



1 (b) in the case of aircraft, the holder of a Federal Aviation Administration (FAA) operating  
2 certificate or air carrier's operating certificate; or

3 (c) in the case of locomotives, freight cars, railroad work equipment, or other rolling stock,  
4 the holder of a certificate issued by the United States Interstate Commerce Commission.

5 (3) (a) For purposes of Subsection 59-12-104(44), "coin-operated amusement device"  
6 means:

7 (i) a coin-operated amusement, skill, or ride device;

8 (ii) that is not controlled through vendor-assisted, over-the-counter, sales of tokens; and

9 (iii) includes a music machine, pinball machine, billiard machine, video game machine,  
10 arcade machine, and a mechanical or electronic skill game or ride.

11 (b) For purposes of Subsection 59-12-104(44), "coin-operated amusement device" does  
12 not mean a coin-operated amusement device possessing a coinage mechanism that:

13 (i) accepts and registers multiple denominations of coins; and

14 (ii) allows the vendor to collect the sales and use tax at the time an amusement device is  
15 activated and operated by a person inserting coins into the device.

16 (4) "Commercial use" means the use of gas, electricity, heat, coal, fuel oil, or other fuels  
17 that does not constitute industrial use under Subsection (10) or residential use under Subsection  
18 (17).

19 (5) (a) "Common carrier" means a person engaged in or transacting the business of  
20 transporting passengers, freight, merchandise, or other property for hire within this state.

21 (b) (i) "Common carrier" does not include a person who, at the time the person is traveling  
22 to or from that person's place of employment, transports a passenger to or from the passenger's  
23 place of employment.

24 (ii) For purposes of Subsection (5)(b)(i), in accordance with Title 63, Chapter 46a, Utah  
25 Administrative Rulemaking Act, the commission may make rules defining what constitutes a  
26 person's place of employment.

27 (6) "Component part" includes:

28 (a) poultry, dairy, and other livestock feed, and their components;

29 (b) baling ties and twine used in the baling of hay and straw;

30 (c) fuel used for providing temperature control of orchards and commercial greenhouses

31 doing a majority of their business in wholesale sales, and for providing power for off-highway type

1 farm machinery; and

2 (d) feed, seeds, and seedlings.

3 (7) "Construction materials" means any tangible personal property that will be converted  
4 into real property.

5 (8) (a) "Fundraising sales" means sales:

6 (i) (A) made by a public or private elementary or secondary school; or

7 (B) made by a public or private elementary or secondary school student, grades  
8 kindergarten through 12;

9 (ii) that are for the purpose of raising funds for the school to purchase equipment,  
10 materials, or provide transportation; and

11 (iii) that are part of an officially sanctioned school activity.

12 (b) For purposes of Subsection (8)(a)(iii), "officially sanctioned school activity" means  
13 a school activity:

14 (i) that is conducted in accordance with a formal policy adopted by the school or school  
15 district governing the authorization and supervision of fundraising activities;

16 (ii) that does not directly or indirectly compensate an individual teacher or other  
17 educational personnel by direct payment, commissions, or payment in kind; and

18 (iii) the net or gross revenues from which are deposited in a dedicated account controlled  
19 by the school or school district.

20 (9) (a) "Home medical equipment and supplies" means equipment and supplies that:

21 (i) a licensed physician prescribes or authorizes in writing as necessary for the treatment  
22 of a medical illness or injury or as necessary to mitigate an impairment resulting from illness or  
23 injury;

24 (ii) are used exclusively by the person for whom they are prescribed to serve a medical  
25 purpose; and

26 (iii) are listed as eligible for payment under Title 18 of the federal Social Security Act or  
27 under the state plan for medical assistance under Title 19 of the federal Social Security Act.

