

Senator Curtis S. Bramble proposes the following substitute bill:

SALES AND USE TAX MODIFICATIONS

2002 GENERAL SESSION

STATE OF UTAH

Sponsor: Wayne A. Harper

This act amends the Sales and Use Tax Act to exempt from sales and use taxes sales of certain parts. The act exempts from sales and use taxes certain amounts paid or charged for services for repairs or renovations of tangible personal property or to install tangible personal property in connection with other tangible personal property. The act also exempts from sales and use taxes certain intrastate transportation of passengers by a horse-drawn cab or a horse-drawn carriage, and makes technical changes. The act takes effect on July 1, 2002.

This act affects sections of Utah Code Annotated 1953 as follows:

AMENDS:

59-12-102, as last amended by Chapter 11, Laws of Utah 2001, First Special Session

59-12-103, as last amended by Chapter 11, Laws of Utah 2001, First Special Session

59-12-104, as last amended by Chapter 12, Laws of Utah 2001, First Special Session

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **59-12-102** is amended to read:

59-12-102. Definitions.

As used in this chapter:

(1) (a) "Admission or user fees" includes season passes.

(b) "Admission or user fees" does not include annual membership dues to private organizations.

(2) "Area agency on aging" is as defined in Section 62A-3-101.

(3) "Authorized carrier" means:



26 (a) in the case of vehicles operated over public highways, the holder of credentials
27 indicating that the vehicle is or will be operated pursuant to both the International Registration
28 Plan and the International Fuel Tax Agreement;

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

31 (c) in the case of locomotives, freight cars, railroad work equipment, or other rolling stock,
32 the holder of a certificate issued by the United States [~~Interstate Commerce Commission~~] Surface
33 Transportation Board.

34 (4) (a) For purposes of Subsection 59-12-104(43), "coin-operated amusement device"
35 means:

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

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

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

40 (b) For purposes of Subsection 59-12-104(43), "coin-operated amusement device" does
41 not mean a coin-operated amusement device possessing a coinage mechanism that:

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

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

45 (5) "Commercial use" means the use of gas, electricity, heat, coal, fuel oil, or other fuels
46 that does not constitute industrial use under Subsection (13) or residential use under Subsection
47 (22).

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

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

53 (ii) For purposes of Subsection (6)(b)(i), in accordance with Title 63, Chapter 46a, Utah
54 Administrative Rulemaking Act, the commission may make rules defining what constitutes a
55 person's place of employment.

56 (7) "Component part" includes:

- 57 (a) poultry, dairy, and other livestock feed, and their components;
- 58 (b) baling ties and twine used in the baling of hay and straw;
- 59 (c) fuel used for providing temperature control of orchards and commercial greenhouses
- 60 doing a majority of their business in wholesale sales, and for providing power for off-highway type
- 61 farm machinery; and
- 62 (d) feed, seeds, and seedlings.
- 63 (8) "Construction materials" means any tangible personal property that will be converted
- 64 into real property.
- 65 (9) (a) "Fundraising sales" means sales:
- 66 (i) (A) made by a school; or
- 67 (B) made by a school student;
- 68 (ii) that are for the purpose of raising funds for the school to purchase equipment,
- 69 materials, or provide transportation; and
- 70 (iii) that are part of an officially sanctioned school activity.
- 71 (b) For purposes of Subsection (9)(a)(iii), "officially sanctioned school activity" means a
- 72 school activity:
- 73 (i) that is conducted in accordance with a formal policy adopted by the school or school
- 74 district governing the authorization and supervision of fundraising activities;
- 75 (ii) that does not directly or indirectly compensate an individual teacher or other
- 76 educational personnel by direct payment, commissions, or payment in kind; and
- 77 (iii) the net or gross revenues from which are deposited in a dedicated account controlled
- 78 by the school or school district.
- 79 (10) (a) "Hearing aid" means:
- 80 (i) an instrument or device having an electronic component that is designed to:
- 81 (A) (I) improve impaired human hearing; or
- 82 (II) correct impaired human hearing; and
- 83 (B) (I) be worn in the human ear; or
- 84 (II) affixed behind the human ear;
- 85 (ii) an instrument or device that is surgically implanted into the cochlea; or
- 86 (iii) a telephone amplifying device.
- 87 (b) "Hearing aid" does not include:

88 (i) except as provided in Subsection (10)(a)(i)(B) or (10)(a)(ii), an instrument or device
89 having an electronic component that is designed to be worn on the body;

90 (ii) except as provided in Subsection (10)(a)(iii), an assistive listening device or system
91 designed to be used by one individual, including:

92 (A) a personal amplifying system;

93 (B) a personal FM system;

94 (C) a television listening system; or

95 (D) a device or system similar to a device or system described in Subsections (10)

96 (b)(ii)(A) through (C); or

97 (iii) an assistive listening device or system designed to be used by more than one
98 individual, including:

99 (A) a device or system installed in:

100 (I) an auditorium;

101 (II) a church;

102 (III) a conference room;

103 (IV) a synagogue; or

104 (V) a theater; or

105 (B) a device or system similar to a device or system described in Subsections (10)

106 (b)(iii)(A)(I) through (V).

107 (11) (a) "Hearing aid accessory" means a hearing aid:

108 (i) component;

109 (ii) attachment; or

110 (iii) accessory.

111 (b) "Hearing aid accessory" includes:

112 (i) a hearing aid neck loop;

113 (ii) a hearing aid cord;

114 (iii) a hearing aid ear mold;

115 (iv) hearing aid tubing;

116 (v) a hearing aid ear hook; or

117 (vi) a hearing aid remote control.

118 (c) "Hearing aid accessory" does not include:

- 119 (i) a component, attachment, or accessory designed to be used only with an:
- 120 (A) instrument or device described in Subsection (10)(b)(i); or
- 121 (B) assistive listening device or system described in Subsection (10)(b)(ii) or (iii); or
- 122 (ii) a hearing aid battery.
- 123 (12) (a) [~~"Home~~] Except as provided in Subsection (12)(c), "home medical equipment
- 124 [and] or supplies" means equipment [~~and~~] or supplies that:
- 125 (i) a licensed physician prescribes or authorizes in writing as necessary:
- 126 (A) for the treatment of a medical illness or injury; or [~~as necessary~~]
- 127 (B) to mitigate an impairment resulting from illness or injury;
- 128 (ii) are used exclusively by the person for whom they are prescribed to serve a medical
- 129 purpose; and
- 130 (iii) are listed as eligible for payment under:
- 131 (A) Title XVIII of the federal Social Security Act; or [~~under~~]
- 132 (B) the state plan for medical assistance under Title XIX of the federal Social Security Act.
- 133 (b) "Home medical equipment or supplies" includes parts used in the repairs or renovations
- 134 of equipment or supplies described in Subsection (12)(a).
- 135 [~~(b) "Home~~] (c) Notwithstanding Subsection (12)(a), "home medical equipment [~~and~~] or
- 136 supplies" does not include:
- 137 (i) equipment [~~and~~] or supplies purchased by, for, or on behalf of any:
- 138 (A) health care facility, as defined in Subsection (12)[~~(c)~~](d); or
- 139 (B) one or more of the following for use in a professional practice:
- 140 (I) a doctor[;];
- 141 (II) a nurse[;] or [~~other~~]
- 142 (III) another health care provider [~~for use in their professional practice~~];
- 143 (ii) eyeglasses, contact lenses, or equipment to correct impaired vision; or
- 144 (iii) hearing aids or hearing aid accessories.
- 145 [~~(c)~~] (d) For purposes of Subsection (12)[~~(b)~~](c)(i), "health care facility" includes:
- 146 (i) a clinic;
- 147 (ii) a doctor's office; [~~and~~] or
- 148 (iii) a health care facility as defined in Section 26-21-2.
- 149 (13) "Industrial use" means the use of natural gas, electricity, heat, coal, fuel oil, or other

150 fuels:

151 (a) in mining or extraction of minerals;

152 (b) in agricultural operations to produce an agricultural product up to the time of harvest

153 or placing the agricultural product into a storage facility, including:

154 (i) commercial greenhouses;

155 (ii) irrigation pumps;

156 (iii) farm machinery;

157 (iv) implements of husbandry as defined in Subsection 41-1a-102(23) that are not

158 registered under Title 41, Chapter 1a, Part 2, Registration; and

159 (v) other farming activities;

160 (c) in manufacturing tangible personal property at an establishment described in SIC Codes

161 2000 to 3999 of the 1987 Standard Industrial Classification Manual of the federal Executive Office

162 of the President, Office of Management and Budget; or

163 (d) by a scrap recycler if:

164 (i) from a fixed location, the scrap recycler utilizes machinery or equipment to process one

165 or more of the following items into prepared grades of processed materials for use in new products:

166 (A) iron;

167 (B) steel;

168 (C) nonferrous metal;

169 (D) paper;

170 (E) glass;

171 (F) plastic;

172 (G) textile; or

173 (H) rubber; and

174 (ii) the new products under Subsection (13)(d)(i) would otherwise be made with

175 nonrecycled materials.

176 (14) "Manufactured home" means any manufactured home or mobile home as defined in

177 Title 58, Chapter 56, Utah Uniform Building Standards Act.

178 (15) For purposes of Subsection 59-12-104(14), "manufacturing facility" means:

179 (a) an establishment described in SIC Codes 2000 to 3999 of the 1987 Standard Industrial

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

181 Budget; or
182 (b) a scrap recycler if:
183 (i) from a fixed location, the scrap recycler utilizes machinery or equipment to process one
184 or more of the following items into prepared grades of processed materials for use in new products:
185 (A) iron;
186 (B) steel;
187 (C) nonferrous metal;
188 (D) paper;
189 (E) glass;
190 (F) plastic;
191 (G) textile; or
192 (H) rubber; and
193 (ii) the new products under Subsection (15)(b)(i) would otherwise be made with
194 nonrecycled materials.
195 (16) (a) "Medicine" means:
196 (i) insulin, syringes, and any medicine prescribed for the treatment of human ailments by
197 a person authorized to prescribe treatments and dispensed on prescription filled by a registered
198 pharmacist, or supplied to patients by a physician, surgeon, or podiatric physician;
199 (ii) any medicine dispensed to patients in a county or other licensed hospital if prescribed
200 for that patient and dispensed by a registered pharmacist or administered under the direction of a
201 physician; and
202 (iii) any oxygen or stoma supplies prescribed by a physician or administered under the
203 direction of a physician or paramedic.
204 (b) "Medicine" does not include:
205 (i) any auditory, prosthetic, ophthalmic, or ocular device or appliance; or
206 (ii) any alcoholic beverage.
207 (17) "Olympic merchandise" means tangible personal property bearing an Olympic
208 designation, emblem, insignia, mark, logo, service mark, symbol, terminology, trademark, or other
209 copyrighted or protected material, including:
210 (a) one or more of the following terms:
211 (i) "Olympic";

- 212 (ii) "Olympiad"; or
213 (iii) "Citius Altius Fortius";
214 (b) the symbol of the International Olympic Committee, consisting of five interlocking
215 rings;
216 (c) the emblem of the International Olympic Committee Corporation;
217 (d) a United States Olympic Committee designation, emblem, insignia, mark, logo, service
218 mark, symbol, terminology, trademark, or other copyrighted or protected material;
219 (e) any emblem of the Olympic Winter Games of 2002 that is officially designated by the
220 Salt Lake Organizing Committee of the Olympic Winter Games of 2002; or
221 (f) the mascot of the Olympic Winter Games of 2002.
- 222 (18) (a) "Other fuels" means products that burn independently to produce heat or energy.
223 (b) "Other fuels" includes oxygen when it is used in the manufacturing of tangible personal
224 property.
- 225 (19) "Person" includes any individual, firm, partnership, joint venture, association,
226 corporation, estate, trust, business trust, receiver, syndicate, this state, any county, city,
227 municipality, district, or other local governmental entity of the state, or any group or combination
228 acting as a unit.
- 229 (20) "Purchase price" means the amount paid or charged for tangible personal property or
230 any other taxable transaction under Subsection 59-12-103(1), excluding only cash discounts taken
231 or any excise tax imposed on the purchase price by the federal government.
- 232 (21) "Regularly rented" means:
233 (a) rented to a guest for value three or more times during a calendar year; and
234 (b) advertised or held out to the public as a place that is regularly rented to guests for
235 value.
- 236 (22) "Residential use" means the use in or around a home, apartment building, sleeping
237 quarters, and similar facilities or accommodations.
- 238 (23) (a) "Retail sale" means any sale within the state of tangible personal property or any
239 other taxable transaction under Subsection 59-12-103(1), other than resale of such property, item,
240 or service by a retailer or wholesaler to a user or consumer.
241 (b) "Retail sale" includes sales by any farmer or other agricultural producer of poultry,
242 eggs, or dairy products to consumers if the sales have an average monthly sales value of \$125 or

243 more.

