

1 **SALES AND USE TAX SELLER NEXUS AMENDMENTS**

2 2012 GENERAL SESSION

3 STATE OF UTAH

4 **Chief Sponsor: Wayne A. Harper**

5 Senate Sponsor: Curtis S. Bramble

7 **LONG TITLE**

8 **General Description:**

9 This bill makes changes related to the requirement to pay or collect and remit sales and
10 use taxes.

11 **Highlighted Provisions:**

12 This bill:

- 13 ▶ provides definitions;
- 14 ▶ expands the types of sellers who are required to pay or collect and remit sales and
15 use taxes; and
- 16 ▶ makes technical and conforming changes.

17 **Money Appropriated in this Bill:**

18 None

19 **Other Special Clauses:**

20 This bill takes effect on July 1, 2012.

21 **Utah Code Sections Affected:**

22 **AMENDS:**

23 **59-1-401**, as last amended by Laws of Utah 2010, Chapter 233

24 **59-12-102**, as last amended by Laws of Utah 2011, Chapters 14, 285, and 314

25 **59-12-103.1**, as last amended by Laws of Utah 2011, Chapter 384

26 **59-12-107**, as last amended by Laws of Utah 2009, Chapter 212

27 **59-12-108**, as last amended by Laws of Utah 2011, Chapter 309

28 **59-12-211**, as last amended by Laws of Utah 2011, Chapter 285

29 **59-12-211.1**, as enacted by Laws of Utah 2010, Chapter 142

30

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

32 Section 1. Section **59-1-401** is amended to read:

33 **59-1-401. Definitions -- Offenses and penalties -- Rulemaking authority -- Statute**
34 **of limitations -- Exceptions -- Commission authority to waive, reduce, or compromise**
35 **penalty or interest.**

36 (1) As used in this section:

37 (a) "Activated tax, fee, or charge" means a tax, fee, or charge with respect to which the
38 commission:

39 (i) has implemented the commission's GenTax system; and

40 (ii) at least 30 days before implementing the commission's GenTax system as described
41 in Subsection (1)(a)(i), has provided notice in a conspicuous place on the commission's website
42 stating:

43 (A) the date the commission will implement the GenTax system with respect to the tax,
44 fee, or charge; and

45 (B) that, at the time the commission implements the GenTax system with respect to the
46 tax, fee, or charge:

47 (I) a person that files a return after the due date as described in Subsection (2)(a) is
48 subject to the penalty described in Subsection (2)(c)(ii); and

49 (II) a person that fails to pay the tax, fee, or charge as described in Subsection (3)(a) is
50 subject to the penalty described in Subsection (3)(b)(ii).

51 (b) "Activation date for a tax, fee, or charge" means with respect to a tax, fee, or
52 charge, the later of:

53 (i) the date on which the commission implements the commission's GenTax system
54 with respect to the tax, fee, or charge; or

55 (ii) 30 days after the date the commission provides the notice described in Subsection
56 (1)(a)(ii) with respect to the tax, fee, or charge.

57 (c) (i) Except as provided in Subsection (1)(c)(ii), "tax, fee, or charge" means:

- 58 (A) a tax, fee, or charge the commission administers under:
- 59 (I) this title;
- 60 (II) Title 10, Chapter 1, Part 3, Municipal Energy Sales and Use Tax Act;
- 61 (III) Title 10, Chapter 1, Part 4, Municipal Telecommunications License Tax Act;
- 62 (IV) Section 19-6-410.5;
- 63 (V) Section 19-6-714;
- 64 (VI) Section 19-6-805;
- 65 (VII) Section 34A-2-202;
- 66 (VIII) Section 40-6-14;
- 67 (IX) Section 69-2-5;
- 68 (X) Section 69-2-5.5; or
- 69 (XI) Section 69-2-5.6; or
- 70 (B) another amount that by statute is subject to a penalty imposed under this section.
- 71 (ii) "Tax, fee, or charge" does not include a tax, fee, or charge imposed under:
- 72 (A) Title 41, Chapter 1a, Motor Vehicle Act, except for Section 41-1a-301;
- 73 (B) Title 41, Chapter 3, Motor Vehicle Business Regulation Act;
- 74 (C) Chapter 2, Property Tax Act, except for Section 59-2-1309;
- 75 (D) Chapter 3, Tax Equivalent Property Act; or
- 76 (E) Chapter 4, Privilege Tax.
- 77 (d) "Unactivated tax, fee, or charge" means a tax, fee, or charge except for an activated
- 78 tax, fee, or charge.
- 79 (2) (a) The due date for filing a return is:
- 80 (i) if the person filing the return is not allowed by law an extension of time for filing
- 81 the return, the day on which the return is due as provided by law; or
- 82 (ii) if the person filing the return is allowed by law an extension of time for filing the
- 83 return, the earlier of:
- 84 (A) the date the person files the return; or
- 85 (B) the last day of that extension of time as allowed by law.

86 (b) A penalty in the amount described in Subsection (2)(c) is imposed if a person files a
87 return after the due date described in Subsection (2)(a).

88 (c) For purposes of Subsection (2)(b), the penalty is an amount equal to the greater of:

89 (i) if the return described in Subsection (2)(b) is filed with respect to an unactivated
90 tax, fee, or charge:

91 (A) \$20; or

92 (B) 10% of the unpaid unactivated tax, fee, or charge due on the return; or

93 (ii) if the return described in Subsection (2)(b) is filed with respect to an activated tax,
94 fee, or charge, beginning on the activation date for the tax, fee, or charge:

95 (A) \$20; or

96 (B) (I) 2% of the unpaid activated tax, fee, or charge due on the return if the return is
97 filed no later than five days after the due date described in Subsection (2)(a);

98 (II) 5% of the unpaid activated tax, fee, or charge due on the return if the return is filed
99 more than five days after the due date but no later than 15 days after the due date described in
100 Subsection (2)(a); or

101 (III) 10% of the unpaid activated tax, fee, or charge due on the return if the return is
102 filed more than 15 days after the due date described in Subsection (2)(a).

103 (d) This Subsection (2) does not apply to:

104 (i) an amended return; or

105 (ii) a return with no tax due.

106 (3) (a) A person is subject to a penalty for failure to pay a tax, fee, or charge if:

107 (i) the person files a return on or before the due date for filing a return described in
108 Subsection (2)(a), but fails to pay the tax, fee, or charge due on the return on or before that due
109 date;

110 (ii) the person:

111 (A) is subject to a penalty under Subsection (2)(b); and

112 (B) fails to pay the tax, fee, or charge due on a return within a 90-day period after the
113 due date for filing a return described in Subsection (2)(a);

114 (iii) (A) the person is subject to a penalty under Subsection (2)(b); and
115 (B) the commission estimates an amount of tax due for that person in accordance with
116 Subsection 59-1-1406(2);
117 (iv) the person:
118 (A) is mailed a notice of deficiency; and
119 (B) within a 30-day period after the day on which the notice of deficiency described in
120 Subsection (3)(a)(iv)(A) is mailed:
121 (I) does not file a petition for redetermination or a request for agency action; and
122 (II) fails to pay the tax, fee, or charge due on a return;
123 (v) (A) the commission:
124 (I) issues an order constituting final agency action resulting from a timely filed petition
125 for redetermination or a timely filed request for agency action; or
126 (II) is considered to have denied a request for reconsideration under Subsection
127 63G-4-302(3)(b) resulting from a timely filed petition for redetermination or a timely filed
128 request for agency action; and
129 (B) the person fails to pay the tax, fee, or charge due on a return within a 30-day period
130 after the date the commission:
131 (I) issues the order constituting final agency action described in Subsection
132 (3)(a)(v)(A)(I); or
133 (II) is considered to have denied the request for reconsideration described in
134 Subsection (3)(a)(v)(A)(II); or
135 (vi) the person fails to pay the tax, fee, or charge within a 30-day period after the date
136 of a final judicial decision resulting from a timely filed petition for judicial review.
137 (b) For purposes of Subsection (3)(a), the penalty is an amount equal to the greater of:
138 (i) if the failure to pay a tax, fee, or charge as described in Subsection (3)(a) is with
139 respect to an unactivated tax, fee, or charge:
140 (A) \$20; or
141 (B) 10% of the unpaid unactivated tax, fee, or charge due on the return; or

142 (ii) if the failure to pay a tax, fee, or charge as described in Subsection (3)(a) is with
143 respect to an activated tax, fee, or charge, beginning on the activation date:

144 (A) \$20; or

145 (B) (I) 2% of the unpaid activated tax, fee, or charge due on the return if the activated
146 tax, fee, or charge due on the return is paid no later than five days after the due date for filing a
147 return described in Subsection (2)(a);

148 (II) 5% of the unpaid activated tax, fee, or charge due on the return if the activated tax,
149 fee, or charge due on the return is paid more than five days after the due date for filing a return
150 described in Subsection (2)(a) but no later than 15 days after that due date; or

151 (III) 10% of the unpaid activated tax, fee, or charge due on the return if the activated
152 tax, fee, or charge due on the return is paid more than 15 days after the due date for filing a
153 return described in Subsection (2)(a).

154 (4) (a) Beginning January 1, 1995, in the case of any underpayment of estimated tax or
155 quarterly installments required by Sections 59-5-107, 59-5-207, 59-7-504, and 59-9-104, there
156 shall be added a penalty in an amount determined by applying the interest rate provided under
157 Section 59-1-402 plus four percentage points to the amount of the underpayment for the period
158 of the underpayment.

159 (b) (i) For purposes of Subsection (4)(a), the amount of the underpayment shall be the
160 excess of the required installment over the amount, if any, of the installment paid on or before
161 the due date for the installment.

162 (ii) The period of the underpayment shall run from the due date for the installment to
163 whichever of the following dates is the earlier:

164 (A) the original due date of the tax return, without extensions, for the taxable year; or

165 (B) with respect to any portion of the underpayment, the date on which that portion is
166 paid.

167 (iii) For purposes of this Subsection (4), a payment of estimated tax shall be credited
168 against unpaid required installments in the order in which the installments are required to be
169 paid.

170 (5) (a) Notwithstanding Subsection (2) and except as provided in Subsection (6), a
171 person allowed by law an extension of time for filing a corporate franchise or income tax return
172 under Chapter 7, Corporate Franchise and Income Taxes, or an individual income tax return
173 under Chapter 10, Individual Income Tax Act, is subject to a penalty in the amount described in
174 Subsection (5)(b) if, on or before the day on which the return is due as provided by law, not
175 including the extension of time, the person fails to pay:

176 (i) for a person filing a corporate franchise or income tax return under Chapter 7,
177 Corporate Franchise and Income Taxes, the payment required by Subsection 59-7-507(1)(b); or

178 (ii) for a person filing an individual income tax return under Chapter 10, Individual
179 Income Tax Act, the payment required by Subsection 59-10-516(2).

180 (b) For purposes of Subsection (5)(a), the penalty per month during the period of the
181 extension of time for filing the return is an amount equal to 2% of the tax due on the return,
182 unpaid as of the day on which the return is due as provided by law.

183 (6) If a person does not file a return within an extension of time allowed by Section
184 59-7-505 or 59-10-516, the person:

185 (a) is not subject to a penalty in the amount described in Subsection (5)(b); and

186 (b) is subject to a penalty in an amount equal to the sum of:

187 (i) a late file penalty in an amount equal to the greater of:

188 (A) \$20; or

189 (B) 10% of the tax due on the return, unpaid as of the day on which the return is due as
190 provided by law, not including the extension of time; and

191 (ii) a late pay penalty in an amount equal to the greater of:

192 (A) \$20; or

193 (B) 10% of the unpaid tax due on the return, unpaid as of the day on which the return is
194 due as provided by law, not including the extension of time.

195 (7) (a) Additional penalties for an underpayment of a tax, fee, or charge are as provided
196 in this Subsection (7)(a).

197 (i) Except as provided in Subsection (7)(c), if any portion of an underpayment of a tax,

198 fee, or charge is due to negligence, the penalty is 10% of the portion of the underpayment that
199 is due to negligence.

200 (ii) Except as provided in Subsection (7)(d), if any portion of an underpayment of a
201 tax, fee, or charge is due to intentional disregard of law or rule, the penalty is 15% of the entire
202 underpayment.

203 (iii) If any portion of an underpayment is due to an intent to evade a tax, fee, or charge,
204 the penalty is the greater of \$500 per period or 50% of the entire underpayment.

205 (iv) If any portion of an underpayment is due to fraud with intent to evade a tax, fee, or
206 charge, the penalty is the greater of \$500 per period or 100% of the entire underpayment.

207 (b) If the commission determines that a person is liable for a penalty imposed under
208 Subsection (7)(a)(ii), (iii), or (iv), the commission shall notify the person of the proposed
209 penalty.

210 (i) The notice of proposed penalty shall:

211 (A) set forth the basis of the assessment; and

212 (B) be mailed by certified mail, postage prepaid, to the person's last-known address.

213 (ii) Upon receipt of the notice of proposed penalty, the person against whom the
214 penalty is proposed may:

215 (A) pay the amount of the proposed penalty at the place and time stated in the notice;

216 or

217 (B) proceed in accordance with the review procedures of Subsection (7)(b)(iii).

218 (iii) A person against whom a penalty is proposed in accordance with this Subsection
219 (7) may contest the proposed penalty by filing a petition for an adjudicative proceeding with
220 the commission.

221 (iv) (A) If the commission determines that a person is liable for a penalty under this
222 Subsection (7), the commission shall assess the penalty and give notice and demand for
223 payment.

224 (B) The commission shall mail the notice and demand for payment described in
225 Subsection (7)(b)(iv)(A):

226 (I) to the person's last-known address; and
227 (II) in accordance with Section 59-1-1404.
228 (c) A seller that voluntarily collects a tax under Subsection 59-12-107[(+)(b)](2)(d) is
229 not subject to the penalty under Subsection (7)(a)(i) if on or after July 1, 2001:
230 (i) a court of competent jurisdiction issues a final unappealable judgment or order
231 determining that:
232 (A) the seller meets one or more of the criteria described in Subsection
233 59-12-107[(+)](2)(a) or is a seller required to pay or collect and remit sales and use taxes under
234 Subsection 59-12-107(2)(b); and
235 (B) the commission or a county, city, or town may require the seller to collect a tax
236 under Subsections 59-12-103(2)(a) through (d); or
237 (ii) the commission issues a final unappealable administrative order determining that:
238 (A) the seller meets one or more of the criteria described in Subsection
239 59-12-107[(+)](2)(a) or is a seller required to pay or collect and remit sales and use taxes under
240 Subsection 59-12-107(2)(b); and
241 (B) the commission or a county, city, or town may require the seller to collect a tax
242 under Subsections 59-12-103(2)(a) through (d).
243 (d) A seller that voluntarily collects a tax under Subsection 59-12-107[(+)(b)](2)(d) is
244 not subject to the penalty under Subsection (7)(a)(ii) if:
245 (i) (A) a court of competent jurisdiction issues a final unappealable judgment or order
246 determining that:
247 (I) the seller meets one or more of the criteria described in Subsection
248 59-12-107[(+)](2)(a) or is a seller required to pay or collect and remit sales and use taxes under
249 Subsection 59-12-107(2)(b); and
250 (II) the commission or a county, city, or town may require the seller to collect a tax
251 under Subsections 59-12-103(2)(a) through (d); or
252 (B) the commission issues a final unappealable administrative order determining that:
253 (I) the seller meets one or more of the criteria described in Subsection

254 59-12-107[(+)](2)(a) or is a seller required to pay or collect and remit sales and use taxes under
255 Subsection 59-12-107(2)(b); and

256 (II) the commission or a county, city, or town may require the seller to collect a tax
257 under Subsections 59-12-103(2)(a) through (d); and

258 (ii) the seller's intentional disregard of law or rule is warranted by existing law or by a
259 nonfrivolous argument for the extension, modification, or reversal of existing law or the
260 establishment of new law.

261 (8) The penalty for failure to file an information return, information report, or a
262 complete supporting schedule is \$50 for each information return, information report, or
263 supporting schedule up to a maximum of \$1,000.

264 (9) If a person, in furtherance of a frivolous position, has a prima facie intent to delay
265 or impede administration of a law relating to a tax, fee, or charge and files a purported return
266 that fails to contain information from which the correctness of reported tax, fee, or charge
267 liability can be determined or that clearly indicates that the tax, fee, or charge liability shown is
268 substantially incorrect, the penalty is \$500.

269 (10) (a) A seller that fails to remit a tax, fee, or charge monthly as required by
270 Subsection 59-12-108(1)(a):

271 (i) is subject to a penalty described in Subsection (2); and

272 (ii) may not retain the percentage of sales and use taxes that would otherwise be
273 allowable under Subsection 59-12-108(2).

274 (b) A seller that fails to remit a tax, fee, or charge by electronic funds transfer as
275 required by Subsection 59-12-108(1)(a)(ii)(B):

276 (i) is subject to a penalty described in Subsection (2); and

277 (ii) may not retain the percentage of sales and use taxes that would otherwise be
278 allowable under Subsection 59-12-108(2).

