

**SALES AND USE TAX EXEMPTION FOR ELECTRONIC  
FINANCIAL PAYMENT SERVICES**

2013 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Howard A. Stephenson**

House Sponsor: Gregory H. Hughes

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**LONG TITLE**

**General Description:**

This bill enacts a sales and use tax exemption for electronic financial payment services.

**Highlighted Provisions:**

This bill:

- ▶ defines terms;
- ▶ enacts a sales and use tax exemption for electronic financial payment services; and
- ▶ makes technical and conforming changes.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

This bill provides effective dates.

**Utah Code Sections Affected:**

AMENDS:

**59-12-102 (Superseded 07/01/14)**, as last amended by Laws of Utah 2012, Chapters 255, 312, 405, and 410

**59-12-102 (Effective 07/01/14)**, as last amended by Laws of Utah 2012, Chapters 255, 312, 405, 410, and 424

**59-12-104**, as last amended by Laws of Utah 2012, Chapters 255, 399, 405, and 410

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

29 Section 1. Section **59-12-102 (Superseded 07/01/14)** is amended to read:

30 **59-12-102 (Superseded 07/01/14). Definitions.**

31 As used in this chapter:

32 (1) "800 service" means a telecommunications service that:

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

34 (b) is typically marketed:

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

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

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

38 (iv) under the name 877 toll-free calling;

39 (v) under the name 888 toll-free calling; or

40 (vi) under a name similar to Subsections (1)(b)(i) through (v) as designated by the

41 Federal Communications Commission.

42 (2) (a) "900 service" means an inbound toll telecommunications service that:

43 (i) a subscriber purchases;

44 (ii) allows a customer of the subscriber described in Subsection (2)(a)(i) to call in to  
45 the subscriber's:

46 (A) prerecorded announcement; or

47 (B) live service; and

48 (iii) is typically marketed:

49 (A) under the name 900 service; or

50 (B) under a name similar to Subsection (2)(a)(iii)(A) as designated by the Federal

51 Communications Commission.

52 (b) "900 service" does not include a charge for:

53 (i) a collection service a seller of a telecommunications service provides to a  
54 subscriber; or

55 (ii) the following a subscriber sells to the subscriber's customer:

56 (A) a product; or

57 (B) a service.

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

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

61 (4) "Agreement" means the Streamlined Sales and Use Tax Agreement adopted on  
62 November 12, 2002, including amendments made to the Streamlined Sales and Use Tax  
63 Agreement after November 12, 2002.

64 (5) "Agreement combined tax rate" means the sum of the tax rates:

65 (a) listed under Subsection (6); and

66 (b) that are imposed within a local taxing jurisdiction.

67 (6) "Agreement sales and use tax" means a tax imposed under:

68 (a) Subsection 59-12-103(2)(a)(i)(A);

69 (b) Subsection 59-12-103(2)(b)(i);

70 (c) Subsection 59-12-103(2)(c)(i);

71 (d) Subsection 59-12-103(2)(d)(i)(A)(I);

72 (e) Section 59-12-204;

73 (f) Section 59-12-401;

74 (g) Section 59-12-402;

75 (h) Section 59-12-703;

76 (i) Section 59-12-802;

77 (j) Section 59-12-804;

78 (k) Section 59-12-1102;

79 (l) Section 59-12-1302;

80 (m) Section 59-12-1402;

81 (n) Section 59-12-1802;

82 (o) Section 59-12-2003;

83 (p) Section 59-12-2103;

84 (q) Section 59-12-2213;

85 (r) Section 59-12-2214;

86 (s) Section 59-12-2215;

87 (t) Section 59-12-2216;

88 (u) Section 59-12-2217; or

89 (v) Section 59-12-2218.

- 90 (7) "Aircraft" is as defined in Section 72-10-102.
- 91 (8) "Aircraft maintenance, repair, and overhaul provider" means a business entity:
- 92 (a) except for:
- 93 (i) an airline as defined in Section 59-2-102; or
- 94 (ii) an affiliated group, as defined in Section 59-7-101, except that "affiliated group"
- 95 includes a corporation that is qualified to do business but is not otherwise doing business in the
- 96 state, of an airline; and
- 97 (b) that has the workers, expertise, and facilities to perform the following, regardless of
- 98 whether the business entity performs the following in this state:
- 99 (i) check, diagnose, overhaul, and repair:
- 100 (A) an onboard system of a fixed wing turbine powered aircraft; and
- 101 (B) the parts that comprise an onboard system of a fixed wing turbine powered aircraft;
- 102 (ii) assemble, change, dismantle, inspect, and test a fixed wing turbine powered aircraft
- 103 engine;
- 104 (iii) perform at least the following maintenance on a fixed wing turbine powered
- 105 aircraft:
- 106 (A) an inspection;
- 107 (B) a repair, including a structural repair or modification;
- 108 (C) changing landing gear; and
- 109 (D) addressing issues related to an aging fixed wing turbine powered aircraft;
- 110 (iv) completely remove the existing paint of a fixed wing turbine powered aircraft and
- 111 completely apply new paint to the fixed wing turbine powered aircraft; and
- 112 (v) refurbish the interior of a fixed wing turbine powered aircraft in a manner that
- 113 results in a change in the fixed wing turbine powered aircraft's certification requirements by the
- 114 authority that certifies the fixed wing turbine powered aircraft.
- 115 (9) "Alcoholic beverage" means a beverage that:
- 116 (a) is suitable for human consumption; and
- 117 (b) contains .5% or more alcohol by volume.
- 118 (10) "Alternative energy" means:
- 119 (a) biomass energy;
- 120 (b) geothermal energy;

- 121 (c) hydroelectric energy;
- 122 (d) solar energy;
- 123 (e) wind energy; or
- 124 (f) energy that is derived from:
  - 125 (i) coal-to-liquids;
  - 126 (ii) nuclear fuel;
  - 127 (iii) oil-impregnated diatomaceous earth;
  - 128 (iv) oil sands;
  - 129 (v) oil shale; or
  - 130 (vi) petroleum coke.
- 131 (11) (a) Subject to Subsection (11)(b), "alternative energy electricity production
- 132 facility" means a facility that:
  - 133 (i) uses alternative energy to produce electricity; and
  - 134 (ii) has a production capacity of 2 megawatts or greater.
- 135 (b) A facility is an alternative energy electricity production facility regardless of
- 136 whether the facility is:
  - 137 (i) connected to an electric grid; or
  - 138 (ii) located on the premises of an electricity consumer.
- 139 (12) (a) "Ancillary service" means a service associated with, or incidental to, the
- 140 provision of telecommunications service.
  - 141 (b) "Ancillary service" includes:
    - 142 (i) a conference bridging service;
    - 143 (ii) a detailed communications billing service;
    - 144 (iii) directory assistance;
    - 145 (iv) a vertical service; or
    - 146 (v) a voice mail service.
- 147 (13) "Area agency on aging" is as defined in Section 62A-3-101.
- 148 (14) "Assisted amusement device" means an amusement device, skill device, or ride
- 149 device that is started and stopped by an individual:
  - 150 (a) who is not the purchaser or renter of the right to use or operate the amusement
  - 151 device, skill device, or ride device; and

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

154 (15) "Assisted cleaning or washing of tangible personal property" means cleaning or  
155 washing of tangible personal property if the cleaning or washing labor is primarily performed  
156 by an individual:

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

159 (b) at the direction of the seller of the cleaning or washing of the tangible personal  
160 property.

161 (16) "Authorized carrier" means:

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

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

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

169 (17) (a) Except as provided in Subsection (17)(b), "biomass energy" means any of the  
170 following that is used as the primary source of energy to produce fuel or electricity:

171 (i) material from a plant or tree; or

172 (ii) other organic matter that is available on a renewable basis, including:

173 (A) slash and brush from forests and woodlands;

174 (B) animal waste;

175 (C) methane produced:

176 (I) at landfills; or

177 (II) as a byproduct of the treatment of wastewater residuals;

178 (D) aquatic plants; and

179 (E) agricultural products.

180 (b) "Biomass energy" does not include:

181 (i) black liquor;

182 (ii) treated woods; or

- 183 (iii) biomass from municipal solid waste other than methane produced:
- 184 (A) at landfills; or
- 185 (B) as a byproduct of the treatment of wastewater residuals.
- 186 (18) (a) "Bundled transaction" means the sale of two or more items of tangible personal
- 187 property, products, or services if the tangible personal property, products, or services are:
- 188 (i) distinct and identifiable; and
- 189 (ii) sold for one nonitemized price.
- 190 (b) "Bundled transaction" does not include:
- 191 (i) the sale of tangible personal property if the sales price varies, or is negotiable, on
- 192 the basis of the selection by the purchaser of the items of tangible personal property included in
- 193 the transaction;
- 194 (ii) the sale of real property;
- 195 (iii) the sale of services to real property;
- 196 (iv) the retail sale of tangible personal property and a service if:
- 197 (A) the tangible personal property:
- 198 (I) is essential to the use of the service; and
- 199 (II) is provided exclusively in connection with the service; and
- 200 (B) the service is the true object of the transaction;
- 201 (v) the retail sale of two services if:
- 202 (A) one service is provided that is essential to the use or receipt of a second service;
- 203 (B) the first service is provided exclusively in connection with the second service; and
- 204 (C) the second service is the true object of the transaction;
- 205 (vi) a transaction that includes tangible personal property or a product subject to
- 206 taxation under this chapter and tangible personal property or a product that is not subject to
- 207 taxation under this chapter if the:
- 208 (A) seller's purchase price of the tangible personal property or product subject to
- 209 taxation under this chapter is de minimis; or
- 210 (B) seller's sales price of the tangible personal property or product subject to taxation
- 211 under this chapter is de minimis; and
- 212 (vii) the retail sale of tangible personal property that is not subject to taxation under
- 213 this chapter and tangible personal property that is subject to taxation under this chapter if:

214 (A) that retail sale includes:  
215 (I) food and food ingredients;  
216 (II) a drug;  
217 (III) durable medical equipment;  
218 (IV) mobility enhancing equipment;  
219 (V) an over-the-counter drug;  
220 (VI) a prosthetic device; or  
221 (VII) a medical supply; and  
222 (B) subject to Subsection (18)(f):  
223 (I) the seller's purchase price of the tangible personal property subject to taxation under  
224 this chapter is 50% or less of the seller's total purchase price of that retail sale; or  
225 (II) the seller's sales price of the tangible personal property subject to taxation under  
226 this chapter is 50% or less of the seller's total sales price of that retail sale.  
227 (c) (i) For purposes of Subsection (18)(a)(i), tangible personal property, a product, or a  
228 service that is distinct and identifiable does not include:  
229 (A) packaging that:  
230 (I) accompanies the sale of the tangible personal property, product, or service; and  
231 (II) is incidental or immaterial to the sale of the tangible personal property, product, or  
232 service;  
233 (B) tangible personal property, a product, or a service provided free of charge with the  
234 purchase of another item of tangible personal property, a product, or a service; or  
235 (C) an item of tangible personal property, a product, or a service included in the  
236 definition of "purchase price."  
237 (ii) For purposes of Subsection (18)(c)(i)(B), an item of tangible personal property, a  
238 product, or a service is provided free of charge with the purchase of another item of tangible  
239 personal property, a product, or a service if the sales price of the purchased item of tangible  
240 personal property, product, or service does not vary depending on the inclusion of the tangible  
241 personal property, product, or service provided free of charge.  
242 (d) (i) For purposes of Subsection (18)(a)(ii), property sold for one nonitemized price  
243 does not include a price that is separately identified by tangible personal property, product, or  
244 service on the following, regardless of whether the following is in paper format or electronic



245 format:

246 (A) a binding sales document; or

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

248 (ii) For purposes of Subsection (18)(d)(i), a binding sales document or another

249 supporting sales-related document that is available to a purchaser includes:

250 (A) a bill of sale;

251 (B) a contract;

252 (C) an invoice;

253 (D) a lease agreement;

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

255 (F) a price list;

256 (G) a rate card;

257 (H) a receipt; or

258 (I) a service agreement.

259 (e) (i) For purposes of Subsection (18)(b)(vi), the sales price of tangible personal  
260 property or a product subject to taxation under this chapter is de minimis if:

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

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

265 (ii) For purposes of Subsection (18)(b)(vi), a seller:

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

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

272 (iii) For purposes of Subsection (18)(b)(vi), a seller shall use the full term of a service  
273 contract to determine if the sales price of tangible personal property or a product is de minimis.

274 (f) For purposes of Subsection (18)(b)(vii)(B), a seller may not use a combination of  
275 the seller's purchase price and the seller's sales price to determine if tangible personal property

276 subject to taxation under this chapter is 50% or less of the seller's total purchase price or sales  
277 price of that retail sale.

278 (19) "Certified automated system" means software certified by the governing board of  
279 the agreement that:

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

282 (i) on a transaction; and

283 (ii) in the states that are members of the agreement;

284 (b) determines the amount of agreement sales and use tax to remit to a state that is a  
285 member of the agreement; and

286 (c) maintains a record of the transaction described in Subsection (19)(a)(i).

287 (20) "Certified service provider" means an agent certified:

288 (a) by the governing board of the agreement; and

289 (b) to perform all of a seller's sales and use tax functions for an agreement sales and  
290 use tax other than the seller's obligation under Section 59-12-124 to remit a tax on the seller's  
291 own purchases.

292 (21) (a) Subject to Subsection (21)(b), "clothing" means all human wearing apparel  
293 suitable for general use.

294 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
295 commission shall make rules:

296 (i) listing the items that constitute "clothing"; and

297 (ii) that are consistent with the list of items that constitute "clothing" under the  
298 agreement.

299 (22) "Coal-to-liquid" means the process of converting coal into a liquid synthetic fuel.

300 (23) "Commercial use" means the use of gas, electricity, heat, coal, fuel oil, or other  
301 fuels that does not constitute industrial use under Subsection [~~(51)~~] (52) or residential use  
302 under Subsection [~~(101)~~] (102).

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

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

307 passenger's place of employment.

308 (ii) For purposes of Subsection (24)(b)(i), in accordance with Title 63G, Chapter 3,  
309 Utah Administrative Rulemaking Act, the commission may make rules defining what  
310 constitutes a person's place of employment.

311 (25) "Component part" includes:

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

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

314 (c) fuel used for providing temperature control of orchards and commercial  
315 greenhouses doing a majority of their business in wholesale sales, and for providing power for  
316 off-highway type farm machinery; and

317 (d) feed, seeds, and seedlings.

318 (26) "Computer" means an electronic device that accepts information:

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

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

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

322 (27) "Computer software" means a set of coded instructions designed to cause:

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

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

325 (28) "Computer software maintenance contract" means a contract that obligates a seller  
326 of computer software to provide a customer with:

327 (a) future updates or upgrades to computer software;

328 (b) support services with respect to computer software; or

329 (c) a combination of Subsections (28)(a) and (b).

330 (29) (a) "Conference bridging service" means an ancillary service that links two or  
331 more participants of an audio conference call or video conference call.

332 (b) "Conference bridging service" may include providing a telephone number as part of  
333 the ancillary service described in Subsection (29)(a).

334 (c) "Conference bridging service" does not include a telecommunications service used  
335 to reach the ancillary service described in Subsection (29)(a).

336 (30) "Construction materials" means any tangible personal property that will be  
337 converted into real property.

338 (31) "Delivered electronically" means delivered to a purchaser by means other than  
339 tangible storage media.

340 (32) (a) "Delivery charge" means a charge:

341 (i) by a seller of:

342 (A) tangible personal property;

343 (B) a product transferred electronically; or

344 (C) services; and

345 (ii) for preparation and delivery of the tangible personal property, product transferred  
346 electronically, or services described in Subsection (32)(a)(i) to a location designated by the  
347 purchaser.

348 (b) "Delivery charge" includes a charge for the following:

349 (i) transportation;

350 (ii) shipping;

351 (iii) postage;

352 (iv) handling;

353 (v) crating; or

354 (vi) packing.

355 (33) "Detailed telecommunications billing service" means an ancillary service of  
356 separately stating information pertaining to individual calls on a customer's billing statement.

357 (34) "Dietary supplement" means a product, other than tobacco, that:

358 (a) is intended to supplement the diet;

359 (b) contains one or more of the following dietary ingredients:

360 (i) a vitamin;

361 (ii) a mineral;

362 (iii) an herb or other botanical;

363 (iv) an amino acid;

364 (v) a dietary substance for use by humans to supplement the diet by increasing the total  
365 dietary intake; or

366 (vi) a concentrate, metabolite, constituent, extract, or combination of any ingredient  
367 described in Subsections (34)(b)(i) through (v);

368 (c) (i) except as provided in Subsection (34)(c)(ii), is intended for ingestion in:

- 369 (A) tablet form;
- 370 (B) capsule form;
- 371 (C) powder form;
- 372 (D) softgel form;
- 373 (E) gelcap form; or
- 374 (F) liquid form; or
- 375 (ii) [~~notwithstanding Subsection (34)(c)(i),~~] if the product is not intended for ingestion
- 376 in a form described in Subsections (34)(c)(i)(A) through (F), is not represented:

- 377 (A) as conventional food; and
- 378 (B) for use as a sole item of:
  - 379 (I) a meal; or
  - 380 (II) the diet; and
- 381 (d) is required to be labeled as a dietary supplement:
  - 382 (i) identifiable by the "Supplemental Facts" box found on the label; and
  - 383 (ii) as required by 21 C.F.R. Sec. 101.36.

384 (35) (a) "Direct mail" means printed material delivered or distributed by United States  
385 mail or other delivery service:

- 386 (i) to:
  - 387 (A) a mass audience; or
  - 388 (B) addressees on a mailing list provided:
    - 389 (I) by a purchaser of the mailing list; or
    - 390 (II) at the discretion of the purchaser of the mailing list; and
  - 391 (ii) if the cost of the printed material is not billed directly to the recipients.

392 (b) "Direct mail" includes tangible personal property supplied directly or indirectly by a  
393 purchaser to a seller of direct mail for inclusion in a package containing the printed material.

394 (c) "Direct mail" does not include multiple items of printed material delivered to a  
395 single address.

396 (36) "Directory assistance" means an ancillary service of providing:

- 397 (a) address information; or
- 398 (b) telephone number information.

399 (37) (a) "Disposable home medical equipment or supplies" means medical equipment

400 or supplies that:

- 401 (i) cannot withstand repeated use; and
- 402 (ii) are purchased by, for, or on behalf of a person other than:
  - 403 (A) a health care facility as defined in Section 26-21-2;
  - 404 (B) a health care provider as defined in Section 78B-3-403;
  - 405 (C) an office of a health care provider described in Subsection (37)(a)(ii)(B); or
  - 406 (D) a person similar to a person described in Subsections (37)(a)(ii)(A) through (C).

407 (b) "Disposable home medical equipment or supplies" does not include:

- 408 (i) a drug;
- 409 (ii) durable medical equipment;
- 410 (iii) a hearing aid;
- 411 (iv) a hearing aid accessory;
- 412 (v) mobility enhancing equipment; or
- 413 (vi) tangible personal property used to correct impaired vision, including:
  - 414 (A) eyeglasses; or
  - 415 (B) contact lenses.

416 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
417 commission may by rule define what constitutes medical equipment or supplies.

418 (38) (a) "Drug" means a compound, substance, or preparation, or a component of a  
419 compound, substance, or preparation that is:

- 420 (i) recognized in:
  - 421 (A) the official United States Pharmacopoeia;
  - 422 (B) the official Homeopathic Pharmacopoeia of the United States;
  - 423 (C) the official National Formulary; or
  - 424 (D) a supplement to a publication listed in Subsections (38)(a)(i)(A) through (C);
- 425 (ii) intended for use in the:
  - 426 (A) diagnosis of disease;
  - 427 (B) cure of disease;
  - 428 (C) mitigation of disease;
  - 429 (D) treatment of disease; or
  - 430 (E) prevention of disease; or

431 (iii) intended to affect:  
432 (A) the structure of the body; or  
433 (B) any function of the body.  
434 (b) "Drug" does not include:  
435 (i) food and food ingredients;  
436 (ii) a dietary supplement;  
437 (iii) an alcoholic beverage; or  
438 (iv) a prosthetic device.  
439 (39) (a) [~~Except as provided in Subsection (39)(c), "durable"~~] "Durable medical  
440 equipment" means equipment that:  
441 (i) can withstand repeated use;  
442 (ii) is primarily and customarily used to serve a medical purpose;  
443 (iii) generally is not useful to a person in the absence of illness or injury; and  
444 (iv) is not worn in or on the body.  
445 (b) "Durable medical equipment" includes parts used in the repair or replacement of the  
446 equipment described in Subsection (39)(a).  
447 (c) Notwithstanding Subsection (39)(a), "durable medical equipment" does not include  
448 mobility enhancing equipment.  
449 (40) "Electronic" means:  
450 (a) relating to technology; and  
451 (b) having:  
452 (i) electrical capabilities;  
453 (ii) digital capabilities;  
454 (iii) magnetic capabilities;  
455 (iv) wireless capabilities;  
456 (v) optical capabilities;  
457 (vi) electromagnetic capabilities; or  
458 (vii) capabilities similar to Subsections (40)(b)(i) through (vi).  
459 (41) "Electronic financial payment service" means an establishment:  
460 (a) within NAICS Code 522320, Financial Transactions Processing, Reserve, and  
461 Clearinghouse Activities, of the 2012 North American Industry Classification System of the

462 federal Executive Office of the President, Office of Management and Budget; and

463 (b) that performs electronic financial payment services.

464 [~~(41)~~] (42) "Employee" is as defined in Section 59-10-401.

465 [~~(42)~~] (43) "Fixed guideway" means a public transit facility that uses and occupies:

466 (a) rail for the use of public transit; or

467 (b) a separate right-of-way for the use of public transit.

468 [~~(43)~~] (44) "Fixed wing turbine powered aircraft" means an aircraft that:

469 (a) is powered by turbine engines;

470 (b) operates on jet fuel; and

471 (c) has wings that are permanently attached to the fuselage of the aircraft.

472 [~~(44)~~] (45) "Fixed wireless service" means a telecommunications service that provides  
473 radio communication between fixed points.

474 [~~(45)~~] (46) (a) "Food and food ingredients" means substances:

475 (i) regardless of whether the substances are in:

476 (A) liquid form;

477 (B) concentrated form;

478 (C) solid form;

479 (D) frozen form;

480 (E) dried form; or

481 (F) dehydrated form; and

482 (ii) that are:

483 (A) sold for:

484 (I) ingestion by humans; or

485 (II) chewing by humans; and

486 (B) consumed for the substance's:

487 (I) taste; or

488 (II) nutritional value.

489 (b) "Food and food ingredients" includes an item described in Subsection [~~(86)~~]

490 (87)(b)(iii).

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

492 (i) an alcoholic beverage;



493 (ii) tobacco; or  
494 (iii) prepared food.  
495 [~~(46)~~] (47) (a) "Fundraising sales" means sales:  
496 (i) (A) made by a school; or  
497 (B) made by a school student;  
498 (ii) that are for the purpose of raising funds for the school to purchase equipment,  
499 materials, or provide transportation; and  
500 (iii) that are part of an officially sanctioned school activity.  
501 (b) For purposes of Subsection [~~(46)~~] (47)(a)(iii), "officially sanctioned school activity"  
502 means a school activity:  
503 (i) that is conducted in accordance with a formal policy adopted by the school or school  
504 district governing the authorization and supervision of fundraising activities;  
505 (ii) that does not directly or indirectly compensate an individual teacher or other  
506 educational personnel by direct payment, commissions, or payment in kind; and  
507 (iii) the net or gross revenues from which are deposited in a dedicated account  
508 controlled by the school or school district.  
509 [~~(47)~~] (48) "Geothermal energy" means energy contained in heat that continuously  
510 flows outward from the earth that is used as the sole source of energy to produce electricity.  
511 [~~(48)~~] (49) "Governing board of the agreement" means the governing board of the  
512 agreement that is:  
513 (a) authorized to administer the agreement; and  
514 (b) established in accordance with the agreement.  
515 [~~(49)~~] (50) (a) For purposes of Subsection 59-12-104(41), "governmental entity"  
516 means:  
517 (i) the executive branch of the state, including all departments, institutions, boards,  
518 divisions, bureaus, offices, commissions, and committees;  
519 (ii) the judicial branch of the state, including the courts, the Judicial Council, the  
520 Office of the Court Administrator, and similar administrative units in the judicial branch;  
521 (iii) the legislative branch of the state, including the House of Representatives, the  
522 Senate, the Legislative Printing Office, the Office of Legislative Research and General  
523 Counsel, the Office of the Legislative Auditor General, and the Office of the Legislative Fiscal

524 Analyst;

525 (iv) the National Guard;

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

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

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

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

531 (ii) a school;

532 (iii) the State Board of Education;

533 (iv) the State Board of Regents; or

534 (v) an institution of higher education.

535 [~~50~~] (51) "Hydroelectric energy" means water used as the sole source of energy to  
536 produce electricity.

537 [~~51~~] (52) "Industrial use" means the use of natural gas, electricity, heat, coal, fuel oil,  
538 or other fuels:

539 (a) in mining or extraction of minerals;

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

542 (i) commercial greenhouses;

543 (ii) irrigation pumps;

544 (iii) farm machinery;

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

547 (v) other farming activities;

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

551 (d) by a scrap recycler if:

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

- 555 (A) iron;
- 556 (B) steel;
- 557 (C) nonferrous metal;
- 558 (D) paper;
- 559 (E) glass;
- 560 (F) plastic;
- 561 (G) textile; or
- 562 (H) rubber; and

563 (ii) the new products under Subsection [~~(51)~~] (52)(d)(i) would otherwise be made with  
564 nonrecycled materials; or

565 (e) in producing a form of energy or steam described in Subsection 54-2-1(2)(a) by a  
566 cogeneration facility as defined in Section 54-2-1.