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

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

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

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

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

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

262 (d) For purposes of this chapter the commission may regard as retailers the following if
263 they determine it is necessary for the efficient administration of this chapter: salesmen,
264 representatives, peddlers, or canvassers as the agents of the dealers, distributors, supervisors, or
265 employers under whom they operate or from whom they obtain the tangible personal property sold
266 by them, irrespective of whether they are making sales on their own behalf or on behalf of these
267 dealers, distributors, supervisors, or employers, except that:

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

270 (ii) the ownership of property that is located at the premises of a printer's facility with
271 which the retailer has contracted for printing and that consists of the final printed product, property
272 that becomes a part of the final printed product, or copy from which the printed product is
273 produced, shall not result in the retailer being deemed to have or maintain an office, distribution

274 house, sales house, warehouse, service enterprise, or other place of business, or to maintain a stock
275 of goods, within this state.

276 (25) "Sale" means any transfer of title, exchange, or barter, conditional or otherwise, in any
277 manner, of tangible personal property or any other taxable transaction under Subsection
278 59-12-103(1), for consideration. It includes:

279 (a) installment and credit sales;

280 (b) any closed transaction constituting a sale;

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

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

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

287 (26) (a) "Sales relating to schools" means the following sales by, amounts paid to, or
288 amounts charged by a school:

289 (i) sales that are directly related to the school's educational functions or activities
290 including:

291 (A) the sale of:

292 (I) textbooks;

293 (II) textbook fees;

294 (III) laboratory fees;

295 (IV) laboratory supplies; or

296 (V) safety equipment;

297 (B) the sale of clothing that:

298 (I) a student is specifically required to wear as a condition of participation in a
299 school-related event or school-related activity; and

300 (II) is not readily adaptable to general or continued usage to the extent that it takes the
301 place of ordinary clothing;

302 (C) sales of food if the net or gross revenues generated by the food sales are deposited into
303 a school district fund or school fund dedicated to school meals; or

304 (D) transportation charges for official school activities; or

305 (ii) amounts paid to or amounts charged by a school for admission to a school-related
306 event or school-related activity.

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

308 (i) bookstore sales of items that are not educational materials or supplies;

309 (ii) except as provided in Subsection (26)(a)(i)(B), clothing; or

310 (iii) amounts paid to or amounts charged by a school for admission to a school-related
311 event or school-related activity if the amounts paid or charged are passed through to a person:

312 (A) other than a:

313 (I) school;

314 (II) nonprofit organization authorized by a school board or a governing body of a private
315 school to organize and direct a competitive secondary school activity; or

316 (III) nonprofit association authorized by a school board or a governing body of a private
317 school to organize and direct a competitive secondary school activity; and

318 (B) that is required to collect sales and use taxes under this chapter.

319 (c) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the
320 commission may make rules defining the term "passed through."

321 (27) For purposes of this section and Section 59-12-104, "school" means:

322 (a) an elementary school or a secondary school that:

323 (i) is a:

324 (A) public school; or

325 (B) private school; and

326 (ii) provides instruction for one or more grades kindergarten through 12; or

327 (b) a public school district.

328 (28) (a) "Semiconductor fabricating or processing materials" means tangible personal
329 property:

330 (i) used primarily in the process of:

331 (A) (I) manufacturing a semiconductor; or

332 (II) fabricating a semiconductor; or

333 (B) maintaining an environment suitable for a semiconductor; or

334 (ii) consumed primarily in the process of:

335 (A) (I) manufacturing a semiconductor; or

- 336 (II) fabricating a semiconductor; or
- 337 (B) maintaining an environment suitable for a semiconductor.
- 338 (b) "Semiconductor fabricating or processing materials" includes:
- 339 (i) parts used in the repairs or renovations of tangible personal property described in
- 340 Subsection (28)(a); or
- 341 (ii) a chemical, catalyst, or other material used to:
- 342 [~~(i)~~] (A) produce or induce in a semiconductor a:
- 343 [~~(A)~~] (I) chemical change; or
- 344 [~~(B)~~] (II) physical change;
- 345 [~~(ii)~~] (B) remove impurities from a semiconductor; or
- 346 [~~(iii)~~] (C) improve the marketable condition of a semiconductor.
- 347 (29) "Senior citizen center" means a facility having the primary purpose of providing
- 348 services to the aged as defined in Section 62A-3-101.
- 349 (30) "State" means the state of Utah, its departments, and agencies.
- 350 (31) "Storage" means any keeping or retention of tangible personal property or any other
- 351 taxable transaction under Subsection 59-12-103(1), in this state for any purpose except sale in the
- 352 regular course of business.
- 353 (32) (a) "Tangible personal property" means:
- 354 (i) all goods, wares, merchandise, produce, and commodities;
- 355 (ii) all tangible or corporeal things and substances which are dealt in or capable of being
- 356 possessed or exchanged;
- 357 (iii) water in bottles, tanks, or other containers; and
- 358 (iv) all other physically existing articles or things, including property severed from real
- 359 estate.
- 360 (b) "Tangible personal property" does not include:
- 361 (i) real estate or any interest or improvements in real estate;
- 362 (ii) bank accounts, stocks, bonds, mortgages, notes, and other evidence of debt;
- 363 (iii) insurance certificates or policies;
- 364 (iv) personal or governmental licenses;
- 365 (v) water in pipes, conduits, ditches, or reservoirs;
- 366 (vi) currency and coinage constituting legal tender of the United States or of a foreign

367 nation; and

368 (vii) all gold, silver, or platinum ingots, bars, medallions, or decorative coins, not
369 constituting legal tender of any nation, with a gold, silver, or platinum content of not less than
370 80%.

371 (33) (a) "Telephone corporation" means a corporation that:

372 (i) owns, controls, operates, or manages a telephone service; and

373 (ii) engages in an activity described in Subsection (33)(a)(i) for the shared use with or
374 resale to any person of the telephone service.

375 (b) A corporation described in Subsection (33)(a) is a telephone corporation whether or
376 not the Public Service Commission of Utah regulates:

377 (i) the corporation; or

378 (ii) the telephone service that the corporation owns, controls, operates, or manages.

379 (34) (a) For purposes of Subsection (33) and Section 59-12-103, "telephone service"
380 means a two-way transmission:

381 (i) by:

382 (A) wire;

383 (B) radio;

384 (C) lightwave; or

385 (D) other electromagnetic means; and

386 (ii) of one or more of the following:

387 (A) a sign;

388 (B) a signal;

389 (C) writing;

390 (D) an image;

391 (E) sound;

392 (F) a message;

393 (G) data; or

394 (H) other information of any nature.

395 (b) "Telephone service" includes:

396 (i) cellular telephone service;

397 (ii) private communications service; or

398 (iii) automated digital telephone answering service.

