

1 **SALES AND USE TAX MODIFICATIONS**

2 2020 GENERAL SESSION

3 STATE OF UTAH

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5 **LONG TITLE**

6 **General Description:**

7 This bill enacts sales and use tax exemptions.

8 **Highlighted Provisions:**

9 This bill:

- 10 ▶ enacts a sales and use tax exemption for the purchase or lease of machinery,
- 11 equipment, normal operating repair or replacement parts, or materials, except for
- 12 office equipment or office supplies, by an oil and gas extraction establishment or a
- 13 pipeline transportation establishment;
- 14 ▶ expands the sales and use tax exemption for the state, its institutions, and its
- 15 political subdivisions to include certain purchases by an electric generation and
- 16 transmission facility;
- 17 ▶ enacts a sales and use tax exemption for amounts paid or charged for construction,
- 18 operation, maintenance, repair, or replacement of facilities owned by an electrical
- 19 corporation;
- 20 ▶ creates a refund process to phase in the exemptions for an electric generation and
- 21 transmission facility, an electrical corporation, and an oil and gas extraction or
- 22 pipeline transportation establishment; and
- 23 ▶ makes technical changes.

24 **Money Appropriated in this Bill:**

25 None

26 **Other Special Clauses:**

27 This bill provides a special effective date.

28 **Utah Code Sections Affected:**

29 AMENDS:

30 **59-12-104**, as last amended by Laws of Utah 2019, Chapters 136 and 486

31 ENACTS:

32 **59-12-104.8**, Utah Code Annotated 1953

33 **59-12-104.11**, Utah Code Annotated 1953

34

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

36 Section 1. Section **59-12-104** is amended to read:

37 **59-12-104. Exemptions.**

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

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

41 (2) (a) subject to Section 59-12-104.6, sales to the state, its institutions, and its political  
42 subdivisions~~[-; however, this exemption does not apply to sales of:]~~ except construction  
43 materials unless the construction materials are:

44 ~~[(a) construction materials except:]~~

45 ~~[(i) construction materials]~~

46 (i) (A) purchased by or on behalf of institutions of the public education system as  
47 defined in Utah Constitution, Article X, Section 2~~[-; provided the construction materials are:]~~;  
48 and

49 (B) clearly identified and segregated and installed or converted to real property which  
50 is owned by institutions of the public education system; ~~[and]~~ or

51 (ii) (A) ~~[construction materials]~~ purchased by the state, its institutions, or its political  
52 subdivisions ~~[which are]~~; and

53 (B) installed or converted to real property by employees of the state, its institutions, or  
54 its political subdivisions; ~~[or]~~ and

55 (b) ~~[tangible personal property in]~~ subject to Section 59-12-104.11, amounts paid by  
56 the state, its institutions, and its political subdivisions in connection with the construction,  
57 operation, maintenance, repair, or replacement of a project, as defined in Section 11-13-103, or  
58 facilities providing additional project capacity, as defined in Section 11-13-103;

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

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

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

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

- 64 (i) food and food ingredients; or
- 65 (ii) prepared food;
- 66 (4) (a) sales of the following to a commercial airline carrier for in-flight consumption:
- 67 (i) alcoholic beverages;
- 68 (ii) food and food ingredients; or
- 69 (iii) prepared food;
- 70 (b) sales of tangible personal property or a product transferred electronically:
- 71 (i) to a passenger;
- 72 (ii) by a commercial airline carrier; and
- 73 (iii) during a flight for in-flight consumption or in-flight use by the passenger; or
- 74 (c) services related to Subsection (4)(a) or (b);
- 75 ~~[(5) (a) (i) beginning on July 1, 2008, and ending on September 30, 2008, sales of parts~~
- 76 ~~and equipment:]~~
- 77 ~~[(A) (I) by an establishment described in NAICS Code 336411 or 336412 of the 2002~~
- 78 ~~North American Industry Classification System of the federal Executive Office of the~~
- 79 ~~President, Office of Management and Budget; and]~~
- 80 ~~[(H) for:]~~
- 81 ~~[(Aa) installation in an aircraft, including services relating to the installation of parts or~~
- 82 ~~equipment in the aircraft;]~~
- 83 ~~[(Bb) renovation of an aircraft; or]~~
- 84 ~~[(Cc) repair of an aircraft; or]~~
- 85 ~~[(B) for installation in an aircraft operated by a common carrier in interstate or foreign~~
- 86 ~~commerce; or]~~
- 87 ~~[(ii) beginning on October 1, 2008, sales of parts and equipment for installation in an~~
- 88 ~~aircraft operated by a common carrier in interstate or foreign commerce; and]~~
- 89 ~~[(b) notwithstanding the time period of Subsection 59-1-1410(8) for filing for a refund,~~
- 90 ~~a person may claim the exemption allowed by Subsection (5)(a)(i)(B) for a sale by filing for a~~
- 91 ~~refund:]~~
- 92 ~~[(i) if the sale is made on or after July 1, 2008, but on or before September 30, 2008;]~~
- 93 ~~[(ii) as if Subsection (5)(a)(i)(B) were in effect on the day on which the sale is made;]~~
- 94 ~~[(iii) if the person did not claim the exemption allowed by Subsection (5)(a)(i)(B) for~~

