

1 **SALES AND USE TAX EXEMPTION FOR**
2 **AIRCRAFT PARTS AND EQUIPMENT**

3 2008 SECOND SPECIAL SESSION

4 STATE OF UTAH

5 **Chief Sponsor: Brad L. Dee**

6 Senate Sponsor: Mark B. Madsen

7
8 **LONG TITLE**

9 **Committee Note:**

10 The Revenue and Taxation Interim Committee recommended this bill.

11 **General Description:**

12 This bill amends the Sales and Use Tax Act relating to an exemption for aircraft parts
13 and equipment.

14 **Highlighted Provisions:**

15 This bill:

- 16 ▶ modifies a sales and use tax exemption for aircraft parts and equipment;
- 17 ▶ provides that the exemption may be claimed by filing for a refund under certain
- 18 circumstances; and
- 19 ▶ makes technical changes.

20 **Monies Appropriated in this Bill:**

21 None

22 **Other Special Clauses:**

23 This bill provides an immediate effective date.

24 This bill has retrospective operation to July 1, 2008.

25 **Utah Code Sections Affected:**

26 AMENDS:

27 **59-12-104 (Superseded 01/01/09)**, as last amended by Laws of Utah 2008, Chapters 7,



28 99, 174, 283, 320, and 382

29 **59-12-104 (Effective 01/01/09)**, as last amended by Laws of Utah 2008, Chapters 7, 99,
30 174, 283, 320, 382, 384, and 389

31

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

33 Section 1. Section **59-12-104 (Superseded 01/01/09)** is amended to read:

34 **59-12-104 (Superseded 01/01/09). Exemptions.**

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

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

38 (2) sales to the state, its institutions, and its political subdivisions; however, this
39 exemption does not apply to sales of:

40 (a) construction materials except:

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

45 (ii) construction materials purchased by the state, its institutions, or its political
46 subdivisions which are installed or converted to real property by employees of the state, its
47 institutions, or its political subdivisions; or

48 (b) tangible personal property in connection with the construction, operation,
49 maintenance, repair, or replacement of a project, as defined in Section 11-13-103, or facilities
50 providing additional project capacity, as defined in Section 11-13-103;

51 (3) (a) sales of an item described in Subsection (3)(b) from a vending machine if:

52 (i) the proceeds of each sale do not exceed \$1; and

53 (ii) the seller or operator of the vending machine reports an amount equal to 150% of
54 the cost of the item described in Subsection (3)(b) as goods consumed; and

55 (b) Subsection (3)(a) applies to:

56 (i) food and food ingredients; or

57 (ii) prepared food;

58 (4) sales of the following to a commercial airline carrier for in-flight consumption:

- 59 (a) food and food ingredients;
- 60 (b) prepared food; or
- 61 (c) services related to Subsection (4)(a) or (b);
- 62 (5) (a) (i) beginning on July 1, 2008, and ending on September 30, 2008, sales of parts
- 63 and equipment:
- 64 ~~[(a)]~~ (A) (I) by an establishment described in NAICS Code 336411 or 336412 of the
- 65 2002 North American Industry Classification System of the federal Executive Office of the
- 66 President, Office of Management and Budget; and
- 67 ~~[(b)]~~ (II) for:
- 68 ~~[(i)]~~ (Aa) installation in an aircraft, including services relating to the installation of
- 69 parts or equipment in the aircraft;
- 70 ~~[(ii)]~~ (Bb) renovation of an aircraft; or
- 71 ~~[(iii)]~~ (Cc) repair of an aircraft; or
- 72 (B) for installation in an aircraft operated by a common carrier in interstate or foreign
- 73 commerce; or
- 74 (ii) beginning on October 1, 2008, sales of parts and equipment for installation in an
- 75 aircraft operated by a common carrier in interstate or foreign commerce; and
- 76 (b) notwithstanding the time period of Subsection 59-12-110(2) for filing for a refund,
- 77 a person may claim the exemption allowed by Subsection (5)(a)(i)(B) for a sale by filing for a
- 78 refund:
- 79 (i) if the sale is made on or after July 1, 2008, but on or before September 30, 2008;
- 80 (ii) as if Subsection (5)(a)(i)(B) were in effect on the day on which the sale is made;
- 81 (iii) if the person did not claim the exemption allowed by Subsection (5)(a)(i)(B) for
- 82 the sale prior to filing for the refund;
- 83 (iv) for sales and use taxes paid under this chapter on the sale;
- 84 (v) in accordance with Section 59-12-110; and
- 85 (vi) subject to any extension allowed for filing for a refund under Section 59-12-110, if
- 86 the person files for the refund on or before September 30, 2011;
- 87 (6) sales of commercials, motion picture films, prerecorded audio program tapes or
- 88 records, and prerecorded video tapes by a producer, distributor, or studio to a motion picture
- 89 exhibitor, distributor, or commercial television or radio broadcaster;

90 (7) (a) subject to Subsection (7)(b), sales of cleaning or washing of tangible personal
91 property if the cleaning or washing of the tangible personal property is not assisted cleaning or
92 washing of tangible personal property;

93 (b) if a seller that sells at the same business location assisted cleaning or washing of
94 tangible personal property and cleaning or washing of tangible personal property that is not
95 assisted cleaning or washing of tangible personal property, the exemption described in
96 Subsection (7)(a) applies if the seller separately accounts for the sales of the assisted cleaning
97 or washing of the tangible personal property; and

98 (c) for purposes of Subsection (7)(b) and in accordance with Title 63G, Chapter 3,
99 Utah Administrative Rulemaking Act, the commission may make rules:

100 (i) governing the circumstances under which sales are at the same business location;
101 and

102 (ii) establishing the procedures and requirements for a seller to separately account for
103 sales of assisted cleaning or washing of tangible personal property;

104 (8) sales made to or by religious or charitable institutions in the conduct of their regular
105 religious or charitable functions and activities, if the requirements of Section 59-12-104.1 are
106 fulfilled;

107 (9) sales of a vehicle of a type required to be registered under the motor vehicle laws of
108 this state if the vehicle is:

109 (a) not registered in this state; and

110 (b) (i) not used in this state; or

111 (ii) used in this state:

112 (A) if the vehicle is not used to conduct business, for a time period that does not
113 exceed the longer of:

114 (I) 30 days in any calendar year; or

115 (II) the time period necessary to transport the vehicle to the borders of this state; or

116 (B) if the vehicle is used to conduct business, for the time period necessary to transport
117 the vehicle to the borders of this state;

118 (10) (a) amounts paid for an item described in Subsection (10)(b) if:

119 (i) the item is intended for human use; and

120 (ii) (A) a prescription was issued for the item; or

121 (B) the item was purchased by a hospital or other medical facility; and
122 (b) (i) Subsection (10)(a) applies to:
123 (A) a drug;
124 (B) a syringe; or
125 (C) a stoma supply; and
126 (ii) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
127 commission may by rule define the terms:
128 (A) "syringe"; or
129 (B) "stoma supply";
130 (11) sales or use of property, materials, or services used in the construction of or
131 incorporated in pollution control facilities allowed by Sections 19-2-123 through 19-2-127;
132 (12) (a) sales of an item described in Subsection (12)(c) served by:
133 (i) the following if the item described in Subsection (12)(c) is not available to the
134 general public:
135 (A) a church; or
136 (B) a charitable institution;
137 (ii) an institution of higher education if:
138 (A) the item described in Subsection (12)(c) is not available to the general public; or
139 (B) the item described in Subsection (12)(c) is prepaid as part of a student meal plan
140 offered by the institution of higher education; or
141 (b) sales of an item described in Subsection (12)(c) provided for a patient by:
142 (i) a medical facility; or
143 (ii) a nursing facility; and
144 (c) Subsections (12)(a) and (b) apply to:
145 (i) food and food ingredients;
146 (ii) prepared food; or
147 (iii) alcoholic beverages;
148 (13) (a) except as provided in Subsection (13)(b), the sale of tangible personal property
149 by a person:
150 (i) regardless of the number of transactions involving the sale of that tangible personal
151 property by that person; and

152 (ii) not regularly engaged in the business of selling that type of tangible personal
153 property;

154 (b) this Subsection (13) does not apply if:

155 (i) the sale is one of a series of sales of a character to indicate that the person is
156 regularly engaged in the business of selling that type of tangible personal property;

157 (ii) the person holds that person out as regularly engaged in the business of selling that
158 type of tangible personal property;

159 (iii) the person sells an item of tangible personal property that the person purchased as
160 a sale that is exempt under Subsection (25); or

161 (iv) the sale is of a vehicle or vessel required to be titled or registered under the laws of
162 this state in which case the tax is based upon:

163 (A) the bill of sale or other written evidence of value of the vehicle or vessel being
164 sold; or

165 (B) in the absence of a bill of sale or other written evidence of value, the fair market
166 value of the vehicle or vessel being sold at the time of the sale as determined by the
167 commission; and

168 (c) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
169 commission shall make rules establishing the circumstances under which:

170 (i) a person is regularly engaged in the business of selling a type of tangible personal
171 property;

172 (ii) a sale of tangible personal property is one of a series of sales of a character to
173 indicate that a person is regularly engaged in the business of selling that type of tangible
174 personal property; or

175 (iii) a person holds that person out as regularly engaged in the business of selling a type
176 of tangible personal property;

177 (14) (a) except as provided in Subsection (14)(b), amounts paid or charged on or after
178 July 1, 2006, for a purchase or lease by a manufacturing facility other than a cogeneration
179 facility, for the following:

180 (i) machinery and equipment that:

181 (A) is used:

182 (I) for a manufacturing facility other than a manufacturing facility that is a scrap

183 recycler described in Subsection 59-12-102(48)(b):

184 (Aa) in the manufacturing process; and

185 (Bb) to manufacture an item sold as tangible personal property; or

186 (II) for a manufacturing facility that is a scrap recycler described in Subsection

187 59-12-102(48)(b), to process an item sold as tangible personal property; and

188 (B) has an economic life of three or more years; and

189 (ii) normal operating repair or replacement parts that:

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

191 (B) are used:

192 (I) for a manufacturing facility in the state other than a manufacturing facility that is a

193 scrap recycler described in Subsection 59-12-102(48)(b), in the manufacturing process; or

194 (II) for a manufacturing facility in the state that is a scrap recycler described in

195 Subsection 59-12-102(48)(b), to process an item sold as tangible personal property;

196 (b) (i) amounts paid or charged on or after July 1, 2005, for a purchase or lease by a

197 manufacturing facility that is a cogeneration facility placed in service on or after May 1, 2006,

198 for the following:

199 (A) machinery and equipment that:

200 (I) is used:

201 (Aa) in the manufacturing process; and

202 (Bb) to manufacture an item sold as tangible personal property; and

203 (II) has an economic life of three or more years; and

204 (B) normal operating repair or replacement parts that:

205 (I) are used in the manufacturing process in a manufacturing facility in the state; and

206 (II) have an economic life of three or more years; and

207 (ii) for amounts paid or charged on or after July 1, 2005, but on or before June 30,

208 2006, for a purchase or lease described in Subsection (14)(b)(i), a cogeneration facility may

209 claim the exemption allowed by Subsection (14)(b)(i) by filing for a refund:

210 (A) for sales and use taxes paid under this chapter on the purchase or lease payment;

211 and

212 (B) in accordance with Section 59-12-110;

213 (c) amounts paid or charged for a purchase or lease made on or after January 1, 2008,

214 by an establishment described in NAICS Subsector 212, Mining (except Oil and Gas), or
215 NAICS Code 213113, Support Activities for Coal Mining, 213114, Support Activities for
216 Metal Mining, or 213115, Support Activities for Nonmetallic Minerals (except Fuels) Mining,
217 of the 2002 North American Industry Classification System of the federal Executive Office of
218 the President, Office of Management and Budget:

219 (i) machinery and equipment that:

220 (A) are used in:

221 (I) the production process, other than the production of real property; or

222 (II) research and development; and

223 (B) have an economic life of three or more years; and

224 (ii) normal operating repair or replacement parts that:

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

226 (B) are used in:

227 (I) the production process, other than the production of real property, in an

228 establishment described in this Subsection (14)(c) in the state; or

229 (II) research and development in an establishment described in this Subsection (14)(c)

230 in the state;

231 (d) for purposes of this Subsection (14) and in accordance with Title 63G, Chapter 3,

232 Utah Administrative Rulemaking Act, the commission:

233 (i) shall by rule define the term "establishment"; and

234 (ii) may by rule define what constitutes:

235 (A) processing an item sold as tangible personal property;

236 (B) the production process, other than the production of real property; or

237 (C) research and development; and

238 (e) on or before October 1, 2011, and every five years after October 1, 2011, the

239 commission shall:

240 (i) review the exemptions described in this Subsection (14) and make

241 recommendations to the Revenue and Taxation Interim Committee concerning whether the

242 exemptions should be continued, modified, or repealed; and

243 (ii) include in its report:

244 (A) the cost of the exemptions;

245 (B) the purpose and effectiveness of the exemptions; and
246 (C) the benefits of the exemptions to the state;
247 (15) (a) sales of the following if the requirements of Subsection (15)(b) are met:
248 (i) tooling;
249 (ii) special tooling;
250 (iii) support equipment;
251 (iv) special test equipment; or
252 (v) parts used in the repairs or renovations of tooling or equipment described in
253 Subsections (15)(a)(i) through (iv); and
254 (b) sales of tooling, equipment, or parts described in Subsection (15)(a) are exempt if:
255 (i) the tooling, equipment, or parts are used or consumed exclusively in the
256 performance of any aerospace or electronics industry contract with the United States
257 government or any subcontract under that contract; and
258 (ii) under the terms of the contract or subcontract described in Subsection (15)(b)(i),
259 title to the tooling, equipment, or parts is vested in the United States government as evidenced
260 by:
261 (A) a government identification tag placed on the tooling, equipment, or parts; or
262 (B) listing on a government-approved property record if placing a government
263 identification tag on the tooling, equipment, or parts is impractical;
264 (16) sales of newspapers or newspaper subscriptions;
265 (17) (a) except as provided in Subsection (17)(b), tangible personal property traded in
266 as full or part payment of the purchase price, except that for purposes of calculating sales or use
267 tax upon vehicles not sold by a vehicle dealer, trade-ins are limited to other vehicles only, and
268 the tax is based upon:
269 (i) the bill of sale or other written evidence of value of the vehicle being sold and the
270 vehicle being traded in; or
271 (ii) in the absence of a bill of sale or other written evidence of value, the then existing
272 fair market value of the vehicle being sold and the vehicle being traded in, as determined by the
273 commission; and
274 (b) notwithstanding Subsection (17)(a), Subsection (17)(a) does not apply to the
275 following items of tangible personal property traded in as full or part payment of the purchase

276 price:

277 (i) money;

278 (ii) electricity;

279 (iii) water;

280 (iv) gas; or

281 (v) steam;

282 (18) (a) (i) except as provided in Subsection (18)(b), sales of tangible personal property

283 used or consumed primarily and directly in farming operations, regardless of whether the

284 tangible personal property:

285 (A) becomes part of real estate; or

286 (B) is installed by a:

287 (I) farmer;

288 (II) contractor; or

289 (III) subcontractor; or

290 (ii) sales of parts used in the repairs or renovations of tangible personal property if the

291 tangible personal property is exempt under Subsection (18)(a)(i); and

292 (b) notwithstanding Subsection (18)(a), amounts paid or charged for the following

293 tangible personal property are subject to the taxes imposed by this chapter:

294 (i) (A) subject to Subsection (18)(b)(i)(B), the following tangible personal property if

295 the tangible personal property is used in a manner that is incidental to farming:

296 (I) machinery;

297 (II) equipment;

298 (III) materials; or

299 (IV) supplies; and

300 (B) tangible personal property that is considered to be used in a manner that is

301 incidental to farming includes:

302 (I) hand tools; or

303 (II) maintenance and janitorial equipment and supplies;

304 (ii) (A) subject to Subsection (18)(b)(ii)(B), tangible personal property if the tangible

305 personal property is used in an activity other than farming; and

306 (B) tangible personal property that is considered to be used in an activity other than

307 farming includes:

308 (I) office equipment and supplies; or

309 (II) equipment and supplies used in:

310 (Aa) the sale or distribution of farm products;

311 (Bb) research; or

312 (Cc) transportation; or

313 (iii) a vehicle required to be registered by the laws of this state during the period

314 ending two years after the date of the vehicle's purchase;

315 (19) sales of hay;

316 (20) exclusive sale during the harvest season of seasonal crops, seedling plants, or

317 garden, farm, or other agricultural produce if the seasonal crops are, seedling plants are, or

318 garden, farm, or other agricultural produce is sold by:

319 (a) the producer of the seasonal crops, seedling plants, or garden, farm, or other

320 agricultural produce;

321 (b) an employee of the producer described in Subsection (20)(a); or

322 (c) a member of the immediate family of the producer described in Subsection (20)(a);

323 (21) purchases made using a coupon as defined in 7 U.S.C. Sec. 2012 that is issued

324 under the Food Stamp Program, 7 U.S.C. Sec. 2011 et seq.;

325 (22) sales of nonreturnable containers, nonreturnable labels, nonreturnable bags,

326 nonreturnable shipping cases, and nonreturnable casings to a manufacturer, processor,

327 wholesaler, or retailer for use in packaging tangible personal property to be sold by that

328 manufacturer, processor, wholesaler, or retailer;

329 (23) property stored in the state for resale;

330 (24) (a) purchases of property if:

331 (i) the property is:

332 (A) purchased outside of this state;

333 (B) brought into this state:

334 (I) at any time after the purchase described in Subsection (24)(a)(i)(A); and

335 (II) by a nonresident person who is not living or working in this state at the time of the

336 purchase;

337 (C) used for the personal use or enjoyment of the nonresident person described in

338 Subsection (24)(a)(i)(B)(II) while that nonresident person is within the state; and
339 (D) not used in conducting business in this state; and
340 (ii) for:
341 (A) property other than the property described in Subsection (24)(a)(ii)(B), the first use
342 of the property for a purpose for which the property is designed occurs outside of this state;
343 (B) a boat, the boat is registered outside of this state; or
344 (C) a vehicle other than a vehicle sold to an authorized carrier, the vehicle is registered
345 outside of this state;
346 (b) the exemption provided for in Subsection (24)(a) does not apply to:
347 (i) a lease or rental of property; or
348 (ii) a sale of a vehicle exempt under Subsection (33); and
349 (c) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, for
350 purposes of Subsection (24)(a), the commission may by rule define what constitutes the
351 following:
352 (i) conducting business in this state if that phrase has the same meaning in this
353 Subsection (24) as in Subsection (66);
354 (ii) the first use of property if that phrase has the same meaning in this Subsection (24)
355 as in Subsection (66); or
356 (iii) a purpose for which property is designed if that phrase has the same meaning in
357 this Subsection (24) as in Subsection (66);
358 (25) property purchased for resale in this state, in the regular course of business, either
359 in its original form or as an ingredient or component part of a manufactured or compounded
360 product;
361 (26) property upon which a sales or use tax was paid to some other state, or one of its
362 subdivisions, except that the state shall be paid any difference between the tax paid and the tax
363 imposed by this part and Part 2, Local Sales and Use Tax Act, and no adjustment is allowed if
364 the tax paid was greater than the tax imposed by this part and Part 2, Local Sales and Use Tax
365 Act;
366 (27) any sale of a service described in Subsections 59-12-103(1)(b), (c), and (d) to a
367 person for use in compounding a service taxable under the subsections;
368 (28) purchases made in accordance with the special supplemental nutrition program for

369 women, infants, and children established in 42 U.S.C. Sec. 1786;