28 (b) "Home medical equipment and supplies" does not include:

29 (i) equipment and supplies purchased by, for, or on behalf of any health care facility, as  
30 defined in Subsection (9)(c), doctor, nurse, or other health care provider for use in their  
31 professional practice;

- 1 (ii) eyeglasses, contact lenses, or equipment to correct impaired vision; or
- 2 (iii) hearing aids or hearing aid accessories.

3 (c) For purposes of Subsection (9)(b)(i), "health care facility" includes:

- 4 (i) a clinic;
- 5 (ii) a doctor's office; and
- 6 (iii) a health care facility as defined in Section 26-21-2.

7 (10) "Industrial use" means the use of natural gas, electricity, heat, coal, fuel oil, or other  
8 fuels in:

- 9 (a) mining or extraction of minerals;
- 10 (b) agricultural operations to produce an agricultural product up to the time of harvest or  
11 placing the agricultural product into a storage facility, including:

- 12 (i) commercial greenhouses;
- 13 (ii) irrigation pumps;
- 14 (iii) farm machinery;
- 15 (iv) implements of husbandry as defined in Subsection 41-1a-102(23) that are not  
16 registered under Title 41, Chapter 1a, Part 2, Registration; and
- 17 (v) other farming activities; and

18 (c) manufacturing tangible personal property at an establishment described in SIC Codes  
19 2000 to 3999 of the 1987 Standard Industrial Classification Manual of the federal Executive Office  
20 of the President, Office of Management and Budget.

21 (11) "Manufactured home" means any manufactured home or mobile home as defined in  
22 Title 58, Chapter 56, Utah Uniform Building Standards Act.

23 (12) For purposes of Subsection 59-12-104(15), "manufacturing facility" means:

24 (a) an establishment described in SIC Codes 2000 to 3999 of the 1987 Standard Industrial  
25 Classification Manual of the federal Executive Office of the President, Office of Management and  
26 Budget; or

27 (b) a scrap recycler if:

28 (i) from a fixed location, the scrap recycler utilizes machinery or equipment to process one  
29 or more of the following items into prepared grades of processed materials for use in new products:

- 30 (A) iron;
- 31 (B) steel;

- 1 (C) nonferrous metal;
- 2 (D) paper;
- 3 (E) glass;
- 4 (F) plastic;
- 5 (G) textile; or
- 6 (H) rubber; and

7 (ii) the new products under Subsection (12)(b)(i) would otherwise be made with  
8 nonrecycled materials.

9 (13) (a) "Medicine" means:

10 (i) insulin, syringes, and any medicine prescribed for the treatment of human ailments by  
11 a person authorized to prescribe treatments and dispensed on prescription filled by a registered  
12 pharmacist, or supplied to patients by a physician, surgeon, or podiatric physician;

13 (ii) any medicine dispensed to patients in a county or other licensed hospital if prescribed  
14 for that patient and dispensed by a registered pharmacist or administered under the direction of a  
15 physician; and

16 (iii) any oxygen or stoma supplies prescribed by a physician or administered under the  
17 direction of a physician or paramedic.

18 (b) "Medicine" does not include:

19 (i) any auditory, prosthetic, ophthalmic, or ocular device or appliance; or

20 (ii) any alcoholic beverage.

21 (14) (a) "Other fuels" means products that burn independently to produce heat or energy.

22 (b) "Other fuels" includes oxygen when it is used in the manufacturing of tangible personal  
23 property.

24 (15) "Person" includes any individual, firm, partnership, joint venture, association,  
25 corporation, estate, trust, business trust, receiver, syndicate, this state, any county, city,  
26 municipality, district, or other local governmental entity of the state, or any group or combination  
27 acting as a unit.

28 (16) "Purchase price" means the amount paid or charged for tangible personal property or  
29 any other taxable item or service under Subsection 59-12-103(1), excluding only cash discounts  
30 taken or any excise tax imposed on the purchase price by the federal government.

31 (17) "Residential use" means the use in or around a home, apartment building, sleeping

1 quarters, and similar facilities or accommodations.