279 (11) (a) A person is subject to the penalty provided in Subsection (11)(c) if that person:

280 (i) commits an act described in Subsection (11)(b) with respect to one or more of the
281 following documents:

282 (A) a return;

283 (B) an affidavit;

284 (C) a claim; or

285 (D) a document similar to Subsections (11)(a)(i)(A) through (C);

286 (ii) knows or has reason to believe that the document described in Subsection (11)(a)(i)

287 will be used in connection with any material matter administered by the commission; and

288 (iii) knows that the document described in Subsection (11)(a)(i), if used in connection

289 with any material matter administered by the commission, would result in an understatement of

290 another person's liability for a tax, fee, or charge.

291 (b) The following acts apply to Subsection (11)(a)(i):

292 (i) preparing any portion of a document described in Subsection (11)(a)(i);

293 (ii) presenting any portion of a document described in Subsection (11)(a)(i);

294 (iii) procuring any portion of a document described in Subsection (11)(a)(i);

295 (iv) advising in the preparation or presentation of any portion of a document described

296 in Subsection (11)(a)(i);

297 (v) aiding in the preparation or presentation of any portion of a document described in

298 Subsection (11)(a)(i);

299 (vi) assisting in the preparation or presentation of any portion of a document described

300 in Subsection (11)(a)(i); or

301 (vii) counseling in the preparation or presentation of any portion of a document

302 described in Subsection (11)(a)(i).

303 (c) For purposes of Subsection (11)(a), the penalty:

304 (i) shall be imposed by the commission;

305 (ii) is \$500 for each document described in Subsection (11)(a)(i) with respect to which

306 the person described in Subsection (11)(a) meets the requirements of Subsection (11)(a); and

307 (iii) is in addition to any other penalty provided by law.

308 (d) The commission may seek a court order to enjoin a person from engaging in

309 conduct that is subject to a penalty under this Subsection (11).

310 (e) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
311 commission may make rules prescribing the documents that are similar to Subsections
312 (11)(a)(i)(A) through (C).

313 (12) (a) As provided in Section 76-8-1101, criminal offenses and penalties are as
314 provided in Subsections (12)(b) through (e).

315 (b) (i) A person who is required by this title or any laws the commission administers or
316 regulates to register with or obtain a license or permit from the commission, who operates
317 without having registered or secured a license or permit, or who operates when the registration,
318 license, or permit is expired or not current, is guilty of a class B misdemeanor.

319 (ii) Notwithstanding Section 76-3-301, for purposes of Subsection (12)(b)(i), the
320 penalty may not:

321 (A) be less than \$500; or

322 (B) exceed \$1,000.

323 (c) (i) A person who, with intent to evade a tax, fee, or charge or requirement of this
324 title or any lawful requirement of the commission, fails to make, render, sign, or verify a return
325 or to supply information within the time required by law, or who makes, renders, signs, or
326 verifies a false or fraudulent return or statement, or who supplies false or fraudulent
327 information, is guilty of a third degree felony.

328 (ii) Notwithstanding Section 76-3-301, for purposes of Subsection (12)(c)(i), the
329 penalty may not:

330 (A) be less than \$1,000; or

331 (B) exceed \$5,000.

332 (d) (i) A person who intentionally or willfully attempts to evade or defeat a tax, fee, or
333 charge or the payment of a tax, fee, or charge is, in addition to other penalties provided by law,
334 guilty of a second degree felony.

335 (ii) Notwithstanding Section 76-3-301, for purposes of Subsection (12)(d)(i), the
336 penalty may not:

337 (A) be less than \$1,500; or

338 (B) exceed \$25,000.

339 (e) (i) A person is guilty of a second degree felony if that person commits an act:

340 (A) described in Subsection (12)(e)(ii) with respect to one or more of the following

341 documents:

342 (I) a return;

343 (II) an affidavit;

344 (III) a claim; or

345 (IV) a document similar to Subsections (12)(e)(i)(A)(I) through (III); and

346 (B) subject to Subsection (12)(e)(iii), with knowledge that the document described in

347 Subsection (12)(e)(i)(A):

348 (I) is false or fraudulent as to any material matter; and

349 (II) could be used in connection with any material matter administered by the

350 commission.

351 (ii) The following acts apply to Subsection (12)(e)(i):

352 (A) preparing any portion of a document described in Subsection (12)(e)(i)(A);

353 (B) presenting any portion of a document described in Subsection (12)(e)(i)(A);

354 (C) procuring any portion of a document described in Subsection (12)(e)(i)(A);

355 (D) advising in the preparation or presentation of any portion of a document described

356 in Subsection (12)(e)(i)(A);

357 (E) aiding in the preparation or presentation of any portion of a document described in

358 Subsection (12)(e)(i)(A);

359 (F) assisting in the preparation or presentation of any portion of a document described

360 in Subsection (12)(e)(i)(A); or

361 (G) counseling in the preparation or presentation of any portion of a document

362 described in Subsection (12)(e)(i)(A).

363 (iii) This Subsection (12)(e) applies:

364 (A) regardless of whether the person for which the document described in Subsection

365 (12)(e)(i)(A) is prepared or presented:

366 (I) knew of the falsity of the document described in Subsection (12)(e)(i)(A); or
367 (II) consented to the falsity of the document described in Subsection (12)(e)(i)(A); and
368 (B) in addition to any other penalty provided by law.

369 (iv) Notwithstanding Section 76-3-301, for purposes of this Subsection (12)(e), the
370 penalty may not:

371 (A) be less than \$1,500; or

372 (B) exceed \$25,000.

373 (v) The commission may seek a court order to enjoin a person from engaging in
374 conduct that is subject to a penalty under this Subsection (12)(e).

375 (vi) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,
376 the commission may make rules prescribing the documents that are similar to Subsections
377 (12)(e)(i)(A)(I) through (III).

378 (f) The statute of limitations for prosecution for a violation of this Subsection (12) is
379 the later of six years:

380 (i) from the date the tax should have been remitted; or

381 (ii) after the day on which the person commits the criminal offense.

382 (13) Upon making a record of its actions, and upon reasonable cause shown, the
383 commission may waive, reduce, or compromise any of the penalties or interest imposed under
384 this part.

385 Section 2. Section **59-12-102** is amended to read:

386 **59-12-102. Definitions.**

387 As used in this chapter:

388 (1) "800 service" means a telecommunications service that:

389 (a) allows a caller to dial a toll-free number without incurring a charge for the call; and

390 (b) is typically marketed:

391 (i) under the name 800 toll-free calling;

392 (ii) under the name 855 toll-free calling;

393 (iii) under the name 866 toll-free calling;

- 394 (iv) under the name 877 toll-free calling;
- 395 (v) under the name 888 toll-free calling; or
- 396 (vi) under a name similar to Subsections (1)(b)(i) through (v) as designated by the
- 397 Federal Communications Commission.
- 398 (2) (a) "900 service" means an inbound toll telecommunications service that:
- 399 (i) a subscriber purchases;
- 400 (ii) allows a customer of the subscriber described in Subsection (2)(a)(i) to call in to
- 401 the subscriber's:
- 402 (A) prerecorded announcement; or
- 403 (B) live service; and
- 404 (iii) is typically marketed:
- 405 (A) under the name 900 service; or
- 406 (B) under a name similar to Subsection (2)(a)(iii)(A) as designated by the Federal
- 407 Communications Commission.
- 408 (b) "900 service" does not include a charge for:
- 409 (i) a collection service a seller of a telecommunications service provides to a
- 410 subscriber; or
- 411 (ii) the following a subscriber sells to the subscriber's customer:
- 412 (A) a product; or
- 413 (B) a service.
- 414 (3) (a) "Admission or user fees" includes season passes.
- 415 (b) "Admission or user fees" does not include annual membership dues to private
- 416 organizations.
- 417 (4) "Agreement" means the Streamlined Sales and Use Tax Agreement adopted on
- 418 November 12, 2002, including amendments made to the Streamlined Sales and Use Tax
- 419 Agreement after November 12, 2002.
- 420 (5) "Agreement combined tax rate" means the sum of the tax rates:
- 421 (a) listed under Subsection (6); and

- 422 (b) that are imposed within a local taxing jurisdiction.
- 423 (6) "Agreement sales and use tax" means a tax imposed under:
- 424 (a) Subsection 59-12-103(2)(a)(i)(A);
- 425 (b) Subsection 59-12-103(2)(b)(i);
- 426 (c) Subsection 59-12-103(2)(c)(i);
- 427 (d) Subsection 59-12-103(2)(d)(i)(A)(I);
- 428 (e) Section 59-12-204;
- 429 (f) Section 59-12-401;
- 430 (g) Section 59-12-402;
- 431 (h) Section 59-12-703;
- 432 (i) Section 59-12-802;
- 433 (j) Section 59-12-804;
- 434 (k) Section 59-12-1102;
- 435 (l) Section 59-12-1302;
- 436 (m) Section 59-12-1402;
- 437 (n) Section 59-12-1802;
- 438 (o) Section 59-12-2003;
- 439 (p) Section 59-12-2103;
- 440 (q) Section 59-12-2213;
- 441 (r) Section 59-12-2214;
- 442 (s) Section 59-12-2215;
- 443 (t) Section 59-12-2216;
- 444 (u) Section 59-12-2217; or
- 445 (v) Section 59-12-2218.
- 446 (7) "Aircraft" is as defined in Section 72-10-102.
- 447 (8) "Aircraft maintenance, repair, and overhaul provider" means a business entity:
- 448 (a) except for:
- 449 (i) an airline as defined in Section 59-2-102; or

450 (ii) an affiliated group, as defined in ~~[Subsection 59-12-107(1)(f)]~~ Section 59-7-101,
451 except that "affiliated group" includes a corporation that is qualified to do business but is not
452 otherwise doing business in the state, of an airline; and

453 (b) that has the workers, expertise, and facilities to perform the following, regardless of
454 whether the business entity performs the following in this state:

455 (i) check, diagnose, overhaul, and repair:

456 (A) an onboard system of a fixed wing turbine powered aircraft; and

457 (B) the parts that comprise an onboard system of a fixed wing turbine powered aircraft;

458 (ii) assemble, change, dismantle, inspect, and test a fixed wing turbine powered aircraft
459 engine;

460 (iii) perform at least the following maintenance on a fixed wing turbine powered
461 aircraft:

462 (A) an inspection;

463 (B) a repair, including a structural repair or modification;

464 (C) changing landing gear; and

465 (D) addressing issues related to an aging fixed wing turbine powered aircraft;

466 (iv) completely remove the existing paint of a fixed wing turbine powered aircraft and
467 completely apply new paint to the fixed wing turbine powered aircraft; and

468 (v) refurbish the interior of a fixed wing turbine powered aircraft in a manner that
469 results in a change in the fixed wing turbine powered aircraft's certification requirements by the
470 authority that certifies the fixed wing turbine powered aircraft.

471 (9) "Alcoholic beverage" means a beverage that:

472 (a) is suitable for human consumption; and

473 (b) contains .5% or more alcohol by volume.

474 (10) (a) "Ancillary service" means a service associated with, or incidental to, the
475 provision of telecommunications service.

476 (b) "Ancillary service" includes:

477 (i) a conference bridging service;

478 (ii) a detailed communications billing service;

479 (iii) directory assistance;

480 (iv) a vertical service; or

481 (v) a voice mail service.

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

483 (12) "Assisted amusement device" means an amusement device, skill device, or ride
484 device that is started and stopped by an individual:

485 (a) who is not the purchaser or renter of the right to use or operate the amusement
486 device, skill device, or ride device; and

487 (b) at the direction of the seller of the right to use the amusement device, skill device,
488 or ride device.

489 (13) "Assisted cleaning or washing of tangible personal property" means cleaning or
490 washing of tangible personal property if the cleaning or washing labor is primarily performed
491 by an individual:

492 (a) who is not the purchaser of the cleaning or washing of the tangible personal
493 property; and

494 (b) at the direction of the seller of the cleaning or washing of the tangible personal
495 property.

496 (14) "Authorized carrier" means:

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

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

502 (c) in the case of locomotives, freight cars, railroad work equipment, or other rolling
503 stock, the holder of a certificate issued by the United States Surface Transportation Board.

504 (15) (a) Except as provided in Subsection (15)(b), "biomass energy" means any of the
505 following that is used as the primary source of energy to produce fuel or electricity:

- 506 (i) material from a plant or tree; or
- 507 (ii) other organic matter that is available on a renewable basis, including:
 - 508 (A) slash and brush from forests and woodlands;
 - 509 (B) animal waste;
 - 510 (C) methane produced:
 - 511 (I) at landfills; or
 - 512 (II) as a byproduct of the treatment of wastewater residuals;
 - 513 (D) aquatic plants; and
 - 514 (E) agricultural products.
- 515 (b) "Biomass energy" does not include:
 - 516 (i) black liquor;
 - 517 (ii) treated woods; or
 - 518 (iii) biomass from municipal solid waste other than methane produced:
 - 519 (A) at landfills; or
 - 520 (B) as a byproduct of the treatment of wastewater residuals.
- 521 (16) (a) "Bundled transaction" means the sale of two or more items of tangible personal
522 property, products, or services if the tangible personal property, products, or services are:
 - 523 (i) distinct and identifiable; and
 - 524 (ii) sold for one nonitemized price.
- 525 (b) "Bundled transaction" does not include:
 - 526 (i) the sale of tangible personal property if the sales price varies, or is negotiable, on
527 the basis of the selection by the purchaser of the items of tangible personal property included in
528 the transaction;
 - 529 (ii) the sale of real property;
 - 530 (iii) the sale of services to real property;
 - 531 (iv) the retail sale of tangible personal property and a service if:
 - 532 (A) the tangible personal property:
 - 533 (I) is essential to the use of the service; and

- 534 (II) is provided exclusively in connection with the service; and
- 535 (B) the service is the true object of the transaction;
- 536 (v) the retail sale of two services if:
 - 537 (A) one service is provided that is essential to the use or receipt of a second service;
 - 538 (B) the first service is provided exclusively in connection with the second service; and
 - 539 (C) the second service is the true object of the transaction;
- 540 (vi) a transaction that includes tangible personal property or a product subject to
- 541 taxation under this chapter and tangible personal property or a product that is not subject to
- 542 taxation under this chapter if the:
 - 543 (A) seller's purchase price of the tangible personal property or product subject to
 - 544 taxation under this chapter is de minimis; or
 - 545 (B) seller's sales price of the tangible personal property or product subject to taxation
 - 546 under this chapter is de minimis; and
 - 547 (vii) the retail sale of tangible personal property that is not subject to taxation under
 - 548 this chapter and tangible personal property that is subject to taxation under this chapter if:
 - 549 (A) that retail sale includes:
 - 550 (I) food and food ingredients;
 - 551 (II) a drug;
 - 552 (III) durable medical equipment;
 - 553 (IV) mobility enhancing equipment;
 - 554 (V) an over-the-counter drug;
 - 555 (VI) a prosthetic device; or
 - 556 (VII) a medical supply; and
 - 557 (B) subject to Subsection (16)(f):
 - 558 (I) the seller's purchase price of the tangible personal property subject to taxation under
 - 559 this chapter is 50% or less of the seller's total purchase price of that retail sale; or
 - 560 (II) the seller's sales price of the tangible personal property subject to taxation under
 - 561 this chapter is 50% or less of the seller's total sales price of that retail sale.

562 (c) (i) For purposes of Subsection (16)(a)(i), tangible personal property, a product, or a
563 service that is distinct and identifiable does not include:

564 (A) packaging that:

565 (I) accompanies the sale of the tangible personal property, product, or service; and

566 (II) is incidental or immaterial to the sale of the tangible personal property, product, or
567 service;

568 (B) tangible personal property, a product, or a service provided free of charge with the
569 purchase of another item of tangible personal property, a product, or a service; or

570 (C) an item of tangible personal property, a product, or a service included in the
571 definition of "purchase price."

572 (ii) For purposes of Subsection (16)(c)(i)(B), an item of tangible personal property, a
573 product, or a service is provided free of charge with the purchase of another item of tangible
574 personal property, a product, or a service if the sales price of the purchased item of tangible
575 personal property, product, or service does not vary depending on the inclusion of the tangible
576 personal property, product, or service provided free of charge.

577 (d) (i) For purposes of Subsection (16)(a)(ii), property sold for one nonitemized price
578 does not include a price that is separately identified by tangible personal property, product, or
579 service on the following, regardless of whether the following is in paper format or electronic
580 format:

581 (A) a binding sales document; or

582 (B) another supporting sales-related document that is available to a purchaser.

583 (ii) For purposes of Subsection (16)(d)(i), a binding sales document or another
584 supporting sales-related document that is available to a purchaser includes:

585 (A) a bill of sale;

586 (B) a contract;

587 (C) an invoice;

588 (D) a lease agreement;

589 (E) a periodic notice of rates and services;

- 590 (F) a price list;
- 591 (G) a rate card;
- 592 (H) a receipt; or
- 593 (I) a service agreement.

594 (e) (i) For purposes of Subsection (16)(b)(vi), the sales price of tangible personal
595 property or a product subject to taxation under this chapter is de minimis if:

596 (A) the seller's purchase price of the tangible personal property or product is 10% or
597 less of the seller's total purchase price of the bundled transaction; or

598 (B) the seller's sales price of the tangible personal property or product is 10% or less of
599 the seller's total sales price of the bundled transaction.

