest owners of such production at the time of severance the proportionate amount of the tax herein levied before making payments to * * * interest owners. * * * The tax shall become due and payable as provided by this article, * * * shall constitute a first lien upon any of the oil so produced, when in the hands of the * * * interest owner, or any purchaser of such oil in its unmanufactured state or condition. * * * If the person in charge of production operations fails to

pay the tax, then the commissioner shall proceed against the * * * interest owner to collect the tax in accordance with the provisions made for the collection of delinquent taxes by the Mississippi Sales Tax Law.

(2) When any person in charge of the production operations shall sell the oil produced by him to any person under contracts requiring such purchaser to pay all owners of such oil direct, then the person in charge of the production operations may not be required to deduct the tax herein levied, but in which event such deduction shall be made by the purchaser before making payments to each interest owner of such oil * * *. The purchaser in that case shall account for the tax; provided that nothing herein shall be construed as releasing the person in charge of production operations from liability for the payment of the tax.

(3) When any person in charge of production operations shall sell oil produced by him on the open market, he shall withhold the tax imposed by this article, and if he is required to pay other interest holders, * * * shall deduct from any amount due them, the amount of tax levied and due under the provisions of this article before making payment to them.

(4) Every person in charge of production operations by which oil is severed from the soil or water in this state, who fails to deduct and withhold, as required herein, the amount of tax from sale or purchase price, when such oil is sold or purchased under contract, or agreement, or on the open market, or otherwise, shall

be liable to the state for the full amount of taxes, interest, and penalties which should have been deducted, withheld and remitted to the state, and the commissioner shall proceed to collect the tax from the person in charge of production operations, under the provisions of this article, as if he were the * * * interest owner of the oil.

SECTION 5. Section 27-25-511, Mississippi Code of 1972, is amended as follows:

27-25-511. When the title to any oil being severed from the soil, or water, is in dispute, or whenever the producer, interest owner of such oil from the soil, or water, or purchaser thereof, shall be withholding payments on account of litigation, or for any other reason, such producer or * * * interest owner shall deduct from the gross amount thus held the amount of the tax herein levied and imposed, and to make remittance thereof to the commissioner as provided by this article.

SECTION 6. Section 27-25-513, Mississippi Code of 1972, is amended as follows:

27-25-513. Every interest owner, producer or person in charge of production operations by which oil is severed from the soil, or water, in this state, when making the reports required by this article, shall file with the commissioner a statement, under oath, on forms prescribed by him, of the business conducted by such producer or person in charge of production operations, during the period for which the report is made, showing gross quantity of

oil and the value thereof, so severed or produced, and such other reasonable and necessary information pertaining thereto as the commissioner may require for the proper enforcement of the provisions of this article.

SECTION 7. Section 27-25-517, Mississippi Code of 1972, is amended as follows:

27-25-517. The commissioner shall have the power to require any interest owner producer, or person in charge of production operations, or person purchasing any oil from the soil, or water, to furnish any additional information by him deemed to be necessary for the purpose of computing the amount of * * * the tax; and for said purpose to examine the books, records, and all files of such person; and, to that end, the commissioner shall have the power to examine witnesses, and if any such witness shall fail or refuse to appear at the request of the commissioner, or refuse access to books, records and files, * * * the commissioner shall have the power and authority to proceed as provided by the Mississippi Sales Tax Law.

SECTION 8. Section 27-25-521, Mississippi Code of 1972, is amended as follows:

27-25-521. Every person who is an interest owner of oil or who is engaged in the business of producing or purchasing any oil in this state, or who is in charge of production operations, and who is required to pay the tax imposed by this article, shall make and keep, for a period of three (3) years, a complete and accurate

record, in the form required by the commissioner, showing the gross quantity of oil produced and value of same, the names of the persons from whom purchased, and the time of purchase. It is * * * the duty of such person to file quarterly with the commissioner a statement, under oath, showing the names and addresses of all persons from whom has been purchased any oil, produced or severed from the soil, or water, in Mississippi during the preceding quarter (three (3) months), and the county from which the oil was severed, together with a total gross quantity and value of oil so purchased, and any other information which the commissioner may require. * * * The report shall begin with the first calendar quarter after this article becomes effective and shall thereafter be filed within thirty (30) days after the expiration of each quarter and shall be made on such forms as may be prescribed by the commissioner. Any person failing to make the report required by this section shall be guilty of a misdemeanor and be punished by a fine of not less than Fifty Dollars ($50.00) or more than Five Hundred Dollars ($500.00) for each such offense.

SECTION 9. Section 27-25-523, Mississippi Code of 1972, is amended as follows:

27-25-523. (1) All oil produced or under the ground on producing properties within the State of Mississippi and all producing oil equipment, including wells, connections, pumps, derricks and other appurtenances actually owned by and belonging to the producer, and all leases in production, including mineral

rights in producing properties, shall be exempt from all ad valorem taxes now levied or hereafter levied by the State of Mississippi, or any county, municipality, levee district, road, school or any other taxing district within this state. This exemption shall not apply to drilling equipment, including derricks, machinery, and other materials necessary to drilling, nor to oil gathering systems, nor to the surface of lands leased for oil production or upon which oil producing properties are situated, but all such drilling equipment, gathering systems, and lands shall be assessed as are other properties and shall be subject to ad valorem tax. However, no additional assessment shall be added to the surface value of such lands by reason of the presence of oil thereunder or its production therefrom. The exemption herein granted shall apply to all ad valorem taxes levied in the year 1944 and each year thereafter.

(2) The exemption from ad valorem taxes granted in this section shall not apply to the percentage of ad valorem taxes that the owner or holder of a nonproducing oil interest in real estate, which is owned or held separately and apart from and independently of the rights owned in the surface of such real estate, must pay on the land under which the oil interest is located, pursuant to the provisions of Section 28 of this act.

SECTION 10. Section 27-25-701, Mississippi Code of 1972, is amended as follows:

27-25-701. Whenever used in this article, the following words and terms shall have the definition and meaning ascribed to them in this section, unless the intention to give a more limited meaning is disclosed by the context:

(a) "Tax commission" or "department" means the Department of Revenue of the State of Mississippi.

(b) "Commissioner" means the Commissioner of Revenue of the Department of Revenue.

(c) "Annual" means the calendar year or the taxpayer's fiscal year when permission is obtained from the commissioner to use a fiscal year as a tax period in lieu of a calendar year.

(d) "Value" means the sale price, or market value, at the mouth of the well. If the gas is exchanged for something other than cash, or if there is no sale at the time of severance, or if the relation between the buyer and the seller is such that the consideration paid, if any, is not indicative of the true value or market price, then the commissioner shall determine the value of the gas subject to tax, considering the sale price for cash of gas of like quality in the same or nearest gas-producing field.

(e) "Taxpayer" means any person liable for the tax imposed by this article.

(f) "Gas" means natural and casinghead gas and any gas or vapor taken from below the surface of the soil or water in this state, regardless of whether produced from a gas well or from a

well also productive of oil or any other product; provided, however, the term "gas" shall not include carbon dioxide.

(g) "Casinghead gas" means any gas or vapor indigenous to an oil stratum and produced from such stratum with oil.

(h) "Severed" means the extraction or withdrawing by any means whatsoever, from below the surface of the soil or water, of any gas.

