

Senator Curtis S. Bramble proposes the following substitute bill:

**TAX PROVISION AMENDMENTS**

2017 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Curtis S. Bramble**

House Sponsor: Francis D. Gibson

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**LONG TITLE**

**General Description:**

This bill modifies provisions in the Revenue and Taxation code.

**Highlighted Provisions:**

This bill:

- ▶ adds automobile manufacturing to the NAICS codes that qualify a taxpayer to be a sales factor weighted taxpayer;

- ▶ addresses how a taxpayer determines if the taxpayer is an optional sales factor weighted taxpayer;

- ▶ exempts a purchase or lease of certain machinery, equipment, and parts from sales and use tax;

- ▶ requires the Revenue and Taxation Interim Committee to study annually the exemptions created by this bill for a purchase or lease of machinery, equipment, and parts;

- ▶ requires purchasers that receive the exemptions created by this bill to report information about the purchases to the Governor's Office of Economic Development;

- ▶ requires the Governor's Office of Economic Development to report the information regarding sales-tax exempt purchases to the Revenue and Taxation Interim



26 Committee; and  
27       ▶ makes technical and conforming changes.

28 **Money Appropriated in this Bill:**

29       None

30 **Other Special Clauses:**

31       This bill provides a special effective date.

32 **Utah Code Sections Affected:**

33 AMENDS:

34       **59-7-302**, as last amended by Laws of Utah 2016, Chapters 311 and 368

35       **59-12-104**, as last amended by Laws of Utah 2016, Third Special Session, Chapter 6

36       **59-12-104.5**, as last amended by Laws of Utah 2016, Chapter 135

37 ENACTS:

38       **59-12-104.7**, Utah Code Annotated 1953

39       **63N-1-302**, Utah Code Annotated 1953



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

42       Section 1. Section **59-7-302** is amended to read:

43       **59-7-302. Definitions.**

44       (1) As used in this part, unless the context otherwise requires:

45       (a) "Aircraft type" means a particular model of aircraft as designated by the  
46 manufacturer of the aircraft.

47       (b) "Airline" means the same as that term is defined in Section **59-2-102**.

48       (c) "Airline revenue ton miles" means, for an airline, the total revenue ton miles during  
49 the airline's tax period.

50       (d) "Business income" means income arising from transactions and activity in the  
51 regular course of the taxpayer's trade or business and includes income from tangible and  
52 intangible property if the acquisition, management, and disposition of the property constitutes  
53 integral parts of the taxpayer's regular trade or business operations.

54       (e) "Commercial domicile" means the principal place from which the trade or business  
55 of the taxpayer is directed or managed.

56       (f) "Compensation" means wages, salaries, commissions, and any other form of

57 remuneration paid to employees for personal services.

58 (g) (i) Except as provided in Subsection (1)(g)(ii), "mobile flight equipment" [~~is as~~]  
59 means the same as that term is defined in Section 59-2-102.

60 (ii) "Mobile flight equipment" does not include:

61 (A) a spare engine; or

62 (B) tangible personal property described in Subsection 59-2-102(27) owned by an[~~;~~]  
63 air charter service[;] or [~~an~~] an air contract service.

64 (h) "Nonbusiness income" means all income other than business income.

65 (i) [~~Optional~~] Subject to Subsection (2), "optional sales factor weighted taxpayer"  
66 means:

67 (i) for a taxpayer that is not a unitary group, regardless of the number of economic  
68 activities the taxpayer performs, a taxpayer having greater than 50% of the taxpayer's total sales  
69 everywhere generated by economic activities performed by the taxpayer if the economic  
70 activities are classified in a NAICS code within NAICS Subsector 334, Computer and  
71 Electronic Product Manufacturing, of the 2002 or 2007 North American Industry Classification  
72 System of the federal Executive Office of the President, Office of Management and Budget; or

73 (ii) for a taxpayer that is a unitary group, a taxpayer having greater than 50% of the  
74 taxpayer's total sales everywhere generated by economic activities performed by the taxpayer if  
75 the economic activities are classified in a NAICS code within NAICS Subsector 334,  
76 Computer and Electronic Product Manufacturing, of the 2002 or 2007 North American  
77 Industry Classification System of the federal Executive Office of the President, Office of  
78 Management and Budget.

79 (j) "Revenue ton miles" is determined in accordance with 14 C.F.R. Part 241.

80 (k) "Sales" means all gross receipts of the taxpayer not allocated under Sections  
81 59-7-306 through 59-7-310.

82 (l) Subject to Subsection (2), "sales factor weighted taxpayer" means:

83 (i) for a taxpayer that is not a unitary group, regardless of the number of economic  
84 activities the taxpayer performs, a taxpayer having greater than 50% of the taxpayer's total sales  
85 everywhere generated by economic activities performed by the taxpayer if the economic  
86 activities are classified in a NAICS code of the 2002 or 2007 North American Industry  
87 Classification System of the federal Executive Office of the President, Office of Management

88 and Budget, except for:

89 (A) a NAICS code within NAICS Sector 21, Mining;

90 (B) a NAICS code within NAICS Industry Group 2212, Natural Gas Distribution;

91 (C) a NAICS code within NAICS Sector 31-33, Manufacturing, other than NAICS

92 Code 336111, Automobile Manufacturing;

93 (D) a NAICS code within NAICS Sector 48-49, Transportation and Warehousing;

94 (E) a NAICS code within NAICS Sector 51, Information, [~~except for~~] other than

95 NAICS Subsector 519, Other Information Services; or

96 (F) a NAICS code within NAICS Sector 52, Finance and Insurance; or

97 (ii) for a taxpayer that is a unitary group, a taxpayer having greater than 50% of the

98 taxpayer's total sales everywhere generated by economic activities performed by the taxpayer if

99 the economic activities are classified in a NAICS code of the 2002 or 2007 North American

100 Industry Classification System of the federal Executive Office of the President, Office of

101 Management and Budget, except for a NAICS code under Subsections (1)(l)(i)(A) through (F).

102 (m) "State" means any state of the United States, the District of Columbia, the

103 Commonwealth of Puerto Rico, any territory or possession of the United States, and any

104 foreign country or political subdivision thereof.

105 (n) "Transportation revenue" means revenue an airline earns from:

106 (i) transporting a passenger or cargo; or

107 (ii) from miscellaneous sales of merchandise as part of providing transportation

108 services.