399 (c) "Telephone service" does not include a service or a transaction that a state or a political
400 subdivision of a state is prohibited from taxing as of July 1, 2001, under the Internet Tax Freedom
401 Act, Pub. L. No. 105-277.

402 (35) (a) "Use" means the exercise of any right or power over tangible personal property
403 under Subsection 59-12-103(1), incident to the ownership or the leasing of that property, item, or
404 service.

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

407 (36) "Vehicle" means any aircraft, as defined in Section 72-10-102; any vehicle, as defined
408 in Section 41-1a-102; any off-highway vehicle, as defined in Section 41-22-2; and any vessel, as
409 defined in Section 41-1a-102; that is required to be titled, registered, or both. "Vehicle," for
410 purposes of Subsection 59-12-104(36) only, also includes any locomotive, freight car, railroad
411 work equipment, or other railroad rolling stock.

412 (37) "Vehicle dealer" means a person engaged in the business of buying, selling, or
413 exchanging vehicles as defined in Subsection (36).

414 (38) (a) "Vendor" means any person receiving any payment or consideration upon a sale
415 of tangible personal property or any other taxable transaction under Subsection 59-12-103(1), or
416 to whom the payment or consideration is payable.

417 (b) "Vendor" does not mean a printer's facility described in Subsection (24)(d).

418 Section 2. Section **59-12-103** is amended to read:

419 **59-12-103. Sales and use tax base -- Rate -- Use of sales and use tax revenues.**

420 (1) A tax is imposed on the purchaser as provided in this part for amounts paid or charged
421 for the following transactions:

422 (a) retail sales of tangible personal property made within the state;

423 (b) amounts paid to common carriers or to telephone corporations or telegraph
424 corporations, whether the corporations are municipally or privately owned, for:

425 (i) all transportation;

426 (ii) intrastate telephone service; or

427 (iii) telegraph service;

428 (c) sales of the following for commercial use:

- 429 (i) gas;
- 430 (ii) electricity;
- 431 (iii) heat;
- 432 (iv) coal;
- 433 (v) fuel oil; or
- 434 (vi) other fuels;
- 435 (d) sales of the following for residential use:
- 436 (i) gas;
- 437 (ii) electricity;
- 438 (iii) heat;
- 439 (iv) coal;
- 440 (v) fuel oil; or
- 441 (vi) other fuels;
- 442 (e) sales of meals;
- 443 (f) except as provided in Section 59-12-104, amounts paid or charged as admission or user
- 444 fees for theaters, movies, operas, museums, planetariums, shows of any type or nature, exhibitions,
- 445 concerts, carnivals, amusement parks, amusement rides, circuses, menageries, fairs, races, contests,
- 446 sporting events, dances, boxing matches, wrestling matches, closed circuit television broadcasts,
- 447 billiard parlors, pool parlors, bowling lanes, golf, miniature golf, golf driving ranges, batting cages,
- 448 skating rinks, ski lifts, ski runs, ski trails, snowmobile trails, tennis courts, swimming pools, water
- 449 slides, river runs, jeep tours, boat tours, scenic cruises, horseback rides, sports activities, or any
- 450 other amusement, entertainment, recreation, exhibition, cultural, or athletic activity;
- 451 (g) amounts paid or charged for services:
- 452 (i) for repairs or renovations of tangible personal property, unless Section 59-12-104
- 453 provides for an exemption from sales and use tax for:
- 454 (A) the tangible personal property; and
- 455 (B) parts used in the repairs or renovations of the tangible personal property described in
- 456 Subsection (1)(g)(i)(A), whether or not any parts are actually used in the repairs or renovations of
- 457 that tangible personal property; or
- 458 (ii) to install tangible personal property in connection with other tangible personal
- 459 property, unless the tangible personal property being installed is exempt from sales and use tax

460 under Section 59-12-104;

461 (h) except as provided in Subsection 59-12-104(7), amounts paid or charged for cleaning
462 or washing of tangible personal property;

463 (i) amounts paid or charged for tourist home, hotel, motel, or trailer court accommodations
464 and services that are regularly rented for less than 30 consecutive days;

465 (j) amounts paid or charged for laundry or dry cleaning services;

466 (k) amounts paid or charged for leases or rentals of tangible personal property if:

467 (i) the tangible personal property's situs is in this state;

468 (ii) the lessee took possession of the tangible personal property in this state; or

469 (iii) within this state the tangible personal property is:

470 (A) stored;

471 (B) used; or

472 (C) otherwise consumed;

473 (l) amounts paid or charged for tangible personal property if within this state the tangible
474 personal property is:

475 (i) stored;

476 (ii) used; or

477 (iii) consumed; and

478 (m) amounts paid or charged for prepaid telephone calling cards.

479 (2) (a) Except as provided in Subsections (2)(b) and (c), beginning on July 1, 2001, a state
480 tax and a local tax is imposed on a transaction described in Subsection (1) equal to the sum of:

481 (i) a state tax imposed on the transaction at a rate of 4.75%; and

482 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the
483 transaction under this chapter other than this part.

484 (b) Notwithstanding Subsection (2)(a), beginning on July 1, 2001, a state tax and a local
485 tax is imposed on a transaction described in Subsection (1)(d) equal to the sum of:

486 (i) a state tax imposed on the transaction at a rate of 2%; and

487 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the
488 transaction under this chapter other than this part.

489 (c) Notwithstanding Subsections (2)(a) and (b), beginning on July 1, 2001, if a vendor
490 collects a tax under Subsection 59-12-107(1)(b) on a transaction described in Subsection (1), a

491 state tax and a local tax is imposed on the transaction equal to the sum of:

492 (i) a state tax imposed on the transaction at a rate of:

493 (A) 4.75% for a transaction other than a transaction described in Subsection (1)(d); or

494 (B) 2% for a transaction described in Subsection (1)(d); and

495 (ii) except as provided in Subsection (2)(d), a local tax imposed on the transaction at a rate
496 equal to the sum of the following tax rates:

497 (A) (I) the lowest tax rate imposed by a county, city, or town under Section 59-12-204, but
498 only if all of the counties, cities, and towns in the state impose the tax under Section 59-12-204;

499 or

500 (II) the lowest tax rate imposed by a county, city, or town under Section 59-12-205, but
501 only if all of the counties, cities, and towns in the state impose the tax under Section 59-12-205;

502 and

503 (B) the tax rate authorized by Section 59-12-1102, but only if all of the counties in the state
504 impose the tax under Section 59-12-1102.