370 (29) beginning on July 1, 1999, through June 30, 2014, sales or leases of rolls, rollers,
371 refractory brick, electric motors, or other replacement parts used in the furnaces, mills, or ovens
372 of a steel mill described in SIC Code 3312 of the 1987 Standard Industrial Classification
373 Manual of the federal Executive Office of the President, Office of Management and Budget;

374 (30) sales of a boat of a type required to be registered under Title 73, Chapter 18, State
375 Boating Act, a boat trailer, or an outboard motor if the boat, boat trailer, or outboard motor is:
376 (a) not registered in this state; and
377 (b) (i) not used in this state; or
378 (ii) used in this state:
379 (A) if the boat, boat trailer, or outboard motor is not used to conduct business, for a
380 time period that does not exceed the longer of:
381 (I) 30 days in any calendar year; or
382 (II) the time period necessary to transport the boat, boat trailer, or outboard motor to
383 the borders of this state; or
384 (B) if the boat, boat trailer, or outboard motor is used to conduct business, for the time
385 period necessary to transport the boat, boat trailer, or outboard motor to the borders of this
386 state;

387 (31) sales of aircraft manufactured in Utah;

388 (32) amounts paid for the purchase of telephone service for purposes of providing
389 telephone service;

390 (33) sales, leases, or uses of the following:
391 (a) a vehicle by an authorized carrier; or
392 (b) tangible personal property that is installed on a vehicle:
393 (i) sold or leased to or used by an authorized carrier; and
394 (ii) before the vehicle is placed in service for the first time;

395 (34) (a) 45% of the sales price of any new manufactured home; and
396 (b) 100% of the sales price of any used manufactured home;

397 (35) sales relating to schools and fundraising sales;

398 (36) sales or rentals of durable medical equipment if:
399 (a) a person presents a prescription for the durable medical equipment; and

400 (b) the durable medical equipment is used for home use only;

401 (37) (a) sales to a ski resort of electricity to operate a passenger ropeway as defined in

402 Section 72-11-102; and

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

404 under Subsection (37)(a) that are not separately metered and accounted for in utility billings;

405 (38) sales to a ski resort of:

406 (a) snowmaking equipment;

407 (b) ski slope grooming equipment;

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

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

410 described in Subsections (38)(a) through (c);

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

412 (40) (a) subject to Subsection (40)(b), sales or rentals of the right to use or operate for

413 amusement, entertainment, or recreation an unassisted amusement device as defined in Section

414 59-12-102;

415 (b) if a seller that sells or rents at the same business location the right to use or operate

416 for amusement, entertainment, or recreation one or more unassisted amusement devices and

417 one or more assisted amusement devices, the exemption described in Subsection (40)(a)

418 applies if the seller separately accounts for the sales or rentals of the right to use or operate for

419 amusement, entertainment, or recreation for the assisted amusement devices; and

420 (c) for purposes of Subsection (40)(b) and in accordance with Title 63G, Chapter 3,

421 Utah Administrative Rulemaking Act, the commission may make rules:

422 (i) governing the circumstances under which sales are at the same business location;

423 and

424 (ii) establishing the procedures and requirements for a seller to separately account for

425 the sales or rentals of the right to use or operate for amusement, entertainment, or recreation for

426 assisted amusement devices;

427 (41) (a) sales of photocopies by:

428 (i) a governmental entity; or

429 (ii) an entity within the state system of public education, including:

430 (A) a school; or

431 (B) the State Board of Education; or
432 (b) sales of publications by a governmental entity;
433 (42) amounts paid for admission to an athletic event at an institution of higher
434 education that is subject to the provisions of Title IX of the Education Amendments of 1972,
435 20 U.S.C. Sec. 1681 et seq.;

436 (43) sales of telephone service charged to a prepaid telephone calling card;
437 (44) (a) sales of:
438 (i) hearing aids;
439 (ii) hearing aid accessories; or
440 (iii) except as provided in Subsection (44)(b), parts used in the repairs or renovations
441 of hearing aids or hearing aid accessories; and
442 (b) for purposes of this Subsection (44), notwithstanding Subsection (44)(a)(iii),
443 "parts" does not include batteries;

444 (45) (a) sales made to or by:
445 (i) an area agency on aging; or
446 (ii) a senior citizen center owned by a county, city, or town; or
447 (b) sales made by a senior citizen center that contracts with an area agency on aging;

448 (46) sales or leases of semiconductor fabricating, processing, research, or development
449 materials regardless of whether the semiconductor fabricating, processing, research, or
450 development materials:
451 (a) actually come into contact with a semiconductor; or
452 (b) ultimately become incorporated into real property;

453 (47) an amount paid by or charged to a purchaser for accommodations and services
454 described in Subsection 59-12-103(1)(i) to the extent the amount is exempt under Section
455 59-12-104.2;

456 (48) beginning on September 1, 2001, the lease or use of a vehicle issued a temporary
457 sports event registration certificate in accordance with Section 41-3-306 for the event period
458 specified on the temporary sports event registration certificate;

459 (49) sales or uses of electricity, if the sales or uses are:
460 (a) made under a tariff adopted by the Public Service Commission of Utah only for
461 purchase of electricity produced from a new wind, geothermal, biomass, or solar power energy

462 source, as designated in the tariff by the Public Service Commission of Utah; and
463 (b) for an amount of electricity that is:
464 (i) unrelated to the amount of electricity used by the person purchasing the electricity
465 under the tariff described in Subsection (49)(a); and
466 (ii) equivalent to the number of kilowatthours specified in the tariff described in
467 Subsection (49)(a) that may be purchased under the tariff described in Subsection (49)(a);
468 (50) sales or rentals of mobility enhancing equipment if a person presents a
469 prescription for the mobility enhancing equipment;
470 (51) sales of water in a:
471 (a) pipe;
472 (b) conduit;
473 (c) ditch; or
474 (d) reservoir;
475 (52) sales of currency or coinage that constitute legal tender of the United States or of a
476 foreign nation;
477 (53) (a) sales of an item described in Subsection (53)(b) if the item:
478 (i) does not constitute legal tender of any nation; and
479 (ii) has a gold, silver, or platinum content of 80% or more; and
480 (b) Subsection (53)(a) applies to a gold, silver, or platinum:
481 (i) ingot;
482 (ii) bar;
483 (iii) medallion; or
484 (iv) decorative coin;
485 (54) amounts paid on a sale-leaseback transaction;
486 (55) sales of a prosthetic device:
487 (a) for use on or in a human; and
488 (b) (i) for which a prescription is required; or
489 (ii) if the prosthetic device is purchased by a hospital or other medical facility;
490 (56) (a) except as provided in Subsection (56)(b), purchases, leases, or rentals of
491 machinery or equipment by an establishment described in Subsection (56)(c) if the machinery
492 or equipment is primarily used in the production or postproduction of the following media for

493 commercial distribution:

494 (i) a motion picture;

495 (ii) a television program;

496 (iii) a movie made for television;

497 (iv) a music video;

498 (v) a commercial;

499 (vi) a documentary; or

500 (vii) a medium similar to Subsections (56)(a)(i) through (vi) as determined by the

501 commission by administrative rule made in accordance with Subsection (56)(d); or

502 (b) notwithstanding Subsection (56)(a), purchases, leases, or rentals of machinery or

503 equipment by an establishment described in Subsection (56)(c) that is used for the production

504 or postproduction of the following are subject to the taxes imposed by this chapter:

505 (i) a live musical performance;

506 (ii) a live news program; or

507 (iii) a live sporting event;

508 (c) the following establishments listed in the 1997 North American Industry

509 Classification System of the federal Executive Office of the President, Office of Management

510 and Budget, apply to Subsections (56)(a) and (b):

511 (i) NAICS Code 512110; or

512 (ii) NAICS Code 51219; and

513 (d) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the

514 commission may by rule:

515 (i) prescribe what constitutes a medium similar to Subsections (56)(a)(i) through (vi);

516 or

517 (ii) define:

518 (A) "commercial distribution";

519 (B) "live musical performance";

520 (C) "live news program"; or

521 (D) "live sporting event";

522 (57) (a) leases of seven or more years or purchases made on or after July 1, 2004 but on

523 or before June 30, 2009, of machinery or equipment that:

524 (i) is leased or purchased for or by a facility that:
525 (A) is a renewable energy production facility;
526 (B) is located in the state; and
527 (C) (I) becomes operational on or after July 1, 2004; or
528 (II) has its generation capacity increased by one or more megawatts on or after July 1,
529 2004 as a result of the use of the machinery or equipment;
530 (ii) has an economic life of five or more years; and
531 (iii) is used to make the facility or the increase in capacity of the facility described in
532 Subsection (57)(a)(i) operational up to the point of interconnection with an existing
533 transmission grid including:
534 (A) a wind turbine;
535 (B) generating equipment;
536 (C) a control and monitoring system;
537 (D) a power line;
538 (E) substation equipment;
539 (F) lighting;
540 (G) fencing;
541 (H) pipes; or
542 (I) other equipment used for locating a power line or pole; and
543 (b) this Subsection (57) does not apply to:
544 (i) machinery or equipment used in construction of:
545 (A) a new renewable energy production facility; or
546 (B) the increase in the capacity of a renewable energy production facility;
547 (ii) contracted services required for construction and routine maintenance activities;
548 and
549 (iii) unless the machinery or equipment is used or acquired for an increase in capacity
550 of the facility described in Subsection (57)(a)(i)(C)(II), machinery or equipment used or
551 acquired after:
552 (A) the renewable energy production facility described in Subsection (57)(a)(i) is
553 operational as described in Subsection (57)(a)(iii); or
554 (B) the increased capacity described in Subsection (57)(a)(i) is operational as described