567 [~~(52)~~] (53) (a) Except as provided in Subsection [~~(52)~~] (53)(b), "installation charge"  
568 means a charge for installing:

- 569 (i) tangible personal property; or
- 570 (ii) a product transferred electronically.
- 571 (b) "Installation charge" does not include a charge for:
  - 572 (i) repairs or renovations of:
    - 573 (A) tangible personal property; or
    - 574 (B) a product transferred electronically; or
  - 575 (ii) attaching tangible personal property or a product transferred electronically:
    - 576 (A) to other tangible personal property; and
    - 577 (B) as part of a manufacturing or fabrication process.

578 [~~(53)~~] (54) "Institution of higher education" means an institution of higher education  
579 listed in Section 53B-2-101.

580 [~~(54)~~] (55) (a) "Lease" or "rental" means a transfer of possession or control of tangible  
581 personal property or a product transferred electronically for:

- 582 (i) (A) a fixed term; or
- 583 (B) an indeterminate term; and
- 584 (ii) consideration.
- 585 (b) "Lease" or "rental" includes an agreement covering a motor vehicle and trailer if the

586 amount of consideration may be increased or decreased by reference to the amount realized  
587 upon sale or disposition of the property as defined in Section 7701(h)(1), Internal Revenue  
588 Code.

589 (c) "Lease" or "rental" does not include:

590 (i) a transfer of possession or control of property under a security agreement or  
591 deferred payment plan that requires the transfer of title upon completion of the required  
592 payments;

593 (ii) a transfer of possession or control of property under an agreement that requires the  
594 transfer of title:

595 (A) upon completion of required payments; and

596 (B) if the payment of an option price does not exceed the greater of:

597 (I) \$100; or

598 (II) 1% of the total required payments; or

599 (iii) providing tangible personal property along with an operator for a fixed period of  
600 time or an indeterminate period of time if the operator is necessary for equipment to perform as  
601 designed.

602 (d) For purposes of Subsection [~~54~~] 55(c)(iii), an operator is necessary for  
603 equipment to perform as designed if the operator's duties exceed the:

604 (i) set-up of tangible personal property;

605 (ii) maintenance of tangible personal property; or

606 (iii) inspection of tangible personal property.

607 [~~55~~] 56 "Life science establishment" means an establishment in this state that is  
608 classified under the following NAICS codes of the 2007 North American Industry  
609 Classification System of the federal Executive Office of the President, Office of Management  
610 and Budget:

611 (a) NAICS Code 33911, Medical Equipment and Supplies Manufacturing;

612 (b) NAICS Code 334510, Electromedical and Electrotherapeutic Apparatus  
613 Manufacturing; or

614 (c) NAICS Code 334517, Irradiation Apparatus Manufacturing.

615 [~~56~~] 57 "Life science research and development facility" means a facility owned,  
616 leased, or rented by a life science establishment if research and development is performed in

617 51% or more of the total area of the facility.

618 [~~(57)~~] (58) "Load and leave" means delivery to a purchaser by use of a tangible storage  
619 media if the tangible storage media is not physically transferred to the purchaser.

620 [~~(58)~~] (59) "Local taxing jurisdiction" means a:

- 621 (a) county that is authorized to impose an agreement sales and use tax;
- 622 (b) city that is authorized to impose an agreement sales and use tax; or
- 623 (c) town that is authorized to impose an agreement sales and use tax.

624 [~~(59)~~] (60) "Manufactured home" is as defined in Section 15A-1-302.

625 [~~(60)~~] (61) For purposes of Section 59-12-104, "manufacturing facility" means:

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

629 (b) a scrap recycler if:

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

- 633 (A) iron;
- 634 (B) steel;
- 635 (C) nonferrous metal;
- 636 (D) paper;
- 637 (E) glass;
- 638 (F) plastic;
- 639 (G) textile; or
- 640 (H) rubber; and

641 (ii) the new products under Subsection [~~(60)~~] (61)(b)(i) would otherwise be made with  
642 nonrecycled materials; or

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

644 [~~(61)~~] (62) "Member of the immediate family of the producer" means a person who is  
645 related to a producer described in Subsection 59-12-104(20)(a) as a:

- 646 (a) child or stepchild, regardless of whether the child or stepchild is:  
647 (i) an adopted child or adopted stepchild; or

- 648 (ii) a foster child or foster stepchild;
- 649 (b) grandchild or stepgrandchild;
- 650 (c) grandparent or stepgrandparent;
- 651 (d) nephew or stepnephew;
- 652 (e) niece or stepniece;
- 653 (f) parent or stepparent;
- 654 (g) sibling or stepsibling;
- 655 (h) spouse;
- 656 (i) person who is the spouse of a person described in Subsections [~~(61)~~] (62)(a) through
- 657 (g); or
- 658 (j) person similar to a person described in Subsections [~~(61)~~] (62)(a) through (i) as
- 659 determined by the commission by rule made in accordance with Title 63G, Chapter 3, Utah
- 660 Administrative Rulemaking Act.
- 661 [~~(62)~~] (63) "Mobile home" is as defined in Section 15A-1-302.
- 662 [~~(63)~~] (64) "Mobile telecommunications service" is as defined in the Mobile
- 663 Telecommunications Sourcing Act, 4 U.S.C. Sec. 124.
- 664 [~~(64)~~] (65) (a) "Mobile wireless service" means a telecommunications service,
- 665 regardless of the technology used, if:
- 666 (i) the origination point of the conveyance, routing, or transmission is not fixed;
- 667 (ii) the termination point of the conveyance, routing, or transmission is not fixed; or
- 668 (iii) the origination point described in Subsection [~~(64)~~] (65)(a)(i) and the termination
- 669 point described in Subsection [~~(64)~~] (65)(a)(ii) are not fixed.
- 670 (b) "Mobile wireless service" includes a telecommunications service that is provided
- 671 by a commercial mobile radio service provider.
- 672 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
- 673 commission may by rule define "commercial mobile radio service provider."
- 674 [~~(65)~~] (66) (a) Except as provided in Subsection [~~(65)~~] (66)(c), "mobility enhancing
- 675 equipment" means equipment that is:
- 676 (i) primarily and customarily used to provide or increase the ability to move from one
- 677 place to another;
- 678 (ii) appropriate for use in a:

- 679 (A) home; or
- 680 (B) motor vehicle; and
- 681 (iii) not generally used by persons with normal mobility.
- 682 (b) "Mobility enhancing equipment" includes parts used in the repair or replacement of
- 683 the equipment described in Subsection [~~(65)~~] (66)(a).
- 684 (c) [~~Notwithstanding Subsection (65) (66)(a), "mobility]~~ "Mobility enhancing
- 685 equipment" does not include:
- 686 (i) a motor vehicle;
- 687 (ii) equipment on a motor vehicle if that equipment is normally provided by the motor
- 688 vehicle manufacturer;
- 689 (iii) durable medical equipment; or
- 690 (iv) a prosthetic device.
- 691 [~~(66)~~] (67) "Model 1 seller" means a seller registered under the agreement that has
- 692 selected a certified service provider as the seller's agent to perform all of the seller's sales and
- 693 use tax functions for agreement sales and use taxes other than the seller's obligation under
- 694 Section 59-12-124 to remit a tax on the seller's own purchases.
- 695 [~~(67)~~] (68) "Model 2 seller" means a seller registered under the agreement that:
- 696 (a) except as provided in Subsection [~~(67)~~] (68)(b), has selected a certified automated
- 697 system to perform the seller's sales tax functions for agreement sales and use taxes; and
- 698 (b) [~~notwithstanding Subsection (67)(a),]~~ retains responsibility for remitting all of the
- 699 sales tax:
- 700 (i) collected by the seller; and
- 701 (ii) to the appropriate local taxing jurisdiction.
- 702 [~~(68)~~] (69) (a) Subject to Subsection [~~(68)~~] (69)(b), "model 3 seller" means a seller
- 703 registered under the agreement that has:
- 704 (i) sales in at least five states that are members of the agreement;
- 705 (ii) total annual sales revenues of at least \$500,000,000;
- 706 (iii) a proprietary system that calculates the amount of tax:
- 707 (A) for an agreement sales and use tax; and
- 708 (B) due to each local taxing jurisdiction; and
- 709 (iv) entered into a performance agreement with the governing board of the agreement.

710 (b) For purposes of Subsection [~~(68)~~] (69)(a), "model 3 seller" includes an affiliated  
711 group of sellers using the same proprietary system.

712 [~~(69)~~] (70) "Model 4 seller" means a seller that is registered under the agreement and is  
713 not a model 1 seller, model 2 seller, or model 3 seller.

714 [~~(70)~~] (71) "Modular home" means a modular unit as defined in Section 15A-1-302.

715 [~~(71)~~] (72) "Motor vehicle" is as defined in Section 41-1a-102.

716 [~~(72)~~] (73) "Oil sands" means impregnated bituminous sands that:

717 (a) contain a heavy, thick form of petroleum that is released when heated, mixed with  
718 other hydrocarbons, or otherwise treated;

719 (b) yield mixtures of liquid hydrocarbon; and

720 (c) require further processing other than mechanical blending before becoming finished  
721 petroleum products.

722 [~~(73)~~] (74) "Oil shale" means a group of fine black to dark brown shales containing  
723 kerogen material that yields petroleum upon heating and distillation.

724 [~~(74)~~] (75) "Optional computer software maintenance contract" means a computer  
725 software maintenance contract that a customer is not obligated to purchase as a condition to the  
726 retail sale of computer software.

727 [~~(75)~~] (76) (a) "Other fuels" means products that burn independently to produce heat or  
728 energy.

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

731 [~~(76)~~] (77) (a) "Paging service" means a telecommunications service that provides  
732 transmission of a coded radio signal for the purpose of activating a specific pager.

733 (b) For purposes of Subsection [~~(76)~~] (77)(a), the transmission of a coded radio signal  
734 includes a transmission by message or sound.

735 [~~(77)~~] (78) "Pawnbroker" is as defined in Section 13-32a-102.

736 [~~(78)~~] (79) "Pawn transaction" is as defined in Section 13-32a-102.

737 [~~(79)~~] (80) (a) "Permanently attached to real property" means that for tangible personal  
738 property attached to real property:

739 (i) the attachment of the tangible personal property to the real property:

740 (A) is essential to the use of the tangible personal property; and



741 (B) suggests that the tangible personal property will remain attached to the real  
742 property in the same place over the useful life of the tangible personal property; or  
743 (ii) if the tangible personal property is detached from the real property, the detachment  
744 would:

745 (A) cause substantial damage to the tangible personal property; or  
746 (B) require substantial alteration or repair of the real property to which the tangible  
747 personal property is attached.

748 (b) "Permanently attached to real property" includes:  
749 (i) the attachment of an accessory to the tangible personal property if the accessory is:  
750 (A) essential to the operation of the tangible personal property; and  
751 (B) attached only to facilitate the operation of the tangible personal property;  
752 (ii) a temporary detachment of tangible personal property from real property for a  
753 repair or renovation if the repair or renovation is performed where the tangible personal  
754 property and real property are located; or  
755 (iii) property attached to oil, gas, or water pipelines, except for the property listed in  
756 Subsection [~~(79)~~] (80)(c)(iii) or (iv).

757 (c) "Permanently attached to real property" does not include:  
758 (i) the attachment of portable or movable tangible personal property to real property if  
759 that portable or movable tangible personal property is attached to real property only for:  
760 (A) convenience;  
761 (B) stability; or  
762 (C) for an obvious temporary purpose;  
763 (ii) the detachment of tangible personal property from real property except for the  
764 detachment described in Subsection [~~(79)~~] (80)(b)(ii);  
765 (iii) an attachment of the following tangible personal property to real property if the  
766 attachment to real property is only through a line that supplies water, electricity, gas,  
767 telecommunications, cable, or supplies a similar item as determined by the commission by rule  
768 made in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act:  
769 (A) a computer;  
770 (B) a telephone;  
771 (C) a television; or

772 (D) tangible personal property similar to Subsections [~~(79)~~] (80)(c)(iii)(A) through (C)  
773 as determined by the commission by rule made in accordance with Title 63G, Chapter 3, Utah  
774 Administrative Rulemaking Act; or

775 (iv) an item listed in Subsection [~~(117)~~] (119)(c).

776 [~~(80)~~] (81) "Person" includes any individual, firm, partnership, joint venture,  
777 association, corporation, estate, trust, business trust, receiver, syndicate, this state, any county,  
778 city, municipality, district, or other local governmental entity of the state, or any group or  
779 combination acting as a unit.

780 [~~(81)~~] (82) "Place of primary use":

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

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

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

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

788 [~~(82)~~] (83) (a) "Postpaid calling service" means a telecommunications service a person  
789 obtains by making a payment on a call-by-call basis:

790 (i) through the use of a:

791 (A) bank card;

792 (B) credit card;

793 (C) debit card; or

794 (D) travel card; or

795 (ii) by a charge made to a telephone number that is not associated with the origination  
796 or termination of the telecommunications service.

797 (b) "Postpaid calling service" includes a service, except for a prepaid wireless calling  
798 service, that would be a prepaid wireless calling service if the service were exclusively a  
799 telecommunications service.

800 [~~(83)~~] (84) "Postproduction" means an activity related to the finishing or duplication of  
801 a medium described in Subsection 59-12-104(54)(a).

802 [~~(84)~~] (85) "Prepaid calling service" means a telecommunications service:

- 803 (a) that allows a purchaser access to telecommunications service that is exclusively
- 804 telecommunications service;
- 805 (b) that:
- 806 (i) is paid for in advance; and
- 807 (ii) enables the origination of a call using an:
- 808 (A) access number; or
- 809 (B) authorization code;
- 810 (c) that is dialed:
- 811 (i) manually; or
- 812 (ii) electronically; and
- 813 (d) sold in predetermined units or dollars that decline:
- 814 (i) by a known amount; and
- 815 (ii) with use.
- 816 ~~[(85)]~~ (86) "Prepaid wireless calling service" means a telecommunications service:
- 817 (a) that provides the right to utilize:
- 818 (i) mobile wireless service; and
- 819 (ii) other service that is not a telecommunications service, including:
- 820 (A) the download of a product transferred electronically;
- 821 (B) a content service; or
- 822 (C) an ancillary service;
- 823 (b) that:
- 824 (i) is paid for in advance; and
- 825 (ii) enables the origination of a call using an:
- 826 (A) access number; or
- 827 (B) authorization code;
- 828 (c) that is dialed:
- 829 (i) manually; or
- 830 (ii) electronically; and
- 831 (d) sold in predetermined units or dollars that decline:
- 832 (i) by a known amount; and
- 833 (ii) with use.

834            [~~(86)~~] (87) (a) "Prepared food" means:  
835            (i) food:  
836            (A) sold in a heated state; or  
837            (B) heated by a seller;  
838            (ii) two or more food ingredients mixed or combined by the seller for sale as a single  
839 item; or  
840            (iii) except as provided in Subsection [~~(86)~~] (87)(c), food sold with an eating utensil  
841 provided by the seller, including a:  
842            (A) plate;  
843            (B) knife;  
844            (C) fork;  
845            (D) spoon;  
846            (E) glass;  
847            (F) cup;  
848            (G) napkin; or  
849            (H) straw.  
850            (b) "Prepared food" does not include:  
851            (i) food that a seller only:  
852            (A) cuts;  
853            (B) repackages; or  
854            (C) pasteurizes; or  
855            (ii) (A) the following:  
856            (I) raw egg;  
857            (II) raw fish;  
858            (III) raw meat;  
859            (IV) raw poultry; or  
860            (V) a food containing an item described in Subsections [~~(86)~~] (87)(b)(ii)(A)(I) through  
861 (IV); and  
862            (B) if the Food and Drug Administration recommends in Chapter 3, Part 401.11 of the  
863 Food and Drug Administration's Food Code that a consumer cook the items described in  
864 Subsection [~~(86)~~] (87)(b)(ii)(A) to prevent food borne illness; or

- 865 (iii) the following if sold without eating utensils provided by the seller:
- 866 (A) food and food ingredients sold by a seller if the seller's proper primary
- 867 classification under the 2002 North American Industry Classification System of the federal
- 868 Executive Office of the President, Office of Management and Budget, is manufacturing in
- 869 Sector 311, Food Manufacturing, except for Subsector 3118, Bakeries and Tortilla
- 870 Manufacturing;
- 871 (B) food and food ingredients sold in an unheated state:
- 872 (I) by weight or volume; and
- 873 (II) as a single item; or
- 874 (C) a bakery item, including:
- 875 (I) a bagel;
- 876 (II) a bar;
- 877 (III) a biscuit;
- 878 (IV) bread;
- 879 (V) a bun;
- 880 (VI) a cake;
- 881 (VII) a cookie;
- 882 (VIII) a croissant;
- 883 (IX) a danish;
- 884 (X) a donut;
- 885 (XI) a muffin;
- 886 (XII) a pastry;
- 887 (XIII) a pie;
- 888 (XIV) a roll;
- 889 (XV) a tart;
- 890 (XVI) a torte; or
- 891 (XVII) a tortilla.
- 892 (c) [~~Notwithstanding Subsection (86)(a)(iii), an~~] An eating utensil provided by the
- 893 seller does not include the following used to transport the food:
- 894 (i) a container; or
- 895 (ii) packaging.

- 896            [~~(87)~~] (88) "Prescription" means an order, formula, or recipe that is issued:
- 897            (a) (i) orally;
- 898            (ii) in writing;
- 899            (iii) electronically; or
- 900            (iv) by any other manner of transmission; and
- 901            (b) by a licensed practitioner authorized by the laws of a state.
- 902            [~~(88)~~] (89) (a) Except as provided in Subsection [~~(88)~~] (89)(b)(ii) or (iii), "prewritten
- 903 computer software" means computer software that is not designed and developed:
- 904            (i) by the author or other creator of the computer software; and
- 905            (ii) to the specifications of a specific purchaser.
- 906            (b) "Prewritten computer software" includes:
- 907            (i) a prewritten upgrade to computer software if the prewritten upgrade to the computer
- 908 software is not designed and developed:
- 909            (A) by the author or other creator of the computer software; and
- 910            (B) to the specifications of a specific purchaser;
- 911            (ii) [~~notwithstanding Subsection (88)(a);~~] computer software designed and developed
- 912 by the author or other creator of the computer software to the specifications of a specific
- 913 purchaser if the computer software is sold to a person other than the purchaser; or
- 914            (iii) [~~notwithstanding Subsection (88)(a) and~~] except as provided in Subsection [~~(88)~~]
- 915 (89)(c), prewritten computer software or a prewritten portion of prewritten computer software:
- 916            (A) that is modified or enhanced to any degree; and
- 917            (B) if the modification or enhancement described in Subsection [~~(88)~~] (89)(b)(iii)(A) is
- 918 designed and developed to the specifications of a specific purchaser.
- 919            (c) [~~Notwithstanding Subsection (88)(b)(iii), "prewritten"~~] "Prewritten computer
- 920 software" does not include a modification or enhancement described in Subsection [~~(88)~~]
- 921 (89)(b)(iii) if the charges for the modification or enhancement are:
- 922            (i) reasonable; and
- 923            (ii) separately stated on the invoice or other statement of price provided to the
- 924 purchaser.
- 925            [~~(89)~~] (90) (a) "Private communication service" means a telecommunications service:
- 926            (i) that entitles a customer to exclusive or priority use of one or more communications

927 channels between or among termination points; and

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

930 (b) "Private communications service" includes the following provided in connection  
931 with the use of one or more communications channels:

932 (i) an extension line;

933 (ii) a station;

934 (iii) switching capacity; or

935 (iv) another associated service that is provided in connection with the use of one or  
936 more communications channels as defined in Section 59-12-215.

937 ~~[(90)]~~ (91) (a) Except as provided in Subsection ~~[(90)]~~ (91)(b), "product transferred  
938 electronically" means a product transferred electronically that would be subject to a tax under  
939 this chapter if that product was transferred in a manner other than electronically.

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

941 (i) an ancillary service;

942 (ii) computer software; or

943 (iii) a telecommunications service.

944 ~~[(91)]~~ (92) (a) "Prosthetic device" means a device that is worn on or in the body to:

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

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

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

948 (b) "Prosthetic device" includes:

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

950 (ii) replacement parts for a prosthetic device;

951 (iii) a dental prosthesis; or

952 (iv) a hearing aid.

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

954 (i) corrective eyeglasses; or

955 (ii) contact lenses.

956 ~~[(92)]~~ (93) (a) "Protective equipment" means an item:

957 (i) for human wear; and

958 (ii) that is:  
959 (A) designed as protection:  
960 (I) to the wearer against injury or disease; or  
961 (II) against damage or injury of other persons or property; and  
962 (B) not suitable for general use.  
963 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
964 commission shall make rules:  
965 (i) listing the items that constitute "protective equipment"; and  
966 (ii) that are consistent with the list of items that constitute "protective equipment"  
967 under the agreement.  
968 [~~93~~] (94) (a) For purposes of Subsection 59-12-104(41), "publication" means any  
969 written or printed matter, other than a photocopy:  
970 (i) regardless of:  
971 (A) characteristics;  
972 (B) copyright;  
973 (C) form;  
974 (D) format;  
975 (E) method of reproduction; or  
976 (F) source; and  
977 (ii) made available in printed or electronic format.  
978 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
979 commission may by rule define the term "photocopy."  
980 [~~94~~] (95) (a) "Purchase price" and "sales price" mean the total amount of  
981 consideration:  
982 (i) valued in money; and  
983 (ii) for which tangible personal property, a product transferred electronically, or  
984 services are:  
985 (A) sold;  
986 (B) leased; or  
987 (C) rented.  
988 (b) "Purchase price" and "sales price" include:



- 989 (i) the seller's cost of the tangible personal property, a product transferred  
990 electronically, or services sold;
- 991 (ii) expenses of the seller, including:
- 992 (A) the cost of materials used;
- 993 (B) a labor cost;
- 994 (C) a service cost;
- 995 (D) interest;
- 996 (E) a loss;
- 997 (F) the cost of transportation to the seller; or
- 998 (G) a tax imposed on the seller;
- 999 (iii) a charge by the seller for any service necessary to complete the sale; or
- 1000 (iv) consideration a seller receives from a person other than the purchaser if:
- 1001 (A) (I) the seller actually receives consideration from a person other than the purchaser;
- 1002 and
- 1003 (II) the consideration described in Subsection [~~94~~] (95)(b)(iv)(A)(I) is directly related
- 1004 to a price reduction or discount on the sale;
- 1005 (B) the seller has an obligation to pass the price reduction or discount through to the
- 1006 purchaser;
- 1007 (C) the amount of the consideration attributable to the sale is fixed and determinable by
- 1008 the seller at the time of the sale to the purchaser; and
- 1009 (D) (I) (Aa) the purchaser presents a certificate, coupon, or other documentation to the
- 1010 seller to claim a price reduction or discount; and
- 1011 (Bb) a person other than the seller authorizes, distributes, or grants the certificate,
- 1012 coupon, or other documentation with the understanding that the person other than the seller
- 1013 will reimburse any seller to whom the certificate, coupon, or other documentation is presented;
- 1014 (II) the purchaser identifies that purchaser to the seller as a member of a group or
- 1015 organization allowed a price reduction or discount, except that a preferred customer card that is
- 1016 available to any patron of a seller does not constitute membership in a group or organization
- 1017 allowed a price reduction or discount; or
- 1018 (III) the price reduction or discount is identified as a third party price reduction or
- 1019 discount on the:

- 1020 (Aa) invoice the purchaser receives; or
- 1021 (Bb) certificate, coupon, or other documentation the purchaser presents.
- 1022 (c) "Purchase price" and "sales price" do not include:
- 1023 (i) a discount:
- 1024 (A) in a form including:
- 1025 (I) cash;
- 1026 (II) term; or
- 1027 (III) coupon;
- 1028 (B) that is allowed by a seller;
- 1029 (C) taken by a purchaser on a sale; and
- 1030 (D) that is not reimbursed by a third party; or
- 1031 (ii) the following if separately stated on an invoice, bill of sale, or similar document
- 1032 provided to the purchaser:
- 1033 (A) the following from credit extended on the sale of tangible personal property or
- 1034 services:
- 1035 (I) a carrying charge;
- 1036 (II) a financing charge; or
- 1037 (III) an interest charge;
- 1038 (B) a delivery charge;
- 1039 (C) an installation charge;
- 1040 (D) a manufacturer rebate on a motor vehicle; or
- 1041 (E) a tax or fee legally imposed directly on the consumer.
- 1042 [~~95~~] 96 "Purchaser" means a person to whom:
- 1043 (a) a sale of tangible personal property is made;
- 1044 (b) a product is transferred electronically; or
- 1045 (c) a service is furnished.
- 1046 [~~96~~] 97 "Regularly rented" means:
- 1047 (a) rented to a guest for value three or more times during a calendar year; or
- 1048 (b) advertised or held out to the public as a place that is regularly rented to guests for
- 1049 value.
- 1050 [~~97~~] 98 "Rental" is as defined in Subsection [~~54~~] 55.