600 (ii) For purposes of Subsection (16)(b)(vi), a seller:

601 (A) shall use the seller's purchase price or the seller's sales price to determine if the
602 purchase price or sales price of the tangible personal property or product subject to taxation
603 under this chapter is de minimis; and

604 (B) may not use a combination of the seller's purchase price and the seller's sales price
605 to determine if the purchase price or sales price of the tangible personal property or product
606 subject to taxation under this chapter is de minimis.

607 (iii) For purposes of Subsection (16)(b)(vi), a seller shall use the full term of a service
608 contract to determine if the sales price of tangible personal property or a product is de minimis.

609 (f) For purposes of Subsection (16)(b)(vii)(B), a seller may not use a combination of
610 the seller's purchase price and the seller's sales price to determine if tangible personal property
611 subject to taxation under this chapter is 50% or less of the seller's total purchase price or sales
612 price of that retail sale.

613 (17) "Certified automated system" means software certified by the governing board of
614 the agreement that:

615 (a) calculates the agreement sales and use tax imposed within a local taxing
616 jurisdiction:

617 (i) on a transaction; and

618 (ii) in the states that are members of the agreement;
619 (b) determines the amount of agreement sales and use tax to remit to a state that is a
620 member of the agreement; and
621 (c) maintains a record of the transaction described in Subsection (17)(a)(i).
622 (18) "Certified service provider" means an agent certified:
623 (a) by the governing board of the agreement; and
624 (b) to perform all of a seller's sales and use tax functions for an agreement sales and
625 use tax other than the seller's obligation under Section 59-12-124 to remit a tax on the seller's
626 own purchases.
627 (19) (a) Subject to Subsection (19)(b), "clothing" means all human wearing apparel
628 suitable for general use.
629 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
630 commission shall make rules:
631 (i) listing the items that constitute "clothing"; and
632 (ii) that are consistent with the list of items that constitute "clothing" under the
633 agreement.
634 (20) "Coal-to-liquid" means the process of converting coal into a liquid synthetic fuel.
635 (21) "Commercial use" means the use of gas, electricity, heat, coal, fuel oil, or other
636 fuels that does not constitute industrial use under Subsection (48) or residential use under
637 Subsection (96).
638 (22) (a) "Common carrier" means a person engaged in or transacting the business of
639 transporting passengers, freight, merchandise, or other property for hire within this state.
640 (b) (i) "Common carrier" does not include a person who, at the time the person is
641 traveling to or from that person's place of employment, transports a passenger to or from the
642 passenger's place of employment.
643 (ii) For purposes of Subsection (22)(b)(i), in accordance with Title 63G, Chapter 3,
644 Utah Administrative Rulemaking Act, the commission may make rules defining what
645 constitutes a person's place of employment.

646 (23) "Component part" includes:
647 (a) poultry, dairy, and other livestock feed, and their components;
648 (b) baling ties and twine used in the baling of hay and straw;
649 (c) fuel used for providing temperature control of orchards and commercial
650 greenhouses doing a majority of their business in wholesale sales, and for providing power for
651 off-highway type farm machinery; and

652 (d) feed, seeds, and seedlings.

653 (24) "Computer" means an electronic device that accepts information:

654 (a) (i) in digital form; or

655 (ii) in a form similar to digital form; and

656 (b) manipulates that information for a result based on a sequence of instructions.

657 (25) "Computer software" means a set of coded instructions designed to cause:

658 (a) a computer to perform a task; or

659 (b) automatic data processing equipment to perform a task.

660 (26) (a) "Conference bridging service" means an ancillary service that links two or
661 more participants of an audio conference call or video conference call.

662 (b) "Conference bridging service" may include providing a telephone number as part of
663 the ancillary service described in Subsection (26)(a).

664 (c) "Conference bridging service" does not include a telecommunications service used
665 to reach the ancillary service described in Subsection (26)(a).

666 (27) "Construction materials" means any tangible personal property that will be
667 converted into real property.

668 (28) "Delivered electronically" means delivered to a purchaser by means other than
669 tangible storage media.

670 (29) (a) "Delivery charge" means a charge:

671 (i) by a seller of:

672 (A) tangible personal property;

673 (B) a product transferred electronically; or

- 674 (C) services; and
- 675 (ii) for preparation and delivery of the tangible personal property, product transferred
- 676 electronically, or services described in Subsection (29)(a)(i) to a location designated by the
- 677 purchaser.
- 678 (b) "Delivery charge" includes a charge for the following:
- 679 (i) transportation;
- 680 (ii) shipping;
- 681 (iii) postage;
- 682 (iv) handling;
- 683 (v) crating; or
- 684 (vi) packing.
- 685 (30) "Detailed telecommunications billing service" means an ancillary service of
- 686 separately stating information pertaining to individual calls on a customer's billing statement.
- 687 (31) "Dietary supplement" means a product, other than tobacco, that:
- 688 (a) is intended to supplement the diet;
- 689 (b) contains one or more of the following dietary ingredients:
- 690 (i) a vitamin;
- 691 (ii) a mineral;
- 692 (iii) an herb or other botanical;
- 693 (iv) an amino acid;
- 694 (v) a dietary substance for use by humans to supplement the diet by increasing the total
- 695 dietary intake; or
- 696 (vi) a concentrate, metabolite, constituent, extract, or combination of any ingredient
- 697 described in Subsections (31)(b)(i) through (v);
- 698 (c) (i) except as provided in Subsection (31)(c)(ii), is intended for ingestion in:
- 699 (A) tablet form;
- 700 (B) capsule form;
- 701 (C) powder form;

- 702 (D) softgel form;
- 703 (E) gelcap form; or
- 704 (F) liquid form; or
- 705 (ii) notwithstanding Subsection (31)(c)(i), if the product is not intended for ingestion in
- 706 a form described in Subsections (31)(c)(i)(A) through (F), is not represented:
 - 707 (A) as conventional food; and
 - 708 (B) for use as a sole item of:
 - 709 (I) a meal; or
 - 710 (II) the diet; and
 - 711 (d) is required to be labeled as a dietary supplement:
 - 712 (i) identifiable by the "Supplemental Facts" box found on the label; and
 - 713 (ii) as required by 21 C.F.R. Sec. 101.36.
- 714 (32) (a) "Direct mail" means printed material delivered or distributed by United States
- 715 mail or other delivery service:
 - 716 (i) to:
 - 717 (A) a mass audience; or
 - 718 (B) addressees on a mailing list provided:
 - 719 (I) by a purchaser of the mailing list; or
 - 720 (II) at the discretion of the purchaser of the mailing list; and
 - 721 (ii) if the cost of the printed material is not billed directly to the recipients.
 - 722 (b) "Direct mail" includes tangible personal property supplied directly or indirectly by a
 - 723 purchaser to a seller of direct mail for inclusion in a package containing the printed material.
 - 724 (c) "Direct mail" does not include multiple items of printed material delivered to a
 - 725 single address.
- 726 (33) "Directory assistance" means an ancillary service of providing:
 - 727 (a) address information; or
 - 728 (b) telephone number information.
- 729 (34) (a) "Disposable home medical equipment or supplies" means medical equipment

730 or supplies that:

- 731 (i) cannot withstand repeated use; and
- 732 (ii) are purchased by, for, or on behalf of a person other than:
 - 733 (A) a health care facility as defined in Section 26-21-2;
 - 734 (B) a health care provider as defined in Section 78B-3-403;
 - 735 (C) an office of a health care provider described in Subsection (34)(a)(ii)(B); or
 - 736 (D) a person similar to a person described in Subsections (34)(a)(ii)(A) through (C).
- 737 (b) "Disposable home medical equipment or supplies" does not include:
 - 738 (i) a drug;
 - 739 (ii) durable medical equipment;
 - 740 (iii) a hearing aid;
 - 741 (iv) a hearing aid accessory;
 - 742 (v) mobility enhancing equipment; or
 - 743 (vi) tangible personal property used to correct impaired vision, including:
 - 744 (A) eyeglasses; or
 - 745 (B) contact lenses.
 - 746 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
 - 747 commission may by rule define what constitutes medical equipment or supplies.

748 (35) (a) "Drug" means a compound, substance, or preparation, or a component of a
749 compound, substance, or preparation that is:

- 750 (i) recognized in:
 - 751 (A) the official United States Pharmacopoeia;
 - 752 (B) the official Homeopathic Pharmacopoeia of the United States;
 - 753 (C) the official National Formulary; or
 - 754 (D) a supplement to a publication listed in Subsections (35)(a)(i)(A) through (C);
- 755 (ii) intended for use in the:
 - 756 (A) diagnosis of disease;
 - 757 (B) cure of disease;

- 758 (C) mitigation of disease;
- 759 (D) treatment of disease; or
- 760 (E) prevention of disease; or
- 761 (iii) intended to affect:
 - 762 (A) the structure of the body; or
 - 763 (B) any function of the body.
- 764 (b) "Drug" does not include:
 - 765 (i) food and food ingredients;
 - 766 (ii) a dietary supplement;
 - 767 (iii) an alcoholic beverage; or
 - 768 (iv) a prosthetic device.
- 769 (36) (a) Except as provided in Subsection (36)(c), "durable medical equipment" means
- 770 equipment that:
 - 771 (i) can withstand repeated use;
 - 772 (ii) is primarily and customarily used to serve a medical purpose;
 - 773 (iii) generally is not useful to a person in the absence of illness or injury; and
 - 774 (iv) is not worn in or on the body.
- 775 (b) "Durable medical equipment" includes parts used in the repair or replacement of the
- 776 equipment described in Subsection (36)(a).
- 777 (c) Notwithstanding Subsection (36)(a), "durable medical equipment" does not include
- 778 mobility enhancing equipment.
- 779 (37) "Electronic" means:
 - 780 (a) relating to technology; and
 - 781 (b) having:
 - 782 (i) electrical capabilities;
 - 783 (ii) digital capabilities;
 - 784 (iii) magnetic capabilities;
 - 785 (iv) wireless capabilities;

- 786 (v) optical capabilities;
- 787 (vi) electromagnetic capabilities; or
- 788 (vii) capabilities similar to Subsections (37)(b)(i) through (vi).
- 789 (38) "Employee" is as defined in Section 59-10-401.
- 790 (39) "Fixed guideway" means a public transit facility that uses and occupies:
- 791 (a) rail for the use of public transit; or
- 792 (b) a separate right-of-way for the use of public transit.
- 793 (40) "Fixed wing turbine powered aircraft" means an aircraft that:
- 794 (a) is powered by turbine engines;
- 795 (b) operates on jet fuel; and
- 796 (c) has wings that are permanently attached to the fuselage of the aircraft.
- 797 (41) "Fixed wireless service" means a telecommunications service that provides radio
- 798 communication between fixed points.
- 799 (42) (a) "Food and food ingredients" means substances:
- 800 (i) regardless of whether the substances are in:
- 801 (A) liquid form;
- 802 (B) concentrated form;
- 803 (C) solid form;
- 804 (D) frozen form;
- 805 (E) dried form; or
- 806 (F) dehydrated form; and
- 807 (ii) that are:
- 808 (A) sold for:
- 809 (I) ingestion by humans; or
- 810 (II) chewing by humans; and
- 811 (B) consumed for the substance's:
- 812 (I) taste; or
- 813 (II) nutritional value.

814 (b) "Food and food ingredients" includes an item described in Subsection (79)(b)(iii).

815 (c) "Food and food ingredients" does not include:

816 (i) an alcoholic beverage;

817 (ii) tobacco; or

818 (iii) prepared food.

819 (43) (a) "Fundraising sales" means sales:

820 (i) (A) made by a school; or

821 (B) made by a school student;

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

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

825 (b) For purposes of Subsection (43)(a)(iii), "officially sanctioned school activity"
826 means a school activity:

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

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

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

833 (44) "Geothermal energy" means energy contained in heat that continuously flows
834 outward from the earth that is used as the sole source of energy to produce electricity.

835 (45) "Governing board of the agreement" means the governing board of the agreement
836 that is:

837 (a) authorized to administer the agreement; and

838 (b) established in accordance with the agreement.

839 (46) (a) For purposes of Subsection 59-12-104(41), "governmental entity" means:

840 (i) the executive branch of the state, including all departments, institutions, boards,
841 divisions, bureaus, offices, commissions, and committees;

842 (ii) the judicial branch of the state, including the courts, the Judicial Council, the
843 Office of the Court Administrator, and similar administrative units in the judicial branch;
844 (iii) the legislative branch of the state, including the House of Representatives, the
845 Senate, the Legislative Printing Office, the Office of Legislative Research and General
846 Counsel, the Office of the Legislative Auditor General, and the Office of the Legislative Fiscal
847 Analyst;

848 (iv) the National Guard;

849 (v) an independent entity as defined in Section 63E-1-102; or

850 (vi) a political subdivision as defined in Section 17B-1-102.

851 (b) "Governmental entity" does not include the state systems of public and higher
852 education, including:

853 (i) a college campus of the Utah College of Applied Technology;

854 (ii) a school;

855 (iii) the State Board of Education;

856 (iv) the State Board of Regents; or

857 (v) an institution of higher education.

858 (47) "Hydroelectric energy" means water used as the sole source of energy to produce
859 electricity.

860 (48) "Industrial use" means the use of natural gas, electricity, heat, coal, fuel oil, or
861 other fuels:

862 (a) in mining or extraction of minerals;

863 (b) in agricultural operations to produce an agricultural product up to the time of
864 harvest or placing the agricultural product into a storage facility, including:

865 (i) commercial greenhouses;

866 (ii) irrigation pumps;

867 (iii) farm machinery;

868 (iv) implements of husbandry as defined in Subsection 41-1a-102(23) that are not
869 registered under Title 41, Chapter 1a, Part 2, Registration; and

- 870 (v) other farming activities;
- 871 (c) in manufacturing tangible personal property at an establishment described in SIC
872 Codes 2000 to 3999 of the 1987 Standard Industrial Classification Manual of the federal
873 Executive Office of the President, Office of Management and Budget;
- 874 (d) by a scrap recycler if:
- 875 (i) from a fixed location, the scrap recycler utilizes machinery or equipment to process
876 one or more of the following items into prepared grades of processed materials for use in new
877 products:
- 878 (A) iron;
 - 879 (B) steel;
 - 880 (C) nonferrous metal;
 - 881 (D) paper;
 - 882 (E) glass;
 - 883 (F) plastic;
 - 884 (G) textile; or
 - 885 (H) rubber; and
- 886 (ii) the new products under Subsection (48)(d)(i) would otherwise be made with
887 nonrecycled materials; or
- 888 (e) in producing a form of energy or steam described in Subsection 54-2-1(2)(a) by a
889 cogeneration facility as defined in Section 54-2-1.
- 890 (49) (a) Except as provided in Subsection (49)(b), "installation charge" means a charge
891 for installing:
- 892 (i) tangible personal property; or
 - 893 (ii) a product transferred electronically.
- 894 (b) "Installation charge" does not include a charge for:
- 895 (i) repairs or renovations of:
 - 896 (A) tangible personal property; or
 - 897 (B) a product transferred electronically; or

- 898 (ii) attaching tangible personal property or a product transferred electronically:
899 (A) to other tangible personal property; and
900 (B) as part of a manufacturing or fabrication process.
- 901 (50) "Institution of higher education" means an institution of higher education listed in
902 Section 53B-2-101.
- 903 (51) (a) "Lease" or "rental" means a transfer of possession or control of tangible
904 personal property or a product transferred electronically for:
905 (i) (A) a fixed term; or
906 (B) an indeterminate term; and
907 (ii) consideration.
- 908 (b) "Lease" or "rental" includes an agreement covering a motor vehicle and trailer if the
909 amount of consideration may be increased or decreased by reference to the amount realized
910 upon sale or disposition of the property as defined in Section 7701(h)(1), Internal Revenue
911 Code.
- 912 (c) "Lease" or "rental" does not include:
913 (i) a transfer of possession or control of property under a security agreement or
914 deferred payment plan that requires the transfer of title upon completion of the required
915 payments;
916 (ii) a transfer of possession or control of property under an agreement that requires the
917 transfer of title:
918 (A) upon completion of required payments; and
919 (B) if the payment of an option price does not exceed the greater of:
920 (I) \$100; or
921 (II) 1% of the total required payments; or
922 (iii) providing tangible personal property along with an operator for a fixed period of
923 time or an indeterminate period of time if the operator is necessary for equipment to perform as
924 designed.
- 925 (d) For purposes of Subsection (51)(c)(iii), an operator is necessary for equipment to

926 perform as designed if the operator's duties exceed the:

- 927 (i) set-up of tangible personal property;
- 928 (ii) maintenance of tangible personal property; or
- 929 (iii) inspection of tangible personal property.

930 (52) "Load and leave" means delivery to a purchaser by use of a tangible storage media
931 if the tangible storage media is not physically transferred to the purchaser.

932 (53) "Local taxing jurisdiction" means a:

- 933 (a) county that is authorized to impose an agreement sales and use tax;
- 934 (b) city that is authorized to impose an agreement sales and use tax; or
- 935 (c) town that is authorized to impose an agreement sales and use tax.

936 (54) "Manufactured home" is as defined in Section 15A-1-302.