555 in Subsection (57)(a)(iii);
556 (58) (a) leases of seven or more years or purchases made on or after July 1, 2004 but on
557 or before June 30, 2009, of machinery or equipment that:
558 (i) is leased or purchased for or by a facility that:
559 (A) is a waste energy production facility;
560 (B) is located in the state; and
561 (C) (I) becomes operational on or after July 1, 2004; or
562 (II) has its generation capacity increased by one or more megawatts on or after July 1,
563 2004 as a result of the use of the machinery or equipment;
564 (ii) has an economic life of five or more years; and
565 (iii) is used to make the facility or the increase in capacity of the facility described in
566 Subsection (58)(a)(i) operational up to the point of interconnection with an existing
567 transmission grid including:
568 (A) generating equipment;
569 (B) a control and monitoring system;
570 (C) a power line;
571 (D) substation equipment;
572 (E) lighting;
573 (F) fencing;
574 (G) pipes; or
575 (H) other equipment used for locating a power line or pole; and
576 (b) this Subsection (58) does not apply to:
577 (i) machinery or equipment used in construction of:
578 (A) a new waste energy facility; or
579 (B) the increase in the capacity of a waste energy facility;
580 (ii) contracted services required for construction and routine maintenance activities;
581 and
582 (iii) unless the machinery or equipment is used or acquired for an increase in capacity
583 described in Subsection (58)(a)(i)(C)(II), machinery or equipment used or acquired after:
584 (A) the waste energy facility described in Subsection (58)(a)(i) is operational as
585 described in Subsection (58)(a)(iii); or

586 (B) the increased capacity described in Subsection (58)(a)(i) is operational as described
587 in Subsection (58)(a)(iii);

588 (59) (a) leases of five or more years or purchases made on or after July 1, 2004 but on
589 or before June 30, 2009, of machinery or equipment that:

590 (i) is leased or purchased for or by a facility that:

591 (A) is located in the state;

592 (B) produces fuel from biomass energy including:

593 (I) methanol; or

594 (II) ethanol; and

595 (C) (I) becomes operational on or after July 1, 2004; or

596 (II) has its capacity to produce fuel increase by 25% or more on or after July 1, 2004 as
597 a result of the installation of the machinery or equipment;

598 (ii) has an economic life of five or more years; and

599 (iii) is installed on the facility described in Subsection (59)(a)(i);

600 (b) this Subsection (59) does not apply to:

601 (i) machinery or equipment used in construction of:

602 (A) a new facility described in Subsection (59)(a)(i); or

603 (B) the increase in capacity of the facility described in Subsection (59)(a)(i); or

604 (ii) contracted services required for construction and routine maintenance activities;

605 and

606 (iii) unless the machinery or equipment is used or acquired for an increase in capacity
607 described in Subsection (59)(a)(i)(C)(II), machinery or equipment used or acquired after:

608 (A) the facility described in Subsection (59)(a)(i) is operational; or

609 (B) the increased capacity described in Subsection (59)(a)(i) is operational;

610 (60) amounts paid to a purchaser as a rebate from the manufacturer of a new vehicle
611 for purchasing the new vehicle;

612 (61) (a) subject to Subsection (61)(b) or (c), sales of tangible personal property to a
613 person within this state if that tangible personal property is subsequently shipped outside the
614 state and incorporated pursuant to contract into and becomes a part of real property located
615 outside of this state;

616 (b) the exemption under Subsection (61)(a) is not allowed to the extent that the other

617 state or political entity to which the tangible personal property is shipped imposes a sales, use,
618 gross receipts, or other similar transaction excise tax on the transaction against which the other
619 state or political entity allows a credit for sales and use taxes imposed by this chapter; and

620 (c) notwithstanding the time period of Subsection 59-12-110(2)(b) for filing for a
621 refund, a person may claim the exemption allowed by this Subsection (61) for a sale by filing
622 for a refund:

623 (i) if the sale is made on or after July 1, 2004, but on or before June 30, 2008;

624 (ii) as if this Subsection (61) as in effect on July 1, 2008, were in effect on the day on
625 which the sale is made;

626 (iii) if the person did not claim the exemption allowed by this Subsection (61) for the
627 sale prior to filing for the refund;

628 (iv) for sales and use taxes paid under this chapter on the sale;

629 (v) in accordance with Section 59-12-110; and

630 (vi) subject to any extension allowed for filing for a refund under Section 59-12-110, if
631 the person files for the refund on or before June 30, 2011;

632 (62) purchases:

633 (a) of one or more of the following items in printed or electronic format:

634 (i) a list containing information that includes one or more:

635 (A) names; or

636 (B) addresses; or

637 (ii) a database containing information that includes one or more:

638 (A) names; or

639 (B) addresses; and

640 (b) used to send direct mail;

641 (63) redemptions or repurchases of property by a person if that property was:

642 (a) delivered to a pawnbroker as part of a pawn transaction; and

643 (b) redeemed or repurchased within the time period established in a written agreement
644 between the person and the pawnbroker for redeeming or repurchasing the property;

645 (64) (a) purchases or leases of an item described in Subsection (64)(b) if the item:

646 (i) is purchased or leased by, or on behalf of, a telephone service provider; and

647 (ii) has a useful economic life of one or more years; and

- 648 (b) the following apply to Subsection (64)(a):
- 649 (i) telecommunications enabling or facilitating equipment, machinery, or software;
- 650 (ii) telecommunications equipment, machinery, or software required for 911 service;
- 651 (iii) telecommunications maintenance or repair equipment, machinery, or software;
- 652 (iv) telecommunications switching or routing equipment, machinery, or software; or
- 653 (v) telecommunications transmission equipment, machinery, or software;

654 (65) (a) beginning on July 1, 2006, and ending on June 30, 2016, purchases of tangible
655 personal property used in the research and development of coal-to-liquids, oil shale, or tar
656 sands technology; and

657 (b) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
658 commission may, for purposes of Subsection (65)(a), make rules defining what constitutes
659 tangible personal property used in the research and development of coal-to-liquids, oil shale,
660 and tar sands technology;

661 (66) (a) purchases of property if:

662 (i) the property is:

663 (A) purchased outside of this state;

664 (B) brought into this state at any time after the purchase described in Subsection
665 (66)(a)(i)(A); and

666 (C) used in conducting business in this state; and

667 (ii) for:

668 (A) property other than the property described in Subsection (66)(a)(ii)(B), the first use
669 of the property for a purpose for which the property is designed occurs outside of this state; or

670 (B) a vehicle other than a vehicle sold to an authorized carrier, the vehicle is registered
671 outside of this state;

672 (b) the exemption provided for in Subsection (66)(a) does not apply to:

673 (i) a lease or rental of property; or

674 (ii) a sale of a vehicle exempt under Subsection (33); and

675 (c) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, for
676 purposes of Subsection (66)(a), the commission may by rule define what constitutes the
677 following:

678 (i) conducting business in this state if that phrase has the same meaning in this

679 Subsection (66) as in Subsection (24);
680 (ii) the first use of property if that phrase has the same meaning in this Subsection (66)
681 as in Subsection (24); or
682 (iii) a purpose for which property is designed if that phrase has the same meaning in
683 this Subsection (66) as in Subsection (24);
684 (67) sales of disposable home medical equipment or supplies if:
685 (a) a person presents a prescription for the disposable home medical equipment or
686 supplies;
687 (b) the disposable home medical equipment or supplies are used exclusively by the
688 person to whom the prescription described in Subsection (67)(a) is issued; and
689 (c) the disposable home medical equipment and supplies are listed as eligible for
690 payment under:
691 (i) Title XVIII, federal Social Security Act; or
692 (ii) the state plan for medical assistance under Title XIX, federal Social Security Act;
693 (68) sales:
694 (a) to a public transit district under Title 17B, Chapter 2a, Part 8, Public Transit
695 District Act; or
696 (b) of tangible personal property to a subcontractor of a public transit district, if the
697 tangible personal property is:
698 (i) clearly identified; and
699 (ii) installed or converted to real property owned by the public transit district;
700 (69) sales of construction materials:
701 (a) purchased on or after July 1, 2010;
702 (b) purchased by, on behalf of, or for the benefit of an international airport:
703 (i) located within a county of the first class; and
704 (ii) that has a United States customs office on its premises; and
705 (c) if the construction materials are:
706 (i) clearly identified;
707 (ii) segregated; and
708 (iii) installed or converted to real property:
709 (A) owned or operated by the international airport described in Subsection (69)(b); and

710 (B) located at the international airport described in Subsection (69)(b); and
711 (70) sales of construction materials:
712 (a) purchased on or after July 1, 2008;
713 (b) purchased by, on behalf of, or for the benefit of a new airport:
714 (i) located within a county of the second class; and
715 (ii) that is owned or operated by a city in which an airline as defined in Section
716 59-2-102 is headquartered; and
717 (c) if the construction materials are:
718 (i) clearly identified;
719 (ii) segregated; and
720 (iii) installed or converted to real property:
721 (A) owned or operated by the new airport described in Subsection (70)(b);
722 (B) located at the new airport described in Subsection (70)(b); and
723 (C) as part of the construction of the new airport described in Subsection (70)(b).
724 Section 2. Section **59-12-104 (Effective 01/01/09)** is amended to read:
725 **59-12-104 (Effective 01/01/09). Exemptions.**
726 The following sales and uses are exempt from the taxes imposed by this chapter:
727 (1) sales of aviation fuel, motor fuel, and special fuel subject to a Utah state excise tax
728 under Chapter 13, Motor and Special Fuel Tax Act;
729 (2) sales to the state, its institutions, and its political subdivisions; however, this
730 exemption does not apply to sales of:
731 (a) construction materials except:
732 (i) construction materials purchased by or on behalf of institutions of the public
733 education system as defined in Utah Constitution Article X, Section 2, provided the
734 construction materials are clearly identified and segregated and installed or converted to real
735 property which is owned by institutions of the public education system; and
736 (ii) construction materials purchased by the state, its institutions, or its political
737 subdivisions which are installed or converted to real property by employees of the state, its
738 institutions, or its political subdivisions; or
739 (b) tangible personal property in connection with the construction, operation,
740 maintenance, repair, or replacement of a project, as defined in Section 11-13-103, or facilities

741 providing additional project capacity, as defined in Section 11-13-103;