- 95 ~~the sale prior to filing for the refund;]~~  
96  ~~[(iv) for sales and use taxes paid under this chapter on the sale;]~~  
97  ~~[(v) in accordance with Section 59-1-1410; and]~~  
98  ~~[(vi) subject to any extension allowed for filing for a refund under Section 59-1-1410;~~  
99  ~~if the person files for the refund on or before September 30, 2011;]~~  
100 (5) sales of parts and equipment for installation in an aircraft operated by a common  
101 carrier in interstate or foreign commerce;  
102 (6) sales of commercials, motion picture films, prerecorded audio program tapes or  
103 records, and prerecorded video tapes by a producer, distributor, or studio to a motion picture  
104 exhibitor, distributor, or commercial television or radio broadcaster;  
105 (7) (a) except as provided in Subsection (85) and subject to Subsection (7)(b), sales of  
106 cleaning or washing of tangible personal property if the cleaning or washing of the tangible  
107 personal property is not assisted cleaning or washing of tangible personal property;  
108 (b) if a seller that sells at the same business location assisted cleaning or washing of  
109 tangible personal property and cleaning or washing of tangible personal property that is not  
110 assisted cleaning or washing of tangible personal property, the exemption described in  
111 Subsection (7)(a) applies if the seller separately accounts for the sales of the assisted cleaning  
112 or washing of the tangible personal property; and  
113 (c) for purposes of Subsection (7)(b) and in accordance with Title 63G, Chapter 3,  
114 Utah Administrative Rulemaking Act, the commission may make rules:  
115 (i) governing the circumstances under which sales are at the same business location;  
116 and  
117 (ii) establishing the procedures and requirements for a seller to separately account for  
118 sales of assisted cleaning or washing of tangible personal property;  
119 (8) sales made to or by religious or charitable institutions in the conduct of their regular  
120 religious or charitable functions and activities, if the requirements of Section 59-12-104.1 are  
121 fulfilled;  
122 (9) sales of a vehicle of a type required to be registered under the motor vehicle laws of  
123 this state if the vehicle is:  
124 (a) not registered in this state; and  
125 (b) (i) not used in this state; or

- 126 (ii) used in this state:
- 127 (A) if the vehicle is not used to conduct business, for a time period that does not  
128 exceed the longer of:
- 129 (I) 30 days in any calendar year; or
- 130 (II) the time period necessary to transport the vehicle to the borders of this state; or
- 131 (B) if the vehicle is used to conduct business, for the time period necessary to transport  
132 the vehicle to the borders of this state;
- 133 (10) (a) amounts paid for an item described in Subsection (10)(b) if:
- 134 (i) the item is intended for human use; and
- 135 (ii) (A) a prescription was issued for the item; or
- 136 (B) the item was purchased by a hospital or other medical facility; and
- 137 (b) (i) Subsection (10)(a) applies to:
- 138 (A) a drug;
- 139 (B) a syringe; or
- 140 (C) a stoma supply; and
- 141 (ii) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
142 commission may by rule define the terms:
- 143 (A) "syringe"; or
- 144 (B) "stoma supply";
- 145 (11) purchases or leases exempt under Section 19-12-201;
- 146 (12) (a) sales of an item described in Subsection (12)(c) served by:
- 147 (i) the following if the item described in Subsection (12)(c) is not available to the  
148 general public:
- 149 (A) a church; or
- 150 (B) a charitable institution; or
- 151 (ii) an institution of higher education if:
- 152 (A) the item described in Subsection (12)(c) is not available to the general public; or
- 153 (B) the item described in Subsection (12)(c) is prepaid as part of a student meal plan  
154 offered by the institution of higher education; or
- 155 (b) sales of an item described in Subsection (12)(c) provided for a patient by:
- 156 (i) a medical facility; or