2 (18) (a) "Retail sale" means any sale within the state of tangible personal property or any  
3 other taxable item or service under Subsection 59-12-103(1), other than resale of such property,  
4 item, or service by a retailer or wholesaler to a user or consumer.

5 (b) "Retail sale" includes sales by any farmer or other agricultural producer of poultry,  
6 eggs, or dairy products to consumers if the sales have an average monthly sales value of \$125 or  
7 more.

8 (c) "Retail sale" does not include, and no additional sales or use tax shall be assessed  
9 against, those transactions where a purchaser of tangible personal property pays applicable sales  
10 or use taxes on its initial nonexempt purchases of property and then enters into a sale-leaseback  
11 transaction by which title to such property is transferred by the purchaser-lessee to a lessor for  
12 consideration, provided:

13 (i) the transaction is intended as a form of financing for the property to the  
14 purchaser-lessee; and

15 (ii) pursuant to generally accepted accounting principles, the purchaser-lessee is required  
16 to capitalize the subject property for financial reporting purposes, and account for the lease  
17 payments as payments made under a financing arrangement.

18 (19) (a) "Retailer" means any person engaged in a regularly organized retail business in  
19 tangible personal property or any other taxable item or service under Subsection 59-12-103(1), and  
20 who is selling to the user or consumer and not for resale.

21 (b) "Retailer" includes commission merchants, auctioneers, and any person regularly  
22 engaged in the business of selling to users or consumers within the state.

23 (c) "Retailer" includes any person who engages in regular or systematic solicitation of a  
24 consumer market in this state by the distribution of catalogs, periodicals, advertising flyers, or  
25 other advertising, or by means of print, radio or television media, by mail, telegraphy, telephone,  
26 computer data base, cable, optic, microwave, or other communication system.

27 (d) "Retailer" does not include farmers, gardeners, stockmen, poultrymen, or other growers  
28 or agricultural producers producing and doing business on their own premises, except those who  
29 are regularly engaged in the business of buying or selling for a profit.

30 (e) For purposes of this chapter the commission may regard as retailers the following if  
31 they determine it is necessary for the efficient administration of this chapter: salesmen,

1 representatives, peddlers, or canvassers as the agents of the dealers, distributors, supervisors, or  
2 employers under whom they operate or from whom they obtain the tangible personal property sold  
3 by them, irrespective of whether they are making sales on their own behalf or on behalf of these  
4 dealers, distributors, supervisors, or employers, except that:

5 (i) a printer's facility with which a retailer has contracted for printing shall not be  
6 considered to be a salesman, representative, peddler, canvasser, or agent of the retailer; and

7 (ii) the ownership of property that is located at the premises of a printer's facility with  
8 which the retailer has contracted for printing and that consists of the final printed product, property  
9 that becomes a part of the final printed product, or copy from which the printed product is  
10 produced, shall not result in the retailer being deemed to have or maintain an office, distribution  
11 house, sales house, warehouse, service enterprise, or other place of business, or to maintain a stock  
12 of goods, within this state.

13 (20) "Sale" means any transfer of title, exchange, or barter, conditional or otherwise, in  
14 any manner, of tangible personal property or any other taxable item or service under Subsection  
15 59-12-103(1), for a consideration. It includes:

16 (a) installment and credit sales;

17 (b) any closed transaction constituting a sale;

18 (c) any sale of electrical energy, gas, services, or entertainment taxable under this chapter;

19 (d) any transaction if the possession of property is transferred but the seller retains the title  
20 as security for the payment of the price; and

21 (e) any transaction under which right to possession, operation, or use of any article of  
22 tangible personal property is granted under a lease or contract and the transfer of possession would  
23 be taxable if an outright sale were made.