937 (55) For purposes of Section 59-12-104, "manufacturing facility" means:

- 938 (a) an establishment described in SIC Codes 2000 to 3999 of the 1987 Standard
939 Industrial Classification Manual of the federal Executive Office of the President, Office of
940 Management and Budget;
- 941 (b) a scrap recycler if:
 - 942 (i) from a fixed location, the scrap recycler utilizes machinery or equipment to process
943 one or more of the following items into prepared grades of processed materials for use in new
944 products:
 - 945 (A) iron;
 - 946 (B) steel;
 - 947 (C) nonferrous metal;
 - 948 (D) paper;
 - 949 (E) glass;
 - 950 (F) plastic;
 - 951 (G) textile; or
 - 952 (H) rubber; and
 - 953 (ii) the new products under Subsection (55)(b)(i) would otherwise be made with

954 nonrecycled materials; or

955 (c) a cogeneration facility as defined in Section 54-2-1.

956 (56) "Member of the immediate family of the producer" means a person who is related
957 to a producer described in Subsection 59-12-104(20)(a) as a:

958 (a) child or stepchild, regardless of whether the child or stepchild is:

959 (i) an adopted child or adopted stepchild; or

960 (ii) a foster child or foster stepchild;

961 (b) grandchild or stepgrandchild;

962 (c) grandparent or stepgrandparent;

963 (d) nephew or stepnephew;

964 (e) niece or stepniece;

965 (f) parent or stepparent;

966 (g) sibling or stepsibling;

967 (h) spouse;

968 (i) person who is the spouse of a person described in Subsections (56)(a) through (g);

969 or

970 (j) person similar to a person described in Subsections (56)(a) through (i) as

971 determined by the commission by rule made in accordance with Title 63G, Chapter 3, Utah

972 Administrative Rulemaking Act.

973 (57) "Mobile home" is as defined in Section 15A-1-302.

974 (58) "Mobile telecommunications service" is as defined in the Mobile

975 Telecommunications Sourcing Act, 4 U.S.C. Sec. 124.

976 (59) (a) "Mobile wireless service" means a telecommunications service, regardless of
977 the technology used, if:

978 (i) the origination point of the conveyance, routing, or transmission is not fixed;

979 (ii) the termination point of the conveyance, routing, or transmission is not fixed; or

980 (iii) the origination point described in Subsection (59)(a)(i) and the termination point
981 described in Subsection (59)(a)(ii) are not fixed.

982 (b) "Mobile wireless service" includes a telecommunications service that is provided
983 by a commercial mobile radio service provider.

984 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
985 commission may by rule define "commercial mobile radio service provider."

986 (60) (a) Except as provided in Subsection (60)(c), "mobility enhancing equipment"
987 means equipment that is:

988 (i) primarily and customarily used to provide or increase the ability to move from one
989 place to another;

990 (ii) appropriate for use in a:

991 (A) home; or

992 (B) motor vehicle; and

993 (iii) not generally used by persons with normal mobility.

994 (b) "Mobility enhancing equipment" includes parts used in the repair or replacement of
995 the equipment described in Subsection (60)(a).

996 (c) Notwithstanding Subsection (60)(a), "mobility enhancing equipment" does not
997 include:

998 (i) a motor vehicle;

999 (ii) equipment on a motor vehicle if that equipment is normally provided by the motor
1000 vehicle manufacturer;

1001 (iii) durable medical equipment; or

1002 (iv) a prosthetic device.

1003 (61) "Model 1 seller" means a seller registered under the agreement that has selected a
1004 certified service provider as the seller's agent to perform all of the seller's sales and use tax
1005 functions for agreement sales and use taxes other than the seller's obligation under Section
1006 59-12-124 to remit a tax on the seller's own purchases.

1007 (62) "Model 2 seller" means a seller registered under the agreement that:

1008 (a) except as provided in Subsection (62)(b), has selected a certified automated system
1009 to perform the seller's sales tax functions for agreement sales and use taxes; and

1010 (b) notwithstanding Subsection (62)(a), retains responsibility for remitting all of the
1011 sales tax:

- 1012 (i) collected by the seller; and
- 1013 (ii) to the appropriate local taxing jurisdiction.

1014 (63) (a) Subject to Subsection (63)(b), "model 3 seller" means a seller registered under
1015 the agreement that has:

- 1016 (i) sales in at least five states that are members of the agreement;
- 1017 (ii) total annual sales revenues of at least \$500,000,000;
- 1018 (iii) a proprietary system that calculates the amount of tax:
 - 1019 (A) for an agreement sales and use tax; and
 - 1020 (B) due to each local taxing jurisdiction; and
- 1021 (iv) entered into a performance agreement with the governing board of the agreement.

1022 (b) For purposes of Subsection (63)(a), "model 3 seller" includes an affiliated group of
1023 sellers using the same proprietary system.

1024 (64) "Model 4 seller" means a seller that is registered under the agreement and is not a
1025 model 1 seller, model 2 seller, or model 3 seller.

1026 (65) "Modular home" means a modular unit as defined in Section 15A-1-302.

1027 (66) "Motor vehicle" is as defined in Section 41-1a-102.

1028 (67) "Oil shale" means a group of fine black to dark brown shales containing
1029 bituminous material that yields petroleum upon distillation.

1030 (68) (a) "Other fuels" means products that burn independently to produce heat or
1031 energy.

1032 (b) "Other fuels" includes oxygen when it is used in the manufacturing of tangible
1033 personal property.

1034 (69) (a) "Paging service" means a telecommunications service that provides
1035 transmission of a coded radio signal for the purpose of activating a specific pager.

1036 (b) For purposes of Subsection (69)(a), the transmission of a coded radio signal
1037 includes a transmission by message or sound.

- 1038 (70) "Pawnbroker" is as defined in Section 13-32a-102.
- 1039 (71) "Pawn transaction" is as defined in Section 13-32a-102.
- 1040 (72) (a) "Permanently attached to real property" means that for tangible personal
1041 property attached to real property:
- 1042 (i) the attachment of the tangible personal property to the real property:
- 1043 (A) is essential to the use of the tangible personal property; and
- 1044 (B) suggests that the tangible personal property will remain attached to the real
1045 property in the same place over the useful life of the tangible personal property; or
- 1046 (ii) if the tangible personal property is detached from the real property, the detachment
1047 would:
- 1048 (A) cause substantial damage to the tangible personal property; or
- 1049 (B) require substantial alteration or repair of the real property to which the tangible
1050 personal property is attached.
- 1051 (b) "Permanently attached to real property" includes:
- 1052 (i) the attachment of an accessory to the tangible personal property if the accessory is:
- 1053 (A) essential to the operation of the tangible personal property; and
- 1054 (B) attached only to facilitate the operation of the tangible personal property;
- 1055 (ii) a temporary detachment of tangible personal property from real property for a
1056 repair or renovation if the repair or renovation is performed where the tangible personal
1057 property and real property are located; or
- 1058 (iii) property attached to oil, gas, or water pipelines, except for the property listed in
1059 Subsection (72)(c)(iii) or (iv).
- 1060 (c) "Permanently attached to real property" does not include:
- 1061 (i) the attachment of portable or movable tangible personal property to real property if
1062 that portable or movable tangible personal property is attached to real property only for:
- 1063 (A) convenience;
- 1064 (B) stability; or
- 1065 (C) for an obvious temporary purpose;

1066 (ii) the detachment of tangible personal property from real property except for the
1067 detachment described in Subsection (72)(b)(ii);

1068 (iii) an attachment of the following tangible personal property to real property if the
1069 attachment to real property is only through a line that supplies water, electricity, gas,
1070 telecommunications, cable, or supplies a similar item as determined by the commission by rule
1071 made in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act:

1072 (A) a computer;

1073 (B) a telephone;

1074 (C) a television; or

1075 (D) tangible personal property similar to Subsections (72)(c)(iii)(A) through (C) as
1076 determined by the commission by rule made in accordance with Title 63G, Chapter 3, Utah
1077 Administrative Rulemaking Act; or

1078 (iv) an item listed in Subsection (113)(c).

1079 (73) "Person" includes any individual, firm, partnership, joint venture, association,
1080 corporation, estate, trust, business trust, receiver, syndicate, this state, any county, city,
1081 municipality, district, or other local governmental entity of the state, or any group or
1082 combination acting as a unit.

1083 (74) "Place of primary use":

1084 (a) for telecommunications service other than mobile telecommunications service,
1085 means the street address representative of where the customer's use of the telecommunications
1086 service primarily occurs, which shall be:

1087 (i) the residential street address of the customer; or

1088 (ii) the primary business street address of the customer; or

1089 (b) for mobile telecommunications service, is as defined in the Mobile
1090 Telecommunications Sourcing Act, 4 U.S.C. Sec. 124.

1091 (75) (a) "Postpaid calling service" means a telecommunications service a person
1092 obtains by making a payment on a call-by-call basis:

1093 (i) through the use of a:

- 1094 (A) bank card;
- 1095 (B) credit card;
- 1096 (C) debit card; or
- 1097 (D) travel card; or
- 1098 (ii) by a charge made to a telephone number that is not associated with the origination
- 1099 or termination of the telecommunications service.
- 1100 (b) "Postpaid calling service" includes a service, except for a prepaid wireless calling
- 1101 service, that would be a prepaid wireless calling service if the service were exclusively a
- 1102 telecommunications service.
- 1103 (76) "Postproduction" means an activity related to the finishing or duplication of a
- 1104 medium described in Subsection 59-12-104(54)(a).
- 1105 (77) "Prepaid calling service" means a telecommunications service:
- 1106 (a) that allows a purchaser access to telecommunications service that is exclusively
- 1107 telecommunications service;
- 1108 (b) that:
- 1109 (i) is paid for in advance; and
- 1110 (ii) enables the origination of a call using an:
- 1111 (A) access number; or
- 1112 (B) authorization code;
- 1113 (c) that is dialed:
- 1114 (i) manually; or
- 1115 (ii) electronically; and
- 1116 (d) sold in predetermined units or dollars that decline:
- 1117 (i) by a known amount; and
- 1118 (ii) with use.
- 1119 (78) "Prepaid wireless calling service" means a telecommunications service:
- 1120 (a) that provides the right to utilize:
- 1121 (i) mobile wireless service; and

- 1122 (ii) other service that is not a telecommunications service, including:
- 1123 (A) the download of a product transferred electronically;
- 1124 (B) a content service; or
- 1125 (C) an ancillary service;
- 1126 (b) that:
- 1127 (i) is paid for in advance; and
- 1128 (ii) enables the origination of a call using an:
- 1129 (A) access number; or
- 1130 (B) authorization code;
- 1131 (c) that is dialed:
- 1132 (i) manually; or
- 1133 (ii) electronically; and
- 1134 (d) sold in predetermined units or dollars that decline:
- 1135 (i) by a known amount; and
- 1136 (ii) with use.
- 1137 (79) (a) "Prepared food" means:
- 1138 (i) food:
- 1139 (A) sold in a heated state; or
- 1140 (B) heated by a seller;
- 1141 (ii) two or more food ingredients mixed or combined by the seller for sale as a single
- 1142 item; or
- 1143 (iii) except as provided in Subsection (79)(c), food sold with an eating utensil provided
- 1144 by the seller, including a:
- 1145 (A) plate;
- 1146 (B) knife;
- 1147 (C) fork;
- 1148 (D) spoon;
- 1149 (E) glass;

- 1150 (F) cup;
- 1151 (G) napkin; or
- 1152 (H) straw.
- 1153 (b) "Prepared food" does not include:
- 1154 (i) food that a seller only:
- 1155 (A) cuts;
- 1156 (B) repackages; or
- 1157 (C) pasteurizes; or
- 1158 (ii) (A) the following:
- 1159 (I) raw egg;
- 1160 (II) raw fish;
- 1161 (III) raw meat;
- 1162 (IV) raw poultry; or
- 1163 (V) a food containing an item described in Subsections (79)(b)(ii)(A)(I) through (IV);
- 1164 and
- 1165 (B) if the Food and Drug Administration recommends in Chapter 3, Part 401.11 of the
- 1166 Food and Drug Administration's Food Code that a consumer cook the items described in
- 1167 Subsection (79)(b)(ii)(A) to prevent food borne illness; or
- 1168 (iii) the following if sold without eating utensils provided by the seller:
- 1169 (A) food and food ingredients sold by a seller if the seller's proper primary
- 1170 classification under the 2002 North American Industry Classification System of the federal
- 1171 Executive Office of the President, Office of Management and Budget, is manufacturing in
- 1172 Sector 311, Food Manufacturing, except for Subsector 3118, Bakeries and Tortilla
- 1173 Manufacturing;
- 1174 (B) food and food ingredients sold in an unheated state:
- 1175 (I) by weight or volume; and
- 1176 (II) as a single item; or
- 1177 (C) a bakery item, including:

- 1178 (I) a bagel;
- 1179 (II) a bar;
- 1180 (III) a biscuit;
- 1181 (IV) bread;
- 1182 (V) a bun;
- 1183 (VI) a cake;
- 1184 (VII) a cookie;
- 1185 (VIII) a croissant;
- 1186 (IX) a danish;
- 1187 (X) a donut;
- 1188 (XI) a muffin;
- 1189 (XII) a pastry;
- 1190 (XIII) a pie;
- 1191 (XIV) a roll;
- 1192 (XV) a tart;
- 1193 (XVI) a torte; or
- 1194 (XVII) a tortilla.
- 1195 (c) Notwithstanding Subsection (79)(a)(iii), an eating utensil provided by the seller
- 1196 does not include the following used to transport the food:
- 1197 (i) a container; or
- 1198 (ii) packaging.
- 1199 (80) "Prescription" means an order, formula, or recipe that is issued:
- 1200 (a) (i) orally;
- 1201 (ii) in writing;
- 1202 (iii) electronically; or
- 1203 (iv) by any other manner of transmission; and
- 1204 (b) by a licensed practitioner authorized by the laws of a state.
- 1205 (81) (a) Except as provided in Subsection (81)(b)(ii) or (iii), "prewritten computer

1206 software" means computer software that is not designed and developed:

1207 (i) by the author or other creator of the computer software; and

1208 (ii) to the specifications of a specific purchaser.

1209 (b) "Prewritten computer software" includes:

1210 (i) a prewritten upgrade to computer software if the prewritten upgrade to the computer
1211 software is not designed and developed:

1212 (A) by the author or other creator of the computer software; and

1213 (B) to the specifications of a specific purchaser;

1214 (ii) notwithstanding Subsection (81)(a), computer software designed and developed by
1215 the author or other creator of the computer software to the specifications of a specific purchaser
1216 if the computer software is sold to a person other than the purchaser; or

1217 (iii) notwithstanding Subsection (81)(a) and except as provided in Subsection (81)(c),
1218 prewritten computer software or a prewritten portion of prewritten computer software:

1219 (A) that is modified or enhanced to any degree; and

1220 (B) if the modification or enhancement described in Subsection (81)(b)(iii)(A) is
1221 designed and developed to the specifications of a specific purchaser.

1222 (c) Notwithstanding Subsection (81)(b)(iii), "prewritten computer software" does not
1223 include a modification or enhancement described in Subsection (81)(b)(iii) if the charges for
1224 the modification or enhancement are:

1225 (i) reasonable; and

1226 (ii) separately stated on the invoice or other statement of price provided to the
1227 purchaser.

1228 (82) (a) "Private communication service" means a telecommunications service:

1229 (i) that entitles a customer to exclusive or priority use of one or more communications
1230 channels between or among termination points; and

1231 (ii) regardless of the manner in which the one or more communications channels are
1232 connected.

1233 (b) "Private communications service" includes the following provided in connection

1234 with the use of one or more communications channels:

1235 (i) an extension line;

1236 (ii) a station;

1237 (iii) switching capacity; or

1238 (iv) another associated service that is provided in connection with the use of one or

1239 more communications channels as defined in Section 59-12-215.

1240 (83) (a) Except as provided in Subsection (83)(b), "product transferred electronically"

1241 means a product transferred electronically that would be subject to a tax under this chapter if

1242 that product was transferred in a manner other than electronically.

1243 (b) "Product transferred electronically" does not include:

1244 (i) an ancillary service;

1245 (ii) computer software; or

1246 (iii) a telecommunications service.

1247 (84) (a) "Prosthetic device" means a device that is worn on or in the body to:

1248 (i) artificially replace a missing portion of the body;

1249 (ii) prevent or correct a physical deformity or physical malfunction; or

1250 (iii) support a weak or deformed portion of the body.

1251 (b) "Prosthetic device" includes:

1252 (i) parts used in the repairs or renovation of a prosthetic device;

1253 (ii) replacement parts for a prosthetic device;

1254 (iii) a dental prosthesis; or

1255 (iv) a hearing aid.

1256 (c) "Prosthetic device" does not include:

1257 (i) corrective eyeglasses; or

1258 (ii) contact lenses.