109 (o) "Utah revenue ton miles" means, for an airline, the total revenue ton miles within

110 the borders of this state:

111 (i) during the airline's tax period; and

112 (ii) from flight stages that originate or terminate in this state.

113 (2) The following apply to [~~Subsection~~] Subsections (1)(i) and (1):

114 (a) (i) Subject to the other provisions of this Subsection (2), for each taxable year, a

115 taxpayer shall [~~for each taxable year~~] determine whether the taxpayer is a sales factor weighted

116 taxpayer.

117 (ii) A taxpayer shall make the determination required by Subsection (2)(a)(i) before the

118 due date for filing the taxpayer's return under this chapter for the taxable year, including

119 extensions.

120 (iii) For purposes of making the determination required by Subsection (2)(a)(i), total  
121 sales everywhere include only the total sales everywhere:

122 (A) as determined in accordance with this part; and

123 (B) made during the taxable year for which a taxpayer makes the determination  
124 required by Subsection (2)(a)(i).

125 (b) (i) (A) Subject to other provisions of this Subsection (2), for each taxable year, a  
126 taxpayer that is not a sales factor weighted taxpayer may determine whether the taxpayer is an  
127 optional sales factor weighted taxpayer.

128 (B) A taxpayer that is not a sales factor weighted taxpayer shall determine that the  
129 taxpayer is an optional sales factor weighted taxpayer before the taxpayer may use the  
130 apportionment options described in Subsection 59-7-311(4).

131 (ii) A taxpayer making the determination described in Subsection (2)(b)(i) shall make  
132 the determination before the due date for filing the taxpayer's return under this chapter for the  
133 taxable year, including extensions.

134 (iii) For purposes of making the determination described in Subsection (2)(b)(i), total  
135 sales everywhere include only the total sales everywhere:

136 (A) as determined in accordance with this part; and

137 (B) made during the taxable year for which a taxpayer makes a determination described  
138 in Subsection (2)(b)(i).

139 ~~[(b)]~~ (c) A taxpayer that files a return as a unitary group for a taxable year is considered  
140 to be a unitary group for that taxable year.

141 ~~[(c)]~~ (d) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking  
142 Act, the commission may define the term "economic activity" consistent with the use of the  
143 term "activity" in the 2007 North American Industry Classification System of the federal  
144 Executive Office of the President, Office of Management and Budget.

145 Section 2. Section **59-12-104** is amended to read:

146 **59-12-104. Exemptions.**

147 Exemptions from the taxes imposed by this chapter are as follows:

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

150 (2) subject to Section 59-12-104.6, sales to the state, its institutions, and its political  
151 subdivisions; however, this exemption does not apply to sales of:

152 (a) construction materials except:

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

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

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

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

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

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

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

168 (i) food and food ingredients; or

169 (ii) prepared food;

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

171 (i) alcoholic beverages;

172 (ii) food and food ingredients; or

173 (iii) prepared food;

174 (b) sales of tangible personal property or a product transferred electronically:

175 (i) to a passenger;

176 (ii) by a commercial airline carrier; and

177 (iii) during a flight for in-flight consumption or in-flight use by the passenger; or

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

179 (5) (a) (i) beginning on July 1, 2008, and ending on September 30, 2008, sales of parts  
180 and equipment:

181 (A) (I) by an establishment described in NAICS Code 336411 or 336412 of the 2002  
182 North American Industry Classification System of the federal Executive Office of the  
183 President, Office of Management and Budget; and

184 (II) for:

185 (Aa) installation in an aircraft, including services relating to the installation of parts or  
186 equipment in the aircraft;

187 (Bb) renovation of an aircraft; or

188 (Cc) repair of an aircraft; or

189 (B) for installation in an aircraft operated by a common carrier in interstate or foreign  
190 commerce; or

191 (ii) beginning on October 1, 2008, sales of parts and equipment for installation in an  
192 aircraft operated by a common carrier in interstate or foreign commerce; and

193 (b) notwithstanding the time period of Subsection 59-1-1410(8) for filing for a refund,  
194 a person may claim the exemption allowed by Subsection (5)(a)(i)(B) for a sale by filing for a  
195 refund:

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

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

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

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

201 (v) in accordance with Section 59-1-1410; and

202 (vi) subject to any extension allowed for filing for a refund under Section 59-1-1410, if  
203 the person files for the refund on or before September 30, 2011;

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

207 (7) (a) subject to Subsection (7)(b), sales of cleaning or washing of tangible personal  
208 property if the cleaning or washing of the tangible personal property is not assisted cleaning or  
209 washing of tangible personal property;

210 (b) if a seller that sells at the same business location assisted cleaning or washing of  
211 tangible personal property and cleaning or washing of tangible personal property that is not

212 assisted cleaning or washing of tangible personal property, the exemption described in  
213 Subsection (7)(a) applies if the seller separately accounts for the sales of the assisted cleaning  
214 or washing of the tangible personal property; and

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

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

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

221 (8) sales made to or by religious or charitable institutions in the conduct of their regular  
222 religious or charitable functions and activities, if the requirements of Section [59-12-104.1](#) are  
223 fulfilled;

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

226 (a) not registered in this state; and

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

228 (ii) used in this state:

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

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

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

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

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

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

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

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

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

240 (A) a drug;

241 (B) a syringe; or

242 (C) a stoma supply; and



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

245 (A) "syringe"; or

246 (B) "stoma supply";

247 (11) purchases or leases exempt under Section 19-12-201;

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

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

251 (A) a church; or

252 (B) a charitable institution;

253 (ii) an institution of higher education if:

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

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

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

258 (i) a medical facility; or

259 (ii) a nursing facility; and

260 (c) Subsections (12)(a) and (b) apply to:

261 (i) food and food ingredients;

262 (ii) prepared food; or

263 (iii) alcoholic beverages;

264 (13) (a) except as provided in Subsection (13)(b), the sale of tangible personal property  
265 or a product transferred electronically by a person:

266 (i) regardless of the number of transactions involving the sale of that tangible personal  
267 property or product transferred electronically by that person; and

268 (ii) not regularly engaged in the business of selling that type of tangible personal  
269 property or product transferred electronically;

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

271 (i) the sale is one of a series of sales of a character to indicate that the person is  
272 regularly engaged in the business of selling that type of tangible personal property or product  
273 transferred electronically;

