

28 an amount equal to 150% of the cost of items as goods consumed;

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

31 (5) sales of parts and equipment installed in aircraft operated by common carriers in
32 interstate or foreign commerce;

33 (6) sales of commercials, motion picture films, prerecorded audio program tapes or
34 records, and prerecorded video tapes by a producer, distributor, or studio to a motion picture
35 exhibitor, distributor, or commercial television or radio broadcaster;

36 (7) sales of cleaning or washing of tangible personal property by a coin-operated laundry
37 or dry cleaning machine;

38 (8) (a) except as provided in Subsection (8)(b), sales made to or by religious or charitable
39 institutions in the conduct of their regular religious or charitable functions and activities, if the
40 requirements of Section 59-12-104.1 are fulfilled;

41 (b) the exemption provided for in Subsection (8)(a) does not apply to the following sales,
42 uses, leases, or rentals relating to the Olympic Winter Games of 2002 made to or by an
43 organization exempt from federal income taxation under Section 501(c)(3), Internal Revenue
44 Code:

45 (i) retail sales of Olympic merchandise;

46 (ii) admissions or user fees described in Subsection 59-12-103(1)(f);

47 (iii) sales of accommodations and services as provided in Subsection 59-12-103(1)(i),
48 except for accommodations and services:

49 (A) paid for in full by the Salt Lake Organizing Committee for the Olympic Winter Games
50 of 2002;

51 (B) exclusively used by:

52 (I) an officer, a trustee, or an employee of the Salt Lake Organizing Committee for the
53 Olympic Winter Games of 2002; or

54 (II) a volunteer supervised by the Salt Lake Organizing Committee for the Olympic Winter
55 Games of 2002; and

56 (C) for which the Salt Lake Organizing Committee for the Olympic Winter Games of 2002
57 does not receive reimbursement; or

58 (iv) a lease or rental of a vehicle as defined in Section 41-1a-102, except for a lease or

59 rental of a vehicle:

60 (A) paid for in full by the Salt Lake Organizing Committee for the Olympic Winter Games
61 of 2002;

62 (B) exclusively used by:

63 (I) an officer, a trustee, or an employee of the Salt Lake Organizing Committee for the
64 Olympic Winter Games of 2002; or

65 (II) a volunteer supervised by the Salt Lake Organizing Committee for the Olympic Winter
66 Games of 2002; and

67 (C) for which the Salt Lake Organizing Committee for the Olympic Winter Games of 2002
68 does not receive reimbursement;

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

72 (10) sales of medicine;

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

75 (12) sales of meals served by:

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

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

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

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

83 or

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

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

87 (i) machinery and equipment:

88 (A) used in the manufacturing process;

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

90 (C) used:
91 (I) to manufacture an item sold as tangible personal property; and
92 (II) in new or expanding operations in a manufacturing facility in the state; and
93 (ii) subject to the provisions of Subsection (14)(b), normal operating replacements that:
94 (A) have an economic life of three or more years;
95 (B) are used in the manufacturing process in a manufacturing facility in the state;
96 (C) are used to replace or adapt an existing machine to extend the normal estimated useful
97 life of the machine; and
98 (D) do not include repairs and maintenance;
99 (b) the rates for the exemption under Subsection (14)(a)(ii) are as follows:
100 (i) beginning July 1, 1996, through June 30, 1997, 30% of the sale or lease described in
101 Subsection (14)(a)(ii) is exempt;
102 (ii) beginning July 1, 1997, through June 30, 1998, 60% of the sale or lease described in
103 Subsection (14)(a)(ii) is exempt;
104 (iii) beginning July 1, 1998, through June 30, 1999, 100% of the sale or lease described in
105 Subsection (14)(a)(ii) is exempt; and
106 (iv) beginning on or after July 1, 1999, 80% of the sale or lease described in Subsection
107 (14)(a)(ii) is exempt;
108 (c) for purposes of this subsection, the commission shall by rule define the terms "new or
109 expanding operations" and "establishment"; and
110 (d) on or before October 1, 1991, and every five years after October 1, 1991, the
111 commission shall:
112 (i) review the exemptions described in Subsection (14)(a) and make recommendations to
113 the Revenue and Taxation Interim Committee concerning whether the exemptions should be
114 continued, modified, or repealed; and
115 (ii) include in its report:
116 (A) the cost of the exemptions;
117 (B) the purpose and effectiveness of the exemptions; and
118 (C) the benefits of the exemptions to the state;
119 (15) sales of tooling, special tooling, support equipment, and special test equipment used
120 or consumed exclusively in the performance of any aerospace or electronics industry contract with

121 the United States government or any subcontract under that contract, but only if, under the terms
122 of that contract or subcontract, title to the tooling and equipment is vested in the United States
123 government as evidenced by a government identification tag placed on the tooling and equipment
124 or by listing on a government-approved property record if a tag is impractical;