742 (3) (a) sales of an item described in Subsection (3)(b) from a vending machine if:

743 (i) the proceeds of each sale do not exceed \$1; and

744 (ii) the seller or operator of the vending machine reports an amount equal to 150% of

745 the cost of the item described in Subsection (3)(b) as goods consumed; and

746 (b) Subsection (3)(a) applies to:

747 (i) food and food ingredients; or

748 (ii) prepared food;

749 (4) sales of the following to a commercial airline carrier for in-flight consumption:

750 (a) food and food ingredients;

751 (b) prepared food; or

752 (c) services related to Subsection (4)(a) or (b);

753 (5) (a) (i) beginning on July 1, 2008, and ending on September 30, 2008, sales of parts

754 and equipment:

755 ~~[(a)]~~ (A) (I) by an establishment described in NAICS Code 336411 or 336412 of the

756 2002 North American Industry Classification System of the federal Executive Office of the

757 President, Office of Management and Budget; and

758 ~~[(b)]~~ (II) for:

759 ~~[(i)]~~ (Aa) installation in an aircraft, including services relating to the installation of

760 parts or equipment in the aircraft;

761 ~~[(ii)]~~ (Bb) renovation of an aircraft; or

762 ~~[(iii)]~~ (Cc) repair of an aircraft; or

763 (B) for installation in an aircraft operated by a common carrier in interstate or foreign

764 commerce; or

765 (ii) beginning on October 1, 2008, sales of parts and equipment for installation in an

766 aircraft operated by a common carrier in interstate or foreign commerce; and

767 (b) notwithstanding the time period of Subsection 59-12-110(2) for filing for a refund,

768 a person may claim the exemption allowed by Subsection (5)(a)(i)(B) for a sale by filing for a

769 refund:

770 (i) if the sale is made on or after July 1, 2008, but on or before September 30, 2008;

771 (ii) as if Subsection (5)(a)(i)(B) were in effect on the day on which the sale is made;

772 (iii) if the person did not claim the exemption allowed by Subsection (5)(a)(i)(B) for
773 the sale prior to filing for the refund;

774 (iv) for sales and use taxes paid under this chapter on the sale;

775 (v) in accordance with Section 59-12-110; and

776 (vi) subject to any extension allowed for filing for a refund under Section 59-12-110, if
777 the person files for the refund on or before September 30, 2011;

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

781 (7) (a) subject to Subsection (7)(b), sales of cleaning or washing of tangible personal
782 property if the cleaning or washing of the tangible personal property is not assisted cleaning or
783 washing of tangible personal property;

784 (b) if a seller that sells at the same business location assisted cleaning or washing of
785 tangible personal property and cleaning or washing of tangible personal property that is not
786 assisted cleaning or washing of tangible personal property, the exemption described in
787 Subsection (7)(a) applies if the seller separately accounts for the sales of the assisted cleaning
788 or washing of the tangible personal property; and

789 (c) for purposes of Subsection (7)(b) and in accordance with Title 63G, Chapter 3,
790 Utah Administrative Rulemaking Act, the commission may make rules:

791 (i) governing the circumstances under which sales are at the same business location;
792 and

793 (ii) establishing the procedures and requirements for a seller to separately account for
794 sales of assisted cleaning or washing of tangible personal property;

795 (8) sales made to or by religious or charitable institutions in the conduct of their regular
796 religious or charitable functions and activities, if the requirements of Section 59-12-104.1 are
797 fulfilled;

798 (9) sales of a vehicle of a type required to be registered under the motor vehicle laws of
799 this state if the vehicle is:

800 (a) not registered in this state; and

801 (b) (i) not used in this state; or

802 (ii) used in this state:

803 (A) if the vehicle is not used to conduct business, for a time period that does not
804 exceed the longer of:

805 (I) 30 days in any calendar year; or

806 (II) the time period necessary to transport the vehicle to the borders of this state; or

807 (B) if the vehicle is used to conduct business, for the time period necessary to transport
808 the vehicle to the borders of this state;

809 (10) (a) amounts paid for an item described in Subsection (10)(b) if:

810 (i) the item is intended for human use; and

811 (ii) (A) a prescription was issued for the item; or

812 (B) the item was purchased by a hospital or other medical facility; and

813 (b) (i) Subsection (10)(a) applies to:

814 (A) a drug;

815 (B) a syringe; or

816 (C) a stoma supply; and

817 (ii) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
818 commission may by rule define the terms:

819 (A) "syringe"; or

820 (B) "stoma supply";

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

823 (12) (a) sales of an item described in Subsection (12)(c) served by:

824 (i) the following if the item described in Subsection (12)(c) is not available to the
825 general public:

826 (A) a church; or

827 (B) a charitable institution;

828 (ii) an institution of higher education if:

829 (A) the item described in Subsection (12)(c) is not available to the general public; or

830 (B) the item described in Subsection (12)(c) is prepaid as part of a student meal plan
831 offered by the institution of higher education; or

832 (b) sales of an item described in Subsection (12)(c) provided for a patient by:

833 (i) a medical facility; or

834 (ii) a nursing facility; and
835 (c) Subsections (12)(a) and (b) apply to:
836 (i) food and food ingredients;
837 (ii) prepared food; or
838 (iii) alcoholic beverages;
839 (13) (a) except as provided in Subsection (13)(b), the sale of tangible personal property
840 or a product transferred electronically by a person:
841 (i) regardless of the number of transactions involving the sale of that tangible personal
842 property or product transferred electronically by that person; and
843 (ii) not regularly engaged in the business of selling that type of tangible personal
844 property or product transferred electronically;
845 (b) this Subsection (13) does not apply if:
846 (i) the sale is one of a series of sales of a character to indicate that the person is
847 regularly engaged in the business of selling that type of tangible personal property or product
848 transferred electronically;
849 (ii) the person holds that person out as regularly engaged in the business of selling that
850 type of tangible personal property or product transferred electronically;
851 (iii) the person sells an item of tangible personal property or product transferred
852 electronically that the person purchased as a sale that is exempt under Subsection (25); or
853 (iv) the sale is of a vehicle or vessel required to be titled or registered under the laws of
854 this state in which case the tax is based upon:
855 (A) the bill of sale or other written evidence of value of the vehicle or vessel being
856 sold; or
857 (B) in the absence of a bill of sale or other written evidence of value, the fair market
858 value of the vehicle or vessel being sold at the time of the sale as determined by the
859 commission; and
860 (c) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
861 commission shall make rules establishing the circumstances under which:
862 (i) a person is regularly engaged in the business of selling a type of tangible personal
863 property or product transferred electronically;
864 (ii) a sale of tangible personal property or a product transferred electronically is one of

865 a series of sales of a character to indicate that a person is regularly engaged in the business of
866 selling that type of tangible personal property or product transferred electronically; or

867 (iii) a person holds that person out as regularly engaged in the business of selling a type
868 of tangible personal property or product transferred electronically;

869 (14) (a) except as provided in Subsection (14)(b), amounts paid or charged on or after
870 July 1, 2006, for a purchase or lease by a manufacturing facility other than a cogeneration
871 facility, for the following:

872 (i) machinery and equipment that:

873 (A) is used:

874 (I) for a manufacturing facility other than a manufacturing facility that is a scrap
875 recycler described in Subsection 59-12-102 (52)(b):

876 (Aa) in the manufacturing process; and

877 (Bb) to manufacture an item sold as tangible personal property; or

878 (II) for a manufacturing facility that is a scrap recycler described in Subsection

879 59-12-102 (52)(b), to process an item sold as tangible personal property; and

880 (B) has an economic life of three or more years; and

881 (ii) normal operating repair or replacement parts that:

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

883 (B) are used:

884 (I) for a manufacturing facility in the state other than a manufacturing facility that is a
885 scrap recycler described in Subsection 59-12-102 (52)(b), in the manufacturing process; or

886 (II) for a manufacturing facility in the state that is a scrap recycler described in

887 Subsection 59-12-102 (52)(b), to process an item sold as tangible personal property;

888 (b) (i) amounts paid or charged on or after July 1, 2005, for a purchase or lease by a
889 manufacturing facility that is a cogeneration facility placed in service on or after May 1, 2006,
890 for the following:

891 (A) machinery and equipment that:

892 (I) is used:

893 (Aa) in the manufacturing process; and

894 (Bb) to manufacture an item sold as tangible personal property; and

895 (II) has an economic life of three or more years; and

896 (B) normal operating repair or replacement parts that:
897 (I) are used in the manufacturing process in a manufacturing facility in the state; and
898 (II) have an economic life of three or more years; and
899 (ii) for amounts paid or charged on or after July 1, 2005, but on or before June 30,
900 2006, for a purchase or lease described in Subsection (14)(b)(i), a cogeneration facility may
901 claim the exemption allowed by Subsection (14)(b)(i) by filing for a refund:
902 (A) for sales and use taxes paid under this chapter on the purchase or lease payment;
903 and
904 (B) in accordance with Section 59-12-110;
905 (c) amounts paid or charged for a purchase or lease made on or after January 1, 2008,
906 by an establishment described in NAICS Subsector 212, Mining (except Oil and Gas), or
907 NAICS Code 213113, Support Activities for Coal Mining, 213114, Support Activities for
908 Metal Mining, or 213115, Support Activities for Nonmetallic Minerals (except Fuels) Mining,
909 of the 2002 North American Industry Classification System of the federal Executive Office of
910 the President, Office of Management and Budget:
911 (i) machinery and equipment that:
912 (A) are used in:
913 (I) the production process, other than the production of real property; or
914 (II) research and development; and
915 (B) have an economic life of three or more years; and
916 (ii) normal operating repair or replacement parts that:
917 (A) have an economic life of three or more years; and
918 (B) are used in:
919 (I) the production process, other than the production of real property, in an
920 establishment described in this Subsection (14)(c) in the state; or
921 (II) research and development in an establishment described in this Subsection (14)(c)
922 in the state;
923 (d) for purposes of this Subsection (14) and in accordance with Title 63G, Chapter 3,
924 Utah Administrative Rulemaking Act, the commission:
925 (i) shall by rule define the term "establishment"; and
926 (ii) may by rule define what constitutes:

- 927 (A) processing an item sold as tangible personal property;
- 928 (B) the production process, other than the production of real property; or
- 929 (C) research and development; and
- 930 (e) on or before October 1, 2011, and every five years after October 1, 2011, the
- 931 commission shall:
 - 932 (i) review the exemptions described in this Subsection (14) and make
 - 933 recommendations to the Revenue and Taxation Interim Committee concerning whether the
 - 934 exemptions should be continued, modified, or repealed; and
 - 935 (ii) include in its report:
 - 936 (A) the cost of the exemptions;
 - 937 (B) the purpose and effectiveness of the exemptions; and
 - 938 (C) the benefits of the exemptions to the state;
 - 939 (15) (a) sales of the following if the requirements of Subsection (15)(b) are met:
 - 940 (i) tooling;
 - 941 (ii) special tooling;
 - 942 (iii) support equipment;
 - 943 (iv) special test equipment; or
 - 944 (v) parts used in the repairs or renovations of tooling or equipment described in
 - 945 Subsections (15)(a)(i) through (iv); and
 - 946 (b) sales of tooling, equipment, or parts described in Subsection (15)(a) are exempt if:
 - 947 (i) the tooling, equipment, or parts are used or consumed exclusively in the
 - 948 performance of any aerospace or electronics industry contract with the United States
 - 949 government or any subcontract under that contract; and
 - 950 (ii) under the terms of the contract or subcontract described in Subsection (15)(b)(i),
 - 951 title to the tooling, equipment, or parts is vested in the United States government as evidenced
 - 952 by:
 - 953 (A) a government identification tag placed on the tooling, equipment, or parts; or
 - 954 (B) listing on a government-approved property record if placing a government
 - 955 identification tag on the tooling, equipment, or parts is impractical;
 - 956 (16) sales of newspapers or newspaper subscriptions;
 - 957 (17) (a) except as provided in Subsection (17)(b), tangible personal property or a

958 product transferred electronically traded in as full or part payment of the purchase price, except
959 that for purposes of calculating sales or use tax upon vehicles not sold by a vehicle dealer,
960 trade-ins are limited to other vehicles only, and the tax is based upon:

961 (i) the bill of sale or other written evidence of value of the vehicle being sold and the
962 vehicle being traded in; or

963 (ii) in the absence of a bill of sale or other written evidence of value, the then existing
964 fair market value of the vehicle being sold and the vehicle being traded in, as determined by the
965 commission; and

966 (b) notwithstanding Subsection (17)(a), Subsection (17)(a) does not apply to the
967 following items of tangible personal property or products transferred electronically traded in as
968 full or part payment of the purchase price:

969 (i) money;

970 (ii) electricity;

971 (iii) water;

972 (iv) gas; or

973 (v) steam;

974 (18) (a) (i) except as provided in Subsection (18)(b), sales of tangible personal property
975 or a product transferred electronically used or consumed primarily and directly in farming
976 operations, regardless of whether the tangible personal property or product transferred
977 electronically:

978 (A) becomes part of real estate; or

979 (B) is installed by a:

980 (I) farmer;

981 (II) contractor; or

982 (III) subcontractor; or

983 (ii) sales of parts used in the repairs or renovations of tangible personal property or a
984 product transferred electronically if the tangible personal property or product transferred
985 electronically is exempt under Subsection (18)(a)(i); and

986 (b) notwithstanding Subsection (18)(a), amounts paid or charged for the following are
987 subject to the taxes imposed by this chapter:

988 (i) (A) subject to Subsection (18)(b)(i)(B), the following if used in a manner that is

989 incidental to farming:

990 (I) machinery;

991 (II) equipment;

992 (III) materials; or

993 (IV) supplies; and

994 (B) tangible personal property that is considered to be used in a manner that is

995 incidental to farming includes:

996 (I) hand tools; or

997 (II) maintenance and janitorial equipment and supplies;

998 (ii) (A) subject to Subsection (18)(b)(ii)(B), tangible personal property or a product

999 transferred electronically if the tangible personal property or product transferred electronically

1000 is used in an activity other than farming; and

1001 (B) tangible personal property or a product transferred electronically that is considered

1002 to be used in an activity other than farming includes:

1003 (I) office equipment and supplies; or

1004 (II) equipment and supplies used in:

1005 (Aa) the sale or distribution of farm products;

1006 (Bb) research; or

1007 (Cc) transportation; or

1008 (iii) a vehicle required to be registered by the laws of this state during the period

1009 ending two years after the date of the vehicle's purchase;

1010 (19) sales of hay;

1011 (20) exclusive sale during the harvest season of seasonal crops, seedling plants, or

1012 garden, farm, or other agricultural produce if the seasonal crops are, seedling plants are, or

1013 garden, farm, or other agricultural produce is sold by:

1014 (a) the producer of the seasonal crops, seedling plants, or garden, farm, or other

1015 agricultural produce;

1016 (b) an employee of the producer described in Subsection (20)(a); or

1017 (c) a member of the immediate family of the producer described in Subsection (20)(a);

1018 (21) purchases made using a coupon as defined in 7 U.S.C. Sec. 2012 that is issued

1019 under the Food Stamp Program, 7 U.S.C. Sec. 2011 et seq.;

1020 (22) sales of nonreturnable containers, nonreturnable labels, nonreturnable bags,
1021 nonreturnable shipping cases, and nonreturnable casings to a manufacturer, processor,
1022 wholesaler, or retailer for use in packaging tangible personal property to be sold by that
1023 manufacturer, processor, wholesaler, or retailer;

1024 (23) a product stored in the state for resale;

1025 (24) (a) purchases of a product if:

1026 (i) the product is:

1027 (A) purchased outside of this state;

1028 (B) brought into this state:

1029 (I) at any time after the purchase described in Subsection (24)(a)(i)(A); and
1030 (II) by a nonresident person who is not living or working in this state at the time of the
1031 purchase;

1032 (C) used for the personal use or enjoyment of the nonresident person described in
1033 Subsection (24)(a)(i)(B)(II) while that nonresident person is within the state; and
1034 (D) not used in conducting business in this state; and

1035 (ii) for:

1036 (A) a product other than a boat described in Subsection (24)(a)(ii)(B), the first use of
1037 the product for a purpose for which the product is designed occurs outside of this state;

1038 (B) a boat, the boat is registered outside of this state; or
1039 (C) a vehicle other than a vehicle sold to an authorized carrier, the vehicle is registered
1040 outside of this state;

1041 (b) the exemption provided for in Subsection (24)(a) does not apply to:

1042 (i) a lease or rental of a product; or
1043 (ii) a sale of a vehicle exempt under Subsection (33); and

1044 (c) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, for
1045 purposes of Subsection (24)(a), the commission may by rule define what constitutes the
1046 following:

1047 (i) conducting business in this state if that phrase has the same meaning in this
1048 Subsection (24) as in Subsection [~~66~~] (64);

1049 (ii) the first use of a product if that phrase has the same meaning in this Subsection (24)
1050 as in Subsection [~~66~~] (64); or

1051 (iii) a purpose for which a product is designed if that phrase has the same meaning in
1052 this Subsection (24) as in Subsection [~~(66)~~] (64);

1053 (25) a product purchased for resale in this state, in the regular course of business, either
1054 in its original form or as an ingredient or component part of a manufactured or compounded
1055 product;

1056 (26) a product upon which a sales or use tax was paid to some other state, or one of its
1057 subdivisions, except that the state shall be paid any difference between the tax paid and the tax
1058 imposed by this part and Part 2, Local Sales and Use Tax Act, and no adjustment is allowed if
1059 the tax paid was greater than the tax imposed by this part and Part 2, Local Sales and Use Tax
1060 Act;

1061 (27) any sale of a service described in Subsections 59-12-103(1)(b), (c), and (d) to a
1062 person for use in compounding a service taxable under the subsections;

1063 (28) purchases made in accordance with the special supplemental nutrition program for
1064 women, infants, and children established in 42 U.S.C. Sec. 1786;

1065 (29) beginning on July 1, 1999, through June 30, 2014, sales or leases of rolls, rollers,
1066 refractory brick, electric motors, or other replacement parts used in the furnaces, mills, or ovens
1067 of a steel mill described in SIC Code 3312 of the 1987 Standard Industrial Classification
1068 Manual of the federal Executive Office of the President, Office of Management and Budget;

1069 (30) sales of a boat of a type required to be registered under Title 73, Chapter 18, State
1070 Boating Act, a boat trailer, or an outboard motor if the boat, boat trailer, or outboard motor is:

1071 (a) not registered in this state; and

1072 (b) (i) not used in this state; or

1073 (ii) used in this state:

1074 (A) if the boat, boat trailer, or outboard motor is not used to conduct business, for a
1075 time period that does not exceed the longer of:

1076 (I) 30 days in any calendar year; or

1077 (II) the time period necessary to transport the boat, boat trailer, or outboard motor to
1078 the borders of this state; or

1079 (B) if the boat, boat trailer, or outboard motor is used to conduct business, for the time
1080 period necessary to transport the boat, boat trailer, or outboard motor to the borders of this
1081 state;