274 (ii) the person holds that person out as regularly engaged in the business of selling that  
275 type of tangible personal property or product transferred electronically;

276 (iii) the person sells an item of tangible personal property or product transferred  
277 electronically that the person purchased as a sale that is exempt under Subsection (25); or

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

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

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

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

287 (i) a person is regularly engaged in the business of selling a type of tangible personal  
288 property or product transferred electronically;

289 (ii) a sale of tangible personal property or a product transferred electronically is one of  
290 a series of sales of a character to indicate that a person is regularly engaged in the business of  
291 selling that type of tangible personal property or product transferred electronically; or

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

294 (14) ~~[(a)] amounts paid or charged for a purchase or lease~~ ~~[(i) by a manufacturing~~  
295 ~~facility located in the state; and (ii)]~~ of machinery, equipment, or normal operating repair or  
296 replacement parts ~~[if the machinery, equipment, or normal operating repair or replacement~~  
297 ~~parts have] with~~ an economic life of three or more years ~~[and are used] by~~:

298 (a) a manufacturing facility, except as provided in Subsection (86), that:

299 (i) is located in the state; and

300 (ii) uses the machinery, equipment, or normal operating repair or replacement parts:

301 (A) in the manufacturing process to manufacture an item sold as tangible personal  
302 property, as the commission may define that phrase in accordance with Title 63G, Chapter 3,  
303 Utah Administrative Rulemaking Act; or

304 (B) for a scrap recycler, to process an item sold as tangible personal property, as the

305 commission may define that phrase in accordance with Title 63G, Chapter 3, Utah  
306 Administrative Rulemaking Act;

307 ~~[(b) amounts paid or charged for a purchase or lease:]~~

308 ~~[(i) by] (b) an establishment, as the commission defines that term in accordance with~~  
309 Title 63G, Chapter 3, Utah Administrative Rulemaking Act, that:

310 ~~[(A)] (i) is~~ described in NAICS Subsector 212, Mining (except Oil and Gas), or  
311 NAICS Code 213113, Support Activities for Coal Mining, 213114, Support Activities for  
312 Metal Mining, or 213115, Support Activities for Nonmetallic Minerals (except Fuels) Mining,  
313 of the 2002 North American Industry Classification System of the federal Executive Office of  
314 the President, Office of Management and Budget; ~~[and]~~

315 ~~[(B)] (ii) is~~ located in the state; and

316 ~~[(ii) of] (iii) uses the~~ machinery, equipment, or normal operating repair or replacement  
317 parts ~~[if the machinery, equipment, or normal operating repair or replacement parts have an~~  
318 ~~economic life of three or more years and are used]~~ in:

319 (A) the production process to produce an item sold as tangible personal property, as the  
320 commission may define that phrase in accordance with Title 63G, Chapter 3, Utah

321 Administrative Rulemaking Act;

322 (B) research and development, as the commission may define that phrase in accordance  
323 with Title 63G, Chapter 3, Utah Administrative Rulemaking Act;

324 (C) transporting, storing, or managing tailings, overburden, or similar waste materials  
325 produced from mining;

326 (D) developing or maintaining a road, tunnel, excavation, or similar feature used in  
327 mining; or

328 (E) preventing, controlling, or reducing dust or other pollutants from mining; or

329 ~~[(c) amounts paid or charged for a purchase or lease:]~~

330 ~~[(i) by] (c) an establishment, as the commission defines that term in accordance with~~  
331 Title 63G, Chapter 3, Utah Administrative Rulemaking Act, that:

332 ~~[(A)] (i) is~~ described in NAICS Code 518112, Web Search Portals, of the 2002 North  
333 American Industry Classification System of the federal Executive Office of the President,  
334 Office of Management and Budget; ~~[and]~~

335 ~~[(B)] (ii) is~~ located in the state; and

336 ~~[(ii) of] (iii) uses the machinery, equipment, or normal operating repair or replacement~~  
337 ~~parts [if the machinery, equipment, or normal operating repair or replacement parts: (A) are~~  
338 ~~used] in the operation of the web search portal; [and]~~  
339 ~~[(B) have an economic life of three or more years; and]~~  
340 ~~[(d) for purposes of this Subsection (14) and in accordance with Title 63G, Chapter 3,~~  
341 ~~Utah Administrative Rulemaking Act, the commission:]~~  
342 ~~[(i) shall by rule define the term "establishment"; and]~~  
343 ~~[(ii) may by rule define what constitutes:]~~  
344 ~~[(A) processing an item sold as tangible personal property;]~~  
345 ~~[(B) the production process, to produce an item sold as tangible personal property; or]~~  
346 ~~[(C) research and development;]~~  
347 (15) (a) sales of the following if the requirements of Subsection (15)(b) are met:  
348 (i) tooling;  
349 (ii) special tooling;  
350 (iii) support equipment;  
351 (iv) special test equipment; or  
352 (v) parts used in the repairs or renovations of tooling or equipment described in  
353 Subsections (15)(a)(i) through (iv); and  
354 (b) sales of tooling, equipment, or parts described in Subsection (15)(a) are exempt if:  
355 (i) the tooling, equipment, or parts are used or consumed exclusively in the  
356 performance of any aerospace or electronics industry contract with the United States  
357 government or any subcontract under that contract; and  
358 (ii) under the terms of the contract or subcontract described in Subsection (15)(b)(i),  
359 title to the tooling, equipment, or parts is vested in the United States government as evidenced  
360 by:  
361 (A) a government identification tag placed on the tooling, equipment, or parts; or  
362 (B) listing on a government-approved property record if placing a government  
363 identification tag on the tooling, equipment, or parts is impractical;  
364 (16) sales of newspapers or newspaper subscriptions;  
365 (17) (a) except as provided in Subsection (17)(b), tangible personal property or a  
366 product transferred electronically traded in as full or part payment of the purchase price, except

367 that for purposes of calculating sales or use tax upon vehicles not sold by a vehicle dealer,  
368 trade-ins are limited to other vehicles only, and the tax is based upon:

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

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

374 (b) Subsection (17)(a) does not apply to the following items of tangible personal  
375 property or products transferred electronically traded in as full or part payment of the purchase  
376 price:

377 (i) money;

378 (ii) electricity;

379 (iii) water;

380 (iv) gas; or

381 (v) steam;

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

386 (A) becomes part of real estate; or

387 (B) is installed by a:

388 (I) farmer;