24 (21) (a) "Sales relating to schools" means sales by a public school district or public or  
25 private elementary or secondary school, grades kindergarten through 12, that are directly related  
26 to the school's or school district's educational functions or activities and include:

27 (i) the sale of textbooks, textbook fees, laboratory fees, laboratory supplies, and safety  
28 equipment;

29 (ii) the sale of clothing that:

30 (A) a student is specifically required to wear as a condition of participation in a  
31 school-related event or activity; and

1 (B) is not readily adaptable to general or continued usage to the extent that it takes the  
2 place of ordinary clothing;

3 (iii) sales of food if the net or gross revenues generated by the food sales are deposited into  
4 a school district fund or school fund dedicated to school meals; and

5 (iv) transportation charges for official school activities.

6 (b) "Sales relating to schools" does not include:

7 (i) gate receipts;

8 (ii) special event admission fees;

9 (iii) bookstore sales of items that are not educational materials or supplies; and

10 (iv) except as provided in Subsection(21)(a)(ii), clothing.

11 (22) "Seasonal destination amusement park" means an amusement establishment that:

12 (a) is located at a fixed site;

13 (b) admits 750,000 or more people annually;

14 (c) is open for business for less than nine months during a calendar year; and

15 (d) includes:

16 (i) permanent structures and facilities;

17 (ii) amusement rides;

18 (iii) games of skill;

19 (iv) arcade games;

20 (v) recreational activities; and

21 (vi) entertainment.

22 [~~22~~] (23) "State" means the state of Utah, its departments, and agencies.

23 [~~23~~] (24) "Storage" means any keeping or retention of tangible personal property or any  
24 other taxable item or service under Subsection 59-12-103(1), in this state for any purpose except  
25 sale in the regular course of business.

26 [~~24~~] (25) (a) "Tangible personal property" means:

27 (i) all goods, wares, merchandise, produce, and commodities;

28 (ii) all tangible or corporeal things and substances which are dealt in or capable of being  
29 possessed or exchanged;

30 (iii) water in bottles, tanks, or other containers; and

31 (iv) all other physically existing articles or things, including property severed from real

1 estate.

2 (b) "Tangible personal property" does not include:

3 (i) real estate or any interest or improvements in real estate;

4 (ii) bank accounts, stocks, bonds, mortgages, notes, and other evidence of debt;

5 (iii) insurance certificates or policies;

6 (iv) personal or governmental licenses;

7 (v) water in pipes, conduits, ditches, or reservoirs;

8 (vi) currency and coinage constituting legal tender of the United States or of a foreign

9 nation; and

10 (vii) all gold, silver, or platinum ingots, bars, medallions, or decorative coins, not  
11 constituting legal tender of any nation, with a gold, silver, or platinum content of not less than  
12 80%.

13 ~~[(25)]~~ (26) (a) "Use" means the exercise of any right or power over tangible personal  
14 property under Subsection 59-12-103(1), incident to the ownership or the leasing of that property,  
15 item, or service.

16 (b) "Use" does not include the sale, display, demonstration, or trial of that property in the  
17 regular course of business and held for resale.

18 ~~[(26)]~~ (27) "Vehicle" means any aircraft, as defined in Section 2-1-1; any vehicle, as  
19 defined in Section 41-1a-102; any off-highway vehicle, as defined in Section 41-22-2; and any  
20 vessel, as defined in Section 41-1a-102; that is required to be titled, registered, or both. "Vehicle"  
21 for purposes of Subsection 59-12-104(37) only, also includes any locomotive, freight car, railroad  
22 work equipment, or other railroad rolling stock.

23 ~~[(27)]~~ (28) "Vehicle dealer" means a person engaged in the business of buying, selling, or  
24 exchanging vehicles as defined in Subsection ~~[(26)]~~ (27).

25 ~~[(28)]~~ (29) (a) "Vendor" means:

26 (i) any person receiving any payment or consideration upon a sale of tangible personal  
27 property or any other taxable item or service under Subsection 59-12-103(1), or to whom such  
28 payment or consideration is payable; and

29 (ii) any person who engages in regular or systematic solicitation of a consumer market in  
30 this state by the distribution of catalogs, periodicals, advertising flyers, or other advertising, or by  
31 means of print, radio or television media, by mail, telegraphy, telephone, computer data base,

1 cable, optic, microwave, or other communication system.