1259 (85) (a) "Protective equipment" means an item:

1260 (i) for human wear; and

1261 (ii) that is:

- 1262 (A) designed as protection:
- 1263 (I) to the wearer against injury or disease; or
- 1264 (II) against damage or injury of other persons or property; and
- 1265 (B) not suitable for general use.
- 1266 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
- 1267 commission shall make rules:
 - 1268 (i) listing the items that constitute "protective equipment"; and
 - 1269 (ii) that are consistent with the list of items that constitute "protective equipment"
 - 1270 under the agreement.
- 1271 (86) (a) For purposes of Subsection 59-12-104(41), "publication" means any written or
- 1272 printed matter, other than a photocopy:
 - 1273 (i) regardless of:
 - 1274 (A) characteristics;
 - 1275 (B) copyright;
 - 1276 (C) form;
 - 1277 (D) format;
 - 1278 (E) method of reproduction; or
 - 1279 (F) source; and
 - 1280 (ii) made available in printed or electronic format.
- 1281 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
- 1282 commission may by rule define the term "photocopy."
- 1283 (87) (a) "Purchase price" and "sales price" mean the total amount of consideration:
 - 1284 (i) valued in money; and
 - 1285 (ii) for which tangible personal property, a product transferred electronically, or
 - 1286 services are:
 - 1287 (A) sold;
 - 1288 (B) leased; or
 - 1289 (C) rented.

- 1290 (b) "Purchase price" and "sales price" include:
- 1291 (i) the seller's cost of the tangible personal property, a product transferred
- 1292 electronically, or services sold;
- 1293 (ii) expenses of the seller, including:
- 1294 (A) the cost of materials used;
- 1295 (B) a labor cost;
- 1296 (C) a service cost;
- 1297 (D) interest;
- 1298 (E) a loss;
- 1299 (F) the cost of transportation to the seller; or
- 1300 (G) a tax imposed on the seller;
- 1301 (iii) a charge by the seller for any service necessary to complete the sale; or
- 1302 (iv) consideration a seller receives from a person other than the purchaser if:
- 1303 (A) (I) the seller actually receives consideration from a person other than the purchaser;
- 1304 and
- 1305 (II) the consideration described in Subsection (87)(b)(iv)(A)(I) is directly related to a
- 1306 price reduction or discount on the sale;
- 1307 (B) the seller has an obligation to pass the price reduction or discount through to the
- 1308 purchaser;
- 1309 (C) the amount of the consideration attributable to the sale is fixed and determinable by
- 1310 the seller at the time of the sale to the purchaser; and
- 1311 (D) (I) (Aa) the purchaser presents a certificate, coupon, or other documentation to the
- 1312 seller to claim a price reduction or discount; and
- 1313 (Bb) a person other than the seller authorizes, distributes, or grants the certificate,
- 1314 coupon, or other documentation with the understanding that the person other than the seller
- 1315 will reimburse any seller to whom the certificate, coupon, or other documentation is presented;
- 1316 (II) the purchaser identifies that purchaser to the seller as a member of a group or
- 1317 organization allowed a price reduction or discount, except that a preferred customer card that is

1318 available to any patron of a seller does not constitute membership in a group or organization
1319 allowed a price reduction or discount; or
1320 (III) the price reduction or discount is identified as a third party price reduction or
1321 discount on the:
1322 (Aa) invoice the purchaser receives; or
1323 (Bb) certificate, coupon, or other documentation the purchaser presents.
1324 (c) "Purchase price" and "sales price" do not include:
1325 (i) a discount:
1326 (A) in a form including:
1327 (I) cash;
1328 (II) term; or
1329 (III) coupon;
1330 (B) that is allowed by a seller;
1331 (C) taken by a purchaser on a sale; and
1332 (D) that is not reimbursed by a third party; or
1333 (ii) the following if separately stated on an invoice, bill of sale, or similar document
1334 provided to the purchaser:
1335 (A) the following from credit extended on the sale of tangible personal property or
1336 services:
1337 (I) a carrying charge;
1338 (II) a financing charge; or
1339 (III) an interest charge;
1340 (B) a delivery charge;
1341 (C) an installation charge;
1342 (D) a manufacturer rebate on a motor vehicle; or
1343 (E) a tax or fee legally imposed directly on the consumer.
1344 (88) "Purchaser" means a person to whom:
1345 (a) a sale of tangible personal property is made;

- 1346 (b) a product is transferred electronically; or
- 1347 (c) a service is furnished.
- 1348 (89) "Regularly rented" means:
- 1349 (a) rented to a guest for value three or more times during a calendar year; or
- 1350 (b) advertised or held out to the public as a place that is regularly rented to guests for
- 1351 value.
- 1352 (90) "Renewable energy" means:
- 1353 (a) biomass energy;
- 1354 (b) hydroelectric energy;
- 1355 (c) geothermal energy;
- 1356 (d) solar energy; or
- 1357 (e) wind energy.
- 1358 (91) (a) "Renewable energy production facility" means a facility that:
- 1359 (i) uses renewable energy to produce electricity; and
- 1360 (ii) has a production capacity of 20 kilowatts or greater.
- 1361 (b) A facility is a renewable energy production facility regardless of whether the
- 1362 facility is:
- 1363 (i) connected to an electric grid; or
- 1364 (ii) located on the premises of an electricity consumer.
- 1365 (92) "Rental" is as defined in Subsection (51).
- 1366 (93) (a) Except as provided in Subsection (93)(b), "repairs or renovations of tangible
- 1367 personal property" means:
- 1368 (i) a repair or renovation of tangible personal property that is not permanently attached
- 1369 to real property; or
- 1370 (ii) attaching tangible personal property or a product transferred electronically to other
- 1371 tangible personal property if:
- 1372 (A) the other tangible personal property to which the tangible personal property or
- 1373 product transferred electronically is attached is not permanently attached to real property; and

1374 (B) the attachment of tangible personal property or a product transferred electronically
1375 to other tangible personal property is made in conjunction with a repair or replacement of
1376 tangible personal property or a product transferred electronically.

1377 (b) "Repairs or renovations of tangible personal property" does not include attaching
1378 prewritten computer software to other tangible personal property if the other tangible personal
1379 property to which the prewritten computer software is attached is not permanently attached to
1380 real property.

1381 (94) "Research and development" means the process of inquiry or experimentation
1382 aimed at the discovery of facts, devices, technologies, or applications and the process of
1383 preparing those devices, technologies, or applications for marketing.

1384 (95) (a) "Residential telecommunications services" means a telecommunications
1385 service or an ancillary service that is provided to an individual for personal use:

1386 (i) at a residential address; or

1387 (ii) at an institution, including a nursing home or a school, if the telecommunications
1388 service or ancillary service is provided to and paid for by the individual residing at the
1389 institution rather than the institution.

1390 (b) For purposes of Subsection (95)(a)(i), a residential address includes an:

1391 (i) apartment; or

1392 (ii) other individual dwelling unit.

1393 (96) "Residential use" means the use in or around a home, apartment building, sleeping
1394 quarters, and similar facilities or accommodations.

1395 (97) "Retail sale" or "sale at retail" means a sale, lease, or rental for a purpose other
1396 than:

1397 (a) resale;

1398 (b) sublease; or

1399 (c) subrent.

1400 (98) (a) "Retailer" means any person engaged in a regularly organized business in
1401 tangible personal property or any other taxable transaction under Subsection 59-12-103(1), and

1402 who is selling to the user or consumer and not for resale.

1403 (b) "Retailer" includes commission merchants, auctioneers, and any person regularly
1404 engaged in the business of selling to users or consumers within the state.

1405 (99) (a) "Sale" means any transfer of title, exchange, or barter, conditional or
1406 otherwise, in any manner, of tangible personal property or any other taxable transaction under
1407 Subsection 59-12-103(1), for consideration.

1408 (b) "Sale" includes:

1409 (i) installment and credit sales;

1410 (ii) any closed transaction constituting a sale;

1411 (iii) any sale of electrical energy, gas, services, or entertainment taxable under this
1412 chapter;

1413 (iv) any transaction if the possession of property is transferred but the seller retains the
1414 title as security for the payment of the price; and

1415 (v) any transaction under which right to possession, operation, or use of any article of
1416 tangible personal property is granted under a lease or contract and the transfer of possession
1417 would be taxable if an outright sale were made.

1418 (100) "Sale at retail" is as defined in Subsection (97).

1419 (101) "Sale-leaseback transaction" means a transaction by which title to tangible
1420 personal property or a product transferred electronically that is subject to a tax under this
1421 chapter is transferred:

1422 (a) by a purchaser-lessee;

1423 (b) to a lessor;

1424 (c) for consideration; and

1425 (d) if:

1426 (i) the purchaser-lessee paid sales and use tax on the purchaser-lessee's initial purchase
1427 of the tangible personal property or product transferred electronically;

1428 (ii) the sale of the tangible personal property or product transferred electronically to the
1429 lessor is intended as a form of financing;

- 1430 (A) for the tangible personal property or product transferred electronically; and
1431 (B) to the purchaser-lessee; and
1432 (iii) in accordance with generally accepted accounting principles, the purchaser-lessee
1433 is required to:
1434 (A) capitalize the tangible personal property or product transferred electronically for
1435 financial reporting purposes; and
1436 (B) account for the lease payments as payments made under a financing arrangement.
1437 (102) "Sales price" is as defined in Subsection (87).
1438 (103) (a) "Sales relating to schools" means the following sales by, amounts paid to, or
1439 amounts charged by a school:
1440 (i) sales that are directly related to the school's educational functions or activities
1441 including:
1442 (A) the sale of:
1443 (I) textbooks;
1444 (II) textbook fees;
1445 (III) laboratory fees;
1446 (IV) laboratory supplies; or
1447 (V) safety equipment;
1448 (B) the sale of a uniform, protective equipment, or sports or recreational equipment
1449 that:
1450 (I) a student is specifically required to wear as a condition of participation in a
1451 school-related event or school-related activity; and
1452 (II) is not readily adaptable to general or continued usage to the extent that it takes the
1453 place of ordinary clothing;
1454 (C) sales of the following if the net or gross revenues generated by the sales are
1455 deposited into a school district fund or school fund dedicated to school meals:
1456 (I) food and food ingredients; or
1457 (II) prepared food; or

- 1458 (D) transportation charges for official school activities; or
- 1459 (ii) amounts paid to or amounts charged by a school for admission to a school-related
- 1460 event or school-related activity.
- 1461 (b) "Sales relating to schools" does not include:
- 1462 (i) bookstore sales of items that are not educational materials or supplies;
- 1463 (ii) except as provided in Subsection (103)(a)(i)(B):
- 1464 (A) clothing;
- 1465 (B) clothing accessories or equipment;
- 1466 (C) protective equipment; or
- 1467 (D) sports or recreational equipment; or
- 1468 (iii) amounts paid to or amounts charged by a school for admission to a school-related
- 1469 event or school-related activity if the amounts paid or charged are passed through to a person:
- 1470 (A) other than a:
- 1471 (I) school;
- 1472 (II) nonprofit organization authorized by a school board or a governing body of a
- 1473 private school to organize and direct a competitive secondary school activity; or
- 1474 (III) nonprofit association authorized by a school board or a governing body of a
- 1475 private school to organize and direct a competitive secondary school activity; and
- 1476 (B) that is required to collect sales and use taxes under this chapter.
- 1477 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
- 1478 commission may make rules defining the term "passed through."
- 1479 (104) For purposes of this section and Section 59-12-104, "school":
- 1480 (a) means:
- 1481 (i) an elementary school or a secondary school that:
- 1482 (A) is a:
- 1483 (I) public school; or
- 1484 (II) private school; and
- 1485 (B) provides instruction for one or more grades kindergarten through 12; or

- 1486 (ii) a public school district; and
- 1487 (b) includes the Electronic High School as defined in Section 53A-15-1002.
- 1488 (105) "Seller" means a person that makes a sale, lease, or rental of:
- 1489 (a) tangible personal property;
- 1490 (b) a product transferred electronically; or
- 1491 (c) a service.
- 1492 (106) (a) "Semiconductor fabricating, processing, research, or development materials"
- 1493 means tangible personal property or a product transferred electronically if the tangible personal
- 1494 property or product transferred electronically is:
- 1495 (i) used primarily in the process of:
- 1496 (A) (I) manufacturing a semiconductor;
- 1497 (II) fabricating a semiconductor; or
- 1498 (III) research or development of a:
- 1499 (Aa) semiconductor; or
- 1500 (Bb) semiconductor manufacturing process; or
- 1501 (B) maintaining an environment suitable for a semiconductor; or
- 1502 (ii) consumed primarily in the process of:
- 1503 (A) (I) manufacturing a semiconductor;
- 1504 (II) fabricating a semiconductor; or
- 1505 (III) research or development of a:
- 1506 (Aa) semiconductor; or
- 1507 (Bb) semiconductor manufacturing process; or
- 1508 (B) maintaining an environment suitable for a semiconductor.
- 1509 (b) "Semiconductor fabricating, processing, research, or development materials"
- 1510 includes:
- 1511 (i) parts used in the repairs or renovations of tangible personal property or a product
- 1512 transferred electronically described in Subsection (106)(a); or
- 1513 (ii) a chemical, catalyst, or other material used to:

- 1514 (A) produce or induce in a semiconductor a:
- 1515 (I) chemical change; or
- 1516 (II) physical change;
- 1517 (B) remove impurities from a semiconductor; or
- 1518 (C) improve the marketable condition of a semiconductor.
- 1519 (107) "Senior citizen center" means a facility having the primary purpose of providing
- 1520 services to the aged as defined in Section 62A-3-101.
- 1521 (108) "Simplified electronic return" means the electronic return:
- 1522 (a) described in Section 318(C) of the agreement; and
- 1523 (b) approved by the governing board of the agreement.
- 1524 (109) "Solar energy" means the sun used as the sole source of energy for producing
- 1525 electricity.
- 1526 (110) (a) "Sports or recreational equipment" means an item:
- 1527 (i) designed for human use; and
- 1528 (ii) that is:
- 1529 (A) worn in conjunction with:
- 1530 (I) an athletic activity; or
- 1531 (II) a recreational activity; and
- 1532 (B) not suitable for general use.
- 1533 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
- 1534 commission shall make rules:
- 1535 (i) listing the items that constitute "sports or recreational equipment"; and
- 1536 (ii) that are consistent with the list of items that constitute "sports or recreational
- 1537 equipment" under the agreement.
- 1538 (111) "State" means the state of Utah, its departments, and agencies.
- 1539 (112) "Storage" means any keeping or retention of tangible personal property or any
- 1540 other taxable transaction under Subsection 59-12-103(1), in this state for any purpose except
- 1541 sale in the regular course of business.

1542 (113) (a) Except as provided in Subsection (113)(d) or (e), "tangible personal property"
1543 means personal property that:
1544 (i) may be:
1545 (A) seen;
1546 (B) weighed;
1547 (C) measured;
1548 (D) felt; or
1549 (E) touched; or
1550 (ii) is in any manner perceptible to the senses.
1551 (b) "Tangible personal property" includes:
1552 (i) electricity;
1553 (ii) water;
1554 (iii) gas;
1555 (iv) steam; or
1556 (v) prewritten computer software, regardless of the manner in which the prewritten
1557 computer software is transferred.
1558 (c) "Tangible personal property" includes the following regardless of whether the item
1559 is attached to real property:
1560 (i) a dishwasher;
1561 (ii) a dryer;
1562 (iii) a freezer;
1563 (iv) a microwave;
1564 (v) a refrigerator;
1565 (vi) a stove;
1566 (vii) a washer; or
1567 (viii) an item similar to Subsections (113)(c)(i) through (vii) as determined by the
1568 commission by rule made in accordance with Title 63G, Chapter 3, Utah Administrative
1569 Rulemaking Act.

1570 (d) "Tangible personal property" does not include a product that is transferred
1571 electronically.

1572 (e) "Tangible personal property" does not include the following if attached to real
1573 property, regardless of whether the attachment to real property is only through a line that
1574 supplies water, electricity, gas, telephone, cable, or supplies a similar item as determined by the
1575 commission by rule made in accordance with Title 63G, Chapter 3, Utah Administrative
1576 Rulemaking Act:

- 1577 (i) a hot water heater;
- 1578 (ii) a water filtration system; or
- 1579 (iii) a water softener system.

1580 (114) "Tar sands" means impregnated sands that yield mixtures of liquid hydrocarbon
1581 and require further processing other than mechanical blending before becoming finished
1582 petroleum products.

1583 (115) (a) "Telecommunications enabling or facilitating equipment, machinery, or
1584 software" means an item listed in Subsection (115)(b) if that item is purchased or leased
1585 primarily to enable or facilitate one or more of the following to function:

- 1586 (i) telecommunications switching or routing equipment, machinery, or software; or
- 1587 (ii) telecommunications transmission equipment, machinery, or software.

1588 (b) The following apply to Subsection (115)(a):

- 1589 (i) a pole;
- 1590 (ii) software;
- 1591 (iii) a supplementary power supply;
- 1592 (iv) temperature or environmental equipment or machinery;
- 1593 (v) test equipment;
- 1594 (vi) a tower; or
- 1595 (vii) equipment, machinery, or software that functions similarly to an item listed in
1596 Subsections (115)(b)(i) through (vi) as determined by the commission by rule made in
1597 accordance with Subsection (115)©.

1598 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
1599 commission may by rule define what constitutes equipment, machinery, or software that
1600 functions similarly to an item listed in Subsections (115)(b)(i) through (vi).