389 (II) contractor; or

390 (III) subcontractor; or

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

394 (b) amounts paid or charged for the following are subject to the taxes imposed by this  
395 chapter:

396 (i) (A) subject to Subsection (18)(b)(i)(B), the following if used in a manner that is  
397 incidental to farming:

- 398 (I) machinery;
- 399 (II) equipment;
- 400 (III) materials; or
- 401 (IV) supplies; and
- 402 (B) tangible personal property that is considered to be used in a manner that is
- 403 incidental to farming includes:
  - 404 (I) hand tools; or
  - 405 (II) maintenance and janitorial equipment and supplies;
  - 406 (ii) (A) subject to Subsection (18)(b)(ii)(B), tangible personal property or a product
  - 407 transferred electronically if the tangible personal property or product transferred electronically
  - 408 is used in an activity other than farming; and
  - 409 (B) tangible personal property or a product transferred electronically that is considered
  - 410 to be used in an activity other than farming includes:
    - 411 (I) office equipment and supplies; or
    - 412 (II) equipment and supplies used in:
      - 413 (Aa) the sale or distribution of farm products;
      - 414 (Bb) research; or
      - 415 (Cc) transportation; or
      - 416 (iii) a vehicle required to be registered by the laws of this state during the period
      - 417 ending two years after the date of the vehicle's purchase;
      - 418 (19) sales of hay;
      - 419 (20) exclusive sale during the harvest season of seasonal crops, seedling plants, or
      - 420 garden, farm, or other agricultural produce if the seasonal crops are, seedling plants are, or
      - 421 garden, farm, or other agricultural produce is sold by:
        - 422 (a) the producer of the seasonal crops, seedling plants, or garden, farm, or other
        - 423 agricultural produce;
        - 424 (b) an employee of the producer described in Subsection (20)(a); or
        - 425 (c) a member of the immediate family of the producer described in Subsection (20)(a);
        - 426 (21) purchases made using a coupon as defined in 7 U.S.C. Sec. 2012 that is issued
        - 427 under the Food Stamp Program, 7 U.S.C. Sec. 2011 et seq.;
        - 428 (22) sales of nonreturnable containers, nonreturnable labels, nonreturnable bags,

429 nonreturnable shipping cases, and nonreturnable casings to a manufacturer, processor,  
430 wholesaler, or retailer for use in packaging tangible personal property to be sold by that  
431 manufacturer, processor, wholesaler, or retailer;

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

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

434 (i) the product is:

435 (A) purchased outside of this state;

436 (B) brought into this state:

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

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

440 (C) used for the personal use or enjoyment of the nonresident person described in  
441 Subsection (24)(a)(i)(B)(II) while that nonresident person is within the state; and

442 (D) not used in conducting business in this state; and

443 (ii) for:

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

446 (B) a boat, the boat is registered outside of this state; or

447 (C) a vehicle other than a vehicle sold to an authorized carrier, the vehicle is registered  
448 outside of this state;

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

450 (i) a lease or rental of a product; or

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

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

455 (i) conducting business in this state if that phrase has the same meaning in this  
456 Subsection (24) as in Subsection (63);

457 (ii) the first use of a product if that phrase has the same meaning in this Subsection (24)  
458 as in Subsection (63); or

459 (iii) a purpose for which a product is designed if that phrase has the same meaning in

460 this Subsection (24) as in Subsection (63);

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

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

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

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

473 (29) sales or leases of rolls, rollers, refractory brick, electric motors, or other  
474 replacement parts used in the furnaces, mills, or ovens of a steel mill described in SIC Code  
475 3312 of the 1987 Standard Industrial Classification Manual of the federal Executive Office of  
476 the President, Office of Management and Budget;

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

479 (a) not registered in this state; and

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

481 (ii) used in this state:

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

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

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

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

490 (31) sales of aircraft manufactured in Utah;



- 491 (32) amounts paid for the purchase of telecommunications service for purposes of  
492 providing telecommunications service;
- 493 (33) sales, leases, or uses of the following:
- 494 (a) a vehicle by an authorized carrier; or
- 495 (b) tangible personal property that is installed on a vehicle:
- 496 (i) sold or leased to or used by an authorized carrier; and
- 497 (ii) before the vehicle is placed in service for the first time;
- 498 (34) (a) 45% of the sales price of any new manufactured home; and
- 499 (b) 100% of the sales price of any used manufactured home;
- 500 (35) sales relating to schools and fundraising sales;
- 501 (36) sales or rentals of durable medical equipment if:
- 502 (a) a person presents a prescription for the durable medical equipment; and
- 503 (b) the durable medical equipment is used for home use only;
- 504 (37) (a) sales to a ski resort of electricity to operate a passenger ropeway as defined in  
505 Section [72-11-102](#); and
- 506 (b) the commission shall by rule determine the method for calculating sales exempt  
507 under Subsection (37)(a) that are not separately metered and accounted for in utility billings;
- 508 (38) sales to a ski resort of:
- 509 (a) snowmaking equipment;
- 510 (b) ski slope grooming equipment;
- 511 (c) passenger ropeways as defined in Section [72-11-102](#); or
- 512 (d) parts used in the repairs or renovations of equipment or passenger ropeways  
513 described in Subsections (38)(a) through (c);
- 514 (39) sales of natural gas, electricity, heat, coal, fuel oil, or other fuels for industrial use;
- 515 (40) (a) subject to Subsection (40)(b), sales or rentals of the right to use or operate for  
516 amusement, entertainment, or recreation an unassisted amusement device as defined in Section  
517 [59-12-102](#);
- 518 (b) if a seller that sells or rents at the same business location the right to use or operate  
519 for amusement, entertainment, or recreation one or more unassisted amusement devices and  
520 one or more assisted amusement devices, the exemption described in Subsection (40)(a)  
521 applies if the seller separately accounts for the sales or rentals of the right to use or operate for