2 (b) "Vendor" does not mean a printer's facility described in Subsection (19)(e).

3 Section 2. Section **59-12-104** is amended to read:

4 **59-12-104. Exemptions.**

5 The following sales and uses are exempt from the taxes imposed by this chapter:

6 (1) sales of aviation fuel, motor fuel, and special fuel subject to a Utah state excise tax  
7 under Title 59, Chapter 13, Motor and Special Fuel Tax Act;

8 (2) through December 31, 1995, sales to the state, its institutions, and its political  
9 subdivisions, except sales of construction materials however, construction materials purchased by  
10 the state, its institutions, or its political subdivisions which are installed or converted to real  
11 property by employees of the state, its institutions, or its political subdivisions are exempt;

12 (3) beginning January 1, 1996, sales to the state, its institutions, and its political  
13 subdivisions; however, this exemption does not apply to sales of construction materials except:

14 (a) construction materials purchased by or on behalf of institutions of the public education  
15 system as defined in Utah Constitution Article X, Section 2, provided the construction materials  
16 are clearly identified and segregated and installed or converted to real property which is owned by  
17 institutions of the public education system; and

18 (b) construction materials purchased by the state, its institutions, or its political  
19 subdivisions which are installed or converted to real property by employees of the state, its  
20 institutions, or its political subdivisions;

21 (4) sales of food, beverage, and dairy products from vending machines in which the  
22 proceeds of each sale do not exceed \$1 if the vendor or operator of the vending machine reports  
23 an amount equal to 150% of the cost of items as goods consumed;

24 (5) sales of food, beverage, dairy products, similar confections, and related services to  
25 commercial airline carriers for in-flight consumption;

26 (6) sales of parts and equipment installed in aircraft operated by common carriers in  
27 interstate or foreign commerce;

28 (7) sales of commercials, motion picture films, prerecorded audio program tapes or  
29 records, and prerecorded video tapes by a producer, distributor, or studio to a motion picture  
30 exhibitor, distributor, or commercial television or radio broadcaster;

31 (8) sales of cleaning or washing of tangible personal property by a coin-operated laundry

1 or dry cleaning machine;

2 (9) sales made to or by religious or charitable institutions in the conduct of their regular  
3 religious or charitable functions and activities, if the requirements of Section 59-12-104.1 are  
4 fulfilled;

5 (10) sales of vehicles of a type required to be registered under the motor vehicle laws of  
6 this state which are made to bona fide nonresidents of this state and are not afterwards registered  
7 or used in this state except as necessary to transport them to the borders of this state;

8 (11) sales of medicine;

9 (12) sales or use of property, materials, or services used in the construction of or  
10 incorporated in pollution control facilities allowed by Sections 19-2-123 through 19-2-127;

11 (13) sales of meals served by:

12 (a) churches, charitable institutions, and institutions of higher education, if the meals are  
13 not available to the general public; and

14 (b) inpatient meals provided at medical or nursing facilities;

15 (14) isolated or occasional sales by persons not regularly engaged in business, except the  
16 sale of vehicles or vessels required to be titled or registered under the laws of this state in which  
17 case the tax is based upon:

18 (a) the bill of sale or other written evidence of value of the vehicle or vessel being sold;

19 or

20 (b) in the absence of a bill of sale or other written evidence of value, the then existing fair  
21 market value of the vehicle or vessel being sold as determined by the commission;

22 (15) (a) the following purchases or leases by a manufacturer on or after July 1, 1995:

23 (i) machinery and equipment:

24 (A) used in the manufacturing process;

25 (B) having an economic life of three or more years; and

26 (C) used:

27 (I) to manufacture an item sold as tangible personal property; and

28 (II) in new or expanding operations in a manufacturing facility in the state; and

29 (ii) subject to the provisions of Subsection (15)(b), normal operating replacements that:

30 (A) have an economic life of three or more years;

31 (B) are used in the manufacturing process in a manufacturing facility in the state;

1 (C) are used to replace or adapt an existing machine to extend the normal estimated useful  
2 life of the machine; and

3 (D) do not include repairs and maintenance;

4 (b) the rates for the exemption under Subsection (15)(a)(ii) are as follows:

5 (i) beginning July 1, 1996, through June 30, 1997, 30% of the sale or lease described in  
6 Subsection (15)(a)(ii) is exempt;

7 (ii) beginning July 1, 1997, through June 30, 1998, 60% of the sale or lease described in  
8 Subsection (15)(a)(ii) is exempt; and

9 (iii) beginning July 1, 1998, 100% of the sale or lease described in Subsection (15)(a)(ii)  
10 is exempt;

11 (c) for purposes of this subsection, the commission shall by rule define the terms "new or  
12 expanding operations" and "establishment"; and

13 (d) on or before October 1, 1991, and every five years after October 1, 1991, the  
14 commission shall:

15 (i) review the exemptions described in Subsection (15)(a) and make recommendations to  
16 the Revenue and Taxation Interim Committee concerning whether the exemptions should be  
17 continued, modified, or repealed; and

18 (ii) include in its report:

19 (A) the cost of the exemptions;

20 (B) the purpose and effectiveness of the exemptions; and

21 (C) the benefits of the exemptions to the state;

22 (16) sales of tooling, special tooling, support equipment, and special test equipment used  
23 or consumed exclusively in the performance of any aerospace or electronics industry contract with  
24 the United States government or any subcontract under that contract, but only if, under the terms  
25 of that contract or subcontract, title to the tooling and equipment is vested in the United States  
26 government as evidenced by a government identification tag placed on the tooling and equipment  
27 or by listing on a government-approved property record if a tag is impractical;

28 (17) intrastate movements of:

29 (a) freight by common carriers; and

30 (b) people by taxicabs as described in SIC Code 4121 of the Standard Industrial

31 Classification Manual of the federal Executive Office of the President, Office of Management and

1 Budget;

2 (18) sales of newspapers or newspaper subscriptions;

3 (19) tangible personal property, other than money, traded in as full or part payment of the  
4 purchase price, except that for purposes of calculating sales or use tax upon vehicles not sold by  
5 a vehicle dealer, trade-ins are limited to other vehicles only, and the tax is based upon:

6 (a) the bill of sale or other written evidence of value of the vehicle being sold and the  
7 vehicle being traded in; or

8 (b) in the absence of a bill of sale or other written evidence of value, the then existing fair  
9 market value of the vehicle being sold and the vehicle being traded in, as determined by the  
10 commission;

11 (20) sprays and insecticides used to control insects, diseases, and weeds for commercial  
12 production of fruits, vegetables, feeds, seeds, and animal products, but not those sprays and  
13 insecticides used in the processing of the products;

14 (21) (a) sales of tangible personal property used or consumed primarily and directly in  
15 farming operations, including sales of irrigation equipment and supplies used for agricultural  
16 production purposes, whether or not they become part of real estate and whether or not installed  
17 by farmer, contractor, or subcontractor, but not sales of:

18 (i) machinery, equipment, materials, and supplies used in a manner that is incidental to  
19 farming, such as hand tools with a unit purchase price not in excess of \$250, and maintenance and  
20 janitorial equipment and supplies;

21 (ii) tangible personal property used in any activities other than farming, such as office  
22 equipment and supplies, equipment and supplies used in sales or distribution of farm products, in  
23 research, or in transportation; or

24 (iii) any vehicle required to be registered by the laws of this state, without regard to the  
25 use to which the vehicle is put;