125 (16) intrastate movements of:

126 (a) freight by common carriers; and

127 (b) passengers:

128 (i) by taxicabs as described in SIC Code 4121 of the 1987 Standard Industrial

129 Classification Manual of the federal Executive Office of the President, Office of Management and
130 Budget; or

131 (ii) transported by an establishment described in SIC Code 4111 of the 1987 Standard
132 Industrial Classification Manual of the federal Executive Office of the President, Office of
133 Management and Budget, if the transportation originates and terminates within a county of the
134 first, second, or third class;

135 (17) sales of newspapers or newspaper subscriptions;

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

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

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

144 (19) sprays and insecticides used to control insects, diseases, and weeds for commercial
145 production of fruits, vegetables, feeds, seeds, and animal products, but not those sprays and
146 insecticides used in the processing of the products;

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

151 (i) machinery, equipment, materials, and supplies used in a manner that is incidental to

152 farming, such as hand tools with a unit purchase price not in excess of \$250, and maintenance and
153 janitorial equipment and supplies;

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

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

159 (b) sales of hay;

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

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

164 (23) sales of nonreturnable containers, nonreturnable labels, nonreturnable bags,
165 nonreturnable shipping cases, and nonreturnable casings to a manufacturer, processor, wholesaler,
166 or retailer for use in packaging tangible personal property to be sold by that manufacturer,
167 processor, wholesaler, or retailer;

168 (24) property stored in the state for resale;

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

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

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

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

180 (29) purchases of supplemental foods as defined in 42 U.S.C. Sec. 1786(b)(14) under the
181 special supplemental nutrition program for women, infants, and children established in 42 U.S.C.
182 Sec. 1786;

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

187 (b) contracts entered into or orders placed on or before January 1, 1996, to purchase or
188 lease an item described in Subsection (30)(a) if the contract or order constitutes a:

189 (i) legal obligation to purchase or lease an item described in Subsection (30)(a); and

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

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

195 (32) sales of tangible personal property to persons within this state that is subsequently
196 shipped outside the state and incorporated pursuant to contract into and becomes a part of real
197 property located outside of this state, except to the extent that the other state or political entity
198 imposes a sales, use, gross receipts, or other similar transaction excise tax on it against which the
199 other state or political entity allows a credit for taxes imposed by this chapter;

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

202 (34) amounts paid for the purchase of telephone service for purposes of providing
203 telephone service;

204 (35) fares charged to persons transported directly by a public transit district created under
205 the authority of Title 17A, Chapter 2, Part 10, Utah Public Transit District Act;

206 (36) sales or leases of vehicles to, or use of vehicles by an authorized carrier;

207 (37) (a) ~~[until July 1, 2000,]~~ 45% of the sales price of any new manufactured home; and

208 (b) 100% of the sales price of any used manufactured home;

209 (38) sales relating to schools and fundraising sales;

210 (39) sales or rentals of home medical equipment and supplies;

211 (40) (a) sales to a ski resort of electricity to operate a passenger tramway as defined in
212 Subsection 63-11-38(8); and

213 (b) the commission shall by rule determine the method for calculating sales exempt under

214 Subsection (40)(a) that are not separately metered and accounted for in utility billings;
215 (41) sales to a ski resort of:
216 (a) snowmaking equipment;
217 (b) ski slope grooming equipment; and
218 (c) passenger tramways as defined in Subsection 63-11-38(8);
219 (42) sales of natural gas, electricity, heat, coal, fuel oil, or other fuels for industrial use;
220 (43) sales or rentals of the right to use or operate for amusement, entertainment, or
221 recreation a coin-operated amusement device as defined in Subsection 59-12-102(3);
222 (44) sales of cleaning or washing of tangible personal property by a coin-operated car wash
223 machine;
224 (45) sales by the state or a political subdivision of the state, except state institutions of
225 higher education as defined in Section 53B-3-102, of:
226 (a) photocopies; or
227 (b) other copies of records held or maintained by the state or a political subdivision of the
228 state; and
229 (46) (a) amounts paid:
230 (i) to a person providing intrastate transportation to an employer's employee to or from the
231 employee's primary place of employment;
232 (ii) by an:
233 (A) employee; or
234 (B) employer; and
235 (iii) pursuant to a written contract between:
236 (A) the employer; and
237 (B) (I) the employee; or
238 (II) a person providing transportation to the employer's employee; and
239 (b) in accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the
240 commission may for purposes of Subsection (46)(a) make rules defining what constitutes an
241 employee's primary place of employment;
242 (47) amounts paid for admission to an athletic event at an institution of higher education
243 that is subject to the provisions of Title IX of the Education Amendments of 1972, 20 U.S.C. Sec.
244 1681 et seq.; and

245 (48) sales of telephone service charged to a prepaid telephone calling card.

**Legislative Review Note
as of 11-24-98 2:45 PM**

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

Office of Legislative Research and General Counsel