522 amusement, entertainment, or recreation for the assisted amusement devices; and  
523 (c) for purposes of Subsection (40)(b) and in accordance with Title 63G, Chapter 3,  
524 Utah Administrative Rulemaking Act, the commission may make rules:  
525 (i) governing the circumstances under which sales are at the same business location;  
526 and  
527 (ii) establishing the procedures and requirements for a seller to separately account for  
528 the sales or rentals of the right to use or operate for amusement, entertainment, or recreation for  
529 assisted amusement devices;  
530 (41) (a) sales of photocopies by:  
531 (i) a governmental entity; or  
532 (ii) an entity within the state system of public education, including:  
533 (A) a school; or  
534 (B) the State Board of Education; or  
535 (b) sales of publications by a governmental entity;  
536 (42) amounts paid for admission to an athletic event at an institution of higher  
537 education that is subject to the provisions of Title IX of the Education Amendments of 1972,  
538 20 U.S.C. Sec. 1681 et seq.;  
539 (43) (a) sales made to or by:  
540 (i) an area agency on aging; or  
541 (ii) a senior citizen center owned by a county, city, or town; or  
542 (b) sales made by a senior citizen center that contracts with an area agency on aging;  
543 (44) sales or leases of semiconductor fabricating, processing, research, or development  
544 materials regardless of whether the semiconductor fabricating, processing, research, or  
545 development materials:  
546 (a) actually come into contact with a semiconductor; or  
547 (b) ultimately become incorporated into real property;  
548 (45) an amount paid by or charged to a purchaser for accommodations and services  
549 described in Subsection 59-12-103(1)(i) to the extent the amount is exempt under Section  
550 59-12-104.2;  
551 (46) beginning on September 1, 2001, the lease or use of a vehicle issued a temporary  
552 sports event registration certificate in accordance with Section 41-3-306 for the event period

553 specified on the temporary sports event registration certificate;

554 (47) (a) sales or uses of electricity, if the sales or uses are made under a retail tariff  
555 adopted by the Public Service Commission only for purchase of electricity produced from a  
556 new alternative energy source built after January 1, 2016, as designated in the tariff by the  
557 Public Service Commission;

558 (b) for a residential use customer only, the exemption under Subsection (47)(a) applies  
559 only to the portion of the tariff rate a customer pays under the tariff described in Subsection  
560 (47)(a) that exceeds the tariff rate under the tariff described in Subsection (47)(a) that the  
561 customer would have paid absent the tariff;

562 (48) sales or rentals of mobility enhancing equipment if a person presents a  
563 prescription for the mobility enhancing equipment;

564 (49) sales of water in a:

565 (a) pipe;

566 (b) conduit;

567 (c) ditch; or

568 (d) reservoir;

569 (50) sales of currency or coins that constitute legal tender of a state, the United States,  
570 or a foreign nation;

571 (51) (a) sales of an item described in Subsection (51)(b) if the item:

572 (i) does not constitute legal tender of a state, the United States, or a foreign nation; and

573 (ii) has a gold, silver, or platinum content of 50% or more; and

574 (b) Subsection (51)(a) applies to a gold, silver, or platinum:

575 (i) ingot;

576 (ii) bar;

577 (iii) medallion; or

578 (iv) decorative coin;

579 (52) amounts paid on a sale-leaseback transaction;

580 (53) sales of a prosthetic device:

581 (a) for use on or in a human; and

582 (b) (i) for which a prescription is required; or

583 (ii) if the prosthetic device is purchased by a hospital or other medical facility;

584 (54) (a) except as provided in Subsection (54)(b), purchases, leases, or rentals of  
585 machinery or equipment by an establishment described in Subsection (54)(c) if the machinery  
586 or equipment is primarily used in the production or postproduction of the following media for  
587 commercial distribution:

- 588 (i) a motion picture;
- 589 (ii) a television program;
- 590 (iii) a movie made for television;
- 591 (iv) a music video;
- 592 (v) a commercial;
- 593 (vi) a documentary; or
- 594 (vii) a medium similar to Subsections (54)(a)(i) through (vi) as determined by the  
595 commission by administrative rule made in accordance with Subsection (54)(d); or

596 (b) purchases, leases, or rentals of machinery or equipment by an establishment  
597 described in Subsection (54)(c) that is used for the production or postproduction of the  
598 following are subject to the taxes imposed by this chapter:

- 599 (i) a live musical performance;
- 600 (ii) a live news program; or
- 601 (iii) a live sporting event;
- 602 (c) the following establishments listed in the 1997 North American Industry  
603 Classification System of the federal Executive Office of the President, Office of Management  
604 and Budget, apply to Subsections (54)(a) and (b):

- 605 (i) NAICS Code 512110; or
- 606 (ii) NAICS Code 51219; and
- 607 (d) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
608 commission may by rule:

609 (i) prescribe what constitutes a medium similar to Subsections (54)(a)(i) through (vi);

610 or

- 611 (ii) define:
  - 612 (A) "commercial distribution";
  - 613 (B) "live musical performance";
  - 614 (C) "live news program"; or

615 (D) "live sporting event";  
616 (55) (a) leases of seven or more years or purchases made on or after July 1, 2004, but  
617 on or before June 30, 2027, of tangible personal property that:  
618 (i) is leased or purchased for or by a facility that:  
619 (A) is an alternative energy electricity production facility;  
620 (B) is located in the state; and  
621 (C) (I) becomes operational on or after July 1, 2004; or  
622 (II) has its generation capacity increased by one or more megawatts on or after July 1,  
623 2004, as a result of the use of the tangible personal property;  
624 (ii) has an economic life of five or more years; and  
625 (iii) is used to make the facility or the increase in capacity of the facility described in  
626 Subsection (55)(a)(i) operational up to the point of interconnection with an existing  
627 transmission grid including:  
628 (A) a wind turbine;  
629 (B) generating equipment;  
630 (C) a control and monitoring system;  
631 (D) a power line;  
632 (E) substation equipment;  
633 (F) lighting;  
634 (G) fencing;  
635 (H) pipes; or  
636 (I) other equipment used for locating a power line or pole; and  
637 (b) this Subsection (55) does not apply to:  
638 (i) tangible personal property used in construction of:  
639 (A) a new alternative energy electricity production facility; or  
640 (B) the increase in the capacity of an alternative energy electricity production facility;  
641 (ii) contracted services required for construction and routine maintenance activities;  
642 and  
643 (iii) unless the tangible personal property is used or acquired for an increase in capacity  
644 of the facility described in Subsection (55)(a)(i)(C)(II), tangible personal property used or  
645 acquired after:

646 (A) the alternative energy electricity production facility described in Subsection  
647 (55)(a)(i) is operational as described in Subsection (55)(a)(iii); or

648 (B) the increased capacity described in Subsection (55)(a)(i) is operational as described  
649 in Subsection (55)(a)(iii);