1051            [~~(98)~~] (99) (a) Except as provided in Subsection [~~(98)~~] (99)(b), "repairs or renovations  
1052 of tangible personal property" means:

1053            (i) a repair or renovation of tangible personal property that is not permanently attached  
1054 to real property; or

1055            (ii) attaching tangible personal property or a product transferred electronically to other  
1056 tangible personal property or detaching tangible personal property or a product transferred  
1057 electronically from other tangible personal property if:

1058            (A) the other tangible personal property to which the tangible personal property or  
1059 product transferred electronically is attached or from which the tangible personal property or  
1060 product transferred electronically is detached is not permanently attached to real property; and

1061            (B) the attachment of tangible personal property or a product transferred electronically  
1062 to other tangible personal property or detachment of tangible personal property or a product  
1063 transferred electronically from other tangible personal property is made in conjunction with a  
1064 repair or replacement of tangible personal property or a product transferred electronically.

1065            (b) "Repairs or renovations of tangible personal property" does not include:

1066            (i) attaching prewritten computer software to other tangible personal property if the  
1067 other tangible personal property to which the prewritten computer software is attached is not  
1068 permanently attached to real property; or

1069            (ii) detaching prewritten computer software from other tangible personal property if the  
1070 other tangible personal property from which the prewritten computer software is detached is  
1071 not permanently attached to real property.

1072            [~~(99)~~] (100) "Research and development" means the process of inquiry or  
1073 experimentation aimed at the discovery of facts, devices, technologies, or applications and the  
1074 process of preparing those devices, technologies, or applications for marketing.

1075            [~~(100)~~] (101) (a) "Residential telecommunications services" means a  
1076 telecommunications service or an ancillary service that is provided to an individual for personal  
1077 use:

1078            (i) at a residential address; or

1079            (ii) at an institution, including a nursing home or a school, if the telecommunications  
1080 service or ancillary service is provided to and paid for by the individual residing at the  
1081 institution rather than the institution.

1082 (b) For purposes of Subsection [~~(100)~~] (101)(a)(i), a residential address includes an:

1083 (i) apartment; or

1084 (ii) other individual dwelling unit.

1085 [~~(101)~~] (102) "Residential use" means the use in or around a home, apartment building,  
1086 sleeping quarters, and similar facilities or accommodations.

1087 [~~(102)~~] (103) "Retail sale" or "sale at retail" means a sale, lease, or rental for a purpose  
1088 other than:

1089 (a) resale;

1090 (b) sublease; or

1091 (c) subrent.

1092 [~~(103)~~] (104) (a) "Retailer" means any person engaged in a regularly organized  
1093 business in tangible personal property or any other taxable transaction under Subsection  
1094 59-12-103(1), and who is selling to the user or consumer and not for resale.

1095 (b) "Retailer" includes commission merchants, auctioneers, and any person regularly  
1096 engaged in the business of selling to users or consumers within the state.

1097 [~~(104)~~] (105) (a) "Sale" means any transfer of title, exchange, or barter, conditional or  
1098 otherwise, in any manner, of tangible personal property or any other taxable transaction under  
1099 Subsection 59-12-103(1), for consideration.

1100 (b) "Sale" includes:

1101 (i) installment and credit sales;

1102 (ii) any closed transaction constituting a sale;

1103 (iii) any sale of electrical energy, gas, services, or entertainment taxable under this  
1104 chapter;

1105 (iv) any transaction if the possession of property is transferred but the seller retains the  
1106 title as security for the payment of the price; and

1107 (v) any transaction under which right to possession, operation, or use of any article of  
1108 tangible personal property is granted under a lease or contract and the transfer of possession  
1109 would be taxable if an outright sale were made.

1110 [~~(105)~~] (106) "Sale at retail" is as defined in Subsection [~~(102)~~] (103).

1111 [~~(106)~~] (107) "Sale-leaseback transaction" means a transaction by which title to  
1112 tangible personal property or a product transferred electronically that is subject to a tax under

1113 this chapter is transferred:

1114 (a) by a purchaser-lessee;

1115 (b) to a lessor;

1116 (c) for consideration; and

1117 (d) if:

1118 (i) the purchaser-lessee paid sales and use tax on the purchaser-lessee's initial purchase

1119 of the tangible personal property or product transferred electronically;

1120 (ii) the sale of the tangible personal property or product transferred electronically to the

1121 lessor is intended as a form of financing:

1122 (A) for the tangible personal property or product transferred electronically; and

1123 (B) to the purchaser-lessee; and

1124 (iii) in accordance with generally accepted accounting principles, the purchaser-lessee

1125 is required to:

1126 (A) capitalize the tangible personal property or product transferred electronically for

1127 financial reporting purposes; and

1128 (B) account for the lease payments as payments made under a financing arrangement.

1129 [~~(107)~~] (108) "Sales price" is as defined in Subsection [~~(94)~~] (95).

1130 [~~(108)~~] (109) (a) "Sales relating to schools" means the following sales by, amounts

1131 paid to, or amounts charged by a school:

1132 (i) sales that are directly related to the school's educational functions or activities

1133 including:

1134 (A) the sale of:

1135 (I) textbooks;

1136 (II) textbook fees;

1137 (III) laboratory fees;

1138 (IV) laboratory supplies; or

1139 (V) safety equipment;

1140 (B) the sale of a uniform, protective equipment, or sports or recreational equipment

1141 that:

1142 (I) a student is specifically required to wear as a condition of participation in a

1143 school-related event or school-related activity; and

1144 (II) is not readily adaptable to general or continued usage to the extent that it takes the  
1145 place of ordinary clothing;

1146 (C) sales of the following if the net or gross revenues generated by the sales are  
1147 deposited into a school district fund or school fund dedicated to school meals:

1148 (I) food and food ingredients; or

1149 (II) prepared food; or

1150 (D) transportation charges for official school activities; or

1151 (ii) amounts paid to or amounts charged by a school for admission to a school-related  
1152 event or school-related activity.

1153 (b) "Sales relating to schools" does not include:

1154 (i) bookstore sales of items that are not educational materials or supplies;

1155 (ii) except as provided in Subsection [~~(108)~~] (109)(a)(i)(B):

1156 (A) clothing;

1157 (B) clothing accessories or equipment;

1158 (C) protective equipment; or

1159 (D) sports or recreational equipment; or

1160 (iii) amounts paid to or amounts charged by a school for admission to a school-related  
1161 event or school-related activity if the amounts paid or charged are passed through to a person:

1162 (A) other than a:

1163 (I) school;

1164 (II) nonprofit organization authorized by a school board or a governing body of a  
1165 private school to organize and direct a competitive secondary school activity; or

1166 (III) nonprofit association authorized by a school board or a governing body of a  
1167 private school to organize and direct a competitive secondary school activity; and

1168 (B) that is required to collect sales and use taxes under this chapter.

1169 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
1170 commission may make rules defining the term "passed through."

1171 [~~(109)~~] (110) For purposes of this section and Section 59-12-104, "school":

1172 (a) means:

1173 (i) an elementary school or a secondary school that:

1174 (A) is a:

- 1175 (I) public school; or
- 1176 (II) private school; and
- 1177 (B) provides instruction for one or more grades kindergarten through 12; or
- 1178 (ii) a public school district; and
- 1179 (b) includes the Electronic High School as defined in Section 53A-15-1002.
- 1180 [~~(H)~~] (111) "Seller" means a person that makes a sale, lease, or rental of:
- 1181 (a) tangible personal property;
- 1182 (b) a product transferred electronically; or
- 1183 (c) a service.
- 1184 [~~(H)~~] (112) (a) "Semiconductor fabricating, processing, research, or development
- 1185 materials" means tangible personal property or a product transferred electronically if the
- 1186 tangible personal property or product transferred electronically is:
- 1187 (i) used primarily in the process of:
- 1188 (A) (I) manufacturing a semiconductor;
- 1189 (II) fabricating a semiconductor; or
- 1190 (III) research or development of a:
- 1191 (Aa) semiconductor; or
- 1192 (Bb) semiconductor manufacturing process; or
- 1193 (B) maintaining an environment suitable for a semiconductor; or
- 1194 (ii) consumed primarily in the process of:
- 1195 (A) (I) manufacturing a semiconductor;
- 1196 (II) fabricating a semiconductor; or
- 1197 (III) research or development of a:
- 1198 (Aa) semiconductor; or
- 1199 (Bb) semiconductor manufacturing process; or
- 1200 (B) maintaining an environment suitable for a semiconductor.
- 1201 (b) "Semiconductor fabricating, processing, research, or development materials"
- 1202 includes:
- 1203 (i) parts used in the repairs or renovations of tangible personal property or a product
- 1204 transferred electronically described in Subsection [~~(H)~~] (112)(a); or
- 1205 (ii) a chemical, catalyst, or other material used to:

- 1206 (A) produce or induce in a semiconductor a:
- 1207 (I) chemical change; or
- 1208 (II) physical change;
- 1209 (B) remove impurities from a semiconductor; or
- 1210 (C) improve the marketable condition of a semiconductor.
- 1211 [~~(H2)~~] (113) "Senior citizen center" means a facility having the primary purpose of
- 1212 providing services to the aged as defined in Section 62A-3-101.
- 1213 [~~(H3)~~] (114) "Simplified electronic return" means the electronic return:
- 1214 (a) described in Section 318(C) of the agreement; and
- 1215 (b) approved by the governing board of the agreement.
- 1216 [~~(H4)~~] (115) "Solar energy" means the sun used as the sole source of energy for
- 1217 producing electricity.
- 1218 [~~(H5)~~] (116) (a) "Sports or recreational equipment" means an item:
- 1219 (i) designed for human use; and
- 1220 (ii) that is:
- 1221 (A) worn in conjunction with:
- 1222 (I) an athletic activity; or
- 1223 (II) a recreational activity; and
- 1224 (B) not suitable for general use.
- 1225 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
- 1226 commission shall make rules:
- 1227 (i) listing the items that constitute "sports or recreational equipment"; and
- 1228 (ii) that are consistent with the list of items that constitute "sports or recreational
- 1229 equipment" under the agreement.
- 1230 [~~(H6)~~] (117) "State" means the state of Utah, its departments, and agencies.
- 1231 [~~(H7)~~] (118) "Storage" means any keeping or retention of tangible personal property or
- 1232 any other taxable transaction under Subsection 59-12-103(1), in this state for any purpose
- 1233 except sale in the regular course of business.
- 1234 [~~(H8)~~] (119) (a) Except as provided in Subsection [~~(H8)~~] (119)(d) or (e), "tangible
- 1235 personal property" means personal property that:
- 1236 (i) may be:



- 1237 (A) seen;
- 1238 (B) weighed;
- 1239 (C) measured;
- 1240 (D) felt; or
- 1241 (E) touched; or
- 1242 (ii) is in any manner perceptible to the senses.
- 1243 (b) "Tangible personal property" includes:
- 1244 (i) electricity;
- 1245 (ii) water;
- 1246 (iii) gas;
- 1247 (iv) steam; or
- 1248 (v) prewritten computer software, regardless of the manner in which the prewritten
- 1249 computer software is transferred.
- 1250 (c) "Tangible personal property" includes the following regardless of whether the item
- 1251 is attached to real property:
- 1252 (i) a dishwasher;
- 1253 (ii) a dryer;
- 1254 (iii) a freezer;
- 1255 (iv) a microwave;
- 1256 (v) a refrigerator;
- 1257 (vi) a stove;
- 1258 (vii) a washer; or
- 1259 (viii) an item similar to Subsections [~~(118)~~] (119)(c)(i) through (vii) as determined by
- 1260 the commission by rule made in accordance with Title 63G, Chapter 3, Utah Administrative
- 1261 Rulemaking Act.
- 1262 (d) "Tangible personal property" does not include a product that is transferred
- 1263 electronically.
- 1264 (e) "Tangible personal property" does not include the following if attached to real
- 1265 property, regardless of whether the attachment to real property is only through a line that
- 1266 supplies water, electricity, gas, telephone, cable, or supplies a similar item as determined by the
- 1267 commission by rule made in accordance with Title 63G, Chapter 3, Utah Administrative

1268 Rulemaking Act:

- 1269 (i) a hot water heater;
- 1270 (ii) a water filtration system; or
- 1271 (iii) a water softener system.

1272 [~~(119)~~] (120) (a) "Telecommunications enabling or facilitating equipment, machinery,  
1273 or software" means an item listed in Subsection [~~(119)~~] (120)(b) if that item is purchased or  
1274 leased primarily to enable or facilitate one or more of the following to function:

- 1275 (i) telecommunications switching or routing equipment, machinery, or software; or
- 1276 (ii) telecommunications transmission equipment, machinery, or software.

1277 (b) The following apply to Subsection [~~(119)~~] (120)(a):

- 1278 (i) a pole;
- 1279 (ii) software;
- 1280 (iii) a supplementary power supply;
- 1281 (iv) temperature or environmental equipment or machinery;
- 1282 (v) test equipment;
- 1283 (vi) a tower; or

1284 (vii) equipment, machinery, or software that functions similarly to an item listed in  
1285 Subsections [~~(119)~~] (120)(b)(i) through (vi) as determined by the commission by rule made in  
1286 accordance with Subsection [~~(119)~~] (120)(c).

1287 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
1288 commission may by rule define what constitutes equipment, machinery, or software that  
1289 functions similarly to an item listed in Subsections [~~(119)~~] (120)(b)(i) through (vi).

1290 [~~(120)~~] (121) "Telecommunications equipment, machinery, or software required for  
1291 911 service" means equipment, machinery, or software that is required to comply with 47  
1292 C.F.R. Sec. 20.18.

1293 [~~(121)~~] (122) "Telecommunications maintenance or repair equipment, machinery, or  
1294 software" means equipment, machinery, or software purchased or leased primarily to maintain  
1295 or repair one or more of the following, regardless of whether the equipment, machinery, or  
1296 software is purchased or leased as a spare part or as an upgrade or modification to one or more  
1297 of the following:

- 1298 (a) telecommunications enabling or facilitating equipment, machinery, or software;

1299 (b) telecommunications switching or routing equipment, machinery, or software; or

1300 (c) telecommunications transmission equipment, machinery, or software.

1301 [~~(122)~~] (123) (a) "Telecommunications service" means the electronic conveyance,

1302 routing, or transmission of audio, data, video, voice, or any other information or signal to a

1303 point, or among or between points.

1304 (b) "Telecommunications service" includes:

1305 (i) an electronic conveyance, routing, or transmission with respect to which a computer

1306 processing application is used to act:

1307 (A) on the code, form, or protocol of the content;

1308 (B) for the purpose of electronic conveyance, routing, or transmission; and

1309 (C) regardless of whether the service:

1310 (I) is referred to as voice over Internet protocol service; or

1311 (II) is classified by the Federal Communications Commission as enhanced or value

1312 added;

1313 (ii) an 800 service;

1314 (iii) a 900 service;

1315 (iv) a fixed wireless service;

1316 (v) a mobile wireless service;

1317 (vi) a postpaid calling service;

1318 (vii) a prepaid calling service;

1319 (viii) a prepaid wireless calling service; or

1320 (ix) a private communications service.

1321 (c) "Telecommunications service" does not include:

1322 (i) advertising, including directory advertising;

1323 (ii) an ancillary service;

1324 (iii) a billing and collection service provided to a third party;

1325 (iv) a data processing and information service if:

1326 (A) the data processing and information service allows data to be:

1327 (I) (Aa) acquired;

1328 (Bb) generated;

1329 (Cc) processed;

- 1330 (Dd) retrieved; or
- 1331 (Ee) stored; and
- 1332 (II) delivered by an electronic transmission to a purchaser; and
- 1333 (B) the purchaser's primary purpose for the underlying transaction is the processed data
- 1334 or information;
- 1335 (v) installation or maintenance of the following on a customer's premises:
- 1336 (A) equipment; or
- 1337 (B) wiring;
- 1338 (vi) Internet access service;
- 1339 (vii) a paging service;
- 1340 (viii) a product transferred electronically, including:
- 1341 (A) music;
- 1342 (B) reading material;
- 1343 (C) a ring tone;
- 1344 (D) software; or
- 1345 (E) video;
- 1346 (ix) a radio and television audio and video programming service:
- 1347 (A) regardless of the medium; and
- 1348 (B) including:
- 1349 (I) furnishing conveyance, routing, or transmission of a television audio and video
- 1350 programming service by a programming service provider;
- 1351 (II) cable service as defined in 47 U.S.C. Sec. 522(6); or
- 1352 (III) audio and video programming services delivered by a commercial mobile radio
- 1353 service provider as defined in 47 C.F.R. Sec. 20.3;
- 1354 (x) a value-added nonvoice data service; or
- 1355 (xi) tangible personal property.
- 1356 [~~(123)~~] (124) (a) "Telecommunications service provider" means a person that:
- 1357 (i) owns, controls, operates, or manages a telecommunications service; and
- 1358 (ii) engages in an activity described in Subsection [~~(123)~~] (124)(a)(i) for the shared use
- 1359 with or resale to any person of the telecommunications service.
- 1360 (b) A person described in Subsection [~~(123)~~] (124)(a) is a telecommunications service

1361 provider whether or not the Public Service Commission of Utah regulates:

1362 (i) that person; or

1363 (ii) the telecommunications service that the person owns, controls, operates, or  
1364 manages.

1365 ~~[(124)]~~ (125) (a) "Telecommunications switching or routing equipment, machinery, or  
1366 software" means an item listed in Subsection ~~[(124)]~~ (125)(b) if that item is purchased or  
1367 leased primarily for switching or routing:

1368 (i) an ancillary service;

1369 (ii) data communications;

1370 (iii) voice communications; or

1371 (iv) telecommunications service.

1372 (b) The following apply to Subsection ~~[(124)]~~ (125)(a):

1373 (i) a bridge;

1374 (ii) a computer;

1375 (iii) a cross connect;

1376 (iv) a modem;

1377 (v) a multiplexer;

1378 (vi) plug in circuitry;

1379 (vii) a router;

1380 (viii) software;

1381 (ix) a switch; or

1382 (x) equipment, machinery, or software that functions similarly to an item listed in

1383 Subsections ~~[(124)]~~ (125)(b)(i) through (ix) as determined by the commission by rule made in  
1384 accordance with Subsection ~~[(124)]~~ (125)(c).

1385 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
1386 commission may by rule define what constitutes equipment, machinery, or software that  
1387 functions similarly to an item listed in Subsections ~~[(124)]~~ (125)(b)(i) through (ix).

1388 ~~[(125)]~~ (126) (a) "Telecommunications transmission equipment, machinery, or  
1389 software" means an item listed in Subsection ~~[(125)]~~ (126)(b) if that item is purchased or  
1390 leased primarily for sending, receiving, or transporting:

1391 (i) an ancillary service;

- 1392 (ii) data communications;
- 1393 (iii) voice communications; or
- 1394 (iv) telecommunications service.
- 1395 (b) The following apply to Subsection [~~(125)~~] (126)(a):
- 1396 (i) an amplifier;
- 1397 (ii) a cable;
- 1398 (iii) a closure;
- 1399 (iv) a conduit;
- 1400 (v) a controller;
- 1401 (vi) a duplexer;
- 1402 (vii) a filter;
- 1403 (viii) an input device;
- 1404 (ix) an input/output device;
- 1405 (x) an insulator;
- 1406 (xi) microwave machinery or equipment;
- 1407 (xii) an oscillator;
- 1408 (xiii) an output device;
- 1409 (xiv) a pedestal;
- 1410 (xv) a power converter;
- 1411 (xvi) a power supply;
- 1412 (xvii) a radio channel;
- 1413 (xviii) a radio receiver;
- 1414 (xix) a radio transmitter;
- 1415 (xx) a repeater;
- 1416 (xxi) software;
- 1417 (xxii) a terminal;
- 1418 (xxiii) a timing unit;
- 1419 (xxiv) a transformer;
- 1420 (xxv) a wire; or
- 1421 (xxvi) equipment, machinery, or software that functions similarly to an item listed in
- 1422 Subsections [~~(125)~~] (126)(b)(i) through (xxv) as determined by the commission by rule made in

1423 accordance with Subsection [~~(125)~~] (126)(c).

1424 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
1425 commission may by rule define what constitutes equipment, machinery, or software that  
1426 functions similarly to an item listed in Subsections [~~(125)~~] (126)(b)(i) through (xxv).

1427 [~~(126)~~] (127) (a) "Textbook for a higher education course" means a textbook or other  
1428 printed material that is required for a course:

1429 (i) offered by an institution of higher education; and

1430 (ii) that the purchaser of the textbook or other printed material attends or will attend.

1431 (b) "Textbook for a higher education course" includes a textbook in electronic format.

1432 [~~(127)~~] (128) "Tobacco" means:

1433 (a) a cigarette;

1434 (b) a cigar;

1435 (c) chewing tobacco;

1436 (d) pipe tobacco; or

1437 (e) any other item that contains tobacco.

1438 [~~(128)~~] (129) "Unassisted amusement device" means an amusement device, skill  
1439 device, or ride device that is started and stopped by the purchaser or renter of the right to use or  
1440 operate the amusement device, skill device, or ride device.

1441 [~~(129)~~] (130) (a) "Use" means the exercise of any right or power over tangible personal  
1442 property, a product transferred electronically, or a service under Subsection 59-12-103(1),  
1443 incident to the ownership or the leasing of that tangible personal property, product transferred  
1444 electronically, or service.

1445 (b) "Use" does not include the sale, display, demonstration, or trial of tangible personal  
1446 property, a product transferred electronically, or a service in the regular course of business and  
1447 held for resale.

1448 [~~(130)~~] (131) "Value-added nonvoice data service" means a service:

1449 (a) that otherwise meets the definition of a telecommunications service except that a  
1450 computer processing application is used to act primarily for a purpose other than conveyance,  
1451 routing, or transmission; and

1452 (b) with respect to which a computer processing application is used to act on data or  
1453 information:

- 1454 (i) code;
- 1455 (ii) content;
- 1456 (iii) form; or
- 1457 (iv) protocol.
- 1458 ~~[(131)]~~ (132) (a) Subject to Subsection ~~[(131)]~~ (132)(b), "vehicle" means the following
- 1459 that are required to be titled, registered, or titled and registered:
  - 1460 (i) an aircraft as defined in Section 72-10-102;
  - 1461 (ii) a vehicle as defined in Section 41-1a-102;
  - 1462 (iii) an off-highway vehicle as defined in Section 41-22-2; or
  - 1463 (iv) a vessel as defined in Section 41-1a-102.
- 1464 (b) For purposes of Subsection 59-12-104(33) only, "vehicle" includes:
  - 1465 (i) a vehicle described in Subsection ~~[(131)]~~ (132)(a); or
  - 1466 (ii) (A) a locomotive;
  - 1467 (B) a freight car;
  - 1468 (C) railroad work equipment; or
  - 1469 (D) other railroad rolling stock.
- 1470 ~~[(132)]~~ (133) "Vehicle dealer" means a person engaged in the business of buying,
- 1471 selling, or exchanging a vehicle as defined in Subsection ~~[(131)]~~ (132).
- 1472 ~~[(133)]~~ (134) (a) "Vertical service" means an ancillary service that:
  - 1473 (i) is offered in connection with one or more telecommunications services; and
  - 1474 (ii) offers an advanced calling feature that allows a customer to:
    - 1475 (A) identify a caller; and
    - 1476 (B) manage multiple calls and call connections.
- 1477 (b) "Vertical service" includes an ancillary service that allows a customer to manage a
- 1478 conference bridging service.
- 1479 ~~[(134)]~~ (135) (a) "Voice mail service" means an ancillary service that enables a
- 1480 customer to receive, send, or store a recorded message.
- 1481 (b) "Voice mail service" does not include a vertical service that a customer is required
- 1482 to have in order to utilize a voice mail service.
- 1483 ~~[(135)]~~ (136) (a) Except as provided in Subsection ~~[(135)]~~ (136)(b), "waste energy
- 1484 facility" means a facility that generates electricity:



1485 (i) using as the primary source of energy waste materials that would be placed in a  
 1486 landfill or refuse pit if it were not used to generate electricity, including:

1487 (A) tires;

1488 (B) waste coal;

1489 (C) oil shale; or

1490 (D) municipal solid waste; and

1491 (ii) in amounts greater than actually required for the operation of the facility.

1492 (b) "Waste energy facility" does not include a facility that incinerates:

1493 (i) hospital waste as defined in 40 C.F.R. 60.51c; or

1494 (ii) medical/infectious waste as defined in 40 C.F.R. 60.51c.

1495 [~~(136)~~] (137) "Watercraft" means a vessel as defined in Section 73-18-2.

1496 [~~(137)~~] (138) "Wind energy" means wind used as the sole source of energy to produce  
 1497 electricity.

1498 [~~(138)~~] (139) "ZIP Code" means a Zoning Improvement Plan Code assigned to a  
 1499 geographic location by the United States Postal Service.