505 (d) Tax rates authorized under the following do not apply to Subsection (2)(c)(ii):

506 (i) Subsection (2)(a)(i);

507 (ii) Subsection (2)(b)(i);

508 (iii) Subsection (2)(c)(i);

509 (iv) Section 59-12-301;

510 (v) Section 59-12-352;

511 (vi) Section 59-12-353;

512 (vii) Section 59-12-401;

513 (viii) Section 59-12-402;

514 (ix) Section 59-12-501;

515 (x) Section 59-12-502;

516 (xi) Section 59-12-603;

517 (xii) Section 59-12-703;

518 (xiii) Section 59-12-802;

519 (xiv) Section 59-12-804;

520 (xv) Section 59-12-1001;

521 (xvi) Section 59-12-1201; or

522 (xvii) Section 59-12-1302.

523 (3) (a) Except as provided in Subsections (4) through (9), the state taxes described in
524 Subsections (2)(a)(i), (2)(b)(i), and (2)(c)(i) shall be deposited into the General Fund.

525 (b) The local taxes described in Subsections (2)(a)(ii) and (2)(b)(ii) shall be distributed to
526 a county, city, or town as provided in this chapter.

527 (c) (i) Notwithstanding any provision of this chapter, each county, city, or town in the state
528 shall receive the county's, city's, or town's proportionate share of the revenues generated by the
529 local tax described in Subsection (2)(c)(ii) as provided in Subsection (3)(c)(ii).

530 (ii) The commission shall determine a county's, city's, or town's proportionate share of the
531 revenues under Subsection (3)(c)(i) by:

532 (A) calculating an amount equal to:

533 (I) the population of the county, city, or town; divided by

534 (II) the total population of the state; and

535 (B) multiplying the amount determined under Subsection (3)(c)(ii)(A) by the total amount
536 of revenues generated by the local tax under Subsection (2)(c)(ii) for all counties, cities, and towns.

537 (iii) (A) Except as provided in Subsection (3)(c)(iii)(B), population figures for purposes
538 of this section shall be derived from the most recent official census or census estimate of the
539 United States Census Bureau.

540 (B) Notwithstanding Subsection (3)(c)(iii)(A), if a needed population estimate is not
541 available from the United States Census Bureau, population figures shall be derived from the
542 estimate from the Utah Population Estimates Committee created by executive order of the
543 governor.

544 (C) For purposes of this section, the population of a county may only include the
545 population of the unincorporated areas of the county.

546 (4) (a) Notwithstanding Subsection (3)(a), there shall be deposited in an Olympics special
547 revenue fund or funds as determined by the Division of Finance under Section 51-5-4, for the use
548 of the Utah Sports Authority created under Title 63A, Chapter 7, Utah Sports Authority Act:

549 (i) from January 1, 1990, through December 31, 1999, the amount of sales and use tax
550 generated by a 1/64% tax rate on the taxable transactions under Subsection (1);

551 (ii) from January 1, 1990, through June 30, 1999, the amount of revenue generated by a
552 1/64% tax rate under Section 59-12-204 or Section 59-12-205 on the taxable transactions under

553 Subsection (1); and
554 (iii) interest earned on the amounts under Subsections (4)(a)(i) and (ii).
555 (b) These funds shall be used:
556 (i) by the Utah Sports Authority as follows:
557 (A) to the extent funds are available, to transfer directly to a debt service fund or to
558 otherwise reimburse to the state any amount expended on debt service or any other cost of any
559 bonds issued by the state to construct any public sports facility as defined in Section 63A-7-103;
560 (B) to pay for the actual and necessary operating, administrative, legal, and other expenses
561 of the Utah Sports Authority, but not including protocol expenses for seeking and obtaining the
562 right to host the Winter Olympic Games;
563 (C) as otherwise appropriated by the Legislature; and
564 (D) unless the Legislature appropriates additional funds from the Olympics Special
565 Revenue Fund to the Utah Sports Authority, the Utah Sports Authority may not expend, loan, or
566 pledge in the aggregate more than:
567 (I) \$59,000,000 of sales and use tax deposited into the Olympics Special Revenue Fund
568 under Subsection (4)(a);
569 (II) the interest earned on the amount described in Subsection (4)(b)(i)(D)(I); and
570 (III) the revenues deposited into the Olympics Special Revenue Fund that are not sales and
571 use taxes deposited under Subsection (4)(a) or interest on the sales and use taxes;
572 (ii) to pay salary, benefits, or administrative costs associated with the State Olympic
573 Officer under Subsection 63A-10-103(3), except that the salary, benefits, or administrative costs
574 may not be paid from the sales and use tax revenues generated by municipalities or counties and
575 deposited under Subsection (4)(a)(ii).
576 (c) A payment of salary, benefits, or administrative costs under Subsection 63A-10-103(3)
577 is not considered an expenditure of the Utah Sports Authority.
578 (d) If the Legislature appropriates additional funds under Subsection (4)(b)(i)(D), the
579 authority may not expend, loan, pledge, or enter into any agreement to expend, loan, or pledge the
580 appropriated funds unless the authority:
581 (i) contracts in writing for the full reimbursement of the monies to the Olympics Special
582 Revenue Fund by a public sports entity or other person benefitting from the expenditure; and
583 (ii) obtains a security interest that secures payment or performance of the obligation to

584 reimburse.

585 (e) A contract or agreement entered into in violation of Subsection (4)(d) is void.

586 (5) (a) Notwithstanding Subsection (3)(a), beginning on July 1, 2001, the amount of sales
587 and use tax generated annually by a 1/16% tax rate on the taxable transactions under Subsection
588 (1) shall be used as provided in Subsections (5)(b) through (g).

589 (b) (i) Beginning on July 1, 2001, \$2,300,000 each year shall be transferred as dedicated
590 credits to the Department of Natural Resources to:

591 (A) implement the measures described in Subsections 63-34-14(4)(a) through (d) to protect
592 sensitive plant and animal species; or

593 (B) award grants, up to the amount authorized by the Legislature in an appropriations act,
594 to political subdivisions of the state to implement the measures described in Subsections
595 63-34-14(4)(a) through (d) to protect sensitive plant and animal species.

596 (ii) Money transferred to the Department of Natural Resources under Subsection (5)(b)(i)
597 may not be used to assist the United States Fish and Wildlife Service or any other person to list or
598 attempt to have listed a species as threatened or endangered under the Endangered Species Act of
599 1973, 16 U.S.C. Sec. 1531 et seq.

600 (iii) At the end of each fiscal year:

601 (A) 50% of any unexpended dedicated credits shall lapse to the Water Resources
602 Conservation and Development Fund created in Section 73-10-24;

603 (B) 25% of any unexpended dedicated credits shall lapse to the Utah Wastewater Loan
604 Program subaccount created in Section 73-10c-5; and

605 (C) 25% of any unexpended dedicated credits shall lapse to the Drinking Water Loan
606 Program subaccount created in Section 73-10c-5.