650 (56) (a) leases of seven or more years or purchases made on or after July 1, 2004, but  
651 on or before June 30, 2027, of tangible personal property that:

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

653 (A) is a waste energy production facility;

654 (B) is located in the state; and

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

656 (II) has its generation capacity increased by one or more megawatts on or after July 1,  
657 2004, as a result of the use of the tangible personal property;

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

659 (iii) is used to make the facility or the increase in capacity of the facility described in  
660 Subsection (56)(a)(i) operational up to the point of interconnection with an existing  
661 transmission grid including:

662 (A) generating equipment;

663 (B) a control and monitoring system;

664 (C) a power line;

665 (D) substation equipment;

666 (E) lighting;

667 (F) fencing;

668 (G) pipes; or

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

670 (b) this Subsection (56) does not apply to:

671 (i) tangible personal property used in construction of:

672 (A) a new waste energy facility; or

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

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

675 and

676 (iii) unless the tangible personal property is used or acquired for an increase in capacity

677 described in Subsection (56)(a)(i)(C)(II), tangible personal property used or acquired after:

678 (A) the waste energy facility described in Subsection (56)(a)(i) is operational as

679 described in Subsection (56)(a)(iii); or

680 (B) the increased capacity described in Subsection (56)(a)(i) is operational as described

681 in Subsection (56)(a)(iii);

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

683 or before June 30, 2027, of tangible personal property that:

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

685 (A) is located in the state;

686 (B) produces fuel from alternative energy, including:

687 (I) methanol; or

688 (II) ethanol; and

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

690 (II) has its capacity to produce fuel increase by 25% or more on or after July 1, 2004, as

691 a result of the installation of the tangible personal property;

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

693 (iii) is installed on the facility described in Subsection (57)(a)(i);

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

695 (i) tangible personal property used in construction of:

696 (A) a new facility described in Subsection (57)(a)(i); or

697 (B) the increase in capacity of the facility described in Subsection (57)(a)(i); or

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

699 and

700 (iii) unless the tangible personal property is used or acquired for an increase in capacity

701 described in Subsection (57)(a)(i)(C)(II), tangible personal property used or acquired after:

702 (A) the facility described in Subsection (57)(a)(i) is operational; or

703 (B) the increased capacity described in Subsection (57)(a)(i) is operational;

704 (58) (a) subject to Subsection (58)(b) or (c), sales of tangible personal property or a

705 product transferred electronically to a person within this state if that tangible personal property

706 or product transferred electronically is subsequently shipped outside the state and incorporated

707 pursuant to contract into and becomes a part of real property located outside of this state;

708 (b) the exemption under Subsection (58)(a) is not allowed to the extent that the other  
709 state or political entity to which the tangible personal property is shipped imposes a sales, use,  
710 gross receipts, or other similar transaction excise tax on the transaction against which the other  
711 state or political entity allows a credit for sales and use taxes imposed by this chapter; and

712 (c) notwithstanding the time period of Subsection 59-1-1410(8) for filing for a refund,  
713 a person may claim the exemption allowed by this Subsection (58) for a sale by filing for a  
714 refund:

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

716 (ii) as if this Subsection (58) as in effect on July 1, 2008, were in effect on the day on  
717 which the sale is made;

718 (iii) if the person did not claim the exemption allowed by this Subsection (58) for the  
719 sale prior to filing for the refund;

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

721 (v) in accordance with Section 59-1-1410; and

722 (vi) subject to any extension allowed for filing for a refund under Section 59-1-1410, if  
723 the person files for the refund on or before June 30, 2011;

724 (59) purchases:

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

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

727 (A) names; or

728 (B) addresses; or

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

730 (A) names; or

731 (B) addresses; and

732 (b) used to send direct mail;

733 (60) redemptions or repurchases of a product by a person if that product was:

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

735 (b) redeemed or repurchased within the time period established in a written agreement  
736 between the person and the pawnbroker for redeeming or repurchasing the product;

737 (61) (a) purchases or leases of an item described in Subsection (61)(b) if the item:

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



739 and

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

741 (b) the following apply to Subsection (61)(a):

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

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

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

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

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

747 (62) (a) beginning on July 1, 2006, and ending on June 30, 2027, purchases of tangible

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

749 development of alternative energy technology; and

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

751 commission may, for purposes of Subsection (62)(a), make rules defining what constitutes

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

753 the research and development of alternative energy technology;

754 (63) (a) purchases of tangible personal property or a product transferred electronically

755 if:

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

757 (A) purchased outside of this state;

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

759 (63)(a)(i)(A); and

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

761 (ii) for:

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

763 tangible personal property described in Subsection (63)(a)(ii)(B), the first use of the property

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

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

766 outside of this state;

767 (b) the exemption provided for in Subsection (63)(a) does not apply to:

768 (i) a lease or rental of tangible personal property or a product transferred electronically;

769 or

770 (ii) a sale of a vehicle exempt under Subsection (33); and  
771 (c) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, for  
772 purposes of Subsection (63)(a), the commission may by rule define what constitutes the  
773 following:  
774 (i) conducting business in this state if that phrase has the same meaning in this  
775 Subsection (63) as in Subsection (24);  
776 (ii) the first use of tangible personal property or a product transferred electronically if  
777 that phrase has the same meaning in this Subsection (63) as in Subsection (24); or  
778 (iii) a purpose for which tangible personal property or a product transferred  
779 electronically is designed if that phrase has the same meaning in this Subsection (63) as in  
780 Subsection (24);  
781 (64) sales of disposable home medical equipment or supplies if:  
782 (a) a person presents a prescription for the disposable home medical equipment or  
783 supplies;  
784 (b) the disposable home medical equipment or supplies are used exclusively by the  
785 person to whom the prescription described in Subsection (64)(a) is issued; and  
786 (c) the disposable home medical equipment and supplies are listed as eligible for  
787 payment under:  
788 (i) Title XVIII, federal Social Security Act; or  
789 (ii) the state plan for medical assistance under Title XIX, federal Social Security Act;  
790 (65) sales:  
791 (a) to a public transit district under Title 17B, Chapter 2a, Part 8, Public Transit  
792 District Act; or  
793 (b) of tangible personal property to a subcontractor of a public transit district, if the  
794 tangible personal property is:  
795 (i) clearly identified; and  
796 (ii) installed or converted to real property owned by the public transit district;  
797 (66) sales of construction materials:  
798 (a) purchased on or after July 1, 2010;  
799 (b) purchased by, on behalf of, or for the benefit of an international airport:  
800 (i) located within a county of the first class; and