- 1082 (31) sales of aircraft manufactured in Utah;
- 1083 (32) amounts paid for the purchase of telecommunications service for purposes of
- 1084 providing telecommunications service;
- 1085 (33) sales, leases, or uses of the following:
- 1086 (a) a vehicle by an authorized carrier; or
- 1087 (b) tangible personal property that is installed on a vehicle:
- 1088 (i) sold or leased to or used by an authorized carrier; and
- 1089 (ii) before the vehicle is placed in service for the first time;
- 1090 (34) (a) 45% of the sales price of any new manufactured home; and
- 1091 (b) 100% of the sales price of any used manufactured home;
- 1092 (35) sales relating to schools and fundraising sales;
- 1093 (36) sales or rentals of durable medical equipment if:
- 1094 (a) a person presents a prescription for the durable medical equipment; and
- 1095 (b) the durable medical equipment is used for home use only;
- 1096 (37) (a) sales to a ski resort of electricity to operate a passenger ropeway as defined in
- 1097 Section 72-11-102; and
- 1098 (b) the commission shall by rule determine the method for calculating sales exempt
- 1099 under Subsection (37)(a) that are not separately metered and accounted for in utility billings;
- 1100 (38) sales to a ski resort of:
- 1101 (a) snowmaking equipment;
- 1102 (b) ski slope grooming equipment;
- 1103 (c) passenger ropeways as defined in Section 72-11-102; or
- 1104 (d) parts used in the repairs or renovations of equipment or passenger ropeways
- 1105 described in Subsections (38)(a) through (c);
- 1106 (39) sales of natural gas, electricity, heat, coal, fuel oil, or other fuels for industrial use;
- 1107 (40) (a) subject to Subsection (40)(b), sales or rentals of the right to use or operate for
- 1108 amusement, entertainment, or recreation an unassisted amusement device as defined in Section
- 1109 59-12-102;
- 1110 (b) if a seller that sells or rents at the same business location the right to use or operate
- 1111 for amusement, entertainment, or recreation one or more unassisted amusement devices and
- 1112 one or more assisted amusement devices, the exemption described in Subsection (40)(a)

1113 applies if the seller separately accounts for the sales or rentals of the right to use or operate for
1114 amusement, entertainment, or recreation for the assisted amusement devices; and

1115 (c) for purposes of Subsection (40)(b) and in accordance with Title 63G, Chapter 3,
1116 Utah Administrative Rulemaking Act, the commission may make rules:

1117 (i) governing the circumstances under which sales are at the same business location;
1118 and

1119 (ii) establishing the procedures and requirements for a seller to separately account for
1120 the sales or rentals of the right to use or operate for amusement, entertainment, or recreation for
1121 assisted amusement devices;

1122 (41) (a) sales of photocopies by:

1123 (i) a governmental entity; or

1124 (ii) an entity within the state system of public education, including:

1125 (A) a school; or

1126 (B) the State Board of Education; or

1127 (b) sales of publications by a governmental entity;

1128 (42) amounts paid for admission to an athletic event at an institution of higher
1129 education that is subject to the provisions of Title IX of the Education Amendments of 1972,
1130 20 U.S.C. Sec. 1681 et seq.;

1131 (43) sales of telecommunications service charged to a prepaid telephone calling card;

1132 (44) (a) sales made to or by:

1133 (i) an area agency on aging; or

1134 (ii) a senior citizen center owned by a county, city, or town; or

1135 (b) sales made by a senior citizen center that contracts with an area agency on aging;

1136 (45) sales or leases of semiconductor fabricating, processing, research, or development
1137 materials regardless of whether the semiconductor fabricating, processing, research, or
1138 development materials:

1139 (a) actually come into contact with a semiconductor; or

1140 (b) ultimately become incorporated into real property;

1141 (46) an amount paid by or charged to a purchaser for accommodations and services
1142 described in Subsection 59-12-103(1)(i) to the extent the amount is exempt under Section
1143 59-12-104.2;

1144 (47) beginning on September 1, 2001, the lease or use of a vehicle issued a temporary
1145 sports event registration certificate in accordance with Section 41-3-306 for the event period
1146 specified on the temporary sports event registration certificate;

1147 (48) sales or uses of electricity, if the sales or uses are:

1148 (a) made under a tariff adopted by the Public Service Commission of Utah only for
1149 purchase of electricity produced from a new wind, geothermal, biomass, or solar power energy
1150 source, as designated in the tariff by the Public Service Commission of Utah; and

1151 (b) for an amount of electricity that is:

1152 (i) unrelated to the amount of electricity used by the person purchasing the electricity
1153 under the tariff described in Subsection (48)(a); and

1154 (ii) equivalent to the number of kilowatthours specified in the tariff described in
1155 Subsection (48)(a) that may be purchased under the tariff described in Subsection (48)(a);

1156 (49) sales or rentals of mobility enhancing equipment if a person presents a
1157 prescription for the mobility enhancing equipment;

1158 (50) sales of water in a:

1159 (a) pipe;

1160 (b) conduit;

1161 (c) ditch; or

1162 (d) reservoir;

1163 (51) sales of currency or coinage that constitute legal tender of the United States or of a
1164 foreign nation;

1165 (52) (a) sales of an item described in Subsection (52)(b) if the item:

1166 (i) does not constitute legal tender of any nation; and

1167 (ii) has a gold, silver, or platinum content of 80% or more; and

1168 (b) Subsection (52)(a) applies to a gold, silver, or platinum:

1169 (i) ingot;

1170 (ii) bar;

1171 (iii) medallion; or

1172 (iv) decorative coin;

1173 (53) amounts paid on a sale-leaseback transaction;

1174 (54) sales of a prosthetic device;

1175 (a) for use on or in a human; and
1176 (b) (i) for which a prescription is required; or
1177 (ii) if the prosthetic device is purchased by a hospital or other medical facility;
1178 (55) (a) except as provided in Subsection (55)(b), purchases, leases, or rentals of
1179 machinery or equipment by an establishment described in Subsection (55)(c) if the machinery
1180 or equipment is primarily used in the production or postproduction of the following media for
1181 commercial distribution:
1182 (i) a motion picture;
1183 (ii) a television program;
1184 (iii) a movie made for television;
1185 (iv) a music video;
1186 (v) a commercial;
1187 (vi) a documentary; or
1188 (vii) a medium similar to Subsections (55)(a)(i) through (vi) as determined by the
1189 commission by administrative rule made in accordance with Subsection (55)(d); or
1190 (b) notwithstanding Subsection (55)(a), purchases, leases, or rentals of machinery or
1191 equipment by an establishment described in Subsection (55)(c) that is used for the production
1192 or postproduction of the following are subject to the taxes imposed by this chapter:
1193 (i) a live musical performance;
1194 (ii) a live news program; or
1195 (iii) a live sporting event;
1196 (c) the following establishments listed in the 1997 North American Industry
1197 Classification System of the federal Executive Office of the President, Office of Management
1198 and Budget, apply to Subsections (55)(a) and (b):
1199 (i) NAICS Code 512110; or
1200 (ii) NAICS Code 51219; and
1201 (d) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
1202 commission may by rule:
1203 (i) prescribe what constitutes a medium similar to Subsections (55)(a)(i) through (vi);
1204 or
1205 (ii) define:

- 1206 (A) "commercial distribution";
- 1207 (B) "live musical performance";
- 1208 (C) "live news program"; or
- 1209 (D) "live sporting event";
- 1210 (56) (a) leases of seven or more years or purchases made on or after July 1, 2004 but on
- 1211 or before June 30, 2019, of machinery or equipment that:
- 1212 (i) is leased or purchased for or by a facility that:
- 1213 (A) is a renewable energy production facility;
- 1214 (B) is located in the state; and
- 1215 (C) (I) becomes operational on or after July 1, 2004; or
- 1216 (II) has its generation capacity increased by one or more megawatts on or after July 1,
- 1217 2004 as a result of the use of the machinery or equipment;
- 1218 (ii) has an economic life of five or more years; and
- 1219 (iii) is used to make the facility or the increase in capacity of the facility described in
- 1220 Subsection (56)(a)(i) operational up to the point of interconnection with an existing
- 1221 transmission grid including:
- 1222 (A) a wind turbine;
- 1223 (B) generating equipment;
- 1224 (C) a control and monitoring system;
- 1225 (D) a power line;
- 1226 (E) substation equipment;
- 1227 (F) lighting;
- 1228 (G) fencing;
- 1229 (H) pipes; or
- 1230 (I) other equipment used for locating a power line or pole; and
- 1231 (b) this Subsection (56) does not apply to:
- 1232 (i) machinery or equipment used in construction of:
- 1233 (A) a new renewable energy production facility; or
- 1234 (B) the increase in the capacity of a renewable energy production facility;
- 1235 (ii) contracted services required for construction and routine maintenance activities;
- 1236 and

1237 (iii) unless the machinery or equipment is used or acquired for an increase in capacity
1238 of the facility described in Subsection (56)(a)(i)(C)(II), machinery or equipment used or
1239 acquired after:

1240 (A) the renewable energy production facility described in Subsection (56)(a)(i) is
1241 operational as described in Subsection (56)(a)(iii); or

1242 (B) the increased capacity described in Subsection (56)(a)(i) is operational as described
1243 in Subsection (56)(a)(iii);

1244 (57) (a) leases of seven or more years or purchases made on or after July 1, 2004 but on
1245 or before June 30, 2019, of machinery or equipment that:

1246 (i) is leased or purchased for or by a facility that:

1247 (A) is a waste energy production facility;

1248 (B) is located in the state; and

1249 (C) (I) becomes operational on or after July 1, 2004; or

1250 (II) has its generation capacity increased by one or more megawatts on or after July 1,
1251 2004 as a result of the use of the machinery or equipment;

1252 (ii) has an economic life of five or more years; and

1253 (iii) is used to make the facility or the increase in capacity of the facility described in
1254 Subsection (57)(a)(i) operational up to the point of interconnection with an existing
1255 transmission grid including:

1256 (A) generating equipment;

1257 (B) a control and monitoring system;

1258 (C) a power line;

1259 (D) substation equipment;

1260 (E) lighting;

1261 (F) fencing;

1262 (G) pipes; or

1263 (H) other equipment used for locating a power line or pole; and

1264 (b) this Subsection (57) does not apply to:

1265 (i) machinery or equipment used in construction of:

1266 (A) a new waste energy facility; or

1267 (B) the increase in the capacity of a waste energy facility;