1500 Section 2. Section **59-12-102 (Effective 07/01/14)** is amended to read:

1501 **59-12-102 (Effective 07/01/14). Definitions.**

1502 As used in this chapter:

1503 (1) "800 service" means a telecommunications service that:

1504 (a) allows a caller to dial a toll-free number without incurring a charge for the call; and

1505 (b) is typically marketed:

1506 (i) under the name 800 toll-free calling;

1507 (ii) under the name 855 toll-free calling;

1508 (iii) under the name 866 toll-free calling;

1509 (iv) under the name 877 toll-free calling;

1510 (v) under the name 888 toll-free calling; or

1511 (vi) under a name similar to Subsections (1)(b)(i) through (v) as designated by the

1512 Federal Communications Commission.

1513 (2) (a) "900 service" means an inbound toll telecommunications service that:

1514 (i) a subscriber purchases;

1515 (ii) allows a customer of the subscriber described in Subsection (2)(a)(i) to call in to

- 1516 the subscriber's:
- 1517 (A) prerecorded announcement; or
  - 1518 (B) live service; and
- 1519 (iii) is typically marketed:
- 1520 (A) under the name 900 service; or
  - 1521 (B) under a name similar to Subsection (2)(a)(iii)(A) as designated by the Federal
- 1522 Communications Commission.
- 1523 (b) "900 service" does not include a charge for:
- 1524 (i) a collection service a seller of a telecommunications service provides to a
  - 1525 subscriber; or
  - 1526 (ii) the following a subscriber sells to the subscriber's customer:
- 1527 (A) a product; or
  - 1528 (B) a service.
- 1529 (3) (a) "Admission or user fees" includes season passes.
- 1530 (b) "Admission or user fees" does not include annual membership dues to private
- 1531 organizations.
- 1532 (4) "Agreement" means the Streamlined Sales and Use Tax Agreement adopted on
- 1533 November 12, 2002, including amendments made to the Streamlined Sales and Use Tax
- 1534 Agreement after November 12, 2002.
- 1535 (5) "Agreement combined tax rate" means the sum of the tax rates:
- 1536 (a) listed under Subsection (6); and
  - 1537 (b) that are imposed within a local taxing jurisdiction.
- 1538 (6) "Agreement sales and use tax" means a tax imposed under:
- 1539 (a) Subsection 59-12-103(2)(a)(i)(A);
  - 1540 (b) Subsection 59-12-103(2)(b)(i);
  - 1541 (c) Subsection 59-12-103(2)(c)(i);
  - 1542 (d) Subsection 59-12-103(2)(d)(i)(A)(I);
  - 1543 (e) Section 59-12-204;
  - 1544 (f) Section 59-12-401;
  - 1545 (g) Section 59-12-402;
  - 1546 (h) Section 59-12-703;

- 1547 (i) Section 59-12-802;
- 1548 (j) Section 59-12-804;
- 1549 (k) Section 59-12-1102;
- 1550 (l) Section 59-12-1302;
- 1551 (m) Section 59-12-1402;
- 1552 (n) Section 59-12-1802;
- 1553 (o) Section 59-12-2003;
- 1554 (p) Section 59-12-2103;
- 1555 (q) Section 59-12-2213;
- 1556 (r) Section 59-12-2214;
- 1557 (s) Section 59-12-2215;
- 1558 (t) Section 59-12-2216;
- 1559 (u) Section 59-12-2217; or
- 1560 (v) Section 59-12-2218.
- 1561 (7) "Aircraft" is as defined in Section 72-10-102.
- 1562 (8) "Aircraft maintenance, repair, and overhaul provider" means a business entity:
- 1563 (a) except for:
- 1564 (i) an airline as defined in Section 59-2-102; or
- 1565 (ii) an affiliated group, as defined in Section 59-7-101, except that "affiliated group"
- 1566 includes a corporation that is qualified to do business but is not otherwise doing business in the
- 1567 state, of an airline; and
- 1568 (b) that has the workers, expertise, and facilities to perform the following, regardless of
- 1569 whether the business entity performs the following in this state:
- 1570 (i) check, diagnose, overhaul, and repair:
- 1571 (A) an onboard system of a fixed wing turbine powered aircraft; and
- 1572 (B) the parts that comprise an onboard system of a fixed wing turbine powered aircraft;
- 1573 (ii) assemble, change, dismantle, inspect, and test a fixed wing turbine powered aircraft
- 1574 engine;
- 1575 (iii) perform at least the following maintenance on a fixed wing turbine powered
- 1576 aircraft:
- 1577 (A) an inspection;

- 1578 (B) a repair, including a structural repair or modification;
- 1579 (C) changing landing gear; and
- 1580 (D) addressing issues related to an aging fixed wing turbine powered aircraft;
- 1581 (iv) completely remove the existing paint of a fixed wing turbine powered aircraft and
- 1582 completely apply new paint to the fixed wing turbine powered aircraft; and
- 1583 (v) refurbish the interior of a fixed wing turbine powered aircraft in a manner that
- 1584 results in a change in the fixed wing turbine powered aircraft's certification requirements by the
- 1585 authority that certifies the fixed wing turbine powered aircraft.
- 1586 (9) "Alcoholic beverage" means a beverage that:
- 1587 (a) is suitable for human consumption; and
- 1588 (b) contains .5% or more alcohol by volume.
- 1589 (10) "Alternative energy" means:
- 1590 (a) biomass energy;
- 1591 (b) geothermal energy;
- 1592 (c) hydroelectric energy;
- 1593 (d) solar energy;
- 1594 (e) wind energy; or
- 1595 (f) energy that is derived from:
- 1596 (i) coal-to-liquids;
- 1597 (ii) nuclear fuel;
- 1598 (iii) oil-impregnated diatomaceous earth;
- 1599 (iv) oil sands;
- 1600 (v) oil shale; or
- 1601 (vi) petroleum coke.
- 1602 (11) (a) Subject to Subsection (11)(b), "alternative energy electricity production
- 1603 facility" means a facility that:
- 1604 (i) uses alternative energy to produce electricity; and
- 1605 (ii) has a production capacity of 2 megawatts or greater.
- 1606 (b) A facility is an alternative energy electricity production facility regardless of
- 1607 whether the facility is:
- 1608 (i) connected to an electric grid; or

1609 (ii) located on the premises of an electricity consumer.

1610 (12) (a) "Ancillary service" means a service associated with, or incidental to, the  
1611 provision of telecommunications service.

1612 (b) "Ancillary service" includes:

1613 (i) a conference bridging service;

1614 (ii) a detailed communications billing service;

1615 (iii) directory assistance;

1616 (iv) a vertical service; or

1617 (v) a voice mail service.

1618 (13) "Area agency on aging" is as defined in Section 62A-3-101.

1619 (14) "Assisted amusement device" means an amusement device, skill device, or ride  
1620 device that is started and stopped by an individual:

1621 (a) who is not the purchaser or renter of the right to use or operate the amusement  
1622 device, skill device, or ride device; and

1623 (b) at the direction of the seller of the right to use the amusement device, skill device,  
1624 or ride device.

1625 (15) "Assisted cleaning or washing of tangible personal property" means cleaning or  
1626 washing of tangible personal property if the cleaning or washing labor is primarily performed  
1627 by an individual:

1628 (a) who is not the purchaser of the cleaning or washing of the tangible personal  
1629 property; and

1630 (b) at the direction of the seller of the cleaning or washing of the tangible personal  
1631 property.

1632 (16) "Authorized carrier" means:

1633 (a) in the case of vehicles operated over public highways, the holder of credentials  
1634 indicating that the vehicle is or will be operated pursuant to both the International Registration  
1635 Plan and the International Fuel Tax Agreement;

1636 (b) in the case of aircraft, the holder of a Federal Aviation Administration operating  
1637 certificate or air carrier's operating certificate; or

1638 (c) in the case of locomotives, freight cars, railroad work equipment, or other rolling  
1639 stock, the holder of a certificate issued by the United States Surface Transportation Board.

1640 (17) (a) Except as provided in Subsection (17)(b), "biomass energy" means any of the  
1641 following that is used as the primary source of energy to produce fuel or electricity:

1642 (i) material from a plant or tree; or

1643 (ii) other organic matter that is available on a renewable basis, including:

1644 (A) slash and brush from forests and woodlands;

1645 (B) animal waste;

1646 (C) methane produced:

1647 (I) at landfills; or

1648 (II) as a byproduct of the treatment of wastewater residuals;

1649 (D) aquatic plants; and

1650 (E) agricultural products.

1651 (b) "Biomass energy" does not include:

1652 (i) black liquor;

1653 (ii) treated woods; or

1654 (iii) biomass from municipal solid waste other than methane produced:

1655 (A) at landfills; or

1656 (B) as a byproduct of the treatment of wastewater residuals.

1657 (18) (a) "Bundled transaction" means the sale of two or more items of tangible personal  
1658 property, products, or services if the tangible personal property, products, or services are:

1659 (i) distinct and identifiable; and

1660 (ii) sold for one nonitemized price.

1661 (b) "Bundled transaction" does not include:

1662 (i) the sale of tangible personal property if the sales price varies, or is negotiable, on

1663 the basis of the selection by the purchaser of the items of tangible personal property included in  
1664 the transaction;

1665 (ii) the sale of real property;

1666 (iii) the sale of services to real property;

1667 (iv) the retail sale of tangible personal property and a service if:

1668 (A) the tangible personal property:

1669 (I) is essential to the use of the service; and

1670 (II) is provided exclusively in connection with the service; and

- 1671 (B) the service is the true object of the transaction;
- 1672 (v) the retail sale of two services if:
- 1673 (A) one service is provided that is essential to the use or receipt of a second service;
- 1674 (B) the first service is provided exclusively in connection with the second service; and
- 1675 (C) the second service is the true object of the transaction;
- 1676 (vi) a transaction that includes tangible personal property or a product subject to
- 1677 taxation under this chapter and tangible personal property or a product that is not subject to
- 1678 taxation under this chapter if the:
- 1679 (A) seller's purchase price of the tangible personal property or product subject to
- 1680 taxation under this chapter is de minimis; or
- 1681 (B) seller's sales price of the tangible personal property or product subject to taxation
- 1682 under this chapter is de minimis; and
- 1683 (vii) the retail sale of tangible personal property that is not subject to taxation under
- 1684 this chapter and tangible personal property that is subject to taxation under this chapter if:
- 1685 (A) that retail sale includes:
- 1686 (I) food and food ingredients;
- 1687 (II) a drug;
- 1688 (III) durable medical equipment;
- 1689 (IV) mobility enhancing equipment;
- 1690 (V) an over-the-counter drug;
- 1691 (VI) a prosthetic device; or
- 1692 (VII) a medical supply; and
- 1693 (B) subject to Subsection (18)(f):
- 1694 (I) the seller's purchase price of the tangible personal property subject to taxation under
- 1695 this chapter is 50% or less of the seller's total purchase price of that retail sale; or
- 1696 (II) the seller's sales price of the tangible personal property subject to taxation under
- 1697 this chapter is 50% or less of the seller's total sales price of that retail sale.
- 1698 (c) (i) For purposes of Subsection (18)(a)(i), tangible personal property, a product, or a
- 1699 service that is distinct and identifiable does not include:
- 1700 (A) packaging that:
- 1701 (I) accompanies the sale of the tangible personal property, product, or service; and

1702 (II) is incidental or immaterial to the sale of the tangible personal property, product, or  
1703 service;

1704 (B) tangible personal property, a product, or a service provided free of charge with the  
1705 purchase of another item of tangible personal property, a product, or a service; or

1706 (C) an item of tangible personal property, a product, or a service included in the  
1707 definition of "purchase price."

1708 (ii) For purposes of Subsection (18)(c)(i)(B), an item of tangible personal property, a  
1709 product, or a service is provided free of charge with the purchase of another item of tangible  
1710 personal property, a product, or a service if the sales price of the purchased item of tangible  
1711 personal property, product, or service does not vary depending on the inclusion of the tangible  
1712 personal property, product, or service provided free of charge.

1713 (d) (i) For purposes of Subsection (18)(a)(ii), property sold for one nonitemized price  
1714 does not include a price that is separately identified by tangible personal property, product, or  
1715 service on the following, regardless of whether the following is in paper format or electronic  
1716 format:

1717 (A) a binding sales document; or

1718 (B) another supporting sales-related document that is available to a purchaser.

1719 (ii) For purposes of Subsection (18)(d)(i), a binding sales document or another  
1720 supporting sales-related document that is available to a purchaser includes:

1721 (A) a bill of sale;

1722 (B) a contract;

1723 (C) an invoice;

1724 (D) a lease agreement;

1725 (E) a periodic notice of rates and services;

1726 (F) a price list;

1727 (G) a rate card;

1728 (H) a receipt; or

1729 (I) a service agreement.

1730 (e) (i) For purposes of Subsection (18)(b)(vi), the sales price of tangible personal  
1731 property or a product subject to taxation under this chapter is de minimis if:

1732 (A) the seller's purchase price of the tangible personal property or product is 10% or



1733 less of the seller's total purchase price of the bundled transaction; or

1734 (B) the seller's sales price of the tangible personal property or product is 10% or less of  
1735 the seller's total sales price of the bundled transaction.

1736 (ii) For purposes of Subsection (18)(b)(vi), a seller:

1737 (A) shall use the seller's purchase price or the seller's sales price to determine if the  
1738 purchase price or sales price of the tangible personal property or product subject to taxation  
1739 under this chapter is de minimis; and

1740 (B) may not use a combination of the seller's purchase price and the seller's sales price  
1741 to determine if the purchase price or sales price of the tangible personal property or product  
1742 subject to taxation under this chapter is de minimis.

1743 (iii) For purposes of Subsection (18)(b)(vi), a seller shall use the full term of a service  
1744 contract to determine if the sales price of tangible personal property or a product is de minimis.

1745 (f) For purposes of Subsection (18)(b)(vii)(B), a seller may not use a combination of  
1746 the seller's purchase price and the seller's sales price to determine if tangible personal property  
1747 subject to taxation under this chapter is 50% or less of the seller's total purchase price or sales  
1748 price of that retail sale.

1749 (19) "Certified automated system" means software certified by the governing board of  
1750 the agreement that:

1751 (a) calculates the agreement sales and use tax imposed within a local taxing  
1752 jurisdiction:

1753 (i) on a transaction; and

1754 (ii) in the states that are members of the agreement;

1755 (b) determines the amount of agreement sales and use tax to remit to a state that is a  
1756 member of the agreement; and

1757 (c) maintains a record of the transaction described in Subsection (19)(a)(i).

1758 (20) "Certified service provider" means an agent certified:

1759 (a) by the governing board of the agreement; and

1760 (b) to perform all of a seller's sales and use tax functions for an agreement sales and  
1761 use tax other than the seller's obligation under Section 59-12-124 to remit a tax on the seller's  
1762 own purchases.

1763 (21) (a) Subject to Subsection (21)(b), "clothing" means all human wearing apparel

1764 suitable for general use.

1765 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
1766 commission shall make rules:

1767 (i) listing the items that constitute "clothing"; and

1768 (ii) that are consistent with the list of items that constitute "clothing" under the  
1769 agreement.

1770 (22) "Coal-to-liquid" means the process of converting coal into a liquid synthetic fuel.

1771 (23) "Commercial use" means the use of gas, electricity, heat, coal, fuel oil, or other  
1772 fuels that does not constitute industrial use under Subsection [~~(51)~~] (52) or residential use  
1773 under Subsection [~~(101)~~] (102).

1774 (24) (a) "Common carrier" means a person engaged in or transacting the business of  
1775 transporting passengers, freight, merchandise, or other property for hire within this state.

1776 (b) (i) "Common carrier" does not include a person who, at the time the person is  
1777 traveling to or from that person's place of employment, transports a passenger to or from the  
1778 passenger's place of employment.

1779 (ii) For purposes of Subsection (24)(b)(i), in accordance with Title 63G, Chapter 3,  
1780 Utah Administrative Rulemaking Act, the commission may make rules defining what  
1781 constitutes a person's place of employment.

1782 (25) "Component part" includes:

1783 (a) poultry, dairy, and other livestock feed, and their components;

1784 (b) baling ties and twine used in the baling of hay and straw;

1785 (c) fuel used for providing temperature control of orchards and commercial  
1786 greenhouses doing a majority of their business in wholesale sales, and for providing power for  
1787 off-highway type farm machinery; and

1788 (d) feed, seeds, and seedlings.

1789 (26) "Computer" means an electronic device that accepts information:

1790 (a) (i) in digital form; or

1791 (ii) in a form similar to digital form; and

1792 (b) manipulates that information for a result based on a sequence of instructions.

1793 (27) "Computer software" means a set of coded instructions designed to cause:

1794 (a) a computer to perform a task; or

1795 (b) automatic data processing equipment to perform a task.

1796 (28) "Computer software maintenance contract" means a contract that obligates a seller  
1797 of computer software to provide a customer with:

1798 (a) future updates or upgrades to computer software;

1799 (b) support services with respect to computer software; or

1800 (c) a combination of Subsections (28)(a) and (b).

1801 (29) (a) "Conference bridging service" means an ancillary service that links two or  
1802 more participants of an audio conference call or video conference call.

1803 (b) "Conference bridging service" may include providing a telephone number as part of  
1804 the ancillary service described in Subsection (29)(a).

1805 (c) "Conference bridging service" does not include a telecommunications service used  
1806 to reach the ancillary service described in Subsection (29)(a).

1807 (30) "Construction materials" means any tangible personal property that will be  
1808 converted into real property.

1809 (31) "Delivered electronically" means delivered to a purchaser by means other than  
1810 tangible storage media.

1811 (32) (a) "Delivery charge" means a charge:

1812 (i) by a seller of:

1813 (A) tangible personal property;

1814 (B) a product transferred electronically; or

1815 (C) services; and

1816 (ii) for preparation and delivery of the tangible personal property, product transferred  
1817 electronically, or services described in Subsection (32)(a)(i) to a location designated by the  
1818 purchaser.

1819 (b) "Delivery charge" includes a charge for the following:

1820 (i) transportation;

1821 (ii) shipping;

1822 (iii) postage;

1823 (iv) handling;

1824 (v) crating; or

1825 (vi) packing.

1826 (33) "Detailed telecommunications billing service" means an ancillary service of  
1827 separately stating information pertaining to individual calls on a customer's billing statement.

1828 (34) "Dietary supplement" means a product, other than tobacco, that:

1829 (a) is intended to supplement the diet;

1830 (b) contains one or more of the following dietary ingredients:

1831 (i) a vitamin;

1832 (ii) a mineral;

1833 (iii) an herb or other botanical;

1834 (iv) an amino acid;

1835 (v) a dietary substance for use by humans to supplement the diet by increasing the total  
1836 dietary intake; or

1837 (vi) a concentrate, metabolite, constituent, extract, or combination of any ingredient  
1838 described in Subsections (34)(b)(i) through (v);

1839 (c) (i) except as provided in Subsection (34)(c)(ii), is intended for ingestion in:

1840 (A) tablet form;

1841 (B) capsule form;

1842 (C) powder form;

1843 (D) softgel form;

1844 (E) gelcap form; or

1845 (F) liquid form; or

1846 (ii) [~~notwithstanding Subsection (34)(c)(i),~~] if the product is not intended for ingestion  
1847 in a form described in Subsections (34)(c)(i)(A) through (F), is not represented:

1848 (A) as conventional food; and

1849 (B) for use as a sole item of:

1850 (I) a meal; or

1851 (II) the diet; and

1852 (d) is required to be labeled as a dietary supplement:

1853 (i) identifiable by the "Supplemental Facts" box found on the label; and

1854 (ii) as required by 21 C.F.R. Sec. 101.36.

1855 (35) (a) "Direct mail" means printed material delivered or distributed by United States  
1856 mail or other delivery service:

- 1857 (i) to:
- 1858 (A) a mass audience; or
- 1859 (B) addressees on a mailing list provided:
- 1860 (I) by a purchaser of the mailing list; or
- 1861 (II) at the discretion of the purchaser of the mailing list; and
- 1862 (ii) if the cost of the printed material is not billed directly to the recipients.
- 1863 (b) "Direct mail" includes tangible personal property supplied directly or indirectly by a
- 1864 purchaser to a seller of direct mail for inclusion in a package containing the printed material.
- 1865 (c) "Direct mail" does not include multiple items of printed material delivered to a
- 1866 single address.
- 1867 (36) "Directory assistance" means an ancillary service of providing:
- 1868 (a) address information; or
- 1869 (b) telephone number information.
- 1870 (37) (a) "Disposable home medical equipment or supplies" means medical equipment
- 1871 or supplies that:
- 1872 (i) cannot withstand repeated use; and
- 1873 (ii) are purchased by, for, or on behalf of a person other than:
- 1874 (A) a health care facility as defined in Section 26-21-2;
- 1875 (B) a health care provider as defined in Section 78B-3-403;
- 1876 (C) an office of a health care provider described in Subsection (37)(a)(ii)(B); or
- 1877 (D) a person similar to a person described in Subsections (37)(a)(ii)(A) through (C).
- 1878 (b) "Disposable home medical equipment or supplies" does not include:
- 1879 (i) a drug;
- 1880 (ii) durable medical equipment;
- 1881 (iii) a hearing aid;
- 1882 (iv) a hearing aid accessory;
- 1883 (v) mobility enhancing equipment; or
- 1884 (vi) tangible personal property used to correct impaired vision, including:
- 1885 (A) eyeglasses; or
- 1886 (B) contact lenses.
- 1887 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the

1888 commission may by rule define what constitutes medical equipment or supplies.

1889 (38) (a) "Drug" means a compound, substance, or preparation, or a component of a  
1890 compound, substance, or preparation that is:

1891 (i) recognized in:

1892 (A) the official United States Pharmacopoeia;

1893 (B) the official Homeopathic Pharmacopoeia of the United States;

1894 (C) the official National Formulary; or

1895 (D) a supplement to a publication listed in Subsections (38)(a)(i)(A) through (C);

1896 (ii) intended for use in the:

1897 (A) diagnosis of disease;

1898 (B) cure of disease;

1899 (C) mitigation of disease;

1900 (D) treatment of disease; or

1901 (E) prevention of disease; or

1902 (iii) intended to affect:

1903 (A) the structure of the body; or

1904 (B) any function of the body.

1905 (b) "Drug" does not include:

1906 (i) food and food ingredients;

1907 (ii) a dietary supplement;

1908 (iii) an alcoholic beverage; or

1909 (iv) a prosthetic device.

1910 (39) (a) Except as provided in Subsection (39)(c), "durable medical equipment" means  
1911 equipment that:

1912 (i) can withstand repeated use;

1913 (ii) is primarily and customarily used to serve a medical purpose;

1914 (iii) generally is not useful to a person in the absence of illness or injury; and

1915 (iv) is not worn in or on the body.

1916 (b) "Durable medical equipment" includes parts used in the repair or replacement of the  
1917 equipment described in Subsection (39)(a).

1918 (c) [~~Notwithstanding Subsection (39)(a), "durable"~~] "Durable medical equipment" does

1919 not include mobility enhancing equipment.

1920 (40) "Electronic" means:

1921 (a) relating to technology; and

1922 (b) having:

1923 (i) electrical capabilities;

1924 (ii) digital capabilities;

1925 (iii) magnetic capabilities;

1926 (iv) wireless capabilities;

1927 (v) optical capabilities;

1928 (vi) electromagnetic capabilities; or

1929 (vii) capabilities similar to Subsections (40)(b)(i) through (vi).

1930 (41) "Electronic financial payment service" means an establishment:

1931 (a) within NAICS Code 522320, Financial Transactions Processing, Reserve, and

1932 Clearinghouse Activities, of the 2012 North American Industry Classification System of the

1933 federal Executive Office of the President, Office of Management and Budget; and

1934 (b) that performs electronic financial payment services.

1935 [~~41~~] (42) "Employee" is as defined in Section 59-10-401.

1936 [~~42~~] (43) "Fixed guideway" means a public transit facility that uses and occupies:

1937 (a) rail for the use of public transit; or

1938 (b) a separate right-of-way for the use of public transit.

1939 [~~43~~] (44) "Fixed wing turbine powered aircraft" means an aircraft that:

1940 (a) is powered by turbine engines;

1941 (b) operates on jet fuel; and

1942 (c) has wings that are permanently attached to the fuselage of the aircraft.

1943 [~~44~~] (45) "Fixed wireless service" means a telecommunications service that provides

1944 radio communication between fixed points.

1945 [~~45~~] (46) (a) "Food and food ingredients" means substances:

1946 (i) regardless of whether the substances are in:

1947 (A) liquid form;

1948 (B) concentrated form;

1949 (C) solid form;

- 1950 (D) frozen form;
- 1951 (E) dried form; or
- 1952 (F) dehydrated form; and
- 1953 (ii) that are:
- 1954 (A) sold for:
- 1955 (I) ingestion by humans; or
- 1956 (II) chewing by humans; and
- 1957 (B) consumed for the substance's:
- 1958 (I) taste; or
- 1959 (II) nutritional value.
- 1960 (b) "Food and food ingredients" includes an item described in Subsection [~~(86)~~]
- 1961 (87)(b)(iii).
- 1962 (c) "Food and food ingredients" does not include:
- 1963 (i) an alcoholic beverage;
- 1964 (ii) tobacco; or
- 1965 (iii) prepared food.
- 1966 [~~(46)~~] (47) (a) "Fundraising sales" means sales:
- 1967 (i) (A) made by a school; or
- 1968 (B) made by a school student;
- 1969 (ii) that are for the purpose of raising funds for the school to purchase equipment,
- 1970 materials, or provide transportation; and
- 1971 (iii) that are part of an officially sanctioned school activity.
- 1972 (b) For purposes of Subsection [~~(46)~~] (47)(a)(iii), "officially sanctioned school activity"
- 1973 means a school activity:
- 1974 (i) that is conducted in accordance with a formal policy adopted by the school or school
- 1975 district governing the authorization and supervision of fundraising activities;
- 1976 (ii) that does not directly or indirectly compensate an individual teacher or other
- 1977 educational personnel by direct payment, commissions, or payment in kind; and
- 1978 (iii) the net or gross revenues from which are deposited in a dedicated account
- 1979 controlled by the school or school district.
- 1980 [~~(47)~~] (48) "Geothermal energy" means energy contained in heat that continuously



1981 flows outward from the earth that is used as the sole source of energy to produce electricity.