(i) "Person" means any natural person, firm, copartnership, joint venture, association, corporation, estate, trust, or any other group, or combination acting as a unit, and the plural as well as the singular number.

(j) "Producer" means any person owning, controlling, managing or leasing any oil or gas property, or oil or gas well, and any person who produces in any manner any gas by taking it from the earth or water in this state, and shall include *** * *** a person *** * *** acting on behalf of an interest owner of gas being produced, either by lease contract or otherwise.

(k) "Engaging in business" means any act or acts engaged in (personal or corporate) by producers, or parties at interest, the result of which gas is severed from the soil or water, for storage, transport or manufacture, or by which there is an exchange of money, or goods, or thing of value, for gas which has been or is in process of being severed from the soil or water.

(l) "Production" means the total gross amount of gas produced, including all royalty or other interest; that is, the

amount for the purpose of the tax imposed by this article shall be measured or determined by meter readings showing one hundred percent (100%) of the full volume expressed in cubic feet at a standard base and flowing temperature of sixty (60) degrees Fahrenheit and at the absolute pressure at which the gas is sold and purchased; correction to be made for pressure according to Boyle's law, and for specific gravity according to the gravity at which the gas is sold and purchased or if not so specified, according to test made by the balance method.

(m) "Gathering system" means the pipelines, compressors, pumps, regulators, separators, dehydrators, meters, metering installations and all other property used in gathering gas from the well from which it is produced if such properties are owned by other than the operator, and all such properties, if owned by the operator, beyond the first metering installation that is nearest the well.

(n) "Discovery well" means any well producing gas from a single pool in which a well has not been previously produced in paying quantities after testing.

(o) "Development wells" means all gas-producing wells other than discovery wells and replacement wells.

(p) "Replacement well" means a well drilled on a drilling and/or production unit to replace another well which is drilled in the same unit and completed in the same pool.

(q) "Three-dimensional seismic" means data which is regularly organized in three (3) orthogonal directions and thus suitable for interpretation with a three-dimensional software package on an interactive work station.

(r) "Two-year inactive well" means any oil or gas well certified by the State Oil and Gas Board as having not produced oil or gas in more than a total of thirty (30) days during a twelve-consecutive-month period in the two (2) years before the date of certification.

(s) "Horizontally drilled well" means a well in which the deviation of the borehole is at least eighty degrees (80°) from vertical so that the borehole penetrates a productive formation in a manner parallel to the formation and in which there is at least one thousand (1,000) feet of lateral penetration through productive reservoirs.

(t) "Horizontally drilled recompletion well" means an existing well in which the deviation of the borehole is at least eighty degrees (80°) from vertical so that the borehole penetrates a productive formation in a manner parallel to the formation and in which there is at least one thousand (1,000) feet of lateral penetration through productive reservoirs.

(u) "Interest owner" means any person owning a royalty or other interest in any gas or its value.

SECTION 11. Section 27-25-703, Mississippi Code of 1972, is amended as follows:

27-25-703. (1) (a) Except as otherwise provided in this section, there is hereby levied, to be collected as provided in this article, annual privilege taxes upon every * * * interest owner who is producing, or severing gas in this state, from below the soil or water for sale, transport, storage, profit or for commercial use. The amount of the tax shall be measured by the value of the gas produced and shall be levied and assessed at a rate of six percent (6%) of the value of the gas at the point of production, except as otherwise provided in subsection (4) of this section.

(b) (i) The tax shall be levied and assessed at the rate of one and three-tenths percent (1.3%) of the value of the gas at the point of production on gas produced from a horizontally drilled well or from any horizontally drilled recompletion well from which production commences from and after July 1, 2013, for a period of thirty (30) months beginning on the date of first sale of production or until payout of the well cost is achieved, whichever first occurs. Thereafter, the tax shall be levied and assessed as provided for in paragraph (a) of this subsection.

(ii) Payout of a horizontally drilled well or horizontally drilled recompletion well shall be deemed to have occurred the first day of the next month after gross revenues, less royalties and severance taxes, equal to the cost to drill and complete the well.

(iii) Each operator must apply by letter to the State Oil and Gas Board for the reduced rate provided in this paragraph (b), and shall provide the board with the status of payout on a semiannual basis of any horizontally drilled well or horizontally drilled recompletion well by signed affidavit executed by a company representative.

(iv) This paragraph (b) shall be repealed from and after July 1, 2023; however, any horizontally drilled well or horizontally drilled recompletion well from which production commences before July 1, 2023, shall be taxed as provided for in this paragraph (b) notwithstanding that the repeal of this paragraph (b) has become effective.

(2) The tax is levied upon the entire production in this state, regardless of whether the interest owner resides in this state, regardless of the place of sale or to whom sold or by whom used, or regardless of the fact that the delivery may be made to points outside the state, but not levied upon that gas, lawfully injected into the earth for cycling, repressuring, lifting or enhancing the recovery of oil, nor upon gas lawfully vented or flared in connection with the production of oil, nor upon gas condensed into liquids on which the oil severance tax of six percent (6%) is paid; however, if any gas so injected into the earth is sold for such purposes, then the gas so sold shall not be excluded in computing the tax. The tax shall accrue at the time

the gas is produced or severed from the soil or water, and in its natural, unrefined or unmanufactured state.

(3) Natural gas and condensate produced from any wells for which drilling is commenced after March 15, 1987, and before July 1, 1990, shall be exempt from the tax levied under this section for a period of two (2) years beginning on the date of first sale of production from such wells.

(4) (a) Any well which begins commercial production of occluded natural gas from coal seams on or after March 20, 1990, and before July 1, 1993, shall be taxed at the rate of three and one-half percent (3-1/2%) of the gross value of the occluded natural gas from coal seams at the point of production for a period of five (5) years after such well begins production.

(b) Any well which begins commercial production of occluded natural gas from coal seams on or after July 1, 2004, and before July 1, 2007, shall be taxed at the rate of three percent (3%) of the gross value of the occluded natural gas from coal seams at the point of production for a period of five (5) years beginning on the date of the first sale of production from such well.

(5) (a) Natural gas produced from discovery wells for which drilling or re-entry commenced on or after April 1, 1994, but before July 1, 1999, shall be exempt from the tax levied under this section for a period of five (5) years beginning on the earlier of one (1) year from completion of the well or the date of

first sale from such well, provided that the average monthly sales price of such gas does not exceed Three Dollars and Fifty Cents ($3.50) per one thousand (1,000) cubic feet. The exemption for natural gas produced from discovery wells as described in this paragraph (a) shall be repealed from and after July 1, 2003, provided that any such production for which a permit was granted by the board before July 1, 2003, shall be exempt for an entire period of five (5) years, notwithstanding that the repeal of this provision has become effective. Natural gas produced from development wells or replacement wells drilled in connection with discovery wells for which drilling commenced on or after January 1, 1994, shall be assessed at a rate of three percent (3%) of the value thereof at the point of production for a period of three (3) years. The reduced rate of assessment of natural gas produced from development wells or replacement wells as described in this paragraph (a) shall be repealed from and after January 1, 2003, provided that any such production for which drilling commenced before January 1, 2003, shall be assessed at the reduced rate for an entire period of three (3) years, notwithstanding that the repeal of this provision has become effective.