- 801 (ii) that has a United States customs office on its premises; and
- 802 (c) if the construction materials are:
  - 803 (i) clearly identified;
  - 804 (ii) segregated; and
  - 805 (iii) installed or converted to real property:
    - 806 (A) owned or operated by the international airport described in Subsection (66)(b); and
    - 807 (B) located at the international airport described in Subsection (66)(b);
- 808 (67) sales of construction materials:
  - 809 (a) purchased on or after July 1, 2008;
  - 810 (b) purchased by, on behalf of, or for the benefit of a new airport:
    - 811 (i) located within a county of the second class; and
    - 812 (ii) that is owned or operated by a city in which an airline as defined in Section
    - 813 [59-2-102](#) is headquartered; and
  - 814 (c) if the construction materials are:
    - 815 (i) clearly identified;
    - 816 (ii) segregated; and
    - 817 (iii) installed or converted to real property:
      - 818 (A) owned or operated by the new airport described in Subsection (67)(b);
      - 819 (B) located at the new airport described in Subsection (67)(b); and
      - 820 (C) as part of the construction of the new airport described in Subsection (67)(b);
- 821 (68) sales of fuel to a common carrier that is a railroad for use in a locomotive engine;
- 822 (69) purchases and sales described in Section [63H-4-111](#);
- 823 (70) (a) sales of tangible personal property to an aircraft maintenance, repair, and
- 824 overhaul provider for use in the maintenance, repair, overhaul, or refurbishment in this state of
- 825 a fixed wing turbine powered aircraft if that fixed wing turbine powered aircraft's registration
- 826 lists a state or country other than this state as the location of registry of the fixed wing turbine
- 827 powered aircraft; or
- 828 (b) sales of tangible personal property by an aircraft maintenance, repair, and overhaul
- 829 provider in connection with the maintenance, repair, overhaul, or refurbishment in this state of
- 830 a fixed wing turbine powered aircraft if that fixed wing turbine powered aircraft's registration
- 831 lists a state or country other than this state as the location of registry of the fixed wing turbine

832 powered aircraft;

833 (71) subject to Section 59-12-104.4, sales of a textbook for a higher education course:

834 (a) to a person admitted to an institution of higher education; and

835 (b) by a seller, other than a bookstore owned by an institution of higher education, if

836 51% or more of that seller's sales revenue for the previous calendar quarter are sales of a

837 textbook for a higher education course;

838 (72) a license fee or tax a municipality imposes in accordance with Subsection

839 10-1-203(5) on a purchaser from a business for which the municipality provides an enhanced

840 level of municipal services;

841 (73) amounts paid or charged for construction materials used in the construction of a

842 new or expanding life science research and development facility in the state, if the construction

843 materials are:

844 (a) clearly identified;

845 (b) segregated; and

846 (c) installed or converted to real property;

847 (74) amounts paid or charged for:

848 (a) a purchase or lease of machinery and equipment that:

849 (i) are used in performing qualified research:

850 (A) as defined in Section 41(d), Internal Revenue Code; and

851 (B) in the state; and

852 (ii) have an economic life of three or more years; and

853 (b) normal operating repair or replacement parts:

854 (i) for the machinery and equipment described in Subsection (74)(a); and

855 (ii) that have an economic life of three or more years;

856 (75) a sale or lease of tangible personal property used in the preparation of prepared

857 food if:

858 (a) for a sale:

859 (i) the ownership of the seller and the ownership of the purchaser are identical; and

860 (ii) the seller or the purchaser paid a tax under this chapter on the purchase of that

861 tangible personal property prior to making the sale; or

862 (b) for a lease:

- 863 (i) the ownership of the lessor and the ownership of the lessee are identical; and  
864 (ii) the lessor or the lessee paid a tax under this chapter on the purchase of that tangible  
865 personal property prior to making the lease;
- 866 (76) (a) purchases of machinery or equipment if:
- 867 (i) the purchaser is an establishment described in NAICS Subsector 713, Amusement,  
868 Gambling, and Recreation Industries, of the 2012 North American Industry Classification  
869 System of the federal Executive Office of the President, Office of Management and Budget;
- 870 (ii) the machinery or equipment:
- 871 (A) has an economic life of three or more years; and  
872 (B) is used by one or more persons who pay admission or user fees described in  
873 Subsection 59-12-103(1)(f) to the purchaser of the machinery and equipment; and
- 874 (iii) 51% or more of the purchaser's sales revenue for the previous calendar quarter is:
- 875 (A) amounts paid or charged as admission or user fees described in Subsection  
876 59-12-103(1)(f); and  
877 (B) subject to taxation under this chapter; and
- 878 (b) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
879 commission may make rules for verifying that 51% of a purchaser's sales revenue for the  
880 previous calendar quarter is:
- 881 (i) amounts paid or charged as admission or user fees described in Subsection  
882 59-12-103(1)(f); and
- 883 (ii) subject to taxation under this chapter;
- 884 (77) purchases of a short-term lodging consumable by a business that provides  
885 accommodations and services described in Subsection 59-12-103(1)(i);
- 886 (78) amounts paid or charged to access a database:
- 887 (a) if the primary purpose for accessing the database is to view or retrieve information  
888 from the database; and
- 889 (b) not including amounts paid or charged for a:
- 890 (i) digital audiowork;  
891 (ii) digital audio-visual work; or  
892 (iii) digital book;
- 893 (79) amounts paid or charged for a purchase or lease made by an electronic financial

894 payment service, of:

895 (a) machinery and equipment that:

896 (i) are used in the operation of the electronic financial payment service; and

897 (ii) have an economic life of three or more years; and

898 (b) normal operating repair or replacement parts that:

899 (i) are used in the operation of the electronic financial payment service; and

900 (ii) have an economic life of three or more years;

901 (80) beginning on April 1, 2013, sales of a fuel cell as defined in Section 54-15-102;

902 (81) amounts paid or charged for a purchase or lease of tangible personal property or a

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

904 electronically:

905 (a) is stored, used, or consumed in the state; and

906 (b) is temporarily brought into the state from another state:

907 (i) during a disaster period as defined in Section 53-2a-1202;