1982 [~~(48)~~] (49) "Governing board of the agreement" means the governing board of the

1983 agreement that is:

1984 (a) authorized to administer the agreement; and

1985 (b) established in accordance with the agreement.

1986 [~~(49)~~] (50) (a) For purposes of Subsection 59-12-104(41), "governmental entity"

1987 means:

1988 (i) the executive branch of the state, including all departments, institutions, boards,

1989 divisions, bureaus, offices, commissions, and committees;

1990 (ii) the judicial branch of the state, including the courts, the Judicial Council, the

1991 Office of the Court Administrator, and similar administrative units in the judicial branch;

1992 (iii) the legislative branch of the state, including the House of Representatives, the

1993 Senate, the Legislative Printing Office, the Office of Legislative Research and General

1994 Counsel, the Office of the Legislative Auditor General, and the Office of the Legislative Fiscal

1995 Analyst;

1996 (iv) the National Guard;

1997 (v) an independent entity as defined in Section 63E-1-102; or

1998 (vi) a political subdivision as defined in Section 17B-1-102.

1999 (b) "Governmental entity" does not include the state systems of public and higher

2000 education, including:

2001 (i) a college campus of the Utah College of Applied Technology;

2002 (ii) a school;

2003 (iii) the State Board of Education;

2004 (iv) the State Board of Regents; or

2005 (v) an institution of higher education.

2006 [~~(50)~~] (51) "Hydroelectric energy" means water used as the sole source of energy to

2007 produce electricity.

2008 [~~(51)~~] (52) "Industrial use" means the use of natural gas, electricity, heat, coal, fuel oil,

2009 or other fuels:

2010 (a) in mining or extraction of minerals;

2011 (b) in agricultural operations to produce an agricultural product up to the time of

2012 harvest or placing the agricultural product into a storage facility, including:

2013 (i) commercial greenhouses;

2014 (ii) irrigation pumps;

2015 (iii) farm machinery;

2016 (iv) implements of husbandry as defined in Subsection 41-1a-102(23) that are not

2017 registered under Title 41, Chapter 1a, Part 2, Registration; and

2018 (v) other farming activities;

2019 (c) in manufacturing tangible personal property at an establishment described in SIC

2020 Codes 2000 to 3999 of the 1987 Standard Industrial Classification Manual of the federal

2021 Executive Office of the President, Office of Management and Budget;

2022 (d) by a scrap recycler if:

2023 (i) from a fixed location, the scrap recycler utilizes machinery or equipment to process

2024 one or more of the following items into prepared grades of processed materials for use in new

2025 products:

2026 (A) iron;

2027 (B) steel;

2028 (C) nonferrous metal;

2029 (D) paper;

2030 (E) glass;

2031 (F) plastic;

2032 (G) textile; or

2033 (H) rubber; and

2034 (ii) the new products under Subsection [~~(51)~~] (52)(d)(i) would otherwise be made with

2035 nonrecycled materials; or

2036 (e) in producing a form of energy or steam described in Subsection 54-2-1(2)(a) by a

2037 cogeneration facility as defined in Section 54-2-1.

2038 [~~(52)~~] (53) (a) Except as provided in Subsection [~~(52)~~] (53)(b), "installation charge"

2039 means a charge for installing:

2040 (i) tangible personal property; or

2041 (ii) a product transferred electronically.

2042 (b) "Installation charge" does not include a charge for:

- 2043 (i) repairs or renovations of:
- 2044 (A) tangible personal property; or
- 2045 (B) a product transferred electronically; or
- 2046 (ii) attaching tangible personal property or a product transferred electronically:
- 2047 (A) to other tangible personal property; and
- 2048 (B) as part of a manufacturing or fabrication process.
- 2049 [~~53~~] (54) "Institution of higher education" means an institution of higher education
- 2050 listed in Section 53B-2-101.
- 2051 [~~54~~] (55) (a) "Lease" or "rental" means a transfer of possession or control of tangible
- 2052 personal property or a product transferred electronically for:
- 2053 (i) (A) a fixed term; or
- 2054 (B) an indeterminate term; and
- 2055 (ii) consideration.
- 2056 (b) "Lease" or "rental" includes an agreement covering a motor vehicle and trailer if the
- 2057 amount of consideration may be increased or decreased by reference to the amount realized
- 2058 upon sale or disposition of the property as defined in Section 7701(h)(1), Internal Revenue
- 2059 Code.
- 2060 (c) "Lease" or "rental" does not include:
- 2061 (i) a transfer of possession or control of property under a security agreement or
- 2062 deferred payment plan that requires the transfer of title upon completion of the required
- 2063 payments;
- 2064 (ii) a transfer of possession or control of property under an agreement that requires the
- 2065 transfer of title:
- 2066 (A) upon completion of required payments; and
- 2067 (B) if the payment of an option price does not exceed the greater of:
- 2068 (I) \$100; or
- 2069 (II) 1% of the total required payments; or
- 2070 (iii) providing tangible personal property along with an operator for a fixed period of
- 2071 time or an indeterminate period of time if the operator is necessary for equipment to perform as
- 2072 designed.
- 2073 (d) For purposes of Subsection [~~54~~] (55)(c)(iii), an operator is necessary for

2074 equipment to perform as designed if the operator's duties exceed the:

- 2075 (i) set-up of tangible personal property;
- 2076 (ii) maintenance of tangible personal property; or
- 2077 (iii) inspection of tangible personal property.

2078 [~~55~~] (56) "Life science establishment" means an establishment in this state that is  
2079 classified under the following NAICS codes of the 2007 North American Industry  
2080 Classification System of the federal Executive Office of the President, Office of Management  
2081 and Budget:

- 2082 (a) NAICS Code 33911, Medical Equipment and Supplies Manufacturing;
- 2083 (b) NAICS Code 334510, Electromedical and Electrotherapeutic Apparatus  
2084 Manufacturing; or
- 2085 (c) NAICS Code 334517, Irradiation Apparatus Manufacturing.

2086 [~~56~~] (57) "Life science research and development facility" means a facility owned,  
2087 leased, or rented by a life science establishment if research and development is performed in  
2088 51% or more of the total area of the facility.

2089 [~~57~~] (58) "Load and leave" means delivery to a purchaser by use of a tangible storage  
2090 media if the tangible storage media is not physically transferred to the purchaser.

2091 [~~58~~] (59) "Local taxing jurisdiction" means a:

- 2092 (a) county that is authorized to impose an agreement sales and use tax;
- 2093 (b) city that is authorized to impose an agreement sales and use tax; or
- 2094 (c) town that is authorized to impose an agreement sales and use tax.

2095 [~~59~~] (60) "Manufactured home" is as defined in Section 15A-1-302.

2096 [~~60~~] (61) For purposes of Section 59-12-104, "manufacturing facility" means:

2097 (a) an establishment described in SIC Codes 2000 to 3999 of the 1987 Standard  
2098 Industrial Classification Manual of the federal Executive Office of the President, Office of  
2099 Management and Budget;

2100 (b) a scrap recycler if:

2101 (i) from a fixed location, the scrap recycler utilizes machinery or equipment to process  
2102 one or more of the following items into prepared grades of processed materials for use in new  
2103 products:

2104 (A) iron;

- 2105 (B) steel;
- 2106 (C) nonferrous metal;
- 2107 (D) paper;
- 2108 (E) glass;
- 2109 (F) plastic;
- 2110 (G) textile; or
- 2111 (H) rubber; and
- 2112 (ii) the new products under Subsection [~~(60)~~] (61)(b)(i) would otherwise be made with
- 2113 nonrecycled materials; or
- 2114 (c) a cogeneration facility as defined in Section 54-2-1.
- 2115 [~~(61)~~] (62) "Member of the immediate family of the producer" means a person who is
- 2116 related to a producer described in Subsection 59-12-104(20)(a) as a:
- 2117 (a) child or stepchild, regardless of whether the child or stepchild is:
- 2118 (i) an adopted child or adopted stepchild; or
- 2119 (ii) a foster child or foster stepchild;
- 2120 (b) grandchild or stepgrandchild;
- 2121 (c) grandparent or stepgrandparent;
- 2122 (d) nephew or stepnephew;
- 2123 (e) niece or stepniece;
- 2124 (f) parent or stepparent;
- 2125 (g) sibling or stepsibling;
- 2126 (h) spouse;
- 2127 (i) person who is the spouse of a person described in Subsections [~~(61)~~] (62)(a) through
- 2128 (g); or
- 2129 (j) person similar to a person described in Subsections [~~(61)~~] (62)(a) through (i) as
- 2130 determined by the commission by rule made in accordance with Title 63G, Chapter 3, Utah
- 2131 Administrative Rulemaking Act.
- 2132 [~~(62)~~] (63) "Mobile home" is as defined in Section 15A-1-302.
- 2133 [~~(63)~~] (64) "Mobile telecommunications service" is as defined in the Mobile
- 2134 Telecommunications Sourcing Act, 4 U.S.C. Sec. 124.
- 2135 [~~(64)~~] (65) (a) "Mobile wireless service" means a telecommunications service,

2136 regardless of the technology used, if:

- 2137 (i) the origination point of the conveyance, routing, or transmission is not fixed;
- 2138 (ii) the termination point of the conveyance, routing, or transmission is not fixed; or
- 2139 (iii) the origination point described in Subsection [~~(64)~~] (65)(a)(i) and the termination
- 2140 point described in Subsection [~~(64)~~] (65)(a)(ii) are not fixed.

2141 (b) "Mobile wireless service" includes a telecommunications service that is provided  
2142 by a commercial mobile radio service provider.

2143 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
2144 commission may by rule define "commercial mobile radio service provider."

2145 [~~(65)~~] (66) (a) Except as provided in Subsection [~~(65)~~] (66)(c), "mobility enhancing  
2146 equipment" means equipment that is:

2147 (i) primarily and customarily used to provide or increase the ability to move from one  
2148 place to another;

2149 (ii) appropriate for use in a:

2150 (A) home; or

2151 (B) motor vehicle; and

2152 (iii) not generally used by persons with normal mobility.

2153 (b) "Mobility enhancing equipment" includes parts used in the repair or replacement of  
2154 the equipment described in Subsection [~~(65)~~] (66)(a).

2155 (c) [~~Notwithstanding Subsection (65)(a), "mobility~~] "Mobility enhancing equipment"  
2156 does not include:

2157 (i) a motor vehicle;

2158 (ii) equipment on a motor vehicle if that equipment is normally provided by the motor  
2159 vehicle manufacturer;

2160 (iii) durable medical equipment; or

2161 (iv) a prosthetic device.

2162 [~~(66)~~] (67) "Model 1 seller" means a seller registered under the agreement that has  
2163 selected a certified service provider as the seller's agent to perform all of the seller's sales and  
2164 use tax functions for agreement sales and use taxes other than the seller's obligation under  
2165 Section 59-12-124 to remit a tax on the seller's own purchases.

2166 [~~(67)~~] (68) "Model 2 seller" means a seller registered under the agreement that:

2167 (a) except as provided in Subsection [~~(67)~~] (68)(b), has selected a certified automated  
2168 system to perform the seller's sales tax functions for agreement sales and use taxes; and

2169 (b) [~~notwithstanding Subsection (67)(a),~~] retains responsibility for remitting all of the  
2170 sales tax:

- 2171 (i) collected by the seller; and
- 2172 (ii) to the appropriate local taxing jurisdiction.

2173 [~~(68)~~] (69) (a) Subject to Subsection [~~(68)~~] (69)(b), "model 3 seller" means a seller  
2174 registered under the agreement that has:

- 2175 (i) sales in at least five states that are members of the agreement;
- 2176 (ii) total annual sales revenues of at least \$500,000,000;
- 2177 (iii) a proprietary system that calculates the amount of tax:
  - 2178 (A) for an agreement sales and use tax; and
  - 2179 (B) due to each local taxing jurisdiction; and
- 2180 (iv) entered into a performance agreement with the governing board of the agreement.

2181 (b) For purposes of Subsection [~~(68)~~] (69)(a), "model 3 seller" includes an affiliated  
2182 group of sellers using the same proprietary system.

2183 [~~(69)~~] (70) "Model 4 seller" means a seller that is registered under the agreement and is  
2184 not a model 1 seller, model 2 seller, or model 3 seller.

2185 [~~(70)~~] (71) "Modular home" means a modular unit as defined in Section 15A-1-302.

2186 [~~(71)~~] (72) "Motor vehicle" is as defined in Section 41-1a-102.

2187 [~~(72)~~] (73) "Oil sands" means impregnated bituminous sands that:

2188 (a) contain a heavy, thick form of petroleum that is released when heated, mixed with  
2189 other hydrocarbons, or otherwise treated;

2190 (b) yield mixtures of liquid hydrocarbon; and

2191 (c) require further processing other than mechanical blending before becoming finished  
2192 petroleum products.

2193 [~~(73)~~] (74) "Oil shale" means a group of fine black to dark brown shales containing  
2194 kerogen material that yields petroleum upon heating and distillation.

2195 [~~(74)~~] (75) "Optional computer software maintenance contract" means a computer  
2196 software maintenance contract that a customer is not obligated to purchase as a condition to the  
2197 retail sale of computer software.

2198            [~~(75)~~] (76) (a) "Other fuels" means products that burn independently to produce heat or  
2199 energy.

2200            (b) "Other fuels" includes oxygen when it is used in the manufacturing of tangible  
2201 personal property.

2202            [~~(76)~~] (77) (a) "Paging service" means a telecommunications service that provides  
2203 transmission of a coded radio signal for the purpose of activating a specific pager.

2204            (b) For purposes of Subsection [~~(76)~~] (77)(a), the transmission of a coded radio signal  
2205 includes a transmission by message or sound.

2206            [~~(77)~~] (78) "Pawnbroker" is as defined in Section 13-32a-102.

2207            [~~(78)~~] (79) "Pawn transaction" is as defined in Section 13-32a-102.

2208            [~~(79)~~] (80) (a) "Permanently attached to real property" means that for tangible personal  
2209 property attached to real property:

2210            (i) the attachment of the tangible personal property to the real property:

2211            (A) is essential to the use of the tangible personal property; and

2212            (B) suggests that the tangible personal property will remain attached to the real  
2213 property in the same place over the useful life of the tangible personal property; or

2214            (ii) if the tangible personal property is detached from the real property, the detachment  
2215 would:

2216            (A) cause substantial damage to the tangible personal property; or

2217            (B) require substantial alteration or repair of the real property to which the tangible  
2218 personal property is attached.

2219            (b) "Permanently attached to real property" includes:

2220            (i) the attachment of an accessory to the tangible personal property if the accessory is:

2221            (A) essential to the operation of the tangible personal property; and

2222            (B) attached only to facilitate the operation of the tangible personal property;

2223            (ii) a temporary detachment of tangible personal property from real property for a  
2224 repair or renovation if the repair or renovation is performed where the tangible personal  
2225 property and real property are located; or

2226            (iii) property attached to oil, gas, or water pipelines, except for the property listed in  
2227 Subsection [~~(79)~~] (80)(c)(iii) or (iv).

2228            (c) "Permanently attached to real property" does not include:



2229 (i) the attachment of portable or movable tangible personal property to real property if  
2230 that portable or movable tangible personal property is attached to real property only for:

2231 (A) convenience;

2232 (B) stability; or

2233 (C) for an obvious temporary purpose;

2234 (ii) the detachment of tangible personal property from real property except for the  
2235 detachment described in Subsection [~~(79)~~] (80)(b)(ii);

2236 (iii) an attachment of the following tangible personal property to real property if the  
2237 attachment to real property is only through a line that supplies water, electricity, gas,  
2238 telecommunications, cable, or supplies a similar item as determined by the commission by rule  
2239 made in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act:

2240 (A) a computer;

2241 (B) a telephone;

2242 (C) a television; or

2243 (D) tangible personal property similar to Subsections [~~(79)~~] (80)(c)(iii)(A) through (C)  
2244 as determined by the commission by rule made in accordance with Title 63G, Chapter 3, Utah  
2245 Administrative Rulemaking Act; or

2246 (iv) an item listed in Subsection [~~(117)~~] (119)(c).

2247 [~~(80)~~] (81) "Person" includes any individual, firm, partnership, joint venture,  
2248 association, corporation, estate, trust, business trust, receiver, syndicate, this state, any county,  
2249 city, municipality, district, or other local governmental entity of the state, or any group or  
2250 combination acting as a unit.

2251 [~~(81)~~] (82) "Place of primary use":

2252 (a) for telecommunications service other than mobile telecommunications service,  
2253 means the street address representative of where the customer's use of the telecommunications  
2254 service primarily occurs, which shall be:

2255 (i) the residential street address of the customer; or

2256 (ii) the primary business street address of the customer; or

2257 (b) for mobile telecommunications service, is as defined in the Mobile  
2258 Telecommunications Sourcing Act, 4 U.S.C. Sec. 124.

2259 [~~(82)~~] (83) (a) "Postpaid calling service" means a telecommunications service a person

2260 obtains by making a payment on a call-by-call basis:

2261 (i) through the use of a:

2262 (A) bank card;

2263 (B) credit card;

2264 (C) debit card; or

2265 (D) travel card; or

2266 (ii) by a charge made to a telephone number that is not associated with the origination  
2267 or termination of the telecommunications service.

2268 (b) "Postpaid calling service" includes a service, except for a prepaid wireless calling  
2269 service, that would be a prepaid wireless calling service if the service were exclusively a  
2270 telecommunications service.

2271 [~~83~~] (84) "Postproduction" means an activity related to the finishing or duplication of  
2272 a medium described in Subsection 59-12-104(54)(a).

2273 [~~84~~] (85) "Prepaid calling service" means a telecommunications service:

2274 (a) that allows a purchaser access to telecommunications service that is exclusively  
2275 telecommunications service;

2276 (b) that:

2277 (i) is paid for in advance; and

2278 (ii) enables the origination of a call using an:

2279 (A) access number; or

2280 (B) authorization code;

2281 (c) that is dialed:

2282 (i) manually; or

2283 (ii) electronically; and

2284 (d) sold in predetermined units or dollars that decline:

2285 (i) by a known amount; and

2286 (ii) with use.

2287 [~~85~~] (86) "Prepaid wireless calling service" means a telecommunications service:

2288 (a) that provides the right to utilize:

2289 (i) mobile wireless service; and

2290 (ii) other service that is not a telecommunications service, including:

- 2291 (A) the download of a product transferred electronically;
- 2292 (B) a content service; or
- 2293 (C) an ancillary service;
- 2294 (b) that:
- 2295 (i) is paid for in advance; and
- 2296 (ii) enables the origination of a call using an:
  - 2297 (A) access number; or
  - 2298 (B) authorization code;
  - 2299 (c) that is dialed:
    - 2300 (i) manually; or
    - 2301 (ii) electronically; and
    - 2302 (d) sold in predetermined units or dollars that decline:
      - 2303 (i) by a known amount; and
      - 2304 (ii) with use.
  - 2305 [~~(86)~~] (87) (a) "Prepared food" means:
    - 2306 (i) food:
      - 2307 (A) sold in a heated state; or
      - 2308 (B) heated by a seller;
      - 2309 (ii) two or more food ingredients mixed or combined by the seller for sale as a single
      - 2310 item; or
      - 2311 (iii) except as provided in Subsection [~~(86)~~] (87)(c), food sold with an eating utensil
      - 2312 provided by the seller, including a:
        - 2313 (A) plate;
        - 2314 (B) knife;
        - 2315 (C) fork;
        - 2316 (D) spoon;
        - 2317 (E) glass;
        - 2318 (F) cup;
        - 2319 (G) napkin; or
        - 2320 (H) straw.
      - 2321 (b) "Prepared food" does not include:

- 2322 (i) food that a seller only:
- 2323 (A) cuts;
- 2324 (B) repackages; or
- 2325 (C) pasteurizes; or
- 2326 (ii) (A) the following:
- 2327 (I) raw egg;
- 2328 (II) raw fish;
- 2329 (III) raw meat;
- 2330 (IV) raw poultry; or
- 2331 (V) a food containing an item described in Subsections [~~86~~] (87)(b)(ii)(A)(I) through
- 2332 (IV); and
- 2333 (B) if the Food and Drug Administration recommends in Chapter 3, Part 401.11 of the
- 2334 Food and Drug Administration's Food Code that a consumer cook the items described in
- 2335 Subsection [~~86~~] (87)(b)(ii)(A) to prevent food borne illness; or
- 2336 (iii) the following if sold without eating utensils provided by the seller:
- 2337 (A) food and food ingredients sold by a seller if the seller's proper primary
- 2338 classification under the 2002 North American Industry Classification System of the federal
- 2339 Executive Office of the President, Office of Management and Budget, is manufacturing in
- 2340 Sector 311, Food Manufacturing, except for Subsector 3118, Bakeries and Tortilla
- 2341 Manufacturing;
- 2342 (B) food and food ingredients sold in an unheated state:
- 2343 (I) by weight or volume; and
- 2344 (II) as a single item; or
- 2345 (C) a bakery item, including:
- 2346 (I) a bagel;
- 2347 (II) a bar;
- 2348 (III) a biscuit;
- 2349 (IV) bread;
- 2350 (V) a bun;
- 2351 (VI) a cake;
- 2352 (VII) a cookie;

- 2353 (VIII) a croissant;
- 2354 (IX) a danish;
- 2355 (X) a donut;
- 2356 (XI) a muffin;
- 2357 (XII) a pastry;
- 2358 (XIII) a pie;
- 2359 (XIV) a roll;
- 2360 (XV) a tart;
- 2361 (XVI) a torte; or
- 2362 (XVII) a tortilla.

2363 (c) ~~[Notwithstanding Subsection (86)(a)(iii), an]~~ An eating utensil provided by the  
 2364 seller does not include the following used to transport the food:

- 2365 (i) a container; or
- 2366 (ii) packaging.

2367 ~~[(87)]~~ (88) "Prescription" means an order, formula, or recipe that is issued:

- 2368 (a) (i) orally;
- 2369 (ii) in writing;
- 2370 (iii) electronically; or
- 2371 (iv) by any other manner of transmission; and
- 2372 (b) by a licensed practitioner authorized by the laws of a state.

2373 ~~[(88)]~~ (89) (a) Except as provided in Subsection ~~[(88)]~~ (89)(b)(ii) or (iii), "prewritten  
 2374 computer software" means computer software that is not designed and developed:

- 2375 (i) by the author or other creator of the computer software; and
- 2376 (ii) to the specifications of a specific purchaser.

2377 (b) "Prewritten computer software" includes:

- 2378 (i) a prewritten upgrade to computer software if the prewritten upgrade to the computer  
 2379 software is not designed and developed:

- 2380 (A) by the author or other creator of the computer software; and

- 2381 (B) to the specifications of a specific purchaser;

- 2382 (ii) ~~[notwithstanding Subsection (88)(a);]~~ computer software designed and developed

2383 by the author or other creator of the computer software to the specifications of a specific

2384 purchaser if the computer software is sold to a person other than the purchaser; or  
2385 (iii) [~~notwithstanding Subsection (88)(a) and~~] except as provided in Subsection [(88)]  
2386 (89)(c), prewritten computer software or a prewritten portion of prewritten computer software:  
2387 (A) that is modified or enhanced to any degree; and  
2388 (B) if the modification or enhancement described in Subsection [(88)] (89)(b)(iii)(A) is  
2389 designed and developed to the specifications of a specific purchaser.  
2390 (c) [~~Notwithstanding Subsection (88)(b)(iii), "prewritten]~~ "Prewritten computer  
2391 software" does not include a modification or enhancement described in Subsection [(88)]  
2392 (89)(b)(iii) if the charges for the modification or enhancement are:  
2393 (i) reasonable; and  
2394 (ii) subject to Subsections 59-12-103(2)(e)(ii) and (2)(f)(i), separately stated on the  
2395 invoice or other statement of price provided to the purchaser at the time of sale or later, as  
2396 demonstrated by:  
2397 (A) the books and records the seller keeps at the time of the transaction in the regular  
2398 course of business, including books and records the seller keeps at the time of the transaction in  
2399 the regular course of business for nontax purposes;  
2400 (B) a preponderance of the facts and circumstances at the time of the transaction; and  
2401 (C) the understanding of all of the parties to the transaction.  
2402 [(89)] (90) (a) "Private communication service" means a telecommunications service:  
2403 (i) that entitles a customer to exclusive or priority use of one or more communications  
2404 channels between or among termination points; and  
2405 (ii) regardless of the manner in which the one or more communications channels are  
2406 connected.  
2407 (b) "Private communications service" includes the following provided in connection  
2408 with the use of one or more communications channels:  
2409 (i) an extension line;  
2410 (ii) a station;  
2411 (iii) switching capacity; or  
2412 (iv) another associated service that is provided in connection with the use of one or  
2413 more communications channels as defined in Section 59-12-215.  
2414 [(90)] (91) (a) Except as provided in Subsection [(90)] (91)(b), "product transferred

2415 electronically" means a product transferred electronically that would be subject to a tax under  
2416 this chapter if that product was transferred in a manner other than electronically.

2417 (b) "Product transferred electronically" does not include:

2418 (i) an ancillary service;

2419 (ii) computer software; or

2420 (iii) a telecommunications service.

2421 [~~91~~] (92) (a) "Prosthetic device" means a device that is worn on or in the body to:

2422 (i) artificially replace a missing portion of the body;

2423 (ii) prevent or correct a physical deformity or physical malfunction; or

2424 (iii) support a weak or deformed portion of the body.