1601 (116) "Telecommunications equipment, machinery, or software required for 911
1602 service" means equipment, machinery, or software that is required to comply with 47 C.F.R.
1603 Sec. 20.18.

1604 (117) "Telecommunications maintenance or repair equipment, machinery, or software"
1605 means equipment, machinery, or software purchased or leased primarily to maintain or repair
1606 one or more of the following, regardless of whether the equipment, machinery, or software is
1607 purchased or leased as a spare part or as an upgrade or modification to one or more of the
1608 following:

1609 (a) telecommunications enabling or facilitating equipment, machinery, or software;

1610 (b) telecommunications switching or routing equipment, machinery, or software; or

1611 (c) telecommunications transmission equipment, machinery, or software.

1612 (118) (a) "Telecommunications service" means the electronic conveyance, routing, or
1613 transmission of audio, data, video, voice, or any other information or signal to a point, or
1614 among or between points.

1615 (b) "Telecommunications service" includes:

1616 (i) an electronic conveyance, routing, or transmission with respect to which a computer
1617 processing application is used to act:

1618 (A) on the code, form, or protocol of the content;

1619 (B) for the purpose of electronic conveyance, routing, or transmission; and

1620 (C) regardless of whether the service:

1621 (I) is referred to as voice over Internet protocol service; or

1622 (II) is classified by the Federal Communications Commission as enhanced or value
1623 added;

1624 (ii) an 800 service;

1625 (iii) a 900 service;

- 1626 (iv) a fixed wireless service;
- 1627 (v) a mobile wireless service;
- 1628 (vi) a postpaid calling service;
- 1629 (vii) a prepaid calling service;
- 1630 (viii) a prepaid wireless calling service; or
- 1631 (ix) a private communications service.
- 1632 (c) "Telecommunications service" does not include:
- 1633 (i) advertising, including directory advertising;
- 1634 (ii) an ancillary service;
- 1635 (iii) a billing and collection service provided to a third party;
- 1636 (iv) a data processing and information service if:
- 1637 (A) the data processing and information service allows data to be:
- 1638 (I) (Aa) acquired;
- 1639 (Bb) generated;
- 1640 (Cc) processed;
- 1641 (Dd) retrieved; or
- 1642 (Ee) stored; and
- 1643 (II) delivered by an electronic transmission to a purchaser; and
- 1644 (B) the purchaser's primary purpose for the underlying transaction is the processed data
- 1645 or information;
- 1646 (v) installation or maintenance of the following on a customer's premises:
- 1647 (A) equipment; or
- 1648 (B) wiring;
- 1649 (vi) Internet access service;
- 1650 (vii) a paging service;
- 1651 (viii) a product transferred electronically, including:
- 1652 (A) music;
- 1653 (B) reading material;

- 1654 (C) a ring tone;
- 1655 (D) software; or
- 1656 (E) video;
- 1657 (ix) a radio and television audio and video programming service:
- 1658 (A) regardless of the medium; and
- 1659 (B) including:
- 1660 (I) furnishing conveyance, routing, or transmission of a television audio and video
- 1661 programming service by a programming service provider;
- 1662 (II) cable service as defined in 47 U.S.C. Sec. 522(6); or
- 1663 (III) audio and video programming services delivered by a commercial mobile radio
- 1664 service provider as defined in 47 C.F.R. Sec. 20.3;
- 1665 (x) a value-added nonvoice data service; or
- 1666 (xi) tangible personal property.
- 1667 (119) (a) "Telecommunications service provider" means a person that:
- 1668 (i) owns, controls, operates, or manages a telecommunications service; and
- 1669 (ii) engages in an activity described in Subsection (119)(a)(i) for the shared use with or
- 1670 resale to any person of the telecommunications service.
- 1671 (b) A person described in Subsection (119)(a) is a telecommunications service provider
- 1672 whether or not the Public Service Commission of Utah regulates:
- 1673 (i) that person; or
- 1674 (ii) the telecommunications service that the person owns, controls, operates, or
- 1675 manages.
- 1676 (120) (a) "Telecommunications switching or routing equipment, machinery, or
- 1677 software" means an item listed in Subsection (120)(b) if that item is purchased or leased
- 1678 primarily for switching or routing:
- 1679 (i) an ancillary service;
- 1680 (ii) data communications;
- 1681 (iii) voice communications; or

- 1682 (iv) telecommunications service.
- 1683 (b) The following apply to Subsection (120)(a):
- 1684 (i) a bridge;
- 1685 (ii) a computer;
- 1686 (iii) a cross connect;
- 1687 (iv) a modem;
- 1688 (v) a multiplexer;
- 1689 (vi) plug in circuitry;
- 1690 (vii) a router;
- 1691 (viii) software;
- 1692 (ix) a switch; or
- 1693 (x) equipment, machinery, or software that functions similarly to an item listed in
- 1694 Subsections (120)(b)(i) through (ix) as determined by the commission by rule made in
- 1695 accordance with Subsection (120)(c).
- 1696 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
- 1697 commission may by rule define what constitutes equipment, machinery, or software that
- 1698 functions similarly to an item listed in Subsections (120)(b)(i) through (ix).
- 1699 (121) (a) "Telecommunications transmission equipment, machinery, or software"
- 1700 means an item listed in Subsection (121)(b) if that item is purchased or leased primarily for
- 1701 sending, receiving, or transporting:
- 1702 (i) an ancillary service;
- 1703 (ii) data communications;
- 1704 (iii) voice communications; or
- 1705 (iv) telecommunications service.
- 1706 (b) The following apply to Subsection (121)(a):
- 1707 (i) an amplifier;
- 1708 (ii) a cable;
- 1709 (iii) a closure;

- 1710 (iv) a conduit;
- 1711 (v) a controller;
- 1712 (vi) a duplexer;
- 1713 (vii) a filter;
- 1714 (viii) an input device;
- 1715 (ix) an input/output device;
- 1716 (x) an insulator;
- 1717 (xi) microwave machinery or equipment;
- 1718 (xii) an oscillator;
- 1719 (xiii) an output device;
- 1720 (xiv) a pedestal;
- 1721 (xv) a power converter;
- 1722 (xvi) a power supply;
- 1723 (xvii) a radio channel;
- 1724 (xviii) a radio receiver;
- 1725 (xix) a radio transmitter;
- 1726 (xx) a repeater;
- 1727 (xxi) software;
- 1728 (xxii) a terminal;
- 1729 (xxiii) a timing unit;
- 1730 (xxiv) a transformer;
- 1731 (xxv) a wire; or
- 1732 (xxvi) equipment, machinery, or software that functions similarly to an item listed in
- 1733 Subsections (121)(b)(i) through (xxv) as determined by the commission by rule made in
- 1734 accordance with Subsection (121)(c).

1735 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
1736 commission may by rule define what constitutes equipment, machinery, or software that
1737 functions similarly to an item listed in Subsections (121)(b)(i) through (xxv).

1738 (122) (a) "Textbook for a higher education course" means a textbook or other printed
1739 material that is required for a course:

- 1740 (i) offered by an institution of higher education; and
- 1741 (ii) that the purchaser of the textbook or other printed material attends or will attend.

1742 (b) "Textbook for a higher education course" includes a textbook in electronic format.

1743 (123) "Tobacco" means:

- 1744 (a) a cigarette;
- 1745 (b) a cigar;
- 1746 (c) chewing tobacco;
- 1747 (d) pipe tobacco; or
- 1748 (e) any other item that contains tobacco.

1749 (124) "Unassisted amusement device" means an amusement device, skill device, or
1750 ride device that is started and stopped by the purchaser or renter of the right to use or operate
1751 the amusement device, skill device, or ride device.

1752 (125) (a) "Use" means the exercise of any right or power over tangible personal
1753 property, a product transferred electronically, or a service under Subsection 59-12-103(1),
1754 incident to the ownership or the leasing of that tangible personal property, product transferred
1755 electronically, or service.

1756 (b) "Use" does not include the sale, display, demonstration, or trial of tangible personal
1757 property, a product transferred electronically, or a service in the regular course of business and
1758 held for resale.

1759 (126) "Value-added nonvoice data service" means a service:

1760 (a) that otherwise meets the definition of a telecommunications service except that a
1761 computer processing application is used to act primarily for a purpose other than conveyance,
1762 routing, or transmission; and

1763 (b) with respect to which a computer processing application is used to act on data or
1764 information:

- 1765 (i) code;

- 1766 (ii) content;
- 1767 (iii) form; or
- 1768 (iv) protocol.
- 1769 (127) (a) Subject to Subsection (127)(b), "vehicle" means the following that are
- 1770 required to be titled, registered, or titled and registered:
- 1771 (i) an aircraft as defined in Section 72-10-102;
- 1772 (ii) a vehicle as defined in Section 41-1a-102;
- 1773 (iii) an off-highway vehicle as defined in Section 41-22-2; or
- 1774 (iv) a vessel as defined in Section 41-1a-102.
- 1775 (b) For purposes of Subsection 59-12-104(33) only, "vehicle" includes:
- 1776 (i) a vehicle described in Subsection (127)(a); or
- 1777 (ii) (A) a locomotive;
- 1778 (B) a freight car;
- 1779 (C) railroad work equipment; or
- 1780 (D) other railroad rolling stock.
- 1781 (128) "Vehicle dealer" means a person engaged in the business of buying, selling, or
- 1782 exchanging a vehicle as defined in Subsection (127).
- 1783 (129) (a) "Vertical service" means an ancillary service that:
- 1784 (i) is offered in connection with one or more telecommunications services; and
- 1785 (ii) offers an advanced calling feature that allows a customer to:
- 1786 (A) identify a caller; and
- 1787 (B) manage multiple calls and call connections.
- 1788 (b) "Vertical service" includes an ancillary service that allows a customer to manage a
- 1789 conference bridging service.
- 1790 (130) (a) "Voice mail service" means an ancillary service that enables a customer to
- 1791 receive, send, or store a recorded message.
- 1792 (b) "Voice mail service" does not include a vertical service that a customer is required
- 1793 to have in order to utilize a voice mail service.

1794 (131) (a) Except as provided in Subsection (131)(b), "waste energy facility" means a
1795 facility that generates electricity:

1796 (i) using as the primary source of energy waste materials that would be placed in a
1797 landfill or refuse pit if it were not used to generate electricity, including:

1798 (A) tires;

1799 (B) waste coal; or

1800 (C) oil shale; and

1801 (ii) in amounts greater than actually required for the operation of the facility.

1802 (b) "Waste energy facility" does not include a facility that incinerates:

1803 (i) municipal solid waste;

1804 (ii) hospital waste as defined in 40 C.F.R. 60.51c; or

1805 (iii) medical/infectious waste as defined in 40 C.F.R. 60.51c.

1806 (132) "Watercraft" means a vessel as defined in Section 73-18-2.

1807 (133) "Wind energy" means wind used as the sole source of energy to produce
1808 electricity.

1809 (134) "ZIP Code" means a Zoning Improvement Plan Code assigned to a geographic
1810 location by the United States Postal Service.

1811 Section 3. Section **59-12-103.1** is amended to read:

1812 **59-12-103.1. Action by Supreme Court of the United States authorizing or action**
1813 **by Congress permitting a state to require certain sellers to collect a sales or use tax --**
1814 **Collection of tax by commission -- Commission report to Revenue and Taxation Interim**
1815 **Committee -- Revenue and Taxation Interim Committee study.**

1816 (1) Except as provided in Section 59-12-107.1, a seller shall remit a tax to the
1817 commission as provided in Section 59-12-107 if:

1818 (a) the Supreme Court of the United States issues a decision authorizing a state to
1819 require the following sellers to collect a sales or use tax:

1820 (i) a seller that does not meet one or more of the criteria described in Subsection
1821 59-12-107[(1)](2)(a) [~~to collect a sales or use tax~~]; or

1822 (ii) a seller that is not a seller required to pay or collect and remit sales and use taxes
1823 under Subsection 59-12-107(2)(b); or

1824 (b) Congress permits the state to require the following sellers to collect a sales or use
1825 tax:

1826 (i) a seller that does not meet one or more of the criteria described in Subsection
1827 59-12-107[(+)](2)(a) [to collect a sales or use tax.]; or

1828 (ii) a seller that is not a seller required to pay or collect and remit sales and use taxes
1829 under Subsection 59-12-107(2)(b).

1830 (2) The commission shall:

1831 (a) collect the tax described in Subsection (1) from the seller:

1832 (i) to the extent:

1833 (A) authorized by the Supreme Court of the United States; or

1834 (B) permitted by Congress; and

1835 (ii) beginning on the first day of a calendar quarter as prescribed by the Revenue and
1836 Taxation Interim Committee; and

1837 (b) make a report to the Revenue and Taxation Interim Committee:

1838 (i) regarding the actions taken by:

1839 (A) the Supreme Court of the United States; or

1840 (B) Congress; and

1841 (ii) at the Revenue and Taxation Interim Committee meeting immediately following
1842 the day on which the Supreme Court of the United States' or Congress' actions become
1843 effective.

1844 (3) The Revenue and Taxation Interim Committee shall after hearing the commission's
1845 report under Subsection (2)(b):

1846 (a) review the actions taken by:

1847 (i) the Supreme Court of the United States; or

1848 (ii) Congress;

1849 (b) direct the commission regarding the day on which the commission is required to

1850 collect the tax described in Subsection (1); and

1851 (c) make recommendations to the Legislative Management Committee:

1852 (i) regarding whether as a result of the Supreme Court of the United States' or

1853 Congress' actions any provisions of this chapter should be amended or repealed; and

1854 (ii) within a one-year period after the day on which the commission makes a report

1855 under Subsection (2)(b).

1856 Section 4. Section 59-12-107 is amended to read:

1857 **59-12-107. Definitions -- Collection, remittance, and payment of tax by sellers or**

1858 **other persons -- Returns -- Reports -- Direct payment by purchaser of vehicle -- Other**

1859 **liability for collection -- Rulemaking authority -- Credits -- Treatment of bad debt --**

1860 **Penalties.**

1861 (1) As used in this section:

1862 (a) "Ownership" means direct ownership or indirect ownership through a parent,

1863 subsidiary, or affiliate.

1864 (b) "Related seller" means a seller that:

1865 (i) meets one or more of the criteria described in Subsection (2)(a)(i); and

1866 (ii) delivers tangible personal property, a service, or a product transferred electronically

1867 that is sold:

1868 (A) by a seller that does not meet one or more of the criteria described in Subsection

1869 (2)(a)(i); and

1870 (B) to a purchaser in the state.

1871 (c) "Substantial ownership interest" means an ownership interest in a business entity if

1872 that ownership interest is greater than the degree of ownership of equity interest specified in 15

1873 U.S.C. Sec. 78p, with respect to a person other than a director or an officer.

1874 [(+) (2) (a) Except as provided in Subsection [(+)(d)] (2)(e) or Section 59-12-107.1 or

1875 59-12-123 and subject to Subsection [(+)(e)] (2)(f), each seller shall pay or collect and remit

1876 the sales and use taxes imposed by this chapter if within this state the seller:

1877 (i) has or utilizes:

- 1878 (A) an office;
- 1879 (B) a distribution house;
- 1880 (C) a sales house;
- 1881 (D) a warehouse;
- 1882 (E) a service enterprise; or
- 1883 (F) a place of business similar to Subsections ~~[(+)]~~ (2)(a)(i)(A) through (E);
- 1884 (ii) maintains a stock of goods;
- 1885 (iii) regularly solicits orders, regardless of whether or not the orders are accepted in the
- 1886 state, unless the seller's only activity in the state is:
 - 1887 (A) advertising; or
 - 1888 (B) solicitation by:
 - 1889 (I) direct mail;
 - 1890 (II) electronic mail;
 - 1891 (III) the Internet;
 - 1892 (IV) telecommunications service; or
 - 1893 (V) a means similar to Subsection ~~[(+)]~~ (2)(a)(iii)(A) or (B);
 - 1894 (iv) regularly engages in the delivery of property in the state other than by:
 - 1895 (A) common carrier; or
 - 1896 (B) United States mail; or
 - 1897 (v) regularly engages in an activity directly related to the leasing or servicing of
 - 1898 property located within the state.
- 1899 (b) A seller is considered to be engaged in the business of selling tangible personal
- 1900 property, a service, or a product transferred electronically for use in the state, and shall pay or
- 1901 collect and remit the sales and use taxes imposed by this chapter if:
 - 1902 (i) the seller holds a substantial ownership interest in, or is owned in whole or in
 - 1903 substantial part by, a related seller; and
 - 1904 (ii) (A) the seller sells the same or a substantially similar line of products as the related
 - 1905 seller and does so under the same or a substantially similar business name; or

1906 (B) the place of business described in Subsection (2)(a)(i) of the related seller or an in
1907 state employee of the related seller is used to advertise, promote, or facilitate sales by the seller
1908 to a purchaser.

1909 ~~[(b)]~~ (c) A seller that does not meet one or more of the criteria provided for in
1910 Subsection ~~[(+)]~~ (2)(a) or is not a seller required to pay or collect and remit sales and use taxes
1911 under Subsection (2)(b):

1912 (i) except as provided in Subsection ~~[(+)(b)(ii)]~~ (2)(c)(ii), may voluntarily:

1913 (A) collect a tax on a transaction described in Subsection 59-12-103(1); and

1914 (B) remit the tax to the commission as provided in this part; or

1915 (ii) notwithstanding Subsection ~~[(+)(b)(i)]~~ (2)(c)(i), shall collect a tax on a transaction
1916 described in Subsection 59-12-103(1) if Section 59-12-103.1 requires the seller to collect the
1917 tax.