607 (c) Five hundred thousand dollars each year shall be deposited in the Agriculture Resource
608 Development Fund created in Section 4-18-6.

609 (d) (i) One hundred thousand dollars each year shall be transferred as dedicated credits to
610 the Division of Water Rights to cover the costs incurred in hiring legal and technical staff for the
611 adjudication of water rights.

612 (ii) At the end of each fiscal year:

613 (A) 50% of any unexpended dedicated credits shall lapse to the Water Resources
614 Conservation and Development Fund created in Section 73-10-24;

615 (B) 25% of any unexpended dedicated credits shall lapse to the Utah Wastewater Loan
616 Program subaccount created in Section 73-10c-5; and

617 (C) 25% of any unexpended dedicated credits shall lapse to the Drinking Water Loan
618 Program subaccount created in Section 73-10c-5.

619 (e) Fifty percent of the remaining amount generated by the 1/16% tax rate shall be
620 deposited in the Water Resources Conservation and Development Fund created in Section
621 73-10-24 for use by the Division of Water Resources. In addition to the uses allowed of the fund
622 under Section 73-10-24, the fund may also be used to:

623 (i) provide a portion of the local cost share, not to exceed in any fiscal year 50% of the
624 funds made available to the Division of Water Resources under this section, of potential project
625 features of the Central Utah Project;

626 (ii) conduct hydrologic and geotechnical investigations by the Department of Natural
627 Resources in a cooperative effort with other state, federal, or local entities, for the purpose of
628 quantifying surface and ground water resources and describing the hydrologic systems of an area
629 in sufficient detail so as to enable local and state resource managers to plan for and accommodate
630 growth in water use without jeopardizing the resource;

631 (iii) fund state required dam safety improvements; and

632 (iv) protect the state's interest in interstate water compact allocations, including the hiring
633 of technical and legal staff.

634 (f) Twenty-five percent of the remaining amount generated by the 1/16% tax rate shall be
635 deposited in the Utah Wastewater Loan Program subaccount created in Section 73-10c-5 for use
636 by the Water Quality Board to fund wastewater projects.

637 (g) Twenty-five percent of the remaining amount generated by the 1/16% tax rate shall be
638 deposited in the Drinking Water Loan Program subaccount created in Section 73-10c-5 for use by
639 the Division of Drinking Water to:

640 (i) provide for the installation and repair of collection, treatment, storage, and distribution
641 facilities for any public water system, as defined in Section 19-4-102;

642 (ii) develop underground sources of water, including springs and wells; and

643 (iii) develop surface water sources.

644 (6) (a) Notwithstanding Subsection (3)(a), beginning on July 1, 2001, the amount of sales
645 and use tax generated annually by a 1/16% tax rate on the taxable transactions under Subsection

646 (1) shall be used as provided in Subsections (6)(b) through (d).

647 (b) (i) Five hundred thousand dollars each year shall be deposited in the Transportation
648 Corridor Preservation Revolving Loan Fund created in Section 72-2-117.

649 (ii) At least 50% of the money deposited in the Transportation Corridor Preservation
650 Revolving Loan Fund under Subsection (6)(b)(i) shall be used to fund loan applications made by
651 the Department of Transportation at the request of local governments.

652 (c) From July 1, 1997, through June 30, 2006, \$500,000 each year shall be transferred as
653 nonlapsing dedicated credits to the Department of Transportation for the State Park Access
654 Highways Improvement Program created in Section 72-3-207.

655 (d) The remaining amount generated by the 1/16% tax rate shall be deposited in the class
656 B and class C roads account to be expended as provided in Title 72, Chapter 2, Transportation
657 Finances Act, for the use of class B and C roads.

658 (7) (a) Notwithstanding Subsection (3)(a), beginning on January 1, 2000, the Division of
659 Finance shall deposit into the Centennial Highway Fund created in Section 72-2-118 a portion of
660 the state sales and use tax under Subsection (2) equal to the revenues generated by a 1/64% tax rate
661 on the taxable transactions under Subsection (1).

662 (b) Except for sales and use taxes deposited under Subsection (8), beginning on July 1,
663 1999, the revenues generated by the 1/64% tax rate:

664 (i) retained under Subsection 59-12-204(7)(a) shall be retained by the counties, cities, or
665 towns as provided in Section 59-12-204; and

666 (ii) retained under Subsection 59-12-205(4)(a) shall be distributed to each county, city, and
667 town as provided in Section 59-12-205.

668 (8) Notwithstanding Subsection (3)(a), beginning on July 1, 1999, the commission shall
669 deposit into the Airport to University of Utah Light Rail Restricted Account created in Section
670 17A-2-1064 the portion of the sales and use tax under Sections 59-12-204 and 59-12-205 that is:

671 (a) generated by a city or town that will have constructed within its boundaries the Airport
672 to University of Utah Light Rail described in the Transportation Equity Act for the 21st Century,
673 Pub. L. No. 105-178, Sec. 3030(c)(2)(B)(i)(II), 112 Stat. 107; and

674 (b) equal to the revenues generated by a 1/64% tax rate on the taxable items and services
675 under Subsection (1).

676 (9) (a) Notwithstanding Subsection (3)(a), for fiscal years beginning on or after fiscal year

677 2002-03, the commission shall on or before September 30 of each year deposit the difference
678 described in Subsection (9)(b) into the Remote Sales Restricted Account created in Section
679 59-12-103.2 if that difference is greater than \$0.

680 (b) The difference described in Subsection (9)(a) is equal to the difference between:

681 (i) the total amount of revenues under Subsection (2)(c)(i) the commission received from
682 vendors collecting a tax under Subsection 59-12-107(1)(b) for the fiscal year immediately
683 preceding the September 30 described in Subsection (9)(a); and

684 (ii) the total amount of revenues under Subsection (2)(c)(i) the commission estimates that
685 the commission received from vendors described in Subsection 59-12-107(1)(b) for fiscal year
686 2000-01.

687 (10) (a) For purposes of amounts paid or charged as admission or user fees relating to the
688 Olympic Winter Games of 2002, the amounts are considered to be paid or charged on the day on
689 which the Salt Lake Organizing Committee for the Olympic Winter Games of 2002 or a person
690 designated by the Salt Lake Organizing Committee for the Olympic Winter Games of 2002 sends
691 a purchaser confirmation of the purchase of an admission or user fee described in Subsection
692 (1)(f).

693 (b) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the
694 commission shall make rules defining what constitutes sending a purchaser confirmation under
695 Subsection (10)(a).