2425 (b) "Prosthetic device" includes:

2426 (i) parts used in the repairs or renovation of a prosthetic device;

2427 (ii) replacement parts for a prosthetic device;

2428 (iii) a dental prosthesis; or

2429 (iv) a hearing aid.

2430 (c) "Prosthetic device" does not include:

2431 (i) corrective eyeglasses; or

2432 (ii) contact lenses.

2433 [~~92~~] (93) (a) "Protective equipment" means an item:

2434 (i) for human wear; and

2435 (ii) that is:

2436 (A) designed as protection:

2437 (I) to the wearer against injury or disease; or

2438 (II) against damage or injury of other persons or property; and

2439 (B) not suitable for general use.

2440 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
2441 commission shall make rules:

2442 (i) listing the items that constitute "protective equipment"; and

2443 (ii) that are consistent with the list of items that constitute "protective equipment"

2444 under the agreement.

2445 [~~93~~] (94) (a) For purposes of Subsection 59-12-104(41), "publication" means any

2446 written or printed matter, other than a photocopy:

2447 (i) regardless of:

2448 (A) characteristics;

2449 (B) copyright;

2450 (C) form;

2451 (D) format;

2452 (E) method of reproduction; or

2453 (F) source; and

2454 (ii) made available in printed or electronic format.

2455 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the

2456 commission may by rule define the term "photocopy."

2457 [~~94~~] 95 (a) "Purchase price" and "sales price" mean the total amount of

2458 consideration:

2459 (i) valued in money; and

2460 (ii) for which tangible personal property, a product transferred electronically, or

2461 services are:

2462 (A) sold;

2463 (B) leased; or

2464 (C) rented.

2465 (b) "Purchase price" and "sales price" include:

2466 (i) the seller's cost of the tangible personal property, a product transferred

2467 electronically, or services sold;

2468 (ii) expenses of the seller, including:

2469 (A) the cost of materials used;

2470 (B) a labor cost;

2471 (C) a service cost;

2472 (D) interest;

2473 (E) a loss;

2474 (F) the cost of transportation to the seller; or

2475 (G) a tax imposed on the seller;

2476 (iii) a charge by the seller for any service necessary to complete the sale; or



- 2477 (iv) consideration a seller receives from a person other than the purchaser if:
- 2478 (A) (I) the seller actually receives consideration from a person other than the purchaser;
- 2479 and
- 2480 (II) the consideration described in Subsection [~~94~~] (95)(b)(iv)(A)(I) is directly related
- 2481 to a price reduction or discount on the sale;
- 2482 (B) the seller has an obligation to pass the price reduction or discount through to the
- 2483 purchaser;
- 2484 (C) the amount of the consideration attributable to the sale is fixed and determinable by
- 2485 the seller at the time of the sale to the purchaser; and
- 2486 (D) (I) (Aa) the purchaser presents a certificate, coupon, or other documentation to the
- 2487 seller to claim a price reduction or discount; and
- 2488 (Bb) a person other than the seller authorizes, distributes, or grants the certificate,
- 2489 coupon, or other documentation with the understanding that the person other than the seller
- 2490 will reimburse any seller to whom the certificate, coupon, or other documentation is presented;
- 2491 (II) the purchaser identifies that purchaser to the seller as a member of a group or
- 2492 organization allowed a price reduction or discount, except that a preferred customer card that is
- 2493 available to any patron of a seller does not constitute membership in a group or organization
- 2494 allowed a price reduction or discount; or
- 2495 (III) the price reduction or discount is identified as a third party price reduction or
- 2496 discount on the:
- 2497 (Aa) invoice the purchaser receives; or
- 2498 (Bb) certificate, coupon, or other documentation the purchaser presents.
- 2499 (c) "Purchase price" and "sales price" do not include:
- 2500 (i) a discount:
- 2501 (A) in a form including:
- 2502 (I) cash;
- 2503 (II) term; or
- 2504 (III) coupon;
- 2505 (B) that is allowed by a seller;
- 2506 (C) taken by a purchaser on a sale; and
- 2507 (D) that is not reimbursed by a third party; or

2508 (ii) subject to Subsections 59-12-103(2)(e)(ii) and (2)(f)(i), the following if separately  
2509 stated on an invoice, bill of sale, or similar document provided to the purchaser at the time of  
2510 sale or later, as demonstrated by the books and records the seller keeps at the time of the  
2511 transaction in the regular course of business, including books and records the seller keeps at the  
2512 time of the transaction in the regular course of business for nontax purposes, by a  
2513 preponderance of the facts and circumstances at the time of the transaction, and by the  
2514 understanding of all of the parties to the transaction:

2515 (A) the following from credit extended on the sale of tangible personal property or  
2516 services:

- 2517 (I) a carrying charge;
- 2518 (II) a financing charge; or
- 2519 (III) an interest charge;
- 2520 (B) a delivery charge;
- 2521 (C) an installation charge;
- 2522 (D) a manufacturer rebate on a motor vehicle; or
- 2523 (E) a tax or fee legally imposed directly on the consumer.

2524 [~~95~~] 96 "Purchaser" means a person to whom:

- 2525 (a) a sale of tangible personal property is made;
- 2526 (b) a product is transferred electronically; or
- 2527 (c) a service is furnished.

2528 [~~96~~] 97 "Regularly rented" means:

- 2529 (a) rented to a guest for value three or more times during a calendar year; or
- 2530 (b) advertised or held out to the public as a place that is regularly rented to guests for  
2531 value.

2532 [~~97~~] 98 "Rental" is as defined in Subsection [~~54~~] 55.

2533 [~~98~~] 99 (a) Except as provided in Subsection [~~98~~] 99(b), "repairs or renovations  
2534 of tangible personal property" means:

2535 (i) a repair or renovation of tangible personal property that is not permanently attached  
2536 to real property; or

2537 (ii) attaching tangible personal property or a product transferred electronically to other  
2538 tangible personal property or detaching tangible personal property or a product transferred

2539 electronically from other tangible personal property if:

2540 (A) the other tangible personal property to which the tangible personal property or  
2541 product transferred electronically is attached or from which the tangible personal property or  
2542 product transferred electronically is detached is not permanently attached to real property; and

2543 (B) the attachment of tangible personal property or a product transferred electronically  
2544 to other tangible personal property or detachment of tangible personal property or a product  
2545 transferred electronically from other tangible personal property is made in conjunction with a  
2546 repair or replacement of tangible personal property or a product transferred electronically.

2547 (b) "Repairs or renovations of tangible personal property" does not include:

2548 (i) attaching prewritten computer software to other tangible personal property if the  
2549 other tangible personal property to which the prewritten computer software is attached is not  
2550 permanently attached to real property; or

2551 (ii) detaching prewritten computer software from other tangible personal property if the  
2552 other tangible personal property from which the prewritten computer software is detached is  
2553 not permanently attached to real property.

2554 [~~(99)~~] (100) "Research and development" means the process of inquiry or  
2555 experimentation aimed at the discovery of facts, devices, technologies, or applications and the  
2556 process of preparing those devices, technologies, or applications for marketing.

2557 [~~(100)~~] (101) (a) "Residential telecommunications services" means a  
2558 telecommunications service or an ancillary service that is provided to an individual for personal  
2559 use:

2560 (i) at a residential address; or

2561 (ii) at an institution, including a nursing home or a school, if the telecommunications  
2562 service or ancillary service is provided to and paid for by the individual residing at the  
2563 institution rather than the institution.

2564 (b) For purposes of Subsection [~~(100)~~] (101)(a)(i), a residential address includes an:

2565 (i) apartment; or

2566 (ii) other individual dwelling unit.

2567 [~~(101)~~] (102) "Residential use" means the use in or around a home, apartment building,  
2568 sleeping quarters, and similar facilities or accommodations.

2569 [~~(102)~~] (103) "Retail sale" or "sale at retail" means a sale, lease, or rental for a purpose

2570 other than:

2571 (a) resale;

2572 (b) sublease; or

2573 (c) subrent.

2574 [~~(103)~~] (104) (a) "Retailer" means any person engaged in a regularly organized

2575 business in tangible personal property or any other taxable transaction under Subsection

2576 59-12-103(1), and who is selling to the user or consumer and not for resale.

2577 (b) "Retailer" includes commission merchants, auctioneers, and any person regularly

2578 engaged in the business of selling to users or consumers within the state.

2579 [~~(104)~~] (105) (a) "Sale" means any transfer of title, exchange, or barter, conditional or

2580 otherwise, in any manner, of tangible personal property or any other taxable transaction under

2581 Subsection 59-12-103(1), for consideration.

2582 (b) "Sale" includes:

2583 (i) installment and credit sales;

2584 (ii) any closed transaction constituting a sale;

2585 (iii) any sale of electrical energy, gas, services, or entertainment taxable under this

2586 chapter;

2587 (iv) any transaction if the possession of property is transferred but the seller retains the

2588 title as security for the payment of the price; and

2589 (v) any transaction under which right to possession, operation, or use of any article of

2590 tangible personal property is granted under a lease or contract and the transfer of possession

2591 would be taxable if an outright sale were made.

2592 [~~(105)~~] (106) "Sale at retail" is as defined in Subsection [~~(102)~~] (103).

2593 [~~(106)~~] (107) "Sale-leaseback transaction" means a transaction by which title to

2594 tangible personal property or a product transferred electronically that is subject to a tax under

2595 this chapter is transferred:

2596 (a) by a purchaser-lessee;

2597 (b) to a lessor;

2598 (c) for consideration; and

2599 (d) if:

2600 (i) the purchaser-lessee paid sales and use tax on the purchaser-lessee's initial purchase

2601 of the tangible personal property or product transferred electronically;

2602 (ii) the sale of the tangible personal property or product transferred electronically to the

2603 lessor is intended as a form of financing:

2604 (A) for the tangible personal property or product transferred electronically; and

2605 (B) to the purchaser-lessee; and

2606 (iii) in accordance with generally accepted accounting principles, the purchaser-lessee

2607 is required to:

2608 (A) capitalize the tangible personal property or product transferred electronically for

2609 financial reporting purposes; and

2610 (B) account for the lease payments as payments made under a financing arrangement.

2611 [~~(107)~~] (108) "Sales price" is as defined in Subsection [~~(94)~~] (95).

2612 [~~(108)~~] (109) (a) "Sales relating to schools" means the following sales by, amounts

2613 paid to, or amounts charged by a school:

2614 (i) sales that are directly related to the school's educational functions or activities

2615 including:

2616 (A) the sale of:

2617 (I) textbooks;

2618 (II) textbook fees;

2619 (III) laboratory fees;

2620 (IV) laboratory supplies; or

2621 (V) safety equipment;

2622 (B) the sale of a uniform, protective equipment, or sports or recreational equipment

2623 that:

2624 (I) a student is specifically required to wear as a condition of participation in a

2625 school-related event or school-related activity; and

2626 (II) is not readily adaptable to general or continued usage to the extent that it takes the

2627 place of ordinary clothing;

2628 (C) sales of the following if the net or gross revenues generated by the sales are

2629 deposited into a school district fund or school fund dedicated to school meals:

2630 (I) food and food ingredients; or

2631 (II) prepared food; or

2632 (D) transportation charges for official school activities; or  
2633 (ii) amounts paid to or amounts charged by a school for admission to a school-related  
2634 event or school-related activity.

2635 (b) "Sales relating to schools" does not include:  
2636 (i) bookstore sales of items that are not educational materials or supplies;  
2637 (ii) except as provided in Subsection [~~(108)~~] (109)(a)(i)(B):  
2638 (A) clothing;  
2639 (B) clothing accessories or equipment;  
2640 (C) protective equipment; or  
2641 (D) sports or recreational equipment; or  
2642 (iii) amounts paid to or amounts charged by a school for admission to a school-related  
2643 event or school-related activity if the amounts paid or charged are passed through to a person:  
2644 (A) other than a:  
2645 (I) school;  
2646 (II) nonprofit organization authorized by a school board or a governing body of a  
2647 private school to organize and direct a competitive secondary school activity; or  
2648 (III) nonprofit association authorized by a school board or a governing body of a  
2649 private school to organize and direct a competitive secondary school activity; and  
2650 (B) that is required to collect sales and use taxes under this chapter.  
2651 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
2652 commission may make rules defining the term "passed through."  
2653 [~~(109)~~] (110) For purposes of this section and Section 59-12-104, "school":  
2654 (a) means:  
2655 (i) an elementary school or a secondary school that:  
2656 (A) is a:  
2657 (I) public school; or  
2658 (II) private school; and  
2659 (B) provides instruction for one or more grades kindergarten through 12; or  
2660 (ii) a public school district; and  
2661 (b) includes the Electronic High School as defined in Section 53A-15-1002.  
2662 [~~(110)~~] (111) "Seller" means a person that makes a sale, lease, or rental of:

- 2663 (a) tangible personal property;
- 2664 (b) a product transferred electronically; or
- 2665 (c) a service.
- 2666 ~~[(111)]~~ (112) (a) "Semiconductor fabricating, processing, research, or development
- 2667 materials" means tangible personal property or a product transferred electronically if the
- 2668 tangible personal property or product transferred electronically is:
  - 2669 (i) used primarily in the process of:
    - 2670 (A) (I) manufacturing a semiconductor;
    - 2671 (II) fabricating a semiconductor; or
    - 2672 (III) research or development of a:
      - 2673 (Aa) semiconductor; or
      - 2674 (Bb) semiconductor manufacturing process; or
    - 2675 (B) maintaining an environment suitable for a semiconductor; or
  - 2676 (ii) consumed primarily in the process of:
    - 2677 (A) (I) manufacturing a semiconductor;
    - 2678 (II) fabricating a semiconductor; or
    - 2679 (III) research or development of a:
      - 2680 (Aa) semiconductor; or
      - 2681 (Bb) semiconductor manufacturing process; or
      - 2682 (B) maintaining an environment suitable for a semiconductor.
- 2683 (b) "Semiconductor fabricating, processing, research, or development materials"
- 2684 includes:
  - 2685 (i) parts used in the repairs or renovations of tangible personal property or a product
  - 2686 transferred electronically described in Subsection ~~[(111)]~~ (112)(a); or
  - 2687 (ii) a chemical, catalyst, or other material used to:
    - 2688 (A) produce or induce in a semiconductor a:
      - 2689 (I) chemical change; or
      - 2690 (II) physical change;
      - 2691 (B) remove impurities from a semiconductor; or
      - 2692 (C) improve the marketable condition of a semiconductor.
- 2693 ~~[(112)]~~ (113) "Senior citizen center" means a facility having the primary purpose of

2694 providing services to the aged as defined in Section 62A-3-101.

2695 [~~(113)~~] (114) "Simplified electronic return" means the electronic return:

2696 (a) described in Section 318(C) of the agreement; and

2697 (b) approved by the governing board of the agreement.

2698 [~~(114)~~] (115) "Solar energy" means the sun used as the sole source of energy for  
2699 producing electricity.

2700 [~~(115)~~] (116) (a) "Sports or recreational equipment" means an item:

2701 (i) designed for human use; and

2702 (ii) that is:

2703 (A) worn in conjunction with:

2704 (I) an athletic activity; or

2705 (II) a recreational activity; and

2706 (B) not suitable for general use.

2707 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
2708 commission shall make rules:

2709 (i) listing the items that constitute "sports or recreational equipment"; and

2710 (ii) that are consistent with the list of items that constitute "sports or recreational  
2711 equipment" under the agreement.

2712 [~~(116)~~] (117) "State" means the state of Utah, its departments, and agencies.

2713 [~~(117)~~] (118) "Storage" means any keeping or retention of tangible personal property or  
2714 any other taxable transaction under Subsection 59-12-103(1), in this state for any purpose  
2715 except sale in the regular course of business.

2716 [~~(118)~~] (119) (a) Except as provided in Subsection [~~(118)~~] (119)(d) or (e), "tangible  
2717 personal property" means personal property that:

2718 (i) may be:

2719 (A) seen;

2720 (B) weighed;

2721 (C) measured;

2722 (D) felt; or

2723 (E) touched; or

2724 (ii) is in any manner perceptible to the senses.



2725 (b) "Tangible personal property" includes:

2726 (i) electricity;

2727 (ii) water;

2728 (iii) gas;

2729 (iv) steam; or

2730 (v) prewritten computer software, regardless of the manner in which the prewritten

2731 computer software is transferred.

2732 (c) "Tangible personal property" includes the following regardless of whether the item

2733 is attached to real property:

2734 (i) a dishwasher;

2735 (ii) a dryer;

2736 (iii) a freezer;

2737 (iv) a microwave;

2738 (v) a refrigerator;

2739 (vi) a stove;

2740 (vii) a washer; or

2741 (viii) an item similar to Subsections [~~(118)~~] (119)(c)(i) through (vii) as determined by

2742 the commission by rule made in accordance with Title 63G, Chapter 3, Utah Administrative

2743 Rulemaking Act.

2744 (d) "Tangible personal property" does not include a product that is transferred

2745 electronically.

2746 (e) "Tangible personal property" does not include the following if attached to real

2747 property, regardless of whether the attachment to real property is only through a line that

2748 supplies water, electricity, gas, telephone, cable, or supplies a similar item as determined by the

2749 commission by rule made in accordance with Title 63G, Chapter 3, Utah Administrative

2750 Rulemaking Act:

2751 (i) a hot water heater;

2752 (ii) a water filtration system; or

2753 (iii) a water softener system.

2754 [~~(119)~~] (120) (a) "Telecommunications enabling or facilitating equipment, machinery,

2755 or software" means an item listed in Subsection [~~(119)~~] (120)(b) if that item is purchased or

2756 leased primarily to enable or facilitate one or more of the following to function:

2757 (i) telecommunications switching or routing equipment, machinery, or software; or

2758 (ii) telecommunications transmission equipment, machinery, or software.

2759 (b) The following apply to Subsection [~~(119)~~] (120)(a):

2760 (i) a pole;

2761 (ii) software;

2762 (iii) a supplementary power supply;

2763 (iv) temperature or environmental equipment or machinery;

2764 (v) test equipment;

2765 (vi) a tower; or

2766 (vii) equipment, machinery, or software that functions similarly to an item listed in

2767 Subsections [~~(119)~~] (120)(b)(i) through (vi) as determined by the commission by rule made in

2768 accordance with Subsection [~~(119)~~] (120)(c).

2769 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the

2770 commission may by rule define what constitutes equipment, machinery, or software that

2771 functions similarly to an item listed in Subsections [~~(119)~~] (120)(b)(i) through (vi).

2772 [~~(120)~~] (121) "Telecommunications equipment, machinery, or software required for

2773 911 service" means equipment, machinery, or software that is required to comply with 47

2774 C.F.R. Sec. 20.18.

2775 [~~(121)~~] (122) "Telecommunications maintenance or repair equipment, machinery, or

2776 software" means equipment, machinery, or software purchased or leased primarily to maintain

2777 or repair one or more of the following, regardless of whether the equipment, machinery, or

2778 software is purchased or leased as a spare part or as an upgrade or modification to one or more

2779 of the following:

2780 (a) telecommunications enabling or facilitating equipment, machinery, or software;

2781 (b) telecommunications switching or routing equipment, machinery, or software; or

2782 (c) telecommunications transmission equipment, machinery, or software.

2783 [~~(122)~~] (123) (a) "Telecommunications service" means the electronic conveyance,

2784 routing, or transmission of audio, data, video, voice, or any other information or signal to a

2785 point, or among or between points.

2786 (b) "Telecommunications service" includes:

- 2787 (i) an electronic conveyance, routing, or transmission with respect to which a computer
- 2788 processing application is used to act:
- 2789 (A) on the code, form, or protocol of the content;
- 2790 (B) for the purpose of electronic conveyance, routing, or transmission; and
- 2791 (C) regardless of whether the service:
- 2792 (I) is referred to as voice over Internet protocol service; or
- 2793 (II) is classified by the Federal Communications Commission as enhanced or value
- 2794 added;
- 2795 (ii) an 800 service;
- 2796 (iii) a 900 service;
- 2797 (iv) a fixed wireless service;
- 2798 (v) a mobile wireless service;
- 2799 (vi) a postpaid calling service;
- 2800 (vii) a prepaid calling service;
- 2801 (viii) a prepaid wireless calling service; or
- 2802 (ix) a private communications service.
- 2803 (c) "Telecommunications service" does not include:
- 2804 (i) advertising, including directory advertising;
- 2805 (ii) an ancillary service;
- 2806 (iii) a billing and collection service provided to a third party;
- 2807 (iv) a data processing and information service if:
- 2808 (A) the data processing and information service allows data to be:
- 2809 (I) (Aa) acquired;
- 2810 (Bb) generated;
- 2811 (Cc) processed;
- 2812 (Dd) retrieved; or
- 2813 (Ee) stored; and
- 2814 (II) delivered by an electronic transmission to a purchaser; and
- 2815 (B) the purchaser's primary purpose for the underlying transaction is the processed data
- 2816 or information;
- 2817 (v) installation or maintenance of the following on a customer's premises:

- 2818 (A) equipment; or
- 2819 (B) wiring;
- 2820 (vi) Internet access service;
- 2821 (vii) a paging service;
- 2822 (viii) a product transferred electronically, including:
- 2823 (A) music;
- 2824 (B) reading material;
- 2825 (C) a ring tone;
- 2826 (D) software; or
- 2827 (E) video;
- 2828 (ix) a radio and television audio and video programming service:
- 2829 (A) regardless of the medium; and
- 2830 (B) including:
- 2831 (I) furnishing conveyance, routing, or transmission of a television audio and video
- 2832 programming service by a programming service provider;
- 2833 (II) cable service as defined in 47 U.S.C. Sec. 522(6); or
- 2834 (III) audio and video programming services delivered by a commercial mobile radio
- 2835 service provider as defined in 47 C.F.R. Sec. 20.3;
- 2836 (x) a value-added nonvoice data service; or
- 2837 (xi) tangible personal property.
- 2838 [~~(123)~~] (124) (a) "Telecommunications service provider" means a person that:
- 2839 (i) owns, controls, operates, or manages a telecommunications service; and
- 2840 (ii) engages in an activity described in Subsection [~~(123)~~] (124)(a)(i) for the shared use
- 2841 with or resale to any person of the telecommunications service.
- 2842 (b) A person described in Subsection [~~(123)~~] (124)(a) is a telecommunications service
- 2843 provider whether or not the Public Service Commission of Utah regulates:
- 2844 (i) that person; or
- 2845 (ii) the telecommunications service that the person owns, controls, operates, or
- 2846 manages.
- 2847 [~~(124)~~] (125) (a) "Telecommunications switching or routing equipment, machinery, or
- 2848 software" means an item listed in Subsection [~~(124)~~] (125)(b) if that item is purchased or

2849 leased primarily for switching or routing:

- 2850 (i) an ancillary service;
- 2851 (ii) data communications;
- 2852 (iii) voice communications; or
- 2853 (iv) telecommunications service.

2854 (b) The following apply to Subsection [~~(124)~~] (125)(a):

- 2855 (i) a bridge;
- 2856 (ii) a computer;
- 2857 (iii) a cross connect;
- 2858 (iv) a modem;
- 2859 (v) a multiplexer;
- 2860 (vi) plug in circuitry;
- 2861 (vii) a router;
- 2862 (viii) software;
- 2863 (ix) a switch; or

2864 (x) equipment, machinery, or software that functions similarly to an item listed in  
2865 Subsections [~~(124)~~] (125)(b)(i) through (ix) as determined by the commission by rule made in  
2866 accordance with Subsection [~~(124)~~] (125)(c).

2867 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
2868 commission may by rule define what constitutes equipment, machinery, or software that  
2869 functions similarly to an item listed in Subsections [~~(124)~~] (125)(b)(i) through (ix).

2870 [~~(125)~~] (126) (a) "Telecommunications transmission equipment, machinery, or  
2871 software" means an item listed in Subsection [~~(125)~~] (126)(b) if that item is purchased or  
2872 leased primarily for sending, receiving, or transporting:

- 2873 (i) an ancillary service;
- 2874 (ii) data communications;
- 2875 (iii) voice communications; or
- 2876 (iv) telecommunications service.