1918 ~~[(e)]~~ (d) The collection and remittance of a tax under this chapter by a seller that is
1919 registered under the agreement may not be used as a factor in determining whether that seller is
1920 required by Subsection ~~[(+)(a)]~~ (2) to:

1921 (i) pay a tax, fee, or charge under:

1922 (A) Title 10, Chapter 1, Part 3, Municipal Energy Sales and Use Tax Act;

1923 (B) Title 10, Chapter 1, Part 4, Municipal Telecommunications License Tax Act;

1924 (C) Section 19-6-714;

1925 (D) Section 19-6-805;

1926 (E) Section 69-2-5;

1927 (F) Section 69-2-5.5;

1928 (G) Section 69-2-5.6; or

1929 (H) this title; or

1930 (ii) collect and remit a tax, fee, or charge under:

1931 (A) Title 10, Chapter 1, Part 3, Municipal Energy Sales and Use Tax Act;

1932 (B) Title 10, Chapter 1, Part 4, Municipal Telecommunications License Tax Act;

1933 (C) Section 19-6-714;

1934 (D) Section 19-6-805;

1935 (E) Section 69-2-5;

1936 (F) Section 69-2-5.5;

1937 (G) Section 69-2-5.6; or

1938 (H) this title.

1939 ~~[(d)]~~ (e) A person shall pay a use tax imposed by this chapter on a transaction

1940 described in Subsection 59-12-103(1) if:

1941 (i) the seller did not collect a tax imposed by this chapter on the transaction; and

1942 (ii) the person:

1943 (A) stores the tangible personal property or product transferred electronically in the
1944 state;

1945 (B) uses the tangible personal property or product transferred electronically in the state;

1946 or

1947 (C) consumes the tangible personal property or product transferred electronically in the
1948 state.

1949 ~~[(e)]~~ (f) The ownership of property that is located at the premises of a printer's facility
1950 with which the retailer has contracted for printing and that consists of the final printed product,
1951 property that becomes a part of the final printed product, or copy from which the printed
1952 product is produced, shall not result in the retailer being considered to have or maintain an
1953 office, distribution house, sales house, warehouse, service enterprise, or other place of
1954 business, or to maintain a stock of goods, within this state.

1955 ~~[(f) (i) As used in this Subsection (1)(f):]~~

1956 ~~[(A) "Affiliated group" is as defined in Section 59-7-101, except that "affiliated group"~~
1957 ~~includes a corporation that is qualified to do business but is not otherwise doing business in~~
1958 ~~this state.]~~

1959 ~~[(B) "Common ownership" is as defined in Section 59-7-101.]~~

1960 ~~[(C) "Related seller" means a seller that:]~~

1961 ~~[(f) is not required to pay or collect and remit sales and use taxes under Subsection~~

1962 ~~(1)(a) or Section 59-12-103.1;~~
1963 ~~[(H) is:]~~
1964 ~~[(Aa) related to a seller that is required to pay or collect and remit sales and use taxes~~
1965 ~~under Subsection (1)(a) as part of an affiliated group or because of common ownership; or]~~
1966 ~~[(Bb) a limited liability company owned by the parent corporation of an affiliated~~
1967 ~~group if that parent corporation of the affiliated group is required to pay or collect and remit~~
1968 ~~sales and use taxes under Subsection (1)(a); and]~~
1969 ~~[(Hh) does not voluntarily collect and remit a tax under Subsection (1)(b)(i).]~~
1970 ~~[(ii) A seller is not required to pay or collect and remit sales and use taxes under~~
1971 ~~Subsection (1)(a):]~~
1972 ~~[(A) if the seller is a related seller;]~~
1973 ~~[(B) if the seller to which the related seller is related does not engage in any of the~~
1974 ~~following activities on behalf of the related seller:]~~
1975 ~~[(I) advertising;]~~
1976 ~~[(H) marketing;]~~
1977 ~~[(Hh) sales; or]~~
1978 ~~[(IV) other services; and]~~
1979 ~~[(C) if the seller to which the related seller is related accepts the return of an item sold~~
1980 ~~by the related seller, the seller to which the related seller is related accepts the return of that~~
1981 ~~item:]~~
1982 ~~[(I) sold by a seller that is not a related seller; and]~~
1983 ~~[(H) on the same terms as the return of an item sold by that seller to which the related~~
1984 ~~seller is related.]~~
1985 ~~[(2)] (3) (a) Except as provided in Section 59-12-107.1, a tax under this chapter shall~~
1986 ~~be collected from a purchaser.~~
1987 (b) A seller may not collect as tax an amount, without regard to fractional parts of one
1988 cent, in excess of the tax computed at the rates prescribed by this chapter.
1989 (c) (i) Each seller shall:

1990 (A) give the purchaser a receipt for the tax collected; or
1991 (B) bill the tax as a separate item and declare the name of this state and the seller's
1992 sales and use tax license number on the invoice for the sale.
1993 (ii) The receipt or invoice is prima facie evidence that the seller has collected the tax
1994 and relieves the purchaser of the liability for reporting the tax to the commission as a
1995 consumer.
1996 (d) A seller is not required to maintain a separate account for the tax collected, but is
1997 considered to be a person charged with receipt, safekeeping, and transfer of public money.
1998 (e) Taxes collected by a seller pursuant to this chapter shall be held in trust for the
1999 benefit of the state and for payment to the commission in the manner and at the time provided
2000 for in this chapter.
2001 (f) If any seller, during any reporting period, collects as a tax an amount in excess of
2002 the lawful state and local percentage of total taxable sales allowed under this chapter, the seller
2003 shall remit to the commission the full amount of the tax imposed under this chapter, plus any
2004 excess.
2005 (g) If the accounting methods regularly employed by the seller in the transaction of the
2006 seller's business are such that reports of sales made during a calendar month or quarterly period
2007 will impose unnecessary hardships, the commission may accept reports at intervals that will, in
2008 the commission's opinion, better suit the convenience of the taxpayer or seller and will not
2009 jeopardize collection of the tax.
2010 [~~3~~] (4) (a) Except as provided in Subsections [~~4~~] (5) through [~~6~~] (7) and Section
2011 59-12-108, the sales or use tax imposed by this chapter is due and payable to the commission
2012 quarterly on or before the last day of the month next succeeding each calendar quarterly period.
2013 (b) (i) Each seller shall, on or before the last day of the month next succeeding each
2014 calendar quarterly period, file with the commission a return for the preceding quarterly period.
2015 (ii) The seller shall remit with the return under Subsection [~~3~~] (4)(b)(i) the amount of
2016 the tax required under this chapter to be collected or paid for the period covered by the return.
2017 (c) Except as provided in Subsection [~~4~~] (5)(c), a return shall contain information and

2018 be in a form the commission prescribes by rule.

2019 (d) The sales tax as computed in the return shall be based upon the total nonexempt
2020 sales made during the period, including both cash and charge sales.

2021 (e) The use tax as computed in the return shall be based upon the total amount of
2022 purchases for storage, use, or other consumption in this state made during the period, including
2023 both by cash and by charge.

2024 (f) (i) Subject to Subsection [~~(3)~~] (4)(f)(ii) and in accordance with Title 63G, Chapter
2025 3, Utah Administrative Rulemaking Act, the commission may by rule extend the time for
2026 making returns and paying the taxes.

2027 (ii) An extension under Subsection [~~(3)~~] (4)(f)(i) may not be for more than 90 days.

2028 (g) The commission may require returns and payment of the tax to be made for other
2029 than quarterly periods if the commission considers it necessary in order to ensure the payment
2030 of the tax imposed by this chapter.

2031 (h) (i) The commission may require a seller that files a simplified electronic return with
2032 the commission to file an additional electronic report with the commission.

2033 (ii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
2034 commission may make rules providing:

2035 (A) the information required to be included in the additional electronic report described
2036 in Subsection [~~(3)~~] (4)(h)(i); and

2037 (B) one or more due dates for filing the additional electronic report described in
2038 Subsection [~~(3)~~] (4)(h)(i).

2039 [~~(4)~~] (5) (a) As used in this Subsection [~~(4)~~] (5) and Subsection [~~(5)~~] (6)(b), "remote
2040 seller" means a seller that is:

2041 (i) registered under the agreement;

2042 (ii) described in Subsection [~~(1)~~](b) (2)(c); and

2043 (iii) not a:

2044 (A) model 1 seller;

2045 (B) model 2 seller; or

- 2046 (C) model 3 seller.
- 2047 (b) (i) Except as provided in Subsection [~~(4)~~] (5)(b)(ii), a tax a remote seller collects in
- 2048 accordance with Subsection [~~(1)(b)~~] (2)(c) is due and payable:
- 2049 (A) to the commission;
- 2050 (B) annually; and
- 2051 (C) on or before the last day of the month immediately following the last day of each
- 2052 calendar year.
- 2053 (ii) The commission may require that a tax a remote seller collects in accordance with
- 2054 Subsection [~~(1)(b)~~] (2)(c) be due and payable:
- 2055 (A) to the commission; and
- 2056 (B) on the last day of the month immediately following any month in which the seller
- 2057 accumulates a total of at least \$1,000 in agreement sales and use tax.
- 2058 (c) (i) If a remote seller remits a tax to the commission in accordance with Subsection
- 2059 [~~(4)~~] (5)(b), the remote seller shall file a return:
- 2060 (A) with the commission;
- 2061 (B) with respect to the tax;
- 2062 (C) containing information prescribed by the commission; and
- 2063 (D) on a form prescribed by the commission.
- 2064 (ii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
- 2065 commission shall make rules prescribing:
- 2066 (A) the information required to be contained in a return described in Subsection
- 2067 [~~(4)(a)~~] (5)(c)(i); and
- 2068 (B) the form described in Subsection [~~(4)~~] (5)(c)(i)(D).
- 2069 (d) A tax a remote seller collects in accordance with this Subsection [~~(4)~~] (5) shall be
- 2070 calculated on the basis of the total amount of taxable transactions under Subsection
- 2071 59-12-103(1) the remote seller completes, including:
- 2072 (i) a cash transaction; and
- 2073 (ii) a charge transaction.

2074 ~~[(5)]~~ (6) (a) Except as provided in Subsection ~~[(5)]~~ (6)(b), a tax a seller that files a
2075 simplified electronic return collects in accordance with this chapter is due and payable:

2076 (i) monthly on or before the last day of the month immediately following the month for
2077 which the seller collects a tax under this chapter; and

2078 (ii) for the month for which the seller collects a tax under this chapter.

2079 (b) A tax a remote seller that files a simplified electronic return collects in accordance
2080 with this chapter is due and payable as provided in Subsection ~~[(4)]~~ (5).

2081 ~~[(6)]~~ (7) (a) On each vehicle sale made by other than a regular licensed vehicle dealer,
2082 the purchaser shall pay the sales or use tax directly to the commission if the vehicle is subject
2083 to titling or registration under the laws of this state.

2084 (b) The commission shall collect the tax described in Subsection ~~[(6)]~~ (7)(a) when the
2085 vehicle is titled or registered.

2086 ~~[(7)]~~ (8) If any sale of tangible personal property or any other taxable transaction under
2087 Subsection 59-12-103(1), is made by a wholesaler to a retailer, the wholesaler is not
2088 responsible for the collection or payment of the tax imposed on the sale and the retailer is
2089 responsible for the collection or payment of the tax imposed on the sale if:

2090 (a) the retailer represents that the personal property is purchased by the retailer for
2091 resale; and

2092 (b) the personal property is not subsequently resold.

2093 ~~[(8)]~~ (9) If any sale of property or service subject to the tax is made to a person
2094 prepaying sales or use tax in accordance with Title 63M, Chapter 5, Resource Development
2095 Act, or to a contractor or subcontractor of that person, the person to whom such payment or
2096 consideration is payable is not responsible for the collection or payment of the sales or use tax
2097 and the person prepaying the sales or use tax is responsible for the collection or payment of the
2098 sales or use tax if the person prepaying the sales or use tax represents that the amount prepaid
2099 as sales or use tax has not been fully credited against sales or use tax due and payable under the
2100 rules promulgated by the commission.

2101 ~~[(9)]~~ (10) (a) For purposes of this Subsection ~~[(9)]~~ (10):

- 2102 (i) Except as provided in Subsection [~~(9)~~] (10)(a)(ii), "bad debt" is as defined in
2103 Section 166, Internal Revenue Code.
- 2104 (ii) Notwithstanding Subsection [~~(9)~~] (10)(a)(i), "bad debt" does not include:
- 2105 (A) an amount included in the purchase price of tangible personal property, a product
2106 transferred electronically, or a service that is:
- 2107 (I) not a transaction described in Subsection 59-12-103(1); or
2108 (II) exempt under Section 59-12-104;
- 2109 (B) a financing charge;
- 2110 (C) interest;
- 2111 (D) a tax imposed under this chapter on the purchase price of tangible personal
2112 property, a product transferred electronically, or a service;
- 2113 (E) an uncollectible amount on tangible personal property or a product transferred
2114 electronically that:
- 2115 (I) is subject to a tax under this chapter; and
2116 (II) remains in the possession of a seller until the full purchase price is paid;
- 2117 (F) an expense incurred in attempting to collect any debt; or
2118 (G) an amount that a seller does not collect on repossessed property.
- 2119 (b) A seller may deduct bad debt from the total amount from which a tax under this
2120 chapter is calculated on a return.
- 2121 (c) A seller may file a refund claim with the commission if:
- 2122 (i) the amount of bad debt for the time period described in Subsection [~~(9)~~] (10)(e)
2123 exceeds the amount of the seller's sales that are subject to a tax under this chapter for that same
2124 time period; and
- 2125 (ii) as provided in Section 59-1-1410.
- 2126 (d) A bad debt deduction under this section may not include interest.
- 2127 (e) A bad debt may be deducted under this Subsection [~~(9)~~] (10) on a return for the
2128 time period during which the bad debt:
- 2129 (i) is written off as uncollectible in the seller's books and records; and

2130 (ii) would be eligible for a bad debt deduction:
2131 (A) for federal income tax purposes; and
2132 (B) if the seller were required to file a federal income tax return.
2133 (f) If a seller recovers any portion of bad debt for which the seller makes a deduction or
2134 claims a refund under this Subsection [~~(9)~~] (10), the seller shall report and remit a tax under
2135 this chapter:
2136 (i) on the portion of the bad debt the seller recovers; and
2137 (ii) on a return filed for the time period for which the portion of the bad debt is
2138 recovered.
2139 (g) For purposes of reporting a recovery of a portion of bad debt under Subsection [~~(9)~~]
2140 (10)(f), a seller shall apply amounts received on the bad debt in the following order:
2141 (i) in a proportional amount:
2142 (A) to the purchase price of the tangible personal property, product transferred
2143 electronically, or service; and
2144 (B) to the tax due under this chapter on the tangible personal property, product
2145 transferred electronically, or service; and
2146 (ii) to:
2147 (A) interest charges;
2148 (B) service charges; and
2149 (C) other charges.
2150 (h) A seller's certified service provider may make a deduction or claim a refund for bad
2151 debt on behalf of the seller:
2152 (i) in accordance with this Subsection [~~(9)~~] (10); and
2153 (ii) if the certified service provider credits or refunds the entire amount of the bad debt
2154 deduction or refund to the seller.
2155 (i) A seller may allocate bad debt among the states that are members of the agreement
2156 if the seller's books and records support that allocation.
2157 [~~(10)~~] (11) (a) A seller may not, with intent to evade any tax, fail to timely remit the

2158 full amount of tax required by this chapter.

2159 (b) A violation of this section is punishable as provided in Section 59-1-401.

2160 (c) Each person who fails to pay any tax to the state or any amount of tax required to be
2161 paid to the state, except amounts determined to be due by the commission under Chapter 1,
2162 Part 14, Assessment, Collections, and Refunds Act, or Section 59-12-111, within the time
2163 required by this chapter, or who fails to file any return as required by this chapter, shall pay, in
2164 addition to the tax, penalties and interest as provided in Section 59-1-401.

2165 (d) For purposes of prosecution under this section, each quarterly tax period in which a
2166 seller, with intent to evade any tax, collects a tax and fails to timely remit the full amount of the
2167 tax required to be remitted, constitutes a separate offense.

2168 Section 5. Section **59-12-108** is amended to read:

2169 **59-12-108. Monthly payment -- Amount of tax a seller may retain -- Penalty --**
2170 **Certain amounts allocated to local taxing jurisdictions.**

2171 (1) (a) Notwithstanding Section 59-12-107, a seller that has a tax liability under this
2172 chapter of \$50,000 or more for the previous calendar year shall:

2173 (i) file a return with the commission:

2174 (A) monthly on or before the last day of the month immediately following the month
2175 for which the seller collects a tax under this chapter; and

2176 (B) for the month for which the seller collects a tax under this chapter; and

2177 (ii) except as provided in Subsection (1)(b), remit with the return required by
2178 Subsection (1)(a)(i) the amount the person is required to remit to the commission for each tax,
2179 fee, or charge described in Subsection (1)(c):

2180 (A) if that seller's tax liability under this chapter for the previous calendar year is less
2181 than \$96,000, by any method permitted by the commission; or

2182 (B) if that seller's tax liability under this chapter for the previous calendar year is
2183 \$96,000 or more, by electronic funds transfer.