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

697 **59-12-104. Exemptions.**

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

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

701 (2) sales to the state, its institutions, and its political subdivisions; however, this exemption
702 does not apply to sales of construction materials except:

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

707 (b) construction materials purchased by the state, its institutions, or its political

708 subdivisions which are installed or converted to real property by employees of the state, its
709 institutions, or its political subdivisions;

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

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

715 (5) sales of parts and equipment [~~installed~~] for installation in aircraft operated by common
716 carriers in interstate or foreign commerce;

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

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

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

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

729 (i) retail sales of Olympic merchandise;

730 (ii) except as provided in Subsection (51), admissions or user fees described in Subsection
731 59-12-103(1)(f);

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

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

736 (B) exclusively used by:

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

- 739 (II) a volunteer supervised by the Salt Lake Organizing Committee for the Olympic Winter
740 Games of 2002; and
- 741 (C) for which the Salt Lake Organizing Committee for the Olympic Winter Games of 2002
742 does not receive reimbursement; or
- 743 (iv) a lease or rental of a vehicle as defined in Section 41-1a-102, except for a lease or
744 rental of a vehicle:
- 745 (A) paid for in full by the Salt Lake Organizing Committee for the Olympic Winter Games
746 of 2002;
- 747 (B) exclusively used by:
- 748 (I) an officer, a trustee, or an employee of the Salt Lake Organizing Committee for the
749 Olympic Winter Games of 2002; or
- 750 (II) a volunteer supervised by the Salt Lake Organizing Committee for the Olympic Winter
751 Games of 2002; and
- 752 (C) for which the Salt Lake Organizing Committee for the Olympic Winter Games of 2002
753 does not receive reimbursement;
- 754 (9) sales of vehicles of a type required to be registered under the motor vehicle laws of this
755 state which are made to bona fide nonresidents of this state and are not afterwards registered or
756 used in this state except as necessary to transport them to the borders of this state;
- 757 (10) sales of medicine;
- 758 (11) sales or use of property, materials, or services used in the construction of or
759 incorporated in pollution control facilities allowed by Sections 19-2-123 through 19-2-127;
- 760 (12) (a) sales of meals served by:
- 761 (i) the following if the meals are not available to the general public:
- 762 (A) a church; or
- 763 (B) a charitable institution;
- 764 (ii) an institution of higher education if:
- 765 (A) the meals are not available to the general public; or
- 766 (B) the meals are prepaid as part of a student meal plan offered by the institution of higher
767 education; or
- 768 (b) inpatient meals provided at:
- 769 (i) a medical facility; or

770 (ii) a nursing facility;

771 (13) isolated or occasional sales by persons not regularly engaged in business, except the

772 sale of vehicles or vessels required to be titled or registered under the laws of this state in which

773 case the tax is based upon:

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

775 or

776 (b) in the absence of a bill of sale or other written evidence of value, the then existing fair

777 market value of the vehicle or vessel being sold as determined by the commission;

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

779 (i) machinery and equipment:

780 (A) used in the manufacturing process;

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

782 (C) used:

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

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

785 (ii) subject to the provisions of Subsection (14)(b), normal operating replacements that:

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

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

788 (C) are used to replace or adapt an existing machine to extend the normal estimated useful

789 life of the machine; and

790 (D) do not include repairs and maintenance;

791 (b) the rates for the exemption under Subsection (14)(a)(ii) are as follows:

792 (i) beginning July 1, 1996, through June 30, 1997, 30% of the sale or lease described in

793 Subsection (14)(a)(ii) is exempt;

794 (ii) beginning July 1, 1997, through June 30, 1998, 60% of the sale or lease described in

795 Subsection (14)(a)(ii) is exempt; and

796 (iii) beginning July 1, 1998, 100% of the sale or lease described in Subsection (14)(a)(ii)

797 is exempt;

798 (c) for purposes of this Subsection (14), the commission shall by rule define the terms

799 "new or expanding operations" and "establishment"; and

800 (d) on or before October 1, 1991, and every five years after October 1, 1991, the

801 commission shall:

802 (i) review the exemptions described in Subsection (14)(a) and make recommendations to
803 the Revenue and Taxation Interim Committee concerning whether the exemptions should be
804 continued, modified, or repealed; and

805 (ii) include in its report:

806 (A) the cost of the exemptions;

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

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

809 (15) (a) sales of the following if the requirements of Subsection (15)(b) are met:

810 (i) tooling[;];

811 (ii) special tooling[;];

812 (iii) support equipment[~~;~~and];

813 (iv) special test equipment; or

814 (v) parts used in the repairs or renovations of tooling or equipment described in

815 Subsections (15)(a)(i) through (iv); and

816 (b) sales of tooling, equipment, or parts described in Subsection (15)(a) are exempt if:

817 (i) the tooling, equipment, or parts are used or consumed exclusively in the performance
818 of any aerospace or electronics industry contract with the United States government or any
819 subcontract under that contract[~~;~~but only if;]; and

820 (ii) under the terms of [that] the contract or subcontract described in Subsection (15)(b)(i),
821 title to the tooling [and], equipment, or parts is vested in the United States government as
822 evidenced by:

823 (A) a government identification tag placed on the tooling [and], equipment, or parts; or
824 [by]

825 (B) listing on a government-approved property record if [a] placing a government
826 identification tag on the tooling, equipment, or parts is impractical;

827 (16) intrastate movements of:

828 (a) freight by common carriers; [and] or

829 (b) passengers:

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

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

832 Budget; ~~or~~

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

837 (iii) transported by the following described in SIC Code 4789 of the 1987 Standard
838 Industrial Classification Manual of the federal Executive Office of the President, Office
839 Management and Budget:

840 (A) a horse-drawn cab; or

841 (B) a horse-drawn carriage.