2877 (b) The following apply to Subsection [~~(125)~~] (126)(a):

- 2878 (i) an amplifier;
- 2879 (ii) a cable;

- 2880 (iii) a closure;
- 2881 (iv) a conduit;
- 2882 (v) a controller;
- 2883 (vi) a duplexer;
- 2884 (vii) a filter;
- 2885 (viii) an input device;
- 2886 (ix) an input/output device;
- 2887 (x) an insulator;
- 2888 (xi) microwave machinery or equipment;
- 2889 (xii) an oscillator;
- 2890 (xiii) an output device;
- 2891 (xiv) a pedestal;
- 2892 (xv) a power converter;
- 2893 (xvi) a power supply;
- 2894 (xvii) a radio channel;
- 2895 (xviii) a radio receiver;
- 2896 (xix) a radio transmitter;
- 2897 (xx) a repeater;
- 2898 (xxi) software;
- 2899 (xxii) a terminal;
- 2900 (xxiii) a timing unit;
- 2901 (xxiv) a transformer;
- 2902 (xxv) a wire; or
- 2903 (xxvi) equipment, machinery, or software that functions similarly to an item listed in
- 2904 Subsections [~~(125)~~] (126)(b)(i) through (xxv) as determined by the commission by rule made in
- 2905 accordance with Subsection [~~(125)~~] (126)(c).
- 2906 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
- 2907 commission may by rule define what constitutes equipment, machinery, or software that
- 2908 functions similarly to an item listed in Subsections [~~(125)~~] (126)(b)(i) through (xxv).
- 2909 [~~(126)~~] (127) (a) "Textbook for a higher education course" means a textbook or other
- 2910 printed material that is required for a course:

- 2911 (i) offered by an institution of higher education; and
- 2912 (ii) that the purchaser of the textbook or other printed material attends or will attend.
- 2913 (b) "Textbook for a higher education course" includes a textbook in electronic format.
- 2914 [~~(127)~~] (128) "Tobacco" means:
- 2915 (a) a cigarette;
- 2916 (b) a cigar;
- 2917 (c) chewing tobacco;
- 2918 (d) pipe tobacco; or
- 2919 (e) any other item that contains tobacco.
- 2920 [~~(128)~~] (129) "Unassisted amusement device" means an amusement device, skill
- 2921 device, or ride device that is started and stopped by the purchaser or renter of the right to use or
- 2922 operate the amusement device, skill device, or ride device.
- 2923 [~~(129)~~] (130) (a) "Use" means the exercise of any right or power over tangible personal
- 2924 property, a product transferred electronically, or a service under Subsection 59-12-103(1),
- 2925 incident to the ownership or the leasing of that tangible personal property, product transferred
- 2926 electronically, or service.
- 2927 (b) "Use" does not include the sale, display, demonstration, or trial of tangible personal
- 2928 property, a product transferred electronically, or a service in the regular course of business and
- 2929 held for resale.
- 2930 [~~(130)~~] (131) "Value-added nonvoice data service" means a service:
- 2931 (a) that otherwise meets the definition of a telecommunications service except that a
- 2932 computer processing application is used to act primarily for a purpose other than conveyance,
- 2933 routing, or transmission; and
- 2934 (b) with respect to which a computer processing application is used to act on data or
- 2935 information:
- 2936 (i) code;
- 2937 (ii) content;
- 2938 (iii) form; or
- 2939 (iv) protocol.
- 2940 [~~(131)~~] (132) (a) Subject to Subsection [~~(131)~~] (132)(b), "vehicle" means the following
- 2941 that are required to be titled, registered, or titled and registered:

- 2942 (i) an aircraft as defined in Section 72-10-102;
- 2943 (ii) a vehicle as defined in Section 41-1a-102;
- 2944 (iii) an off-highway vehicle as defined in Section 41-22-2; or
- 2945 (iv) a vessel as defined in Section 41-1a-102.
- 2946 (b) For purposes of Subsection 59-12-104(33) only, "vehicle" includes:
- 2947 (i) a vehicle described in Subsection [~~(131)~~] (132)(a); or
- 2948 (ii) (A) a locomotive;
- 2949 (B) a freight car;
- 2950 (C) railroad work equipment; or
- 2951 (D) other railroad rolling stock.
- 2952 [~~(132)~~] (133) "Vehicle dealer" means a person engaged in the business of buying,
- 2953 selling, or exchanging a vehicle as defined in Subsection [~~(131)~~] (132).
- 2954 [~~(133)~~] (134) (a) "Vertical service" means an ancillary service that:
- 2955 (i) is offered in connection with one or more telecommunications services; and
- 2956 (ii) offers an advanced calling feature that allows a customer to:
- 2957 (A) identify a caller; and
- 2958 (B) manage multiple calls and call connections.
- 2959 (b) "Vertical service" includes an ancillary service that allows a customer to manage a
- 2960 conference bridging service.
- 2961 [~~(134)~~] (135) (a) "Voice mail service" means an ancillary service that enables a
- 2962 customer to receive, send, or store a recorded message.
- 2963 (b) "Voice mail service" does not include a vertical service that a customer is required
- 2964 to have in order to utilize a voice mail service.
- 2965 [~~(135)~~] (136) (a) Except as provided in Subsection [~~(135)~~] (136)(b), "waste energy
- 2966 facility" means a facility that generates electricity:
- 2967 (i) using as the primary source of energy waste materials that would be placed in a
- 2968 landfill or refuse pit if it were not used to generate electricity, including:
- 2969 (A) tires;
- 2970 (B) waste coal;
- 2971 (C) oil shale; or
- 2972 (D) municipal solid waste; and



2973 (ii) in amounts greater than actually required for the operation of the facility.  
 2974 (b) "Waste energy facility" does not include a facility that incinerates:  
 2975 (i) hospital waste as defined in 40 C.F.R. 60.51c; or  
 2976 (ii) medical/infectious waste as defined in 40 C.F.R. 60.51c.  
 2977 [~~(136)~~] (137) "Watercraft" means a vessel as defined in Section 73-18-2.  
 2978 [~~(137)~~] (138) "Wind energy" means wind used as the sole source of energy to produce  
 2979 electricity.  
 2980 [~~(138)~~] (139) "ZIP Code" means a Zoning Improvement Plan Code assigned to a  
 2981 geographic location by the United States Postal Service.  
 2982 Section 3. Section **59-12-104** is amended to read:  
 2983 **59-12-104. Exemptions.**  
 2984 The following sales and uses are exempt from the taxes imposed by this chapter:  
 2985 (1) sales of aviation fuel, motor fuel, and special fuel subject to a Utah state excise tax  
 2986 under Chapter 13, Motor and Special Fuel Tax Act;  
 2987 (2) subject to Section 59-12-104.6, sales to the state, its institutions, and its political  
 2988 subdivisions; however, this exemption does not apply to sales of:  
 2989 (a) construction materials except:  
 2990 (i) construction materials purchased by or on behalf of institutions of the public  
 2991 education system as defined in Utah Constitution Article X, Section 2, provided the  
 2992 construction materials are clearly identified and segregated and installed or converted to real  
 2993 property which is owned by institutions of the public education system; and  
 2994 (ii) construction materials purchased by the state, its institutions, or its political  
 2995 subdivisions which are installed or converted to real property by employees of the state, its  
 2996 institutions, or its political subdivisions; or  
 2997 (b) tangible personal property in connection with the construction, operation,  
 2998 maintenance, repair, or replacement of a project, as defined in Section 11-13-103, or facilities  
 2999 providing additional project capacity, as defined in Section 11-13-103;  
 3000 (3) (a) sales of an item described in Subsection (3)(b) from a vending machine if:  
 3001 (i) the proceeds of each sale do not exceed \$1; and  
 3002 (ii) the seller or operator of the vending machine reports an amount equal to 150% of  
 3003 the cost of the item described in Subsection (3)(b) as goods consumed; and

- 3004 (b) Subsection (3)(a) applies to:
- 3005 (i) food and food ingredients; or
- 3006 (ii) prepared food;
- 3007 (4) (a) sales of the following to a commercial airline carrier for in-flight consumption:
- 3008 (i) alcoholic beverages;
- 3009 (ii) food and food ingredients; or
- 3010 (iii) prepared food;
- 3011 (b) sales of tangible personal property or a product transferred electronically:
- 3012 (i) to a passenger;
- 3013 (ii) by a commercial airline carrier; and
- 3014 (iii) during a flight for in-flight consumption or in-flight use by the passenger; or
- 3015 (c) services related to Subsection (4)(a) or (b);
- 3016 (5) (a) (i) beginning on July 1, 2008, and ending on September 30, 2008, sales of parts
- 3017 and equipment:
- 3018 (A) (I) by an establishment described in NAICS Code 336411 or 336412 of the 2002
- 3019 North American Industry Classification System of the federal Executive Office of the
- 3020 President, Office of Management and Budget; and
- 3021 (II) for:
- 3022 (Aa) installation in an aircraft, including services relating to the installation of parts or
- 3023 equipment in the aircraft;
- 3024 (Bb) renovation of an aircraft; or
- 3025 (Cc) repair of an aircraft; or
- 3026 (B) for installation in an aircraft operated by a common carrier in interstate or foreign
- 3027 commerce; or
- 3028 (ii) beginning on October 1, 2008, sales of parts and equipment for installation in an
- 3029 aircraft operated by a common carrier in interstate or foreign commerce; and
- 3030 (b) notwithstanding the time period of Subsection 59-1-1410(8) for filing for a refund,
- 3031 a person may claim the exemption allowed by Subsection (5)(a)(i)(B) for a sale by filing for a
- 3032 refund:
- 3033 (i) if the sale is made on or after July 1, 2008, but on or before September 30, 2008;
- 3034 (ii) as if Subsection (5)(a)(i)(B) were in effect on the day on which the sale is made;

- 3035 (iii) if the person did not claim the exemption allowed by Subsection (5)(a)(i)(B) for  
3036 the sale prior to filing for the refund;
- 3037 (iv) for sales and use taxes paid under this chapter on the sale;
- 3038 (v) in accordance with Section 59-1-1410; and
- 3039 (vi) subject to any extension allowed for filing for a refund under Section 59-1-1410, if  
3040 the person files for the refund on or before September 30, 2011;
- 3041 (6) sales of commercials, motion picture films, prerecorded audio program tapes or  
3042 records, and prerecorded video tapes by a producer, distributor, or studio to a motion picture  
3043 exhibitor, distributor, or commercial television or radio broadcaster;
- 3044 (7) (a) subject to Subsection (7)(b), sales of cleaning or washing of tangible personal  
3045 property if the cleaning or washing of the tangible personal property is not assisted cleaning or  
3046 washing of tangible personal property;
- 3047 (b) if a seller that sells at the same business location assisted cleaning or washing of  
3048 tangible personal property and cleaning or washing of tangible personal property that is not  
3049 assisted cleaning or washing of tangible personal property, the exemption described in  
3050 Subsection (7)(a) applies if the seller separately accounts for the sales of the assisted cleaning  
3051 or washing of the tangible personal property; and
- 3052 (c) for purposes of Subsection (7)(b) and in accordance with Title 63G, Chapter 3,  
3053 Utah Administrative Rulemaking Act, the commission may make rules:
- 3054 (i) governing the circumstances under which sales are at the same business location;  
3055 and
- 3056 (ii) establishing the procedures and requirements for a seller to separately account for  
3057 sales of assisted cleaning or washing of tangible personal property;
- 3058 (8) sales made to or by religious or charitable institutions in the conduct of their regular  
3059 religious or charitable functions and activities, if the requirements of Section 59-12-104.1 are  
3060 fulfilled;
- 3061 (9) sales of a vehicle of a type required to be registered under the motor vehicle laws of  
3062 this state if the vehicle is:
- 3063 (a) not registered in this state; and
- 3064 (b) (i) not used in this state; or
- 3065 (ii) used in this state:

3066 (A) if the vehicle is not used to conduct business, for a time period that does not  
3067 exceed the longer of:

3068 (I) 30 days in any calendar year; or

3069 (II) the time period necessary to transport the vehicle to the borders of this state; or

3070 (B) if the vehicle is used to conduct business, for the time period necessary to transport  
3071 the vehicle to the borders of this state;

3072 (10) (a) amounts paid for an item described in Subsection (10)(b) if:

3073 (i) the item is intended for human use; and

3074 (ii) (A) a prescription was issued for the item; or

3075 (B) the item was purchased by a hospital or other medical facility; and

3076 (b) (i) Subsection (10)(a) applies to:

3077 (A) a drug;

3078 (B) a syringe; or

3079 (C) a stoma supply; and

3080 (ii) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
3081 commission may by rule define the terms:

3082 (A) "syringe"; or

3083 (B) "stoma supply";

3084 (11) sales or use of property, materials, or services used in the construction of or  
3085 incorporated in pollution control facilities allowed by Sections 19-2-123 through 19-2-127;

3086 (12) (a) sales of an item described in Subsection (12)(c) served by:

3087 (i) the following if the item described in Subsection (12)(c) is not available to the  
3088 general public:

3089 (A) a church; or

3090 (B) a charitable institution;

3091 (ii) an institution of higher education if:

3092 (A) the item described in Subsection (12)(c) is not available to the general public; or

3093 (B) the item described in Subsection (12)(c) is prepaid as part of a student meal plan  
3094 offered by the institution of higher education; or

3095 (b) sales of an item described in Subsection (12)(c) provided for a patient by:

3096 (i) a medical facility; or

- 3097 (ii) a nursing facility; and
- 3098 (c) Subsections (12)(a) and (b) apply to:
- 3099 (i) food and food ingredients;
- 3100 (ii) prepared food; or
- 3101 (iii) alcoholic beverages;
- 3102 (13) (a) except as provided in Subsection (13)(b), the sale of tangible personal property
- 3103 or a product transferred electronically by a person:
- 3104 (i) regardless of the number of transactions involving the sale of that tangible personal
- 3105 property or product transferred electronically by that person; and
- 3106 (ii) not regularly engaged in the business of selling that type of tangible personal
- 3107 property or product transferred electronically;
- 3108 (b) this Subsection (13) does not apply if:
- 3109 (i) the sale is one of a series of sales of a character to indicate that the person is
- 3110 regularly engaged in the business of selling that type of tangible personal property or product
- 3111 transferred electronically;
- 3112 (ii) the person holds that person out as regularly engaged in the business of selling that
- 3113 type of tangible personal property or product transferred electronically;
- 3114 (iii) the person sells an item of tangible personal property or product transferred
- 3115 electronically that the person purchased as a sale that is exempt under Subsection (25); or
- 3116 (iv) the sale is of a vehicle or vessel required to be titled or registered under the laws of
- 3117 this state in which case the tax is based upon:
- 3118 (A) the bill of sale or other written evidence of value of the vehicle or vessel being
- 3119 sold; or
- 3120 (B) in the absence of a bill of sale or other written evidence of value, the fair market
- 3121 value of the vehicle or vessel being sold at the time of the sale as determined by the
- 3122 commission; and
- 3123 (c) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
- 3124 commission shall make rules establishing the circumstances under which:
- 3125 (i) a person is regularly engaged in the business of selling a type of tangible personal
- 3126 property or product transferred electronically;
- 3127 (ii) a sale of tangible personal property or a product transferred electronically is one of

3128 a series of sales of a character to indicate that a person is regularly engaged in the business of  
3129 selling that type of tangible personal property or product transferred electronically; or

3130 (iii) a person holds that person out as regularly engaged in the business of selling a type  
3131 of tangible personal property or product transferred electronically;

3132 (14) (a) except as provided in Subsection (14)(b), amounts paid or charged on or after  
3133 July 1, 2006, for a purchase or lease by a manufacturing facility except for a cogeneration  
3134 facility, of the following:

3135 (i) machinery and equipment that:

3136 (A) are used:

3137 (I) for a manufacturing facility except for a manufacturing facility that is a scrap  
3138 recycler described in Subsection 59-12-102(60)(b):

3139 (Aa) in the manufacturing process;

3140 (Bb) to manufacture an item sold as tangible personal property; and

3141 (Cc) beginning on July 1, 2009, in a manufacturing facility described in this Subsection  
3142 (14)(a)(i)(A)(I) in the state; or

3143 (II) for a manufacturing facility that is a scrap recycler described in Subsection  
3144 59-12-102(60)(b):

3145 (Aa) to process an item sold as tangible personal property; and

3146 (Bb) beginning on July 1, 2009, in a manufacturing facility described in this Subsection  
3147 (14)(a)(i)(A)(II) in the state; and

3148 (B) have an economic life of three or more years; and

3149 (ii) normal operating repair or replacement parts that:

3150 (A) have an economic life of three or more years; and

3151 (B) are used:

3152 (I) for a manufacturing facility except for a manufacturing facility that is a scrap  
3153 recycler described in Subsection 59-12-102(60)(b):

3154 (Aa) in the manufacturing process; and

3155 (Bb) in a manufacturing facility described in this Subsection (14)(a)(ii)(B)(I) in the  
3156 state; or

3157 (II) for a manufacturing facility that is a scrap recycler described in Subsection  
3158 59-12-102(60)(b):

3159 (Aa) to process an item sold as tangible personal property; and  
3160 (Bb) in a manufacturing facility described in this Subsection (14)(a)(ii)(B)(II) in the  
3161 state;  
3162 (b) amounts paid or charged on or after July 1, 2005, for a purchase or lease by a  
3163 manufacturing facility that is a cogeneration facility placed in service on or after May 1, 2006,  
3164 of the following:  
3165 (i) machinery and equipment that:  
3166 (A) are used:  
3167 (I) in the manufacturing process;  
3168 (II) to manufacture an item sold as tangible personal property; and  
3169 (III) beginning on July 1, 2009, in a manufacturing facility described in this Subsection  
3170 (14)(b) in the state; and  
3171 (B) have an economic life of three or more years; and  
3172 (ii) normal operating repair or replacement parts that:  
3173 (A) are used:  
3174 (I) in the manufacturing process; and  
3175 (II) in a manufacturing facility described in this Subsection (14)(b) in the state; and  
3176 (B) have an economic life of three or more years;  
3177 (c) amounts paid or charged for a purchase or lease made on or after January 1, 2008,  
3178 by an establishment described in NAICS Subsector 212, Mining (except Oil and Gas), or  
3179 NAICS Code 213113, Support Activities for Coal Mining, 213114, Support Activities for  
3180 Metal Mining, or 213115, Support Activities for Nonmetallic Minerals (except Fuels) Mining,  
3181 of the 2002 North American Industry Classification System of the federal Executive Office of  
3182 the President, Office of Management and Budget, of the following:  
3183 (i) machinery and equipment that:  
3184 (A) are used:  
3185 (I) (Aa) in the production process, other than the production of real property; or  
3186 (Bb) in research and development; and  
3187 (II) beginning on July 1, 2009, in an establishment described in this Subsection (14)(c)  
3188 in the state; and  
3189 (B) have an economic life of three or more years; and

- 3190 (ii) normal operating repair or replacement parts that:
- 3191 (A) have an economic life of three or more years; and
- 3192 (B) are used in:
  - 3193 (I) (Aa) the production process, except for the production of real property; and
  - 3194 (Bb) an establishment described in this Subsection (14)(c) in the state; or
  - 3195 (II) (Aa) research and development; and
  - 3196 (Bb) in an establishment described in this Subsection (14)(c) in the state;
- 3197 (d) (i) amounts paid or charged for a purchase or lease made on or after July 1, 2010,
- 3198 but on or before June 30, 2014, by an establishment described in NAICS Code 518112, Web
- 3199 Search Portals, of the 2002 North American Industry Classification System of the federal
- 3200 Executive Office of the President, Office of Management and Budget, of the following:
  - 3201 (A) machinery and equipment that:
    - 3202 (I) are used in the operation of the web search portal;
    - 3203 (II) have an economic life of three or more years; and
    - 3204 (III) are used in a new or expanding establishment described in this Subsection (14)(d)
    - 3205 in the state; and
  - 3206 (B) normal operating repair or replacement parts that:
    - 3207 (I) are used in the operation of the web search portal;
    - 3208 (II) have an economic life of three or more years; and
    - 3209 (III) are used in a new or expanding establishment described in this Subsection (14)(d)
    - 3210 in the state; or
- 3211 (ii) amounts paid or charged for a purchase or lease made on or after July 1, 2014, by
- 3212 an establishment described in NAICS Code 518112, Web Search Portals, of the 2002 North
- 3213 American Industry Classification System of the federal Executive Office of the President,
- 3214 Office of Management and Budget, of the following:
  - 3215 (A) machinery and equipment that:
    - 3216 (I) are used in the operation of the web search portal; and
    - 3217 (II) have an economic life of three or more years; and
  - 3218 (B) normal operating repair or replacement parts that:
    - 3219 (I) are used in the operation of the web search portal; and
    - 3220 (II) have an economic life of three or more years;



3221 (e) for purposes of this Subsection (14) and in accordance with Title 63G, Chapter 3,  
3222 Utah Administrative Rulemaking Act, the commission:  
3223 (i) shall by rule define the term "establishment"; and  
3224 (ii) may by rule define what constitutes:  
3225 (A) processing an item sold as tangible personal property;  
3226 (B) the production process, except for the production of real property;  
3227 (C) research and development; or  
3228 (D) a new or expanding establishment described in Subsection (14)(d) in the state; and  
3229 (f) on or before October 1, 2011, and every five years after October 1, 2011, the  
3230 commission shall:  
3231 (i) review the exemptions described in this Subsection (14) and make  
3232 recommendations to the Revenue and Taxation Interim Committee concerning whether the  
3233 exemptions should be continued, modified, or repealed; and  
3234 (ii) include in its report:  
3235 (A) an estimate of the cost of the exemptions;  
3236 (B) the purpose and effectiveness of the exemptions; and  
3237 (C) the benefits of the exemptions to the state;  
3238 (15) (a) sales of the following if the requirements of Subsection (15)(b) are met:  
3239 (i) tooling;  
3240 (ii) special tooling;  
3241 (iii) support equipment;  
3242 (iv) special test equipment; or  
3243 (v) parts used in the repairs or renovations of tooling or equipment described in  
3244 Subsections (15)(a)(i) through (iv); and  
3245 (b) sales of tooling, equipment, or parts described in Subsection (15)(a) are exempt if:  
3246 (i) the tooling, equipment, or parts are used or consumed exclusively in the  
3247 performance of any aerospace or electronics industry contract with the United States  
3248 government or any subcontract under that contract; and  
3249 (ii) under the terms of the contract or subcontract described in Subsection (15)(b)(i),  
3250 title to the tooling, equipment, or parts is vested in the United States government as evidenced  
3251 by:

- 3252 (A) a government identification tag placed on the tooling, equipment, or parts; or
- 3253 (B) listing on a government-approved property record if placing a government
- 3254 identification tag on the tooling, equipment, or parts is impractical;
- 3255 (16) sales of newspapers or newspaper subscriptions;
- 3256 (17) (a) except as provided in Subsection (17)(b), tangible personal property or a
- 3257 product transferred electronically traded in as full or part payment of the purchase price, except
- 3258 that for purposes of calculating sales or use tax upon vehicles not sold by a vehicle dealer,
- 3259 trade-ins are limited to other vehicles only, and the tax is based upon:
- 3260 (i) the bill of sale or other written evidence of value of the vehicle being sold and the
- 3261 vehicle being traded in; or
- 3262 (ii) in the absence of a bill of sale or other written evidence of value, the then existing
- 3263 fair market value of the vehicle being sold and the vehicle being traded in, as determined by the
- 3264 commission; and
- 3265 (b) [~~notwithstanding Subsection (17)(a),~~] Subsection (17)(a) does not apply to the
- 3266 following items of tangible personal property or products transferred electronically traded in as
- 3267 full or part payment of the purchase price:
- 3268 (i) money;
- 3269 (ii) electricity;
- 3270 (iii) water;
- 3271 (iv) gas; or
- 3272 (v) steam;
- 3273 (18) (a) (i) except as provided in Subsection (18)(b), sales of tangible personal property
- 3274 or a product transferred electronically used or consumed primarily and directly in farming
- 3275 operations, regardless of whether the tangible personal property or product transferred
- 3276 electronically:
- 3277 (A) becomes part of real estate; or
- 3278 (B) is installed by a:
- 3279 (I) farmer;
- 3280 (II) contractor; or
- 3281 (III) subcontractor; or
- 3282 (ii) sales of parts used in the repairs or renovations of tangible personal property or a

3283 product transferred electronically if the tangible personal property or product transferred  
3284 electronically is exempt under Subsection (18)(a)(i); and  
3285 (b) [~~notwithstanding Subsection (18)(a);~~] amounts paid or charged for the following  
3286 are subject to the taxes imposed by this chapter:  
3287 (i) (A) subject to Subsection (18)(b)(i)(B), the following if used in a manner that is  
3288 incidental to farming:  
3289 (I) machinery;  
3290 (II) equipment;  
3291 (III) materials; or  
3292 (IV) supplies; and  
3293 (B) tangible personal property that is considered to be used in a manner that is  
3294 incidental to farming includes:  
3295 (I) hand tools; or  
3296 (II) maintenance and janitorial equipment and supplies;  
3297 (ii) (A) subject to Subsection (18)(b)(ii)(B), tangible personal property or a product  
3298 transferred electronically if the tangible personal property or product transferred electronically  
3299 is used in an activity other than farming; and  
3300 (B) tangible personal property or a product transferred electronically that is considered  
3301 to be used in an activity other than farming includes:  
3302 (I) office equipment and supplies; or  
3303 (II) equipment and supplies used in:  
3304 (Aa) the sale or distribution of farm products;  
3305 (Bb) research; or  
3306 (Cc) transportation; or  
3307 (iii) a vehicle required to be registered by the laws of this state during the period  
3308 ending two years after the date of the vehicle's purchase;  
3309 (19) sales of hay;  
3310 (20) exclusive sale during the harvest season of seasonal crops, seedling plants, or  
3311 garden, farm, or other agricultural produce if the seasonal crops are, seedling plants are, or  
3312 garden, farm, or other agricultural produce is sold by:  
3313 (a) the producer of the seasonal crops, seedling plants, or garden, farm, or other

3314 agricultural produce;

3315       (b) an employee of the producer described in Subsection (20)(a); or

3316       (c) a member of the immediate family of the producer described in Subsection (20)(a);

3317       (21) purchases made using a coupon as defined in 7 U.S.C. Sec. 2012 that is issued

3318 under the Food Stamp Program, 7 U.S.C. Sec. 2011 et seq.;

3319       (22) sales of nonreturnable containers, nonreturnable labels, nonreturnable bags,

3320 nonreturnable shipping cases, and nonreturnable casings to a manufacturer, processor,

3321 wholesaler, or retailer for use in packaging tangible personal property to be sold by that

3322 manufacturer, processor, wholesaler, or retailer;

3323       (23) a product stored in the state for resale;