(b) Natural gas produced from discovery wells for which drilling or re-entry commenced on or after July 1, 1999, shall be assessed at a rate of three percent (3%) of the value thereof at the point of production for a period of five (5) years beginning on the earlier of one (1) year from completion of the well or the

date of first sale from such well, provided that the average monthly sales price of such gas does not exceed Two Dollars and Fifty Cents ($2.50) per one thousand (1,000) cubic feet. The reduced rate of assessment of natural gas produced from discovery wells as described in this paragraph (b) shall be repealed from and after July 1, 2003, provided that any such production for which a permit was granted by the board before July 1, 2003, shall be assessed at the reduced rate for an entire period of five (5) years, notwithstanding that the repeal of this provision has become effective. Natural gas produced from development wells or replacement wells drilled in connection with discovery wells for which drilling commenced on or after July 1, 1999, shall be assessed at a rate of three percent (3%) of the value thereof at the point of production for a period of three (3) years. The reduced rate of assessment of natural gas produced from development wells or replacement wells as described in this paragraph (b) shall be repealed from and after January 1, 2003, provided that any such production for which drilling commenced before January 1, 2003, shall be assessed at the reduced rate for an entire period of three (3) years, notwithstanding that the repeal of this provision has become effective.

(6) (a) Gas produced from a development well for which drilling commenced on or after April 1, 1994, but before July 1, 1999, and for which three-dimensional seismic was utilized in connection with the drilling of such well, shall be assessed at a

rate of three percent (3%) of the value of the gas at the point of production for a period of five (5) years, provided that the average monthly sales price of such gas does not exceed Three Dollars and Fifty Cents ($3.50) per one thousand (1,000) cubic feet. The reduced rate of assessment of gas produced from a development well as described in this subsection and for which three-dimensional seismic was utilized shall be repealed from and after July 1, 2003, provided that any such production for which a permit was granted by the board before July 1, 2003, shall be assessed at the reduced rate for an entire period of five (5) years, notwithstanding that the repeal of this provision has become effective.

(b) Gas produced from a development well for which drilling commenced on or after July 1, 1999, and for which three-dimensional seismic was utilized in connection with the drilling of such well, shall be assessed at a rate of three percent (3%) of the value of the gas at the point of production for a period of five (5) years, provided that the average monthly sales price of such gas does not exceed Two Dollars and Fifty Cents ($2.50) per one thousand (1,000) cubic feet. The reduced rate of assessment of gas produced from a development well as described in this paragraph (b) and for which three-dimensional seismic was utilized shall be repealed from and after July 1, 2003, provided that any such production for which a permit was granted by the board before July 1, 2003, shall be assessed at the

reduced rate for an entire period of five (5) years, notwithstanding that the repeal of this provision has become effective.

(7) (a) Natural gas produced before July 1, 1999, from a two-year inactive well as defined in Section 27-25-701 shall be exempt from the taxes levied under this section for a period of three (3) years beginning on the date of first sale of production from such well, provided that the average monthly sales price of such gas does not exceed Three Dollars and Fifty Cents ($3.50) per one thousand (1,000) cubic feet. The exemption for natural gas produced from an inactive well as described in this subsection shall be repealed from and after July 1, 2003, provided that any such production which began before July 1, 2003, shall be exempt for an entire period of three (3) years, notwithstanding that the repeal of this provision has become effective.

(b) Natural gas produced on or after July 1, 1999, from a two-year inactive well as defined in Section 27-25-701 shall be exempt from the taxes levied under this section for a period of three (3) years beginning on the date of first sale of production from such well, provided that the average monthly sales price of such gas does not exceed Two Dollars and Fifty Cents ($2.50) per one thousand (1,000) cubic feet. The exemption for natural gas produced from an inactive well as described in this paragraph (b) shall be repealed from and after July 1, 2003, provided that any such production which began before July 1, 2003, shall be exempt

for an entire period of three (3) years, notwithstanding that the repeal of this provision has become effective.

(8) The State Oil and Gas Board shall have the exclusive authority to determine the qualification of wells defined in paragraphs (n) through (t) of Section 27-25-701.

SECTION 12. Section 27-25-705, Mississippi Code of 1972, is amended as follows:

[With regard to any county which is exempt from the provisions of Section 19-2-3, this section shall read as follows:]

27-25-705. (1) All taxes levied in this article and collected by the Department <u>of Revenue</u> shall be paid into the State Treasury on the same day in which the taxes are collected.

(2) Except as otherwise provided in this section, the commissioner shall apportion all the tax collections made pursuant to this article to the state and to the county in which the gas was produced, in the proportion of sixty-six and two-thirds percent (66-2/3%) to the state and thirty-three and one-third percent (33-1/3%) to the county.

(3) The commissioner shall apportion all the tax collections made pursuant to Section 27-25-703(1)(b) to the county in which the gas is produced.

(4) When the *** * *** <u>price</u> of <u>the</u> gas subject to the tax levied in this article *** * *** <u>is increased,</u> such increase is subject to approval by a federal regulatory board or commission, and when the <u>interest owner and</u> producer of the gas so requests,

the State Treasurer is * * * authorized to hold the severance tax collected on the price increase in escrow until such time as the price increase or a portion thereof is finally granted or approved. The severance tax thus held in escrow shall be deposited by the State Treasurer to an account in a state depository to be invested in an interest-bearing account in the manner provided by law. When the price increase in question or a portion thereof is granted or approved, the commissioner shall compute the correct severance tax due on the increase and certify the amount of tax thus computed. This amount and interest earned from the depository shall be distributed to the General Fund and to the county or counties proportionately as provided in this subsection. The balance, if any, of the tax and interest held in escrow on the price increase shall be returned to the taxpayer.

(5) The state's share of all gas severance taxes collected pursuant to this section shall be deposited as provided for in Section 27-25-506.

(6) The commissioner shall certify at the end of each month the apportionment to each county to the State Treasurer, who shall remit the county's share of the funds on or before the twentieth day of the month next succeeding the month in which the collections were made for division among the municipalities and taxing districts of the county. The commissioner shall submit a report to the State Treasurer for distribution to each county receiving the funds showing from whom the tax and interest, if

any, were collected. Upon receipt of the funds, the board of supervisors of the county shall allocate the funds to the municipalities and to the various maintenance and bond and interest funds of the county, school districts, supervisors districts and road districts, as provided in this subsection.

When there are any gas producing properties within the corporate limits of any municipality, then the municipality shall participate in the division of the tax and interest, if any, returned to the county in which the municipality is located in the proportion which the tax on production of gas from properties located within the municipal corporate limits bears to the tax on total production of gas in the county. In no event, however, shall the amount allocated to the municipalities exceed one-third (1/3) of the tax and interest produced in the municipality and returned to the county. Any amount received by any municipality as a result of the allocation provided for in this subsection shall be used for such purposes as are authorized by law.

The balance remaining of any funds returned to the county after the allocation to municipalities shall be divided among the various maintenance and bond and interest funds of the county, school districts, supervisors districts and road districts, in the discretion of the board of supervisors, and the board shall make the division in consideration of the needs of the various taxing districts. The funds so allocated shall be used only for such purposes as are authorized by law.

[With regard to any county which is required to operate on a countywide system of road administration as described in Section 19-2-3, this section shall read as follows:]

27-25-705. (1) All taxes herein levied in this article and collected by the Department of Revenue shall be paid into the State Treasury on the same day in which the taxes are collected.