1268 (ii) contracted services required for construction and routine maintenance activities;
1269 and
1270 (iii) unless the machinery or equipment is used or acquired for an increase in capacity
1271 described in Subsection (57)(a)(i)(C)(II), machinery or equipment used or acquired after:
1272 (A) the waste energy facility described in Subsection (57)(a)(i) is operational as
1273 described in Subsection (57)(a)(iii); or
1274 (B) the increased capacity described in Subsection (57)(a)(i) is operational as described
1275 in Subsection (57)(a)(iii);
1276 (58) (a) leases of five or more years or purchases made on or after July 1, 2004 but on
1277 or before June 30, 2019, of machinery or equipment that:
1278 (i) is leased or purchased for or by a facility that:
1279 (A) is located in the state;
1280 (B) produces fuel from biomass energy including:
1281 (I) methanol; or
1282 (II) ethanol; and
1283 (C) (I) becomes operational on or after July 1, 2004; or
1284 (II) has its capacity to produce fuel increase by 25% or more on or after July 1, 2004 as
1285 a result of the installation of the machinery or equipment;
1286 (ii) has an economic life of five or more years; and
1287 (iii) is installed on the facility described in Subsection (58)(a)(i);
1288 (b) this Subsection (58) does not apply to:
1289 (i) machinery or equipment used in construction of:
1290 (A) a new facility described in Subsection (58)(a)(i); or
1291 (B) the increase in capacity of the facility described in Subsection (58)(a)(i); or
1292 (ii) contracted services required for construction and routine maintenance activities;
1293 and
1294 (iii) unless the machinery or equipment is used or acquired for an increase in capacity
1295 described in Subsection (58)(a)(i)(C)(II), machinery or equipment used or acquired after:
1296 (A) the facility described in Subsection (58)(a)(i) is operational; or
1297 (B) the increased capacity described in Subsection (58)(a)(i) is operational;
1298 (59) (a) subject to Subsection (59)(b) or (c), sales of tangible personal property or a

1299 product transferred electronically to a person within this state if that tangible personal property
1300 or product transferred electronically is subsequently shipped outside the state and incorporated
1301 pursuant to contract into and becomes a part of real property located outside of this state;

1302 (b) the exemption under Subsection (59)(a) is not allowed to the extent that the other
1303 state or political entity to which the tangible personal property is shipped imposes a sales, use,
1304 gross receipts, or other similar transaction excise tax on the transaction against which the other
1305 state or political entity allows a credit for sales and use taxes imposed by this chapter; and

1306 (c) notwithstanding the time period of Subsection 59-12-110(2)(b) for filing for a
1307 refund, a person may claim the exemption allowed by this Subsection (59) for a sale by filing
1308 for a refund:

1309 (i) if the sale is made on or after July 1, 2004, but on or before June 30, 2008;

1310 (ii) as if this Subsection (59) as in effect on July 1, 2008, were in effect on the day on
1311 which the sale is made;

1312 (iii) if the person did not claim the exemption allowed by this Subsection (59) for the
1313 sale prior to filing for the refund;

1314 (iv) for sales and use taxes paid under this chapter on the sale;

1315 (v) in accordance with Section 59-12-110; and

1316 (vi) subject to any extension allowed for filing for a refund under Section 59-12-110, if
1317 the person files for the refund on or before June 30, 2011;

1318 (60) purchases:

1319 (a) of one or more of the following items in printed or electronic format:

1320 (i) a list containing information that includes one or more:

1321 (A) names; or

1322 (B) addresses; or

1323 (ii) a database containing information that includes one or more:

1324 (A) names; or

1325 (B) addresses; and

1326 (b) used to send direct mail;

1327 (61) redemptions or repurchases of a product by a person if that product was:

1328 (a) delivered to a pawnbroker as part of a pawn transaction; and

1329 (b) redeemed or repurchased within the time period established in a written agreement

1330 between the person and the pawnbroker for redeeming or repurchasing the product;

1331 (62) (a) purchases or leases of an item described in Subsection (62)(b) if the item:

1332 (i) is purchased or leased by, or on behalf of, a telecommunications service provider;

1333 and

1334 (ii) has a useful economic life of one or more years; and

1335 (b) the following apply to Subsection (62)(a):

1336 (i) telecommunications enabling or facilitating equipment, machinery, or software;

1337 (ii) telecommunications equipment, machinery, or software required for 911 service;

1338 (iii) telecommunications maintenance or repair equipment, machinery, or software;

1339 (iv) telecommunications switching or routing equipment, machinery, or software; or

1340 (v) telecommunications transmission equipment, machinery, or software;

1341 (63) (a) beginning on July 1, 2006, and ending on June 30, 2016, purchases of tangible

1342 personal property or a product transferred electronically that are used in the research and

1343 development of coal-to-liquids, oil shale, or tar sands technology; and

1344 (b) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the

1345 commission may, for purposes of Subsection (63)(a), make rules defining what constitutes

1346 purchases of tangible personal property or a product transferred electronically that are used in

1347 the research and development of coal-to-liquids, oil shale, and tar sands technology;

1348 (64) (a) purchases of tangible personal property or a product transferred electronically

1349 if:

1350 (i) the tangible personal property or product transferred electronically is:

1351 (A) purchased outside of this state;

1352 (B) brought into this state at any time after the purchase described in Subsection

1353 (64)(a)(i)(A); and

1354 (C) used in conducting business in this state; and

1355 (ii) for:

1356 (A) tangible personal property or a product transferred electronically other than the

1357 tangible personal property described in Subsection (64)(a)(ii)(B), the first use of the property

1358 for a purpose for which the property is designed occurs outside of this state; or

1359 (B) a vehicle other than a vehicle sold to an authorized carrier, the vehicle is registered

1360 outside of this state;

1361 (b) the exemption provided for in Subsection (64)(a) does not apply to:
1362 (i) a lease or rental of tangible personal property or a product transferred electronically;
1363 or
1364 (ii) a sale of a vehicle exempt under Subsection (33); and
1365 (c) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, for
1366 purposes of Subsection (64)(a), the commission may by rule define what constitutes the
1367 following:
1368 (i) conducting business in this state if that phrase has the same meaning in this
1369 Subsection (64) as in Subsection (24);
1370 (ii) the first use of tangible personal property or a product transferred electronically if
1371 that phrase has the same meaning in this Subsection (64) as in Subsection (24); or
1372 (iii) a purpose for which tangible personal property or a product transferred
1373 electronically is designed if that phrase has the same meaning in this Subsection (64) as in
1374 Subsection (24);
1375 (65) sales of disposable home medical equipment or supplies if:
1376 (a) a person presents a prescription for the disposable home medical equipment or
1377 supplies;
1378 (b) the disposable home medical equipment or supplies are used exclusively by the
1379 person to whom the prescription described in Subsection (65)(a) is issued; and
1380 (c) the disposable home medical equipment and supplies are listed as eligible for
1381 payment under:
1382 (i) Title XVIII, federal Social Security Act; or
1383 (ii) the state plan for medical assistance under Title XIX, federal Social Security Act;
1384 (66) sales:
1385 (a) to a public transit district under Title 17B, Chapter 2a, Part 8, Public Transit
1386 District Act; or
1387 (b) of tangible personal property to a subcontractor of a public transit district, if the
1388 tangible personal property is:
1389 (i) clearly identified; and
1390 (ii) installed or converted to real property owned by the public transit district;
1391 (67) sales of construction materials:

- 1392 (a) purchased on or after July 1, 2010;
- 1393 (b) purchased by, on behalf of, or for the benefit of an international airport:
- 1394 (i) located within a county of the first class; and
- 1395 (ii) that has a United States customs office on its premises; and
- 1396 (c) if the construction materials are:
- 1397 (i) clearly identified;
- 1398 (ii) segregated; and
- 1399 (iii) installed or converted to real property:
- 1400 (A) owned or operated by the international airport described in Subsection (67)(b); and
- 1401 (B) located at the international airport described in Subsection (67)(b);
- 1402 (68) sales of construction materials:
- 1403 (a) purchased on or after July 1, 2008;
- 1404 (b) purchased by, on behalf of, or for the benefit of a new airport:
- 1405 (i) located within a county of the second class; and
- 1406 (ii) that is owned or operated by a city in which an airline as defined in Section
- 1407 59-2-102 is headquartered; and
- 1408 (c) if the construction materials are:
- 1409 (i) clearly identified;
- 1410 (ii) segregated; and
- 1411 (iii) installed or converted to real property:
- 1412 (A) owned or operated by the new airport described in Subsection (68)(b);
- 1413 (B) located at the new airport described in Subsection (68)(b); and
- 1414 (C) as part of the construction of the new airport described in Subsection (68)(b); and
- 1415 (69) sales of fuel to a common carrier that is a railroad for use in a locomotive engine.
- 1416 **Section 3. Effective date -- Retrospective operation.**
- 1417 This bill:
- 1418 (1) if approved by two-thirds of all the members elected to each house, takes effect
- 1419 upon approval by the governor, or the day following the constitutional time limit of Utah
- 1420 Constitution Article VII, Section 8, without the governor's signature, or in the case of a veto,
- 1421 the date of veto override; and
- 1422 (2) has retrospective operation to July 1, 2008.

Legislative Review Note
as of 9-24-08 12:05 PM

Office of Legislative Research and General Counsel

H.B. 2001 - Sales and Use Tax Exemption for Aircraft Parts and Equipment

Fiscal Note

2008 Second Special Session
State of Utah

State Impact

Enactment of this bill could increase the General Fund by \$12,000 annually.

	<u>2009</u> <u>Approp.</u>	<u>2010</u> <u>Approp.</u>	<u>2011</u> <u>Approp.</u>	<u>2009</u> <u>Revenue</u>	<u>2010</u> <u>Revenue</u>	<u>2011</u> <u>Revenue</u>
General Fund	\$0	\$0	\$0	\$12,000	\$12,000	\$12,000
Total	\$0	\$0	\$0	\$12,000	\$12,000	\$12,000

Individual, Business and/or Local Impact

Enactment of this bill likely will not result in direct, measurable costs and/or benefits for individuals. However, certain businesses and local governments could benefit from the provisions in the bill.