3324       (24) (a) purchases of a product if:

3325           (i) the product is:

3326               (A) purchased outside of this state;

3327               (B) brought into this state:

3328                   (I) at any time after the purchase described in Subsection (24)(a)(i)(A); and

3329                   (II) by a nonresident person who is not living or working in this state at the time of the

3330 purchase;

3331               (C) used for the personal use or enjoyment of the nonresident person described in

3332 Subsection (24)(a)(i)(B)(II) while that nonresident person is within the state; and

3333               (D) not used in conducting business in this state; and

3334           (ii) for:

3335               (A) a product other than a boat described in Subsection (24)(a)(ii)(B), the first use of

3336 the product for a purpose for which the product is designed occurs outside of this state;

3337               (B) a boat, the boat is registered outside of this state; or

3338               (C) a vehicle other than a vehicle sold to an authorized carrier, the vehicle is registered

3339 outside of this state;

3340       (b) the exemption provided for in Subsection (24)(a) does not apply to:

3341           (i) a lease or rental of a product; or

3342           (ii) a sale of a vehicle exempt under Subsection (33); and

3343       (c) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, for

3344 purposes of Subsection (24)(a), the commission may by rule define what constitutes the

3345 following:

3346 (i) conducting business in this state if that phrase has the same meaning in this

3347 Subsection (24) as in Subsection (63);

3348 (ii) the first use of a product if that phrase has the same meaning in this Subsection (24)

3349 as in Subsection (63); or

3350 (iii) a purpose for which a product is designed if that phrase has the same meaning in

3351 this Subsection (24) as in Subsection (63);

3352 (25) a product purchased for resale in this state, in the regular course of business, either

3353 in its original form or as an ingredient or component part of a manufactured or compounded

3354 product;

3355 (26) a product upon which a sales or use tax was paid to some other state, or one of its

3356 subdivisions, except that the state shall be paid any difference between the tax paid and the tax

3357 imposed by this part and Part 2, Local Sales and Use Tax Act, and no adjustment is allowed if

3358 the tax paid was greater than the tax imposed by this part and Part 2, Local Sales and Use Tax

3359 Act;

3360 (27) any sale of a service described in Subsections 59-12-103(1)(b), (c), and (d) to a

3361 person for use in compounding a service taxable under the subsections;

3362 (28) purchases made in accordance with the special supplemental nutrition program for

3363 women, infants, and children established in 42 U.S.C. Sec. 1786;

3364 (29) beginning on July 1, 1999, through June 30, 2014, sales or leases of rolls, rollers,

3365 refractory brick, electric motors, or other replacement parts used in the furnaces, mills, or ovens

3366 of a steel mill described in SIC Code 3312 of the 1987 Standard Industrial Classification

3367 Manual of the federal Executive Office of the President, Office of Management and Budget;

3368 (30) sales of a boat of a type required to be registered under Title 73, Chapter 18, State

3369 Boating Act, a boat trailer, or an outboard motor if the boat, boat trailer, or outboard motor is:

3370 (a) not registered in this state; and

3371 (b) (i) not used in this state; or

3372 (ii) used in this state:

3373 (A) if the boat, boat trailer, or outboard motor is not used to conduct business, for a

3374 time period that does not exceed the longer of:

3375 (I) 30 days in any calendar year; or

3376 (II) the time period necessary to transport the boat, boat trailer, or outboard motor to  
3377 the borders of this state; or

3378 (B) if the boat, boat trailer, or outboard motor is used to conduct business, for the time  
3379 period necessary to transport the boat, boat trailer, or outboard motor to the borders of this  
3380 state;

3381 (31) sales of aircraft manufactured in Utah;

3382 (32) amounts paid for the purchase of telecommunications service for purposes of  
3383 providing telecommunications service;

3384 (33) sales, leases, or uses of the following:

3385 (a) a vehicle by an authorized carrier; or

3386 (b) tangible personal property that is installed on a vehicle:

3387 (i) sold or leased to or used by an authorized carrier; and

3388 (ii) before the vehicle is placed in service for the first time;

3389 (34) (a) 45% of the sales price of any new manufactured home; and

3390 (b) 100% of the sales price of any used manufactured home;

3391 (35) sales relating to schools and fundraising sales;

3392 (36) sales or rentals of durable medical equipment if:

3393 (a) a person presents a prescription for the durable medical equipment; and

3394 (b) the durable medical equipment is used for home use only;

3395 (37) (a) sales to a ski resort of electricity to operate a passenger ropeway as defined in  
3396 Section 72-11-102; and

3397 (b) the commission shall by rule determine the method for calculating sales exempt  
3398 under Subsection (37)(a) that are not separately metered and accounted for in utility billings;

3399 (38) sales to a ski resort of:

3400 (a) snowmaking equipment;

3401 (b) ski slope grooming equipment;

3402 (c) passenger ropeways as defined in Section 72-11-102; or

3403 (d) parts used in the repairs or renovations of equipment or passenger ropeways  
3404 described in Subsections (38)(a) through (c);

3405 (39) sales of natural gas, electricity, heat, coal, fuel oil, or other fuels for industrial use;

3406 (40) (a) subject to Subsection (40)(b), sales or rentals of the right to use or operate for

3407 amusement, entertainment, or recreation an unassisted amusement device as defined in Section  
3408 59-12-102;

3409 (b) if a seller that sells or rents at the same business location the right to use or operate  
3410 for amusement, entertainment, or recreation one or more unassisted amusement devices and  
3411 one or more assisted amusement devices, the exemption described in Subsection (40)(a)  
3412 applies if the seller separately accounts for the sales or rentals of the right to use or operate for  
3413 amusement, entertainment, or recreation for the assisted amusement devices; and

3414 (c) for purposes of Subsection (40)(b) and in accordance with Title 63G, Chapter 3,  
3415 Utah Administrative Rulemaking Act, the commission may make rules:

3416 (i) governing the circumstances under which sales are at the same business location;  
3417 and

3418 (ii) establishing the procedures and requirements for a seller to separately account for  
3419 the sales or rentals of the right to use or operate for amusement, entertainment, or recreation for  
3420 assisted amusement devices;

3421 (41) (a) sales of photocopies by:

3422 (i) a governmental entity; or

3423 (ii) an entity within the state system of public education, including:

3424 (A) a school; or

3425 (B) the State Board of Education; or

3426 (b) sales of publications by a governmental entity;

3427 (42) amounts paid for admission to an athletic event at an institution of higher  
3428 education that is subject to the provisions of Title IX of the Education Amendments of 1972,  
3429 20 U.S.C. Sec. 1681 et seq.;

3430 (43) (a) sales made to or by:

3431 (i) an area agency on aging; or

3432 (ii) a senior citizen center owned by a county, city, or town; or

3433 (b) sales made by a senior citizen center that contracts with an area agency on aging;

3434 (44) sales or leases of semiconductor fabricating, processing, research, or development  
3435 materials regardless of whether the semiconductor fabricating, processing, research, or  
3436 development materials:

3437 (a) actually come into contact with a semiconductor; or

- 3438 (b) ultimately become incorporated into real property;
- 3439 (45) an amount paid by or charged to a purchaser for accommodations and services
- 3440 described in Subsection 59-12-103(1)(i) to the extent the amount is exempt under Section
- 3441 59-12-104.2;
- 3442 (46) beginning on September 1, 2001, the lease or use of a vehicle issued a temporary
- 3443 sports event registration certificate in accordance with Section 41-3-306 for the event period
- 3444 specified on the temporary sports event registration certificate;
- 3445 (47) (a) sales or uses of electricity, if the sales or uses are made under a tariff adopted
- 3446 by the Public Service Commission of Utah only for purchase of electricity produced from a
- 3447 new alternative energy source, as designated in the tariff by the Public Service Commission of
- 3448 Utah; and
- 3449 (b) the exemption under Subsection (47)(a) applies to the portion of the tariff rate a
- 3450 customer pays under the tariff described in Subsection (47)(a) that exceeds the tariff rate under
- 3451 the tariff described in Subsection (47)(a) that the customer would have paid absent the tariff;
- 3452 (48) sales or rentals of mobility enhancing equipment if a person presents a
- 3453 prescription for the mobility enhancing equipment;
- 3454 (49) sales of water in a:
- 3455 (a) pipe;
- 3456 (b) conduit;
- 3457 (c) ditch; or
- 3458 (d) reservoir;
- 3459 (50) sales of currency or coins that constitute legal tender of a state, the United States,
- 3460 or a foreign nation;
- 3461 (51) (a) sales of an item described in Subsection (51)(b) if the item:
- 3462 (i) does not constitute legal tender of a state, the United States, or a foreign nation; and
- 3463 (ii) has a gold, silver, or platinum content of 50% or more; and
- 3464 (b) Subsection (51)(a) applies to a gold, silver, or platinum:
- 3465 (i) ingot;
- 3466 (ii) bar;
- 3467 (iii) medallion; or
- 3468 (iv) decorative coin;



- 3469 (52) amounts paid on a sale-leaseback transaction;
- 3470 (53) sales of a prosthetic device:
- 3471 (a) for use on or in a human; and
- 3472 (b) (i) for which a prescription is required; or
- 3473 (ii) if the prosthetic device is purchased by a hospital or other medical facility;
- 3474 (54) (a) except as provided in Subsection (54)(b), purchases, leases, or rentals of
- 3475 machinery or equipment by an establishment described in Subsection (54)(c) if the machinery
- 3476 or equipment is primarily used in the production or postproduction of the following media for
- 3477 commercial distribution:
- 3478 (i) a motion picture;
- 3479 (ii) a television program;
- 3480 (iii) a movie made for television;
- 3481 (iv) a music video;
- 3482 (v) a commercial;
- 3483 (vi) a documentary; or
- 3484 (vii) a medium similar to Subsections (54)(a)(i) through (vi) as determined by the
- 3485 commission by administrative rule made in accordance with Subsection (54)(d); or
- 3486 (b) [~~notwithstanding Subsection (54)(a),~~] purchases, leases, or rentals of machinery or
- 3487 equipment by an establishment described in Subsection (54)(c) that is used for the production
- 3488 or postproduction of the following are subject to the taxes imposed by this chapter:
- 3489 (i) a live musical performance;
- 3490 (ii) a live news program; or
- 3491 (iii) a live sporting event;
- 3492 (c) the following establishments listed in the 1997 North American Industry
- 3493 Classification System of the federal Executive Office of the President, Office of Management
- 3494 and Budget, apply to Subsections (54)(a) and (b):
- 3495 (i) NAICS Code 512110; or
- 3496 (ii) NAICS Code 51219; and
- 3497 (d) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
- 3498 commission may by rule:
- 3499 (i) prescribe what constitutes a medium similar to Subsections (54)(a)(i) through (vi);

3500 or  
3501 (ii) define:  
3502 (A) "commercial distribution";  
3503 (B) "live musical performance";  
3504 (C) "live news program"; or  
3505 (D) "live sporting event";  
3506 (55) (a) leases of seven or more years or purchases made on or after July 1, 2004, but  
3507 on or before June 30, 2027, of tangible personal property that:  
3508 (i) is leased or purchased for or by a facility that:  
3509 (A) is an alternative energy electricity production facility;  
3510 (B) is located in the state; and  
3511 (C) (I) becomes operational on or after July 1, 2004; or  
3512 (II) has its generation capacity increased by one or more megawatts on or after July 1,  
3513 2004, as a result of the use of the tangible personal property;  
3514 (ii) has an economic life of five or more years; and  
3515 (iii) is used to make the facility or the increase in capacity of the facility described in  
3516 Subsection (55)(a)(i) operational up to the point of interconnection with an existing  
3517 transmission grid including:  
3518 (A) a wind turbine;  
3519 (B) generating equipment;  
3520 (C) a control and monitoring system;  
3521 (D) a power line;  
3522 (E) substation equipment;  
3523 (F) lighting;  
3524 (G) fencing;  
3525 (H) pipes; or  
3526 (I) other equipment used for locating a power line or pole; and  
3527 (b) this Subsection (55) does not apply to:  
3528 (i) tangible personal property used in construction of:  
3529 (A) a new alternative energy electricity production facility; or  
3530 (B) the increase in the capacity of an alternative energy electricity production facility;

3531 (ii) contracted services required for construction and routine maintenance activities;  
3532 and

3533 (iii) unless the tangible personal property is used or acquired for an increase in capacity  
3534 of the facility described in Subsection (55)(a)(i)(C)(II), tangible personal property used or  
3535 acquired after:

3536 (A) the alternative energy electricity production facility described in Subsection  
3537 (55)(a)(i) is operational as described in Subsection (55)(a)(iii); or

3538 (B) the increased capacity described in Subsection (55)(a)(i) is operational as described  
3539 in Subsection (55)(a)(iii);

3540 (56) (a) leases of seven or more years or purchases made on or after July 1, 2004, but  
3541 on or before June 30, 2027, of tangible personal property that:

3542 (i) is leased or purchased for or by a facility that:

3543 (A) is a waste energy production facility;

3544 (B) is located in the state; and

3545 (C) (I) becomes operational on or after July 1, 2004; or

3546 (II) has its generation capacity increased by one or more megawatts on or after July 1,  
3547 2004, as a result of the use of the tangible personal property;

3548 (ii) has an economic life of five or more years; and

3549 (iii) is used to make the facility or the increase in capacity of the facility described in  
3550 Subsection (56)(a)(i) operational up to the point of interconnection with an existing

3551 transmission grid including:

3552 (A) generating equipment;

3553 (B) a control and monitoring system;

3554 (C) a power line;

3555 (D) substation equipment;

3556 (E) lighting;

3557 (F) fencing;

3558 (G) pipes; or

3559 (H) other equipment used for locating a power line or pole; and

3560 (b) this Subsection (56) does not apply to:

3561 (i) tangible personal property used in construction of:

3562 (A) a new waste energy facility; or  
3563 (B) the increase in the capacity of a waste energy facility;  
3564 (ii) contracted services required for construction and routine maintenance activities;  
3565 and  
3566 (iii) unless the tangible personal property is used or acquired for an increase in capacity  
3567 described in Subsection (56)(a)(i)(C)(II), tangible personal property used or acquired after:  
3568 (A) the waste energy facility described in Subsection (56)(a)(i) is operational as  
3569 described in Subsection (56)(a)(iii); or  
3570 (B) the increased capacity described in Subsection (56)(a)(i) is operational as described  
3571 in Subsection (56)(a)(iii);  
3572 (57) (a) leases of five or more years or purchases made on or after July 1, 2004 but on  
3573 or before June 30, 2027, of tangible personal property that:  
3574 (i) is leased or purchased for or by a facility that:  
3575 (A) is located in the state;  
3576 (B) produces fuel from alternative energy, including:  
3577 (I) methanol; or  
3578 (II) ethanol; and  
3579 (C) (I) becomes operational on or after July 1, 2004; or  
3580 (II) has its capacity to produce fuel increase by 25% or more on or after July 1, 2004, as  
3581 a result of the installation of the tangible personal property;  
3582 (ii) has an economic life of five or more years; and  
3583 (iii) is installed on the facility described in Subsection (57)(a)(i);  
3584 (b) this Subsection (57) does not apply to:  
3585 (i) tangible personal property used in construction of:  
3586 (A) a new facility described in Subsection (57)(a)(i); or  
3587 (B) the increase in capacity of the facility described in Subsection (57)(a)(i); or  
3588 (ii) contracted services required for construction and routine maintenance activities;  
3589 and  
3590 (iii) unless the tangible personal property is used or acquired for an increase in capacity  
3591 described in Subsection (57)(a)(i)(C)(II), tangible personal property used or acquired after:  
3592 (A) the facility described in Subsection (57)(a)(i) is operational; or

3593 (B) the increased capacity described in Subsection (57)(a)(i) is operational;  
3594 (58) (a) subject to Subsection (58)(b) or (c), sales of tangible personal property or a  
3595 product transferred electronically to a person within this state if that tangible personal property  
3596 or product transferred electronically is subsequently shipped outside the state and incorporated  
3597 pursuant to contract into and becomes a part of real property located outside of this state;  
3598 (b) the exemption under Subsection (58)(a) is not allowed to the extent that the other  
3599 state or political entity to which the tangible personal property is shipped imposes a sales, use,  
3600 gross receipts, or other similar transaction excise tax on the transaction against which the other  
3601 state or political entity allows a credit for sales and use taxes imposed by this chapter; and  
3602 (c) notwithstanding the time period of Subsection 59-1-1410(8) for filing for a refund,  
3603 a person may claim the exemption allowed by this Subsection (58) for a sale by filing for a  
3604 refund:  
3605 (i) if the sale is made on or after July 1, 2004, but on or before June 30, 2008;  
3606 (ii) as if this Subsection (58) as in effect on July 1, 2008, were in effect on the day on  
3607 which the sale is made;  
3608 (iii) if the person did not claim the exemption allowed by this Subsection (58) for the  
3609 sale prior to filing for the refund;  
3610 (iv) for sales and use taxes paid under this chapter on the sale;  
3611 (v) in accordance with Section 59-1-1410; and  
3612 (vi) subject to any extension allowed for filing for a refund under Section 59-1-1410, if  
3613 the person files for the refund on or before June 30, 2011;  
3614 (59) purchases:  
3615 (a) of one or more of the following items in printed or electronic format:  
3616 (i) a list containing information that includes one or more:  
3617 (A) names; or  
3618 (B) addresses; or  
3619 (ii) a database containing information that includes one or more:  
3620 (A) names; or  
3621 (B) addresses; and  
3622 (b) used to send direct mail;  
3623 (60) redemptions or repurchases of a product by a person if that product was:

3624 (a) delivered to a pawnbroker as part of a pawn transaction; and  
3625 (b) redeemed or repurchased within the time period established in a written agreement  
3626 between the person and the pawnbroker for redeeming or repurchasing the product;  
3627 (61) (a) purchases or leases of an item described in Subsection (61)(b) if the item:  
3628 (i) is purchased or leased by, or on behalf of, a telecommunications service provider;  
3629 and  
3630 (ii) has a useful economic life of one or more years; and  
3631 (b) the following apply to Subsection (61)(a):  
3632 (i) telecommunications enabling or facilitating equipment, machinery, or software;  
3633 (ii) telecommunications equipment, machinery, or software required for 911 service;  
3634 (iii) telecommunications maintenance or repair equipment, machinery, or software;  
3635 (iv) telecommunications switching or routing equipment, machinery, or software; or  
3636 (v) telecommunications transmission equipment, machinery, or software;  
3637 (62) (a) beginning on July 1, 2006, and ending on June 30, 2027, purchases of tangible  
3638 personal property or a product transferred electronically that are used in the research and  
3639 development of alternative energy technology; and  
3640 (b) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
3641 commission may, for purposes of Subsection (62)(a), make rules defining what constitutes  
3642 purchases of tangible personal property or a product transferred electronically that are used in  
3643 the research and development of alternative energy technology;  
3644 (63) (a) purchases of tangible personal property or a product transferred electronically  
3645 if:  
3646 (i) the tangible personal property or product transferred electronically is:  
3647 (A) purchased outside of this state;  
3648 (B) brought into this state at any time after the purchase described in Subsection  
3649 (63)(a)(i)(A); and  
3650 (C) used in conducting business in this state; and  
3651 (ii) for:  
3652 (A) tangible personal property or a product transferred electronically other than the  
3653 tangible personal property described in Subsection (63)(a)(ii)(B), the first use of the property  
3654 for a purpose for which the property is designed occurs outside of this state; or

3655 (B) a vehicle other than a vehicle sold to an authorized carrier, the vehicle is registered  
3656 outside of this state;

3657 (b) the exemption provided for in Subsection (63)(a) does not apply to:

3658 (i) a lease or rental of tangible personal property or a product transferred electronically;

3659 or

3660 (ii) a sale of a vehicle exempt under Subsection (33); and

3661 (c) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, for  
3662 purposes of Subsection (63)(a), the commission may by rule define what constitutes the

3663 following:

3664 (i) conducting business in this state if that phrase has the same meaning in this  
3665 Subsection (63) as in Subsection (24);

3666 (ii) the first use of tangible personal property or a product transferred electronically if  
3667 that phrase has the same meaning in this Subsection (63) as in Subsection (24); or

3668 (iii) a purpose for which tangible personal property or a product transferred  
3669 electronically is designed if that phrase has the same meaning in this Subsection (63) as in  
3670 Subsection (24);

3671 (64) sales of disposable home medical equipment or supplies if:

3672 (a) a person presents a prescription for the disposable home medical equipment or  
3673 supplies;

3674 (b) the disposable home medical equipment or supplies are used exclusively by the  
3675 person to whom the prescription described in Subsection (64)(a) is issued; and

3676 (c) the disposable home medical equipment and supplies are listed as eligible for  
3677 payment under:

3678 (i) Title XVIII, federal Social Security Act; or

3679 (ii) the state plan for medical assistance under Title XIX, federal Social Security Act;

3680 (65) sales:

3681 (a) to a public transit district under Title 17B, Chapter 2a, Part 8, Public Transit  
3682 District Act; or

3683 (b) of tangible personal property to a subcontractor of a public transit district, if the  
3684 tangible personal property is:

3685 (i) clearly identified; and

- 3686 (ii) installed or converted to real property owned by the public transit district;
- 3687 (66) sales of construction materials:
- 3688 (a) purchased on or after July 1, 2010;
- 3689 (b) purchased by, on behalf of, or for the benefit of an international airport:
- 3690 (i) located within a county of the first class; and
- 3691 (ii) that has a United States customs office on its premises; and
- 3692 (c) if the construction materials are:
- 3693 (i) clearly identified;
- 3694 (ii) segregated; and
- 3695 (iii) installed or converted to real property:
- 3696 (A) owned or operated by the international airport described in Subsection (66)(b); and
- 3697 (B) located at the international airport described in Subsection (66)(b);
- 3698 (67) sales of construction materials:
- 3699 (a) purchased on or after July 1, 2008;
- 3700 (b) purchased by, on behalf of, or for the benefit of a new airport:
- 3701 (i) located within a county of the second class; and
- 3702 (ii) that is owned or operated by a city in which an airline as defined in Section
- 3703 59-2-102 is headquartered; and
- 3704 (c) if the construction materials are:
- 3705 (i) clearly identified;
- 3706 (ii) segregated; and
- 3707 (iii) installed or converted to real property:
- 3708 (A) owned or operated by the new airport described in Subsection (67)(b);
- 3709 (B) located at the new airport described in Subsection (67)(b); and
- 3710 (C) as part of the construction of the new airport described in Subsection (67)(b);
- 3711 (68) sales of fuel to a common carrier that is a railroad for use in a locomotive engine;
- 3712 (69) purchases and sales described in Section 63H-4-111;
- 3713 (70) (a) sales of tangible personal property to an aircraft maintenance, repair, and
- 3714 overhaul provider for use in the maintenance, repair, overhaul, or refurbishment in this state of
- 3715 a fixed wing turbine powered aircraft if that fixed wing turbine powered aircraft's registration
- 3716 lists a state or country other than this state as the location of registry of the fixed wing turbine



3717 powered aircraft; or

3718 (b) sales of tangible personal property by an aircraft maintenance, repair, and overhaul  
3719 provider in connection with the maintenance, repair, overhaul, or refurbishment in this state of  
3720 a fixed wing turbine powered aircraft if that fixed wing turbine powered aircraft's registration  
3721 lists a state or country other than this state as the location of registry of the fixed wing turbine  
3722 powered aircraft;

3723 (71) subject to Section 59-12-104.4, sales of a textbook for a higher education course:

3724 (a) to a person admitted to an institution of higher education; and

3725 (b) by a seller, other than a bookstore owned by an institution of higher education, if  
3726 51% or more of that seller's sales revenue for the previous calendar quarter are sales of a  
3727 textbook for a higher education course;

3728 (72) a license fee or tax a municipality imposes in accordance with Subsection  
3729 10-1-203(5) on a purchaser from a business for which the municipality provides an enhanced  
3730 level of municipal services;

3731 (73) amounts paid or charged for construction materials used in the construction of a  
3732 new or expanding life science research and development facility in the state, if the construction  
3733 materials are:

3734 (a) clearly identified;

3735 (b) segregated; and

3736 (c) installed or converted to real property; ~~and~~

3737 (74) amounts paid or charged for:

3738 (a) a purchase or lease of machinery and equipment that:

3739 (i) are used in performing qualified research:

3740 (A) as defined in Section 59-7-612;

3741 (B) in the state; and

3742 (C) with respect to which the purchaser pays or incurs a qualified research expense as  
3743 defined in Section 59-7-612; and

3744 (ii) have an economic life of three or more years; and

3745 (b) normal operating repair or replacement parts:

3746 (i) for the machinery and equipment described in Subsection (74)(a); and

3747 (ii) that have an economic life of three or more years[-]; and

3748 (75) amounts paid or charged for a purchase or lease made by an electronic financial  
3749 payment service, of:

3750 (a) machinery and equipment that:

3751 (i) are used in the operation of the electronic financial payment service; and

3752 (ii) have an economic life of three or more years; and

3753 (b) normal operating repair or replacement parts that:

3754 (i) are used in the operation of the electronic financial payment service; and

3755 (ii) have an economic life of three or more years.

3756 **Section 4. Effective dates.**

3757 (1) Except as provided in Subsection (2), this bill takes effect on July 1, 2013.

3758 (2) The actions affecting Section 59-12-102 (Effective 07/01/14) take effect on July 1,  
3759 2014.

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**Legislative Review Note**  
**as of 2-6-13 2:51 PM**

**Office of Legislative Research and General Counsel**