(2) Except as otherwise provided in this section, the commissioner shall apportion all the tax collections made pursuant to this article to the state and to the county in which the gas was produced, in the proportion of sixty-six and two-thirds percent (66-2/3%) to the state and thirty-three and one-third percent (33-1/3%) to the county.

(3) The commissioner shall apportion all the tax collections made pursuant to Section 27-25-703(1)(b) to the county in which the gas is produced.

(4) When the *** * *** price of the gas subject to the tax levied in this article *** * *** is increased, the increase is subject to approval by a federal regulatory board or commission, and when the interest owner and producer of the gas so requests, the State Treasurer is *** * *** authorized to hold the severance tax collected on the price increase in escrow until such time as the price increase or a portion thereof is finally granted or approved. The severance tax thus held in escrow shall be deposited by the State Treasurer to an account in a state depository to be invested in an interest-bearing account in the manner provided by law. When the

price increase in question or a portion thereof is granted or approved, the commissioner shall compute the correct severance tax due on the increase and certify the amount of tax thus computed. This amount and interest earned from the depository shall be distributed to the General Fund and to the county or counties proportionately as provided in this subsection. The balance, if any, of the tax and interest held in escrow on the price increase shall be returned to the taxpayer.

(5) The state's share of all gas severance taxes collected pursuant to this section shall be deposited as provided for in Section 27-25-506.

(6) The commissioner shall certify at the end of each month the apportionment to each county to the State Treasurer, who shall remit the county's share of the funds on or before the twentieth day of the month next succeeding the month in which the collections were made for division among the municipalities and taxing districts of the county. The commissioner shall submit a report to the State Treasurer for distribution to each county receiving the funds showing from whom the tax and interest, if any, were collected. Upon receipt of the funds, the board of supervisors of the county shall allocate the funds to the municipalities and to the various maintenance and bond and interest funds of the county and school districts, as provided in this subsection.

When there are any gas producing properties within the corporate limits of any municipality, then the municipality shall participate in the division of the tax and interest, if any, returned to the county in which the municipality is located in the proportion which the tax on production of gas from properties located within the municipal corporate limits bears to the tax on total production of gas in the county. In no event, however, shall the amount allocated to the municipalities exceed one-third (1/3) of the tax and interest produced in the municipality and returned to the county. Any amount received by any municipality as a result of the allocation provided for in this subsection shall be used for such purposes as are authorized by law.

The balance remaining of any funds returned to the county after the allocation to municipalities shall be divided among the various maintenance and bond and interest funds of the county and school districts, in the discretion of the board of supervisors, and the board shall make the division in consideration of the needs of the various taxing districts. The funds so allocated shall be used only for such purposes as are authorized by law.

SECTION 13. Section 27-25-707, Mississippi Code of 1972, is amended as follows:

27-25-707. (1) The tax hereby imposed is levied upon the *** * *** interest owners of such gas in the proportion of their ownership at the time of severance, but, except as otherwise herein provided, *** * *** may be paid by the person in charge of the

production operations, who * * *, in such case, shall deduct from any amount due to * * * interest owners of such production at the time of severance the proportionate amount of the tax herein levied before making payments to * * * interest owners. * * * The tax shall become due and payable as provided by this article, and * * * shall constitute a first lien upon the property from which the gas was produced. * * * If the person in charge of production operations fails to pay the tax, then the commissioner shall proceed against the * * * interest owner to collect the tax in accordance with the provisions made for the collection of delinquent taxes by the Mississippi Sales Tax Law.

(2) When any person in charge of the production operations shall sell the gas produced by him to any person under contracts requiring such purchaser to pay all owners of such gas direct, then the person in charge of the production operations may not be required to deduct the tax herein levied, but in which event such deduction shall be made by the purchaser before making payments to each interest owner of such gas * * *. The purchaser in that case shall account for the tax; provided that nothing herein shall be construed as releasing the person in charge of production operations from liability for the payment of * * * the tax.

(3) When any person in charge of production operations shall sell gas produced by him on the open market, he shall withhold the tax imposed by this article, and if he is required to pay other interest holders, is hereby authorized, empowered and required to

deduct from any amount due them, the amount of tax levied and due under the provisions of this article before making payment to them.

(4) Every person in charge of production operations by which gas is severed from the soil or water in this state, who fails to deduct and withhold, as required herein, the amount of tax from sale or purchase price, when such gas is sold or purchased under contract or agreement, or on the open market, or otherwise, shall be liable to the state for the full amount of taxes, interest, and penalties which should have been deducted, withheld and remitted to the state, and the commissioner shall proceed to collect the tax from the person in charge of production operations, under the provisions of this article, as if he were the * * * interest owner of the gas.

SECTION 14. Section 27-25-709, Mississippi Code of 1972, is amended as follows:

27-25-709. When the title to any gas being severed from the soil, or water, is in dispute, or whenever the producer or interest owner of such gas from the soil, or water, or purchaser thereof, shall be withholding payments on account of litigation, or for any other reason, such producer, interest owner or purchaser * * * shall deduct from the gross amount thus held the amount of the tax herein levied and imposed, and to make remittance thereof to the commissioner as provided by this article.

SECTION 15. Section 27-25-711, Mississippi Code of 1972, is amended as follows:

27-25-711. Every interest owner, producer or person in charge of production operations by which gas is severed from the soil, or water, in this state, when making the reports required by this article, shall file with the commissioner a statement, under oath, on forms prescribed by him, of the business conducted by such producer or person in charge of production operations, during the period for which the report is made, showing gross quantity of gas and the value thereof, so severed or produced, and such other reasonable and necessary information pertaining thereto as the commissioner may require for the proper enforcement of the provisions of this article.

SECTION 16. Section 27-25-715, Mississippi Code of 1972, is amended as follows:

27-25-715. The commissioner shall have the power to require any interest owner, producer or person in charge of production operations, or person purchasing any gas from the soil, or water, to furnish any additional information by him deemed to be necessary for the purpose of computing the amount of * * * the tax; and for said purpose to examine the meter and other charts, books, records, and all files of such person; and, to that end, the commissioner shall have the power to examine witnesses, and if any such witness shall fail or refuse to appear at the request of the commissioner, or refuse access to books, records and

files, * * * the commissioner shall have the power and authority to proceed as provided by the Mississippi Sales Tax Law.

SECTION 17. Section 27-25-719, Mississippi Code of 1972, is amended as follows:

27-25-719. Every person who is an interest owner of gas, or who is engaged in the business of producing or purchasing any gas in this state, or who is in charge of production operations, and who is required to pay the tax imposed by this article, shall make and keep, for a period of three (3) years, a complete and accurate record, in the form required by the commissioner showing the gross quantity of gas produced and value of same, the names of the persons from whom purchased, and the time of purchase.

SECTION 18. Section 27-25-721, Mississippi Code of 1972, is amended as follows:

27-25-721. (1) All gas * * * produced or under the ground on producing properties within the State of Mississippi and all producing gas * * * equipment, including wells, connections, pumps, derricks and other appurtenances actually owned by and belonging to the producer, and all leases in production, including mineral rights in producing properties, shall be exempt from all ad valorem taxes now levied or hereafter levied by the State of Mississippi, or any other taxing district within this state. This exemption shall not apply to drilling equipment, including derricks, machinery, and other materials necessary to drilling, nor to gas * * * gathering systems, nor to the surface of lands

leased for gas or carbon dioxide production or upon which gas or carbon dioxide producing properties are situated, but all such drilling equipment, gathering systems, and lands shall be assessed as are other properties and shall be subject to ad valorem tax. However, no additional assessment shall be added to the surface value of such lands by reason of the presence of gas or carbon dioxide thereunder or its production therefrom. The exemption herein granted shall apply to all ad valorem taxes levied in the year 1948 and each year thereafter.