842 (17) sales of newspapers or newspaper subscriptions;

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

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

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

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

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

858 ~~[(i)]~~ (A) machinery, equipment, materials, and supplies used in a manner that is incidental
859 to farming, such as hand tools with a unit purchase price not in excess of \$250, and maintenance
860 and janitorial equipment and supplies;

861 ~~[(i)]~~ (B) tangible personal property used in any activities other than farming, such as office
862 equipment and supplies, equipment and supplies used in sales or distribution of farm products, in

863 research, or in transportation; or

864 [(iii)] (C) any vehicle required to be registered by the laws of this state, without regard to
865 the use to which the vehicle is put; or

866 (ii) sales of parts used in the repairs or renovations of tangible personal property if the
867 tangible personal property is exempt under Subsection (20)(a); or

868 (b) sales of hay;

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

871 (22) purchases of food as defined in 7 U.S.C. Sec. 2012(g) under the Food Stamp Program,
872 7 U.S.C. Sec. 2011 et seq.;

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

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

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

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

883 (27) property upon which a sales or use tax was paid to some other state, or one of its
884 subdivisions, except that the state shall be paid any difference between the tax paid and the tax
885 imposed by this part and Part 2, Local Sales and Use Tax Act, and no adjustment is allowed if the
886 tax paid was greater than the tax imposed by this part and Part 2, Local Sales and Use Tax Act;

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

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

892 (30) beginning on July 1, 1999, through June 30, 2004, sales or leases of rolls, rollers,
893 refractory brick, electric motors, or other replacement parts used in the furnaces, mills, or ovens

894 of a steel mill described in SIC Code 3312 of the 1987 Standard Industrial Classification Manual
895 of the federal Executive Office of the President, Office of Management and Budget;

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

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

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

907 (34) amounts paid for the purchase of telephone service for purposes of providing
908 telephone service;

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

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

912 (37) (a) 45% of the sales price of any new manufactured home; and

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

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

915 (39) sales or rentals of home medical equipment [~~and~~] or supplies;

916 (40) (a) sales to a ski resort of electricity to operate a passenger ropeway as defined in
917 Section 72-11-102; and

918 (b) the commission shall by rule determine the method for calculating sales exempt under
919 Subsection (40)(a) that are not separately metered and accounted for in utility billings;

920 (41) sales to a ski resort of:

921 (a) snowmaking equipment;

922 (b) ski slope grooming equipment; [~~and~~]

923 (c) passenger ropeways as defined in Section 72-11-102; or

924 (d) parts used in the repairs or renovations of equipment or passenger ropeways described

925 in Subsections (41)(a) through (c):

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

927 (43) sales or rentals of the right to use or operate for amusement, entertainment, or
928 recreation a coin-operated amusement device as defined in Section 59-12-102;

929 (44) sales of cleaning or washing of tangible personal property by a coin-operated car wash
930 machine;

931 (45) sales by the state or a political subdivision of the state, except state institutions of
932 higher education as defined in Section 53B-3-102, of:

933 (a) photocopies; or

934 (b) other copies of records held or maintained by the state or a political subdivision of the
935 state; [~~and~~]

936 (46) (a) amounts paid:

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

939 (ii) by an:

940 (A) employee; or

941 (B) employer; and

942 (iii) pursuant to a written contract between:

943 (A) the employer; and

944 (B) (I) the employee; or

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

946 (b) in accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the
947 commission may for purposes of Subsection (46)(a) make rules defining what constitutes an
948 employee's primary place of employment;

949 (47) amounts paid for admission to an athletic event at an institution of higher education
950 that is subject to the provisions of Title IX of the Education Amendments of 1972, 20 U.S.C. Sec.
951 1681 et seq.;

952 (48) sales of telephone service charged to a prepaid telephone calling card;

953 (49) (a) sales of:

954 (i) hearing aids; [~~and~~]

955 [~~(b)~~] (ii) [~~sales of~~] hearing aid accessories; or

956 (iii) except as provided in Subsection (49)(b), parts used in the repairs or renovations of
957 hearing aids or hearing aid accessories; and

958 (b) for purposes of this Subsection (49), notwithstanding Subsection (49)(a)(iii), "parts"
959 does not include batteries;

960 (50) (a) sales made to or by:

961 (i) an area agency on aging; or

962 (ii) a senior citizen center owned by a county, city, or town; or

963 (b) sales made by a senior citizen center that contracts with an area agency on aging;

964 (51) (a) beginning on July 1, 2000, through June 30, 2002, amounts paid or charged as
965 admission or user fees described in Subsection 59-12-103(1)(f) relating to the Olympic Winter
966 Games of 2002 if the amounts paid or charged are established by the Salt Lake Organizing
967 Committee for the Olympic Winter Games of 2002 in accordance with requirements of the
968 International Olympic Committee; and

969 (b) the State Olympic Officer and the Salt Lake Organizing Committee for the Olympic
970 Winter Games of 2002 shall make at least two reports during the 2000 interim:

971 (i) to the:

972 (A) Olympic Coordination Committee; and

973 (B) Revenue and Taxation Interim Committee; and

974 (ii) regarding the status of:

975 (A) agreements relating to the funding of public safety services for the Olympic Winter
976 Games of 2002;

977 (B) agreements relating to the funding of services, other than public safety services, for
978 the Olympic Winter Games of 2002;

979 (C) other agreements relating to the Olympic Winter Games of 2002 as requested by the
980 Olympic Coordination Committee or the Revenue and Taxation Interim Committee;

981 (D) other issues as requested by the Olympic Coordination Committee or the Revenue and
982 Taxation Interim Committee; or

983 (E) a combination of Subsections (51)(b)(ii)(A) through (D);

984 (52) (a) beginning on July 1, 2001, through June 30, 2004, and subject to Subsection
985 (52)(b), a sale or lease of semiconductor fabricating or processing materials regardless of whether
986 the semiconductor fabricating or processing materials:

- 987 (i) actually come into contact with a semiconductor; or
- 988 (ii) ultimately become incorporated into real property;
- 989 (b) (i) beginning on July 1, 2001, through June 30, 2002, 10% of the sale or lease
- 990 described in Subsection (52)(a) is exempt;
- 991 (ii) beginning on July 1, 2002, through June 30, 2003, 50% of the sale or lease described
- 992 in Subsection (52)(a) is exempt; and
- 993 (iii) beginning on July 1, 2003, through June 30, 2004, the entire amount of the sale or
- 994 lease described in Subsection (52)(a) is exempt; and
- 995 (c) each year on or before the November interim meeting, the Revenue and Taxation
- 996 Interim Committee shall:
 - 997 (i) review the exemption described in this Subsection (52) and make recommendations
 - 998 concerning whether the exemption should be continued, modified, or repealed; and
 - 999 (ii) include in the review under this Subsection (52)(c):
 - 1000 (A) the cost of the exemption;
 - 1001 (B) the purpose and effectiveness of the exemption; and
 - 1002 (C) the benefits of the exemption to the state;
 - 1003 (53) an amount paid by or charged to a purchaser for accommodations and services
 - 1004 described in Subsection 59-12-103(1)(i) to the extent the amount is exempt under Section
 - 1005 59-12-104.2; or
 - 1006 (54) beginning on September 1, 2001, the lease or use of a vehicle issued a temporary
 - 1007 sports event registration certificate in accordance with Section 41-3-306 for the event period
 - 1008 specified on the temporary sports event registration certificate.

1009 **Section 4. Effective date.**

1010 This act takes effect on July 1, 2002.