- 157 (ii) a nursing facility; and
- 158 (c) Subsections (12)(a) and (b) apply to:
- 159 (i) food and food ingredients;
- 160 (ii) prepared food; or
- 161 (iii) alcoholic beverages;
- 162 (13) (a) except as provided in Subsection (13)(b), the sale of tangible personal property
- 163 or a product transferred electronically by a person:
- 164 (i) regardless of the number of transactions involving the sale of that tangible personal
- 165 property or product transferred electronically by that person; and
- 166 (ii) not regularly engaged in the business of selling that type of tangible personal
- 167 property or product transferred electronically;
- 168 (b) this Subsection (13) does not apply if:
- 169 (i) the sale is one of a series of sales of a character to indicate that the person is
- 170 regularly engaged in the business of selling that type of tangible personal property or product
- 171 transferred electronically;
- 172 (ii) the person holds that person out as regularly engaged in the business of selling that
- 173 type of tangible personal property or product transferred electronically;
- 174 (iii) the person sells an item of tangible personal property or product transferred
- 175 electronically that the person purchased as a sale that is exempt under Subsection (25); or
- 176 (iv) the sale is of a vehicle or vessel required to be titled or registered under the laws of
- 177 this state in which case the tax is based upon:
- 178 (A) the bill of sale or other written evidence of value of the vehicle or vessel being
- 179 sold; or
- 180 (B) in the absence of a bill of sale or other written evidence of value, the fair market
- 181 value of the vehicle or vessel being sold at the time of the sale as determined by the
- 182 commission; and
- 183 (c) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
- 184 commission shall make rules establishing the circumstances under which:
- 185 (i) a person is regularly engaged in the business of selling a type of tangible personal
- 186 property or product transferred electronically;
- 187 (ii) a sale of tangible personal property or a product transferred electronically is one of

188 a series of sales of a character to indicate that a person is regularly engaged in the business of  
189 selling that type of tangible personal property or product transferred electronically; or  
190 (iii) a person holds that person out as regularly engaged in the business of selling a type  
191 of tangible personal property or product transferred electronically;  
192 (14) amounts paid or charged for a purchase or lease of machinery, equipment, normal  
193 operating repair or replacement parts, or materials, except for office equipment or office  
194 supplies, by:

195 (a) a manufacturing facility that:

196 (i) is located in the state; and  
197 (ii) uses or consumes the machinery, equipment, normal operating repair or  
198 replacement parts, or materials:

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

202 (B) for a scrap recycler, to process an item sold as tangible personal property, as the  
203 commission may define that phrase in accordance with Title 63G, Chapter 3, Utah  
204 Administrative Rulemaking Act;

205 (b) an establishment, as the commission defines that term in accordance with Title  
206 63G, Chapter 3, Utah Administrative Rulemaking Act, that:

207 (i) is described in NAICS Subsector 212, Mining (except Oil and Gas), or NAICS  
208 Code 213113, Support Activities for Coal Mining, 213114, Support Activities for Metal  
209 Mining, or 213115, Support Activities for Nonmetallic Minerals (except Fuels) Mining, of the  
210 2002 North American Industry Classification System of the federal Executive Office of the  
211 President, Office of Management and Budget;

212 (ii) is located in the state; and  
213 (iii) uses or consumes the machinery, equipment, normal operating repair or  
214 replacement parts, or materials in:

215 (A) the production process to produce an item sold as tangible personal property, as the  
216 commission may define that phrase in accordance with Title 63G, Chapter 3, Utah  
217 Administrative Rulemaking Act;

218 (B) research and development, as the commission may define that phrase in accordance

219 with Title 63G, Chapter 3, Utah Administrative Rulemaking Act;

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

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

224 (E) preventing, controlling, or reducing dust or other pollutants from mining; ~~[or]~~

225 (c) an establishment, as the commission defines that term in accordance with Title 63G,  
226 Chapter 3, Utah Administrative Rulemaking Act, that:

227 (i) is described in NAICS Code 518112, Web Search Portals, of the 2002 North  
228 American Industry Classification System of the federal Executive Office of the President,  
229 Office of Management and Budget;

230 (ii) is located in the state; and

231 (iii) uses or consumes the machinery, equipment, normal operating repair or  
232 replacement parts, or materials in the operation of the web search portal; or

233 (d) an establishment that meets the requirements of Section 59-12-104.8 to the extent  
234 the exemption is authorized by Section 59-12-104.8;

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

236 (i) tooling;

237 (ii) special tooling;

238 (iii) support equipment;

239 (iv) special test equipment; or

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

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

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

243 (i) the tooling, equipment, or parts are used or consumed exclusively in the

244 performance of any aerospace or electronics industry contract with the United States

245 government or any subcontract under that contract; and

246 (ii) under the terms of the contract or subcontract described in Subsection (15)(b)(i),

247 title to the tooling, equipment, or parts is vested in the United States government as evidenced

248 by:

249 (A) a government identification tag placed on the tooling, equipment, or parts; or



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

252 (16) sales of newspapers or newspaper subscriptions;

253 (17) (a) except as provided in Subsection (17)(b), tangible personal property or a  
254 product transferred electronically traded in as full or part payment of the purchase price, except  
255 that for purposes of calculating sales or use tax upon vehicles not sold by a vehicle dealer,  
256 trade-ins are limited to other vehicles only, and the tax is based upon:

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

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

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

265 (i) money;

266 (ii) electricity;

267 (iii) water;

268 (iv) gas; or

269 (v) steam;

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

274 (A) becomes part of real estate; or

275 (B) is installed by a:

276 (I) farmer;

277 (II) contractor; or

278 (III) subcontractor; or

279 (ii) sales of parts used in the repairs or renovations of tangible personal property or a  
280 product transferred electronically if the tangible personal property or product transferred

281 electronically is exempt under Subsection (18)(a)(i); and  
282 (b) amounts paid or charged for the following are subject to the taxes imposed by this  
283 chapter:

284 (i) (A) subject to Subsection (18)(b)(i)(B), machinery, equipment, materials, or  
285 supplies if used in a manner that is incidental to farming; and  
286 (B) tangible personal property that is considered to be used in a manner that is  
287 incidental to farming includes:

288 (I) hand tools; or  
289 (II) maintenance and janitorial equipment and supplies;

290 (ii) (A) subject to Subsection (18)(b)(ii)(B), tangible personal property or a product  
291 transferred electronically if the tangible personal property or product transferred electronically  
292 is used in an activity other than farming; and  
293 (B) tangible personal property or a product transferred electronically that is considered  
294 to be used in an activity other than farming includes:

295 (I) office equipment and supplies; or  
296 (II) equipment and supplies used in:  
297 (Aa) the sale or distribution of farm products;  
298 (Bb) research; or  
299 (Cc) transportation; or  
300 (iii) a vehicle required to be registered by the laws of this state during the period  
301 ending two years after the date of the vehicle's purchase;

302 (19) sales of hay;  
303 (20) exclusive sale during the harvest season of seasonal crops, seedling plants, or  
304 garden, farm, or other agricultural produce if the seasonal crops are, seedling plants are, or  
305 garden, farm, or other agricultural produce is sold by:

306 (a) the producer of the seasonal crops, seedling plants, or garden, farm, or other  
307 agricultural produce;  
308 (b) an employee of the producer described in Subsection (20)(a); or  
309 (c) a member of the immediate family of the producer described in Subsection (20)(a);  
310 (21) purchases made using a coupon as defined in 7 U.S.C. Sec. 2012 that is issued  
311 under the Food Stamp Program, 7 U.S.C. Sec. 2011 et seq.;