(2) The exemption from ad valorem taxes granted in this section shall not apply to the percentage of ad valorem taxes that the owner or holder of a nonproducing gas interest in real estate, which is owned or held separately and apart from and independently of the right owned in the surface owner of such real estate, must pay on the land under which the gas interest is located, under the provisions of Section 28 of this act.

SECTION 19. Section 27-25-303, Mississippi Code of 1972, is amended as follows:

27-25-303. The words, terms and phrases used in this article shall have the meanings ascribed to them herein.

(a) "Tax commission," "State Tax Commission" or "department" means the Department of Revenue of the State of Mississippi.

(b) "Commissioner" or "Chairman of the State Tax Commission" means the Commissioner of Revenue of the Department of Revenue.

(c) "Person" means and includes any individual, firm, copartnership, joint venture, association, corporation, estate, trust or other group or combination acting as a unit, and includes the plural as well as the singular in number.

(d) "Taxpayer" means any person liable for or having paid any tax to the State of Mississippi under the provisions of this article.

(e) "Producer" means any person who produces or severs or who is responsible for the production of salt from the earth or water for sale, profit or commercial use.

(f) "Production" means the total amount or quantity of marketable salt produced by whatever measurement used.

(g) "Value" means and includes the purchase price or royalty, cost, and any other expense as determined by generally accepted accounting principles of underground mining and handling of production to the point where processing begins.

(h) "Processing" means an activity of an industrial or commercial nature wherein labor or skill is applied, by hand or machinery, to raw materials so that a more useful product or substance of trade or commerce is produced for sale.

(i) "Engaging in business" means any act or acts engaged in by producers, or parties at interest which results in

the production of salt from the soil or water, for storage, transport or further processing.

(j) "Salt" means a substance which is chemically classified as sodium chloride.

(k) "Interest owner" means any person owning any royalty or other interest in salt or its value.

SECTION 20. Section 27-25-305, Mississippi Code of 1972, is amended as follows:

27-25-305. There is *** * *** levied and assessed, and shall be collected by the commissioner, privilege taxes upon every *** * *** interest owner who is mining, severing or otherwise producing salt or causing it to be produced in this state, for sale, profit or commercial use. The amount of such tax shall be three percent (3%) of the value of the entire production in this state.

The tax is *** * *** levied upon the entire production in this state, regardless of whether the interest owner resides in this state, regardless of the place of sale, or regardless of the fact that delivery may be made to points outside the state, and the tax shall accrue at the time such salt is severed from the soil or water, and in its natural, unrefined or unprocessed state.

The tax levied hereunder shall be a lien upon all products produced within this state and such lien shall be entitled to preference over all judgments, executions, encumbrances or liens whensoever created.

SECTION 21. Section 27-25-307, Mississippi Code of 1972, is amended as follows:

27-25-307. (1) All salt under the ground or salt produced or processed on producing properties and owned by the producer and all leases in production, including mineral rights in producing properties, shall be exempt from all ad valorem taxes now levied or hereafter levied by the State of Mississippi, or any county, or any other taxing district within this state.

(2) The exemption from ad valorem taxes granted in this section shall not apply to the percentage of ad valorem taxes that the owner or holder of a nonproducing salt interest in real estate, which is owned or held separately and apart from and independently of the right owned in the surface owner of such real estate, must pay on the land under which the salt interest is located, under the provisions of Section 28 of this act.

SECTION 22. Section 27-25-309, Mississippi Code of 1972, is amended as follows:

27-25-309. Every person who is an interest owner of salt or who is engaged in the business of producing salt in this state, or who is in charge of production operations, and who is required to pay the tax imposed by this article, shall make and keep, for a period of three (3) years, a complete and accurate record to substantiate all taxes accrued hereunder, showing the gross quantity of salt produced and the value of same, the names of the person or persons from whom purchased and the county in which

located. All records shall be subject to examination by the commissioner.

The commissioner may promulgate such rules and regulations not inconsistent with this article and the Mississippi Sales Tax Law for keeping records, making returns and for the ascertainment, assessment and collection of the tax imposed hereunder as he may deem necessary to enforce its provisions.

SECTION 23. Section 27-31-73, Mississippi Code of 1972, is amended as follows:

27-31-73. (1) To encourage the purchase of leases upon and interests in oil, gas and other minerals in the State of Mississippi, to encourage drilling for and production of such minerals, and to relieve the taxing officials of the counties of the state of the onerous duties of assessment for, collection of and sale for ad valorem taxes for such interests (which the Legislature finds are generally assessed at nominal values resulting in taxes not commensurate with the services required of such officers), all nonproducing leasehold interests upon all oil, gas and other minerals in, on or under lands lying within the State of Mississippi, created or assigned after the effective date of Sections 27-31-71 through 27-31-87, and also all nonproducing interests in such oil, gas and other minerals (including royalty interests therein) hereafter conveyed to a grantee or purchaser or excepted or reserved to a grantor separately and apart from the surface, shall be exempt from all ad valorem taxes levied on or

after January 1, 1947, by the State of Mississippi, or any county, municipality, levee district, road district, school district, drainage district or other taxing district within the state or becoming a lien on or after * * * such date. Any sale for taxes of the surface or of the remainder of the fee shall not in any manner whatsoever affect the interest or interests * * * exempted.

(2) For the same purpose * * * there is * * * likewise exempted from such ad valorem taxation all such interests created prior to the passage of Sections 27-31-71 through 27-31-87 which are owned separately and apart from the surface, provided that as a condition precedent to obtaining such exemption upon existing interests, the then owner thereof shall make application for exemption of the interest then owned by him as hereinafter provided and pay, in the manner provided under this chapter, a sum equivalent to the tax herein levied by Section 27-31-77 on instruments hereafter executed creating, transferring or reserving corresponding or similar interests. If any such sum is paid after January 1, 1947, then such exemption shall apply only to taxes becoming a lien after such sum is thus paid.

(3) The exemption from ad valorem taxes granted in this section shall not apply to the percentage of ad valorem taxes that the owner or holder of a nonproducing oil, gas or mineral interest in real estate, which is owned or held separately and apart from and independently of the right owned in the surface of such real estate, must pay on the land under which the oil, gas or other

mineral interest is located, pursuant to the provisions of Section 28 of this act.