26 (b) sales of hay;

27 (22) exclusive sale of locally grown seasonal crops, seedling plants, or garden, farm, or  
28 other agricultural produce if sold by a producer during the harvest season;

29 (23) purchases of food as defined in 7 U.S.C. Sec. 2012(g) under the Food Stamp  
30 Program, 7 U.S.C. Sec. 2011 et seq.;

31 (24) sales of nonreturnable containers, nonreturnable labels, nonreturnable bags,

1 nonreturnable shipping cases, and nonreturnable casings to a manufacturer, processor, wholesaler,  
2 or retailer for use in packaging tangible personal property to be sold by that manufacturer,  
3 processor, wholesaler, or retailer;

4 (25) property stored in the state for resale;

5 (26) property brought into the state by a nonresident for his or her own personal use or  
6 enjoyment while within the state, except property purchased for use in Utah by a nonresident  
7 living and working in Utah at the time of purchase;

8 (27) property purchased for resale in this state, in the regular course of business, either in  
9 its original form or as an ingredient or component part of a manufactured or compounded product;

10 (28) property upon which a sales or use tax was paid to some other state, or one of its  
11 subdivisions, except that the state shall be paid any difference between the tax paid and the tax  
12 imposed by this part and Part 2, and no adjustment is allowed if the tax paid was greater than the  
13 tax imposed by this part and Part 2;

14 (29) any sale of a service described in Subsections 59-12-103(1)(b), (c), and (d) to a person  
15 for use in compounding a service taxable under the subsections;

16 (30) purchases of supplemental foods as defined in 42 U.S.C. Sec. 1786(b)(14) under the  
17 special supplemental nutrition program for women, infants, and children established in 42 U.S.C.  
18 Sec. 1786;

19 (31) (a) sales or leases made before June 30, 1996, of rolls, rollers, refractory brick,  
20 electric motors, and other replacement parts used in the furnaces, mills, and ovens of a steel mill  
21 described in SIC Code 3312 of the 1987 Standard Industrial Classification Manual of the federal  
22 Executive Office of the President, Office of Management and Budget; or

23 (b) contracts entered into or orders placed on or before January 1, 1996, to purchase or  
24 lease an item described in Subsection (31)(a) if the contract or order constitutes a:

25 (i) legal obligation to purchase or lease an item described in Subsection (31)(a); and

26 (ii) sale or lease under Section 59-12-102 on or before June 30, 1997;

27 (32) sales of boats of a type required to be registered under Title 73, Chapter 18, State  
28 Boating Act, boat trailers, and outboard motors which are made to bona fide nonresidents of this  
29 state and are not thereafter registered or used in this state except as necessary to transport them to  
30 the borders of this state;

31 (33) sales of tangible personal property to persons within this state that is subsequently

1 shipped outside the state and incorporated pursuant to contract into and becomes a part of real  
2 property located outside of this state, except to the extent that the other state or political entity  
3 imposes a sales, use, gross receipts, or other similar transaction excise tax on it against which the  
4 other state or political entity allows a credit for taxes imposed by this chapter;

5 (34) sales of aircraft manufactured in Utah if sold for delivery and use outside Utah where  
6 a sales or use tax is not imposed, even if the title is passed in Utah;

7 (35) amounts paid for the purchase of telephone service for purposes of providing  
8 telephone service;

9 (36) fares charged to persons transported directly by a public transit district created under  
10 the authority of Title 17A, Chapter 2, Part 10, Public Transit Districts;

11 (37) sales or leases of vehicles to, or use of vehicles by an authorized carrier;

12 (38) until July 1, 2000, 45% of the sales price of any new manufactured home and 100%  
13 of the sales price of any used manufactured home;

14 (39) sales relating to schools and fundraising sales;

15 (40) sales or rentals of home medical equipment and supplies;

16 (41) (a) (i) sales to a ski resort of electricity to operate a passenger tramway as defined in  
17 Subsection 63-11-38(8); and