- 312 (22) sales of nonreturnable containers, nonreturnable labels, nonreturnable bags,  
313 nonreturnable shipping cases, and nonreturnable casings to a manufacturer, processor,  
314 wholesaler, or retailer for use in packaging tangible personal property to be sold by that  
315 manufacturer, processor, wholesaler, or retailer;
- 316 (23) a product stored in the state for resale;
- 317 (24) (a) purchases of a product if:
- 318 (i) the product is:
- 319 (A) purchased outside of this state;
- 320 (B) brought into this state:
- 321 (I) at any time after the purchase described in Subsection (24)(a)(i)(A); and
- 322 (II) by a nonresident person who is not living or working in this state at the time of the  
323 purchase;
- 324 (C) used for the personal use or enjoyment of the nonresident person described in  
325 Subsection (24)(a)(i)(B)(II) while that nonresident person is within the state; and
- 326 (D) not used in conducting business in this state; and
- 327 (ii) for:
- 328 (A) a product other than a boat described in Subsection (24)(a)(ii)(B), the first use of  
329 the product for a purpose for which the product is designed occurs outside of this state;
- 330 (B) a boat, the boat is registered outside of this state; or
- 331 (C) a vehicle other than a vehicle sold to an authorized carrier, the vehicle is registered  
332 outside of this state;
- 333 (b) the exemption provided for in Subsection (24)(a) does not apply to:
- 334 (i) a lease or rental of a product; or
- 335 (ii) a sale of a vehicle exempt under Subsection (33); and
- 336 (c) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, for  
337 purposes of Subsection (24)(a), the commission may by rule define what constitutes the  
338 following:
- 339 (i) conducting business in this state if that phrase has the same meaning in this  
340 Subsection (24) as in Subsection (63);
- 341 (ii) the first use of a product if that phrase has the same meaning in this Subsection (24)  
342 as in Subsection (63); or

343 (iii) a purpose for which a product is designed if that phrase has the same meaning in  
344 this Subsection (24) as in Subsection (63);

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

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

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

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

356 (29) sales or leases of rolls, rollers, refractory brick, electric motors, or other  
357 replacement parts used in the furnaces, mills, or ovens of a steel mill described in SIC Code  
358 3312 of the 1987 Standard Industrial Classification Manual of the federal Executive Office of  
359 the President, Office of Management and Budget;

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

362 (a) not registered in this state; and

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

364 (ii) used in this state:

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

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

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

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

373 (31) sales of aircraft manufactured in Utah;

- 374 (32) amounts paid for the purchase of telecommunications service for purposes of  
375 providing telecommunications service;
- 376 (33) sales, leases, or uses of the following:
- 377 (a) a vehicle by an authorized carrier; or
- 378 (b) tangible personal property that is installed on a vehicle:
- 379 (i) sold or leased to or used by an authorized carrier; and
- 380 (ii) before the vehicle is placed in service for the first time;
- 381 (34) (a) 45% of the sales price of any new manufactured home; and
- 382 (b) 100% of the sales price of any used manufactured home;
- 383 (35) sales relating to schools and fundraising sales;
- 384 (36) sales or rentals of durable medical equipment if:
- 385 (a) a person presents a prescription for the durable medical equipment; and
- 386 (b) the durable medical equipment is used for home use only;
- 387 (37) (a) sales to a ski resort of electricity to operate a passenger ropeway as defined in  
388 Section 72-11-102; and
- 389 (b) the commission shall by rule determine the method for calculating sales exempt  
390 under Subsection (37)(a) that are not separately metered and accounted for in utility billings;
- 391 (38) sales to a ski resort of:
- 392 (a) snowmaking equipment;
- 393 (b) ski slope grooming equipment;
- 394 (c) passenger ropeways as defined in Section 72-11-102; or
- 395 (d) parts used in the repairs or renovations of equipment or passenger ropeways  
396 described in Subsections (38)(a) through (c);
- 397 (39) sales of natural gas, electricity, heat, coal, fuel oil, or other fuels for industrial use;
- 398 (40) (a) subject to Subsection (