SECTION 24. Section 27-35-51, Mississippi Code of 1972, is amended as follows:

27-35-51. (1) Except as otherwise provided in subsection (2) of this section, whenever any buildings, improvements or structures, mineral, gas, oil, timber or similar interests in real estate, including building permits or reservations, are owned separately and apart from and independently of the rights and interests owned in the surface of such real estate, or when any person reserves any right or interest, or has any leasehold in the elements above enumerated, all of such interests shall be assessed and taxed separately from such surface rights and interests in *** * *** the real estate, and shall be sold for taxes in the same manner and with the same effect as other interests in real estate are sold for taxes. Whenever the owner or holder of any separately owned or held nonproducing oil, gas or other mineral interest does not pay the percentage of ad valorem taxes that he or she is required to pay on the surface of the land under which the oil, gas or other mineral interest is located, the provisions of Section 28 of this act shall apply. All interests in real estate herein enumerated shall be returned to the tax assessor within the same time and in the same manner as the owners of land are now required by law to list lands for assessment and taxation and under like penalties. The tax assessor shall enter the

assessment of the interests herein enumerated upon the assessment roll by entering the same upon the next succeeding line or lines of the roll following the assessment of the surface owner, the name of the owner and the name of the interest, and by placing the value in the appropriate column or columns on the roll; or the assessor may enter the assessment of any or all of such interests upon a page or pages in the land roll following the assessment of the lands of the county, and the value of all such interests shall be included in the recapitulation of the roll. And the value of *** * *** the interest or interests shall be determined and fixed in the same manner and by the same officials now required by law to value and assess property for taxation.

(2) Pursuant to Section 65-43-3(2)(i), any contract entered into under Section 65-43-3 by a governmental entity, as defined in Section 65-43-1, with a company as defined in Section 65-43-3(1), involving a franchise, license agreement, concession agreement, operating agreement, construction agreement, design agreement and/or any other similar contractual arrangement in connection with the financing, design, construction, acquisition, maintenance and/or operation of a toll road or toll bridge project pursuant to Section 65-43-3, shall not constitute any right, title or interest in land or other real property or real estate or in personal property separate and apart and independent of the rights and interests of the governmental entity for purposes of subsection (1) of this section, in the toll road or toll bridge project,

including tollbooths and related toll facilities, including, but not limited to, land, pavement, drainage-related structures, and other infrastructure and property related thereto in which a governmental entity is the title owner of such property and/or holder of easements, rights-of-way and/or other interests for such toll road or toll bridge project.

SECTION 25. Section 27-31-1, Mississippi Code of 1972, is amended as follows:

27-31-1. The following shall be exempt from taxation:

(a) All cemeteries used exclusively for burial purposes.

(b) All property, real or personal, belonging to the State of Mississippi or any of its political subdivisions, except property of a municipality not being used for a proper municipal purpose and located outside the county or counties in which such municipality is located. A proper municipal purpose within the meaning of this section shall be any authorized governmental or corporate function of a municipality.

(c) All property, real or personal, owned by units of the Mississippi National Guard, or title to which is vested in trustees for the benefit of any unit of the Mississippi National Guard; provided such property is used exclusively for such unit, or for public purposes, and not-for-profit.

(d) All property, real or personal, belonging to any religious society, or ecclesiastical body, or any congregation

thereof, or to any charitable society, or to any historical or patriotic association or society, or to any garden or pilgrimage club or association and used exclusively for such society or association and not for profit; not exceeding, however, the amount of land which such association or society may own as provided in Section 79-11-33. All property, real or personal, belonging to any rural waterworks system or rural sewage disposal system incorporated under the provisions of Section 79-11-1. All property, real or personal, belonging to any college or institution for the education of youths, used directly and exclusively for such purposes, provided that no such college or institution for the education of youths shall have exempt from taxation more than six hundred forty (640) acres of land; provided, however, this exemption shall not apply to commercial schools and colleges or trade institutions or schools where the profits of same inure to individuals, associations or corporations. All property, real or personal, belonging to an individual, institution or corporation and used for the operation of a grammar school, junior high school, high school or military school. All property, real or personal, owned and occupied by a fraternal and benevolent organization, when used by such organization, and from which no rentals or other profits accrue to the organization, but any part rented or from which revenue is received shall be taxed.

(e) All property, real or personal, held and occupied by trustees of public schools, and school lands of the respective townships for the use of public schools, and all property kept in storage for the convenience and benefit of the State of Mississippi in warehouses owned or leased by the State of Mississippi, wherein said property is to be sold by the Alcoholic Beverage Control Division of the Department of Revenue of the State of Mississippi.

(f) All property, real or personal, whether belonging to religious or charitable or benevolent organizations, which is used for hospital purposes, and nurses' homes where a part thereof, and which maintain one or more charity wards that are for charity patients, and where all the income from said hospitals and nurses' homes is used entirely for the purposes thereof and no part of the same for profit.

(g) The wearing apparel of every person; and also jewelry and watches kept by the owner for personal use to the extent of One Hundred Dollars ($100.00) in value for each owner.

(h) Provisions on hand for family consumption.

(i) All farm products grown in this state for a period of two (2) years after they are harvested, when in the possession of or the title to which is in the producer, except the tax of one-fifth of one percent (1/5 of 1%) per pound on lint cotton now levied by the Board of Commissioners of the Mississippi Levee District; and lint cotton for five (5) years, and cottonseed,

soybeans, oats, rice and wheat for one (1) year regardless of ownership.

(j) All guns and pistols kept by the owner for private use.

(k) All poultry in the hands of the producer.

(l) Household furniture, including all articles kept in the home by the owner for his own personal or family use; but this shall not apply to hotels, rooming houses or rented or leased apartments.

(m) All cattle and oxen.

(n) All sheep, goats and hogs.

(o) All horses, mules and asses.

(p) Farming tools, implements and machinery, when used exclusively in the cultivation or harvesting of crops or timber.

(q) All property of agricultural and mechanical associations and fairs used for promoting their objects, and where no part of the proceeds is used for profit.

(r) The libraries of all persons.

(s) All pictures and works of art, not kept for or offered for sale as merchandise.

(t) The tools of any mechanic necessary for carrying on his trade.

(u) All state, county, municipal, levee, drainage and all school bonds or other governmental obligations, and all bonds and/or evidences of debts issued by any church or church

organization in this state, and all notes and evidences of indebtedness which bear a rate of interest not greater than the maximum rate per annum applicable under the law; and all money loaned at a rate of interest not exceeding the maximum rate per annum applicable under the law; and all stock in or bonds of foreign corporations or associations shall be exempt from all ad valorem taxes.

(v) All lands and other property situated or located between the Mississippi River and the levee shall be exempt from the payment of any and all road taxes levied or assessed under any road laws of this state.

(w) Any and all money on deposit in either national banks, state banks or trust companies, on open account, savings account or time deposit.

(x) All wagons, carts, drays, carriages and other horse-drawn vehicles, kept for the use of the owner.

(y) (i) Boats, seines and fishing equipment used in fishing and shrimping operations and in the taking or catching of oysters.

(ii) All towboats, tugboats and barges documented under the laws of the United States, except watercraft of every kind and character used in connection with gaming operations.

(z) (i) All materials used in the construction and/or conversion of vessels in this state;

(ii) Vessels while under construction and/or conversion;

(iii) Vessels while in the possession of the manufacturer, builder or converter, for a period of twelve (12) months after completion of construction and/or conversion; however, the twelve-month limitation shall not apply to:

1. Vessels used for the exploration for, or production of, oil, gas and other minerals offshore outside the boundaries of this state; or

2. Vessels that were used for the exploration for, or production of, oil, gas and other minerals that are converted to a new service for use outside the boundaries of this state;

(iv) 1. In order for a vessel described in subparagraph (iii) of this paragraph (z) to be exempt for a period of more than twelve (12) months, the vessel must:

a. Be operating or operable, generating or capable of generating its own power or connected to some other power source, and not removed from the service or use for which manufactured or to which converted; and

b. The manufacturer, builder, converter or other entity possessing the vessel must be in compliance with any lease or other agreement with any applicable port authority or other entity regarding the vessel and in compliance with all applicable tax laws of this state and applicable federal tax laws.