2184 (b) A seller shall remit electronically with the return required by Subsection (1)(a)(i)
2185 the amount the seller is required to remit to the commission for each tax, fee, or charge

2186 described in Subsection (1)(c) if that seller:

2187 (i) is required by Section 59-12-107 to file the return electronically; or

2188 (ii) (A) is required to collect and remit a tax under [~~Subsection~~] Section

2189 59-12-107[~~(+)(a)~~]; and

2190 (B) files a simplified electronic return.

2191 (c) Subsections (1)(a) and (b) apply to the following taxes, fees, or charges:

2192 (i) a tax under Title 10, Chapter 1, Part 3, Municipal Energy Sales and Use Tax Act;

2193 (ii) a fee under Section 19-6-714;

2194 (iii) a fee under Section 19-6-805;

2195 (iv) a charge under Section 69-2-5;

2196 (v) a charge under Section 69-2-5.5;

2197 (vi) a charge under Section 69-2-5.6; or

2198 (vii) a tax under this chapter.

2199 (d) Notwithstanding Subsection (1)(a)(ii) and in accordance with Title 63G, Chapter 3,

2200 Utah Administrative Rulemaking Act, the commission shall make rules providing for a method

2201 for making same-day payments other than by electronic funds transfer if making payments by

2202 electronic funds transfer fails.

2203 (e) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the

2204 commission shall establish by rule procedures and requirements for determining the amount a

2205 seller is required to remit to the commission under this Subsection (1).

2206 (2) (a) Except as provided in Subsection (3), a seller subject to Subsection (1) or a

2207 seller described in Subsection (4) may retain each month the amount allowed by this

2208 Subsection (2).

2209 (b) A seller subject to Subsection (1) or a seller described in Subsection (4) may retain

2210 each month 1.31% of any amounts the seller is required to remit to the commission:

2211 (i) for a transaction described in Subsection 59-12-103(1) that is subject to a state tax

2212 and a local tax imposed in accordance with the following, for the month for which the seller is

2213 filing a return in accordance with Subsection (1):

2214 (A) Subsection 59-12-103(2)(a);
2215 (B) Subsection 59-12-103(2)(b); and
2216 (C) Subsection 59-12-103(2)(d); and
2217 (ii) for an agreement sales and use tax.
2218 (c) (i) A seller subject to Subsection (1) or a seller described in Subsection (4) may
2219 retain each month the amount calculated under Subsection (2)(c)(ii) for a transaction described
2220 in Subsection 59-12-103(1) that is subject to the state tax and the local tax imposed in
2221 accordance with Subsection 59-12-103(2)(c).
2222 (ii) For purposes of Subsection (2)(c)(i), the amount a seller may retain is an amount
2223 equal to the sum of:
2224 (A) 1.31% of any amounts the seller is required to remit to the commission for:
2225 (I) the state tax and the local tax imposed in accordance with Subsection
2226 59-12-103(2)(c);
2227 (II) the month for which the seller is filing a return in accordance with Subsection (1);
2228 and
2229 (III) an agreement sales and use tax; and
2230 (B) 1.31% of the difference between:
2231 (I) the amounts the seller would have been required to remit to the commission:
2232 (Aa) in accordance with Subsection 59-12-103(2)(a) if the transaction had been subject
2233 to the state tax and the local tax imposed in accordance with Subsection 59-12-103(2)(a);
2234 (Bb) for the month for which the seller is filing a return in accordance with Subsection
2235 (1); and
2236 (Cc) for an agreement sales and use tax; and
2237 (II) the amounts the seller is required to remit to the commission for:
2238 (Aa) the state tax and the local tax imposed in accordance with Subsection
2239 59-12-103(2)(c);
2240 (Bb) the month for which the seller is filing a return in accordance with Subsection (1);
2241 and

2242 (Cc) an agreement sales and use tax.

2243 (d) A seller subject to Subsection (1) or a seller described in Subsection (4) may retain
2244 each month 1% of any amounts the seller is required to remit to the commission:

2245 (i) for the month for which the seller is filing a return in accordance with Subsection
2246 (1); and

2247 (ii) under:

2248 (A) Title 10, Chapter 1, Part 3, Municipal Energy Sales and Use Tax Act;

2249 (B) Subsection 59-12-603(1)(a)(i)(A); or

2250 (C) Subsection 59-12-603(1)(a)(i)(B).

2251 (3) A state government entity that is required to remit taxes monthly in accordance
2252 with Subsection (1) may not retain any amount under Subsection (2).

2253 (4) A seller that has a tax liability under this chapter for the previous calendar year of
2254 less than \$50,000 may:

2255 (a) voluntarily meet the requirements of Subsection (1); and

2256 (b) if the seller voluntarily meets the requirements of Subsection (1), retain the
2257 amounts allowed by Subsection (2).

2258 (5) Penalties for late payment shall be as provided in Section 59-1-401.

2259 (6) (a) Except as provided in Subsection (6)(c), for any amounts required to be remitted
2260 to the commission under this part, the commission shall each month calculate an amount equal
2261 to the difference between:

2262 (i) the total amount retained for that month by all sellers had the percentages listed
2263 under Subsections (2)(b) and (2)(c)(ii) been 1.5%; and

2264 (ii) the total amount retained for that month by all sellers at the percentages listed
2265 under Subsections (2)(b) and (2)(c)(ii).

2266 (b) The commission shall each month allocate the amount calculated under Subsection
2267 (6)(a) to each county, city, and town on the basis of the proportion of agreement sales and use
2268 tax that the commission distributes to each county, city, and town for that month compared to
2269 the total agreement sales and use tax that the commission distributes for that month to all

2270 counties, cities, and towns.

2271 (c) The amount the commission calculates under Subsection (6)(a) may not include an
2272 amount collected from a tax that:

2273 (i) the state imposes within a county, city, or town, including the unincorporated area
2274 of a county; and

2275 (ii) is not imposed within the entire state.

2276 Section 6. Section **59-12-211** is amended to read:

2277 **59-12-211. Definitions -- Location of certain transactions -- Reports to**
2278 **commission -- Direct payment provision for a seller making certain purchases --**
2279 **Exceptions.**

2280 (1) As used in this section:

2281 (a) (i) "Receipt" and "receive" mean:

2282 (A) taking possession of tangible personal property;

2283 (B) making first use of a service; or

2284 (C) for a product transferred electronically, the earlier of:

2285 (I) taking possession of the product transferred electronically; or

2286 (II) making first use of the product transferred electronically.

2287 (ii) "Receipt" and "receive" do not include possession by a shipping company on behalf
2288 of a purchaser.

2289 (b) "Transportation equipment" means:

2290 (i) a locomotive or rail car that is used to carry a person or property in interstate
2291 commerce;

2292 (ii) a truck or truck-tractor:

2293 (A) with a gross vehicle weight rating of 10,001 pounds or more;

2294 (B) registered under Section 41-1a-301; and

2295 (C) operated under the authority of a carrier authorized and certificated:

2296 (I) by the United States Department of Transportation or another federal authority; and

2297 (II) to engage in carrying a person or property in interstate commerce;

- 2298 (iii) a trailer, semitrailer, or passenger bus that is:
- 2299 (A) registered under Section 41-1a-301; and
- 2300 (B) operated under the authority of a carrier authorized and certificated:
- 2301 (I) by the United States Department of Transportation or another federal authority; and
- 2302 (II) to engage in carrying a person or property in interstate commerce;
- 2303 (iv) an aircraft that is operated by an air carrier authorized and certificated:
- 2304 (A) by the United States Department of Transportation or another federal or foreign
- 2305 authority; and
- 2306 (B) to engage in carrying a person or property in interstate commerce; or
- 2307 (v) a container designed for use on, or a component part attached or secured on, an
- 2308 item of equipment listed in Subsections (1)(b)(i) through (iv).
- 2309 (2) Except as provided in Subsections (8) and (14), if tangible personal property, a
- 2310 product transferred electronically, or a service that is subject to taxation under this chapter is
- 2311 received by a purchaser at a business location of a seller, the location of the transaction is the
- 2312 business location of the seller.
- 2313 (3) Subject to Subsection (10), and except as provided in Subsections (7), (8), (9), (11),
- 2314 and (14), if tangible personal property, a product transferred electronically, or a service that is
- 2315 subject to taxation under this chapter is not received by a purchaser at a business location of a
- 2316 seller, the location of the transaction is the location where the purchaser takes receipt of the
- 2317 tangible personal property or service.
- 2318 (4) Subject to Subsection (10), and except as provided in Subsections (7), (8), (9), (11),
- 2319 and (14), if Subsection (2) or (3) does not apply, the location of the transaction is the location
- 2320 indicated by an address for or other information on the purchaser if:
- 2321 (a) the address or other information is available from the seller's business records; and
- 2322 (b) use of the address or other information from the seller's records does not constitute
- 2323 bad faith.
- 2324 (5) (a) Subject to Subsection (10), and except as provided in Subsections (7), (8), (9),
- 2325 (11), and (14), if Subsection (2), (3), or (4) does not apply, the location of the transaction is the

2326 location indicated by an address for the purchaser if:

- 2327 (i) the address is obtained during the consummation of the transaction; and
- 2328 (ii) use of the address described in Subsection (5)(a)(i) does not constitute bad faith.

2329 (b) An address used under Subsection (5)(a) includes the address of a purchaser's
2330 payment instrument if no other address is available.

2331 (6) Subject to Subsection (10), and except as provided in Subsections (7), (8), (9), (11),
2332 and (14), if Subsection (2), (3), (4), or (5) does not apply or if a seller does not have sufficient
2333 information to apply Subsection (2), (3), (4), or (5), the location of the transaction is the
2334 location:

2335 (a) indicated by the address from which:

2336 (i) except as provided in Subsection (6)(a)(ii), for tangible personal property that is
2337 subject to taxation under this chapter, the tangible personal property is shipped;

2338 (ii) for computer software delivered electronically or for a product transferred
2339 electronically that is subject to taxation under this chapter, the computer software or product
2340 transferred electronically is first available for transmission by the seller; or

2341 (iii) for a service that is subject to taxation under this chapter, the service is provided;

2342 or

2343 (b) as determined by the seller with respect to a prepaid wireless calling service:

2344 (i) provided in Subsection (6)(a)(iii); or

2345 (ii) associated with the mobile telephone number.

2346 (7) (a) For purposes of this Subsection (7), "shared ZIP Code" means a nine-digit ZIP
2347 Code that is located within two or more local taxing jurisdictions.

2348 (b) If the location of a transaction determined under Subsections (3) through (6) is in a
2349 shared ZIP Code, the location of the transaction is:

2350 (i) if there is only one local taxing jurisdiction that imposes the lowest agreement
2351 combined tax rate for the shared ZIP Code, the local taxing jurisdiction that imposes the lowest
2352 agreement combined tax rate; or

2353 (ii) if two or more local taxing jurisdictions impose the lowest agreement combined tax

2354 rate for the shared ZIP Code, the local taxing jurisdiction that:

2355 (A) imposes the lowest agreement combined tax rate for the shared ZIP Code; and

2356 (B) has located within the local taxing jurisdiction the largest number of street
2357 addresses within the shared ZIP Code.

2358 (c) Notwithstanding any provision under this chapter authorizing or requiring the
2359 imposition of a sales and use tax, for purposes of Subsection (7)(b), a seller shall collect a sales
2360 and use tax imposed under this chapter at the lowest agreement combined tax rate imposed
2361 within the local taxing jurisdiction in which the transaction is located under Subsection (7)(b).

2362 (d) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
2363 commission may make rules:

2364 (i) providing for the circumstances under which a seller has exercised due diligence in
2365 determining the nine-digit ZIP Code for an address; or

2366 (ii) notwithstanding Subsection (7)(b), for determining the local taxing jurisdiction
2367 within which a transaction is located if a seller is unable to determine the local taxing
2368 jurisdiction within which the transaction is located under Subsection (7)(b).

2369 (8) The location of a transaction made with a direct payment permit described in
2370 Section 59-12-107.1 is the location where receipt of the tangible personal property, product, or
2371 service by the purchaser occurs.

2372 (9) The location of a purchase of direct mail is the location determined in accordance
2373 with Section 59-12-123.

2374 (10) (a) Except as provided in Subsection (10)(b), the location of a transaction
2375 determined under Subsections (3) through (6), (8), or (9), is the local taxing jurisdiction within
2376 which:

2377 (i) the nine-digit ZIP Code assigned to the location determined under Subsections (3)
2378 through (6), (8), or (9) is located; or

2379 (ii) the five-digit ZIP Code assigned to the location determined under Subsections (3)
2380 through (6), (8), or (9) is located if:

2381 (A) a nine-digit ZIP Code is not available for the location determined under

2382 Subsections (3) through (6), (8), or (9); or

2383 (B) after exercising due diligence, a seller or certified service provider is unable to
2384 determine a nine-digit ZIP Code for the location determined under Subsections (3) through (6),
2385 (8), or (9).

2386 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
2387 commission may make rules for determining the local taxing jurisdiction within which a
2388 transaction is located if a seller or certified service provider is unable to determine the local
2389 taxing jurisdiction within which the transaction is located under Subsection (10)(a).

2390 (11) (a) As used in this Subsection (11), "florist delivery transaction" means a
2391 transaction commenced by a florist that transmits an order:

2392 (i) by:

2393 (A) telegraph;

2394 (B) telephone; or

2395 (C) a means of communication similar to Subsection (11)(a)(i)(A) or (B); and

2396 (ii) for delivery to another place:

2397 (A) in this state; or

2398 (B) outside this state.

2399 (b) Notwithstanding Subsections (3) through (6), beginning on January 1, 2009, and
2400 ending on December 31, 2009, the location of a florist delivery transaction is the business
2401 location of the florist that commences the florist delivery transaction.

2402 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
2403 commission may by rule:

2404 (i) define:

2405 (A) "business location"; and

2406 (B) "florist";

2407 (ii) define what constitutes a means of communication similar to Subsection
2408 (11)(a)(i)(A) or (B); and

2409 (iii) provide procedures for determining when a transaction is commenced.

2410 (12) (a) Notwithstanding any other provision of this section and except as provided in
2411 Subsection (12)(b), if a purchaser uses computer software and there is not a transfer of a copy
2412 of that software to the purchaser, the location of the transaction is determined in accordance
2413 with Subsections (4) and (5).

2414 (b) If a purchaser uses computer software described in Subsection (12)(a) at more than
2415 one location, the location of the transaction shall be determined in accordance with rules made
2416 by the commission in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking
2417 Act.

2418 (13) (a) A tax collected under this chapter shall be reported to the commission on a
2419 form that identifies the location of each transaction that occurs during the return filing period.

2420 (b) The form described in Subsection (13)(a) shall be filed with the commission as
2421 required under this chapter.

2422 (14) This section does not apply to:

2423 (a) amounts charged by a seller for:

2424 (i) telecommunications service except for a prepaid calling service or a prepaid
2425 wireless calling service as provided in Subsection (6)(b) or Section 59-12-215; or

2426 (ii) the retail sale or transfer of:

2427 (A) a motor vehicle other than a motor vehicle that is transportation equipment;

2428 (B) an aircraft other than an aircraft that is transportation equipment;

2429 (C) a watercraft;

2430 (D) a modular home;

2431 (E) a manufactured home; or

2432 (F) a mobile home; or

2433 (iii) except as provided in Section 59-12-214, the lease or rental of tangible personal
2434 property other than tangible personal property that is transportation equipment;

2435 (b) a tax a person pays in accordance with Subsection 59-12-107~~(1)(d)~~(2)(e); or

2436 (c) a retail sale of tangible personal property or a product transferred electronically if:

2437 (i) the seller receives the order for the tangible personal property or product transferred

2438 electronically in this state;

2439 (ii) receipt of the tangible personal property or product transferred electronically by the
2440 purchaser or the purchaser's donee occurs in this state;

2441 (iii) the location where receipt of the tangible personal property or product transferred
2442 electronically by the purchaser occurs is determined in accordance with Subsections (3)
2443 through (5); and

2444 (iv) at the time the seller receives the order, the record keeping system that the seller
2445 uses to calculate the proper amount of tax imposed under this chapter captures the location
2446 where the order is received.

2447 Section 7. Section **59-12-211.1** is amended to read:

2448 **59-12-211.1. Location of a transaction that is subject to a use tax.**

2449 (1) Subject to Subsection (2), a person that is required by Subsection
2450 59-12-107[~~(+)(d)~~](2)(e) to pay a use tax on a transaction shall report the location of that
2451 transaction at the person's location.

2452 (2) For purposes of Subsection (1), if a person has more than one location in this state,
2453 the person shall report the location of the transaction at the location at which tangible personal
2454 property, a product transferred electronically, or a service is received.

2455 Section 8. **Effective date.**

2456 This bill takes effect on July 1, 2012.