18 (ii) sales to a seasonal destination amusement park of electricity to operate amusement  
19 rides; and

20 (b) the commission shall by rule determine the method for calculating sales exempt under  
21 Subsection (41)(a) that are not separately metered and accounted for in utility billings;

22 (42) sales to a ski resort of:

23 (a) snowmaking equipment;

24 (b) ski slope grooming equipment; and

25 (c) passenger tramways as defined in Subsection 63-11-38(8);

26 (43) sales of natural gas, electricity, heat, coal, fuel oil, or other fuels for industrial use;

27 (44) sales or rentals of the right to use or operate for amusement, entertainment, or  
28 recreation a coin-operated amusement device as defined in Subsection 59-12-102(3);

29 (45) sales of cleaning or washing of tangible personal property by a coin-operated car wash  
30 machine;

31 (46) sales by the state or a political subdivision of the state, except state institutions of

1 higher education as defined in Section 53B-3-102, of:

2 (a) photocopies; or

3 (b) other copies of records held or maintained by the state or a political subdivision of the  
4 state; ~~and~~

5 (47) (a) amounts paid:

6 (i) to a person providing intrastate transportation to an employer's employee to or from the  
7 employee's primary place of employment;

8 (ii) by an:

9 (A) employee; or

10 (B) employer; and

11 (iii) pursuant to a written contract between:

12 (A) the employer; and

13 (B) (I) the employee; or

14 (II) a person providing transportation to the employer's employee; and

15 (b) in accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the  
16 commission may for purposes of Subsection (47)(a) make rules defining what constitutes an  
17 employee's primary place of employment~~[-]; and~~

18 (48) (a) the following purchases by a seasonal destination amusement park on or after July  
19 1, 1998:

20 (i) subject to the provisions of Subsection (48)(b), the purchase of an amusement ride;

21 (ii) subject to the provisions of Subsection (48)(b), the purchase of machinery used to  
22 power, propel, or operate an amusement ride; and

23 (iii) the purchase of normal operating replacements of an item described in Subsection  
24 (48)(a) that:

25 (A) have an economic life of three or more years;

26 (B) are used by the seasonal destination amusement park in the course of its normal  
27 operations;

28 (C) are used to replace or adapt an existing machine to extend the normal estimated useful  
29 life of the machine; and

30 (D) do not include repairs and maintenance;

31 (b) the items described in Subsections (48)(a)(i) and (ii) shall:

1           (i) have an economic life of three or more years; and  
 2           (ii) be used in new or expanding operations in a seasonal destination amusement park; and  
 3           (c) for purposes of this Subsection (48), the commission shall, in accordance with Title  
 4 63, Chapter 46a, Utah Administrative Rulemaking Act, make rules defining the phrase "new or  
 5 expanding operations."

6           Section 3. Section **59-12-105** is amended to read:

7           **59-12-105. Exempt sales to be reported.**

8           The amount of sales or uses exempt under Subsections 59-12-104(15), (21), (41)(a)(i), and  
 9 (42) shall be reported to the commission by the owner, vendor, or purchaser, as the case may be.

10 Upon failure by the owner, vendor, or purchaser to report the full amount of the exemptions  
 11 granted under Subsections 59-12-104(15), (21), (41)(a)(i), and (42) on the original filed return, the  
 12 commission shall impose a penalty equal to 10% of the sales or use tax that would have been  
 13 imposed if the exemption had not applied. The penalty shall not be imposed if an amended return  
 14 containing the amount of the exemption is filed prior to notice of audit by the tax commission to  
 15 the owner, vendor, or purchaser.

16           Section 4. **Effective date.**

17           This act takes effect on July 1, 1998.

**Legislative Review Note**  
**as of 1-21-98 10:19 AM**

A limited legal review of this bill raises no obvious constitutional or statutory concerns.

**Office of Legislative Research and General Counsel**