2. A vessel exempt from taxation under subparagraph (iii) of this paragraph (z) may not be exempt for a period of more than three (3) years unless the board of supervisors of the county and/or governing authorities of the municipality, as the case may be, in which the vessel would otherwise be taxable adopts a resolution or ordinance authorizing the extension of the exemption and setting a maximum period for the exemption.

(v) As used in this paragraph (z), the term "vessel" includes ships, offshore drilling equipment, dry docks, boats and barges, except watercraft of every kind and character used in connection with gaming operations.

(aa) Sixty-six and two-thirds percent (66-2/3%) of nuclear fuel and reprocessed, recycled or residual nuclear fuel by-products, fissionable or otherwise, used or to be used in generation of electricity by persons defined as public utilities in Section 77-3-3.

(bb) All growing nursery stock.

(cc) A semitrailer used in interstate commerce.

(dd) All property, real or personal, used exclusively for the housing of and provision of services to elderly persons, disabled persons, mentally impaired persons or as a nursing home, which is owned, operated and managed by a not-for-profit corporation, qualified under Section 501(c)(3) of the Internal Revenue Code, whose membership or governing body is appointed or

confirmed by a religious society or ecclesiastical body or any congregation thereof.

(ee) All vessels while in the hands of bona fide dealers as merchandise and which are not being operated upon the waters of this state shall be exempt from ad valorem taxes. As used in this paragraph, the terms "vessel" and "waters of this state" shall have the meaning ascribed to such terms in Section 59-21-3.

(ff) All property, real or personal, owned by a nonprofit organization that: (i) is qualified as tax exempt under Section 501(c)(4) of the Internal Revenue Code of 1986, as amended; (ii) assists in the implementation of the national contingency plan or area contingency plan, and which is created in response to the requirements of Title IV, Subtitle B of the Oil Pollution Act of 1990, Public Law 101-380; (iii) engages primarily in programs to contain, clean up and otherwise mitigate spills of oil or other substances occurring in the United States coastal or tidal waters; and (iv) is used for the purposes of the organization.

(gg) If a municipality changes its boundaries so as to include within the boundaries of such municipality the project site of any project as defined in Section 57-75-5(f)(iv)1, Section 57-75-5(f)(xxi) or Section 57-75-5(f)(xxviii) or Section 57-75-5(f)(xxix), all real and personal property located on the project site within the boundaries of such municipality that is

owned by a business enterprise operating such project, shall be exempt from ad valorem taxation for a period of time not to exceed thirty (30) years upon receiving approval for such exemption by the Mississippi Major Economic Impact Authority. The provisions of this paragraph shall not be construed to authorize a breach of any agreement entered into pursuant to Section 21-1-59.

(hh) All leases, lease contracts or lease agreements (including, but not limited to, subleases, sublease contracts and sublease agreements), and leaseholds or leasehold interests (including, but not limited to, subleaseholds and subleasehold interests), of or with respect to any and all property (real, personal or mixed) constituting all or any part of a facility for the manufacture, production, generation, transmission and/or distribution of electricity, and any real property related thereto, shall be exempt from ad valorem taxation during the period as the United States is both the title owner of the property and a sublessee of or with respect to the property; however, the exemption authorized by this paragraph (hh) shall not apply to any entity to whom the United States sub-subleases its interest in the property nor to any entity to whom the United States assigns its sublease interest in the property. As used in this paragraph, the term "United States" includes an agency or instrumentality of the United States of America. This paragraph (hh) shall apply to all assessments for ad valorem taxation for the 2003 calendar year and each calendar year thereafter.

(ii) All property, real, personal or mixed, including fixtures and leaseholds, used by Mississippi nonprofit entities qualified, on or before January 1, 2005, under Section 501(c)(3) of the Internal Revenue Code to provide support and operate technology incubators for research and development startup companies, telecommunication startup companies and/or other technology startup companies, utilizing technology spun-off from research and development activities of the public colleges and universities of this state, State of Mississippi governmental research or development activities resulting therefrom located within the State of Mississippi.

(jj) All property, real, personal or mixed, including fixtures and leaseholds, of startup companies (as described in paragraph (ii) of this section) for the period of time, not to exceed five (5) years, that the startup company remains a tenant of a technology incubator (as described in paragraph (ii) of this section).

(kk) All leases, lease contracts or lease agreements (including, but not limited to, subleases, sublease contracts and sublease agreements), and leaseholds or leasehold interests, of or with respect to any and all property (real, personal or mixed) constituting all or any part of an auxiliary facility, and any real property related thereto, constructed or renovated pursuant to Section 37-101-41, Mississippi Code of 1972.

(ll) Equipment brought into the state temporarily for use during a disaster response period as provided in Sections 27-113-1 through 27-113-9 and subsequently removed from the state on or before the end of the disaster response period as defined in Section 27-113-5.

(mm) For any lease or contractual arrangement to which the Department of Finance and Administration and a nonprofit corporation are a party to as provided in Section 39-25-1(5), the nonprofit corporation shall, along with the possessory and leasehold interests and/or real and personal property of the corporation, be exempt from all ad valorem taxation, including, but not limited to, school, city and county ad valorem taxes, for the term or period of time stated in the lease or contractual arrangement.

(nn) (i) Whenever any nonproducing oil, gas or other mineral interest in real estate is owned separately and apart from and independently of the rights owned in the surface of such real estate, or when any person reserves any right or interest or has any leasehold in any of the elements listed in this subparagraph (i), the owner of the surface estate shall be exempt from paying twenty-five percent (25%) of the ad valorem taxes otherwise due on the real estate if the surface owner has complied with the provisions of subparagraph (ii) of this paragraph.

(ii) It shall be the duty of every person who is eligible for and desires the exemption provided for in this

paragraph (nn) to provide to the tax assessor on or before the first day of April each year, for the tax assessor's review and approval, an attorney's title opinion covering the person's real estate reflecting the ownership or reservation of any of the type interests listed in subparagraph (i) of this paragraph. The title opinion shall reflect the name and address of the owner(s) or holder(s) of such interest, the percentage of the interest owned or held and the duration of the interest. The attorney providing the title opinion must have been licensed to practice law in the State of Mississippi for at least two (2) years and must have professional liability insurance.

(iii) If a person who is eligible for and desires the exemption provided for in this paragraph (nn) fails to comply with the requirements of subparagraph (ii) of this paragraph, that person shall not be granted such exemption and shall be liable for the full amount of the ad valorem taxes otherwise due on the real estate.