908 (ii) by an out-of-state business as defined in Section 53-2a-1202;

909 (iii) for a declared state disaster or emergency as defined in Section 53-2a-1202; and

910 (iv) for disaster- or emergency-related work as defined in Section 53-2a-1202;

911 (82) sales of goods and services at a morale, welfare, and recreation facility, as defined

912 in Section 39-9-102, made pursuant to Title 39, Chapter 9, State Morale, Welfare, and

913 Recreation Program;

914 (83) amounts paid or charged for a purchase or lease of molten magnesium;

915 (84) (a) except as provided in Subsection (84)(b), amounts paid or charged for a

916 purchase or lease made by a drilling equipment manufacturer of machinery, equipment,

917 materials, or normal operating repair or replacement parts:

918 (i) that are used or consumed exclusively in the drilling equipment manufacturer's

919 manufacturing process; and

920 (ii) except for office:

921 (A) equipment; or

922 (B) supplies; and

923 (b) beginning on July 1, 2015, and ending on June 30, 2017, a person may claim an

924 exemption described in Subsection (84)(a) only by filing for a refund:

- 925 (i) of 50% of the tax paid on the amounts paid or charged; and  
926 (ii) in accordance with Section 59-1-1410; [~~and~~]
- 927 (85) amounts paid or charged for a purchase or lease made by a qualifying enterprise  
928 data center of machinery, equipment, or normal operating repair or replacement parts, if the  
929 machinery, equipment, or normal operating repair or replacement parts:  
930 (a) are used in the operation of the establishment; and  
931 (b) have an economic life of one or more years[-:];
- 932 (86) amounts paid or charged for a purchase or lease of machinery, equipment, or  
933 normal operating repair or replacement parts by a manufacturing facility that:  
934 (a) is an establishment, as the commission defines that term in accordance with Title  
935 63G, Chapter 3, Utah Administrative Rulemaking Act;  
936 (b) is described in NAICS Code 336111, Automobile Manufacturing, of the 2002  
937 North American Industry Classification System of the federal Executive Office of the  
938 President, Office of Management and Budget;  
939 (c) is located in the state; and  
940 (d) uses the machinery, equipment, or normal operating repair or replacement parts in  
941 the manufacturing process to manufacture an item sold as tangible personal property, as the  
942 commission may define that phrase in accordance with Title 63G, Chapter 3, Utah  
943 Administrative Rulemaking Act; and
- 944 (87) amounts paid or charged for a purchase or lease of equipment or normal operating  
945 repair or replacement parts with an economic life of less than three years by a manufacturing  
946 facility that:  
947 (a) is an establishment, as the commission defines that term in accordance with Title  
948 63G, Chapter 3, Utah Administrative Rulemaking Act;  
949 (b) is described in NAICS Code 352120, Industrial Gas Manufacturing, of the 2002  
950 North American Industry Classification System of the federal Executive Office of the  
951 President, Office of Management and Budget;  
952 (c) is located in the state; and  
953 (d) uses the equipment or normal operating repair or replacement parts to manufacture  
954 hydrogen.
- 955 Section 3. Section 59-12-104.5 is amended to read:

956           **59-12-104.5. Revenue and Taxation Interim Committee review of sales and use**  
957 **taxes.**

958           The Revenue and Taxation Interim Committee shall:

959           (1) review Subsection [59-12-104](#)(28) before October 1 of the year after the year in  
960 which Congress permits a state to participate in the special supplemental nutrition program  
961 under 42 U.S.C. Sec. 1786 even if state or local sales taxes are collected within the state on  
962 purchases of food under that program; [~~and~~]

963           (2) review Subsection [59-12-104](#)(21) before October 1 of the year after the year in  
964 which Congress permits a state to participate in the SNAP as defined in Section [35A-1-102](#),  
965 even if state or local sales taxes are collected within the state on purchases of food under that  
966 program[-]; and

967           (3) on or before November 30:

968           (a) require the Governor's Office of Economic Development to provide the report  
969 described in Section [63N-1-302](#)(2);

970           (b) review for each exemption described in Subsection [59-12-104](#)(86) and (87):

971           (i) the cost of the exemption;

972           (ii) the purpose and effectiveness of the exemption; and

973           (iii) the extent to which the state benefits from the exemption; and

974           (c) make recommendations concerning whether the exemptions described in  
975 Subsections [59-12-104](#)(86) and (87) should be continued, modified, or repealed.

976           Section 4. Section **59-12-104.7** is enacted to read:

977           **59-12-104.7. Reporting by purchaser of certain sales and use tax exempt**  
978 **purchases.**

979           A purchaser that receives a sales and use tax exemption under Subsection  
980 [59-12-104](#)(86) or (87) shall make the report described in Section [63N-1-302](#).

981           Section 5. Section **63N-1-302** is enacted to read:

982           **63N-1-302. Reporting of certain sales and use tax exempt purchases.**

983           (1) (a) On or before October 1, a purchaser that receives a sales and use tax exemption  
984 under Subsection [59-12-104](#)(86) for the previous calendar year shall report to the office:

985           (i) the total purchase or lease price for all machinery, equipment, or normal operating  
986 repair or replacement parts for which the purchaser received the sales and use tax exemption



987 under Subsection 59-12-104(86); and

988 (ii) the total amount of sales and use tax that the purchaser would have owed on the  
989 purchase or lease price but for the exemption in Subsection 59-12-104(86).

990 (b) On or before October 1, a purchaser that receives a sales and use tax exemption  
991 under Subsection 59-12-104(87) for the previous calendar year shall report to the office:

992 (i) the total purchase or lease price for all equipment or normal operating repair or  
993 replacement parts for which the purchaser received the sales and use tax exemption under  
994 Subsection 59-12-104(87); and

995 (ii) the total amount of sales and use tax that the purchaser would have owed on the  
996 purchase or lease price but for the exemption in Subsection 59-12-104(87).

997 (2) On or before November 30, the office shall report the information received under  
998 Subsection (1) to the Revenue and Taxation Interim Committee:

999 (a) for each exemption; and

1000 (b) in the aggregate for all purchasers that make a report in accordance with this  
1001 section.

1002 **Section 6. Effective date.**

1003 (1) Except as provided in Subsection (2), this bill takes effect on July 1, 2017.

1004 (2) The amendments to Section 59-7-302 take effect for a taxable year beginning on or  
1005 after January 1, 2018.