SECTION 26. Section 27-41-79, Mississippi Code of 1972, is amended as follows:

27-41-79. The tax collector shall on or before the second Monday of May and on or before the second Monday of October of each year, transmit to the clerk of the chancery court of the county separate certified lists of the lands struck off by him to the state and that sold to individuals, specifying to whom assessed, the date of sale, the amount of taxes for which sale was

made, and each item of cost incident thereto, and where sold to individuals, the name of the purchaser, such sale to be separately recorded by the clerk in a book kept by him for that purpose. *** * *** The tax collector shall also transmit to the clerk of the chancery court of the county separate lists of any nonproducing oil, gas or other mineral interests in real estate which are sold to persons for nonpayment of taxes or which are offered for sale and, because no person bids the whole amount of taxes and costs incident to the sale of such interest, revert to the owners of the surface estate under which such mineral interests are located. All such lists (except lists of nonproducing mineral interests that reverted to the owners of the surface estate under which such mineral interests are located) shall vest in the state or in the individual purchaser thereof a perfect title to the land or mineral interest, or both, sold for taxes, but without the right of possession for the period of and subject to the right of redemption *** * ***. Lists of nonproducing mineral interests that reverted to the owners of the surface estate under which such mineral interests are located shall vest in such surface owners a perfect title to the mineral interests, not subject to the right of redemption. A failure to transmit or record a list or a defective list shall not affect or render the title void. If the tax collector or clerk shall fail to perform the duties herein prescribed, he shall be liable to the party injured by such default in the penal sum of Twenty-five Dollars ($25.00), and also

on his official bond for the actual damage sustained. The lists hereinabove provided shall, when filed with the clerk, be notice to all persons in the same manner as are deeds when filed for record. The lists of lands hereinabove referred to shall be filed by the tax collector in May for sales made in April and in October for sales made in September, respectively.

SECTION 27. Section 27-41-81, Mississippi Code of 1972, is amended as follows:

27-41-81. The tax collector shall on or before the first Monday of June transmit to the clerk of the chancery court of the county separate certified lists of the lands struck off by him to the state and that sold to individuals, specifying to whom assessed, the day of the sale, the amount of taxes for which the sale was made and each item of cost incidental thereto, and, where sold to individuals, the name of the purchaser, to be separately recorded by the clerk in books kept by him for that purpose. *** * *** The tax collector shall also transmit to the clerk of the chancery court of the county separate lists of any nonproducing oil, gas or other mineral interests in real estate which are sold to persons for nonpayment of taxes or which are offered for sale and, because no person bids the whole amount of taxes and costs incident to the sale of such interest, revert to the owners of the surface estate under which such mineral interests are located. The lists shall (except lists of nonproducing mineral interests that reverted to the owners of the surface estate under which such

mineral interests are located) vest in the state or the individual purchaser thereof a perfect title to the land or mineral interest, or both, sold for taxes, but without the right of possession and subject to the right of redemption *** * ***. Lists of nonproducing mineral interests that reverted to the owners of the surface estate under which such mineral interests are located shall vest in such surface owners a perfect title to the mineral interests, not subject to the right of redemption. A failure to transmit or record a list, or a defective list, shall not affect or render the title void. If the tax collector or clerk shall fail to perform the duties herein prescribed, he shall be liable to the party injured by such default in the penal sum of Twenty-five Dollars ($25.00), and also on his bond for the actual damages sustained.

The list hereinabove provided shall, when filed with the clerk, be notice to all persons in the same manner as are deeds when filed for record.

SECTION 28. (1) Except as otherwise provided in subsection (2) of this section, the owner(s) or holder(s) of any nonproducing oil, gas or other mineral interest in real estate, which is owned or held separately and apart from and independently of the rights owned in the surface of such real estate, shall pay a percentage of the ad valorem taxes due on the land, as provided in this subsection. The owner(s) or holder(s) of all of the interests described in the preceding sentence collectively shall pay a total of twenty-five percent (25%) of the ad valorem taxes due on the

land under which the interests are located, and each individual owner or holder of any of the interests shall pay a prorated portion of the twenty-five percent (25%) based on his or her percentage of ownership of the collective total of all oil, gas or other mineral interests that are nonproducing and owned separately and apart from and independently of the rights owned in the surface of the real estate. The percentage of ad valorem taxes, which the owner(s) or holder(s) of any of the interests described in the first sentence of this subsection must pay, shall be due and payable at the same time and in the same manner as the ad valorem taxes due on the land.

(2) If the owner of the surface estate under which any separately owned or held, nonproducing oil, gas or other mineral interest is located fails to comply with the requirements of Section 27-31-1(nn)(ii) of this act, he or she shall be liable for the full amount of the ad valorem taxes otherwise due on the real estate, and the owner(s) or holder(s) of any of the interests described in the first sentence of subsection (1) shall not be liable for any percentage of the ad valorem taxes due on the real estate.

SECTION 29. (1) If the owner or holder of any nonproducing oil, gas or other mineral interest in real estate, which is owned or held separately and apart from and independently of the rights owned in the surface of such real estate, does not pay the percentage of ad valorem taxes that he or she is required to pay

on the surface of the land under which the oil, gas or mineral interest is located, the nonproducing, separately owned or held mineral interest shall be sold in the same manner and in accordance with the same procedure as prescribed by law for the sale of lands for nonpayment of taxes.

(2) In addition to the parties which the chancery clerk is required to provide with notice of a tax sale pursuant to Section 27-43-1 et seq., the chancery clerk shall provide notice to the owner of the surface estate under which the separately owned or held, nonproducing oil, gas or other mineral interest sold for nonpayment of taxes is located that such interest was sold for taxes. In addition to the owner or holder of the oil, gas or other mineral interest sold for nonpayment of taxes, or any person for him with his consent or any person interested in the oil, gas or other mineral interest, the owner of the surface estate under which the interest is located shall have the right, secondary only to the preceding parties, to redeem the oil, gas or other mineral interest sold for nonpayment of taxes.

(3) If the owner of the surface estate pays the amount necessary to redeem the oil, gas or mineral interest sold for nonpayment of taxes, the chancery clerk shall notify the owner or holder of the interest sold for nonpayment of taxes that the owner of the surface estate has tendered the amount necessary to redeem the interest from the tax sale, and that such tender of the amount necessary to redeem the interest does not operate to redeem the

interest from the tax sale. The chancery clerk shall notify the owner or holder of the oil, gas or other mineral interest sold for nonpayment of taxes that if such owner or holder, or any persons for him with his consent, or any person interested in the oil, gas or other mineral interest does not redeem the interest before the expiration of the time of redemption, title to the oil, gas or other mineral interest shall vest in the owner of the surface estate who tendered the amount necessary to redeem the interest from the tax sale. If the owner or holder of the oil, gas or other mineral interest does not redeem the interest from the tax sale before the expiration of the redemption period, after being notified by the chancery clerk in accordance with the provisions of this section, title to the interest shall vest in the owner of the surface estate who tendered the amount necessary to redeem the interest from the tax sale, and the chancery clerk shall execute a deed of conveyance to such owner of the surface estate.

(4) If any such nonproducing oil, gas or other mineral interest in real estate of a delinquent taxpayer is offered for sale, and no person bids the whole amount of taxes and costs incident to the sale of the mineral interest, such mineral interest shall revert to the owner of the surface estate under which the mineral interest is located. The owner of the surface estate to whom such mineral interest reverts shall be liable, beginning with the next year of tax liability, for the amount of delinquent taxes for which the mineral interest was offered for

sale and for his prorated portion of the collective twenty-five percent (25%) of ad valorem taxes due on the land as provided in Section 28 of this act.

SECTION 30. This act shall apply to any nonproducing oil, gas or other mineral interest in real estate which is owned or held separate and apart from and independently of the rights owned in the surface of such real estate, regardless of whether such interest was created or became nonproducing before or after the effective date of this act.

SECTION 31. This act shall take effect and be in force from and after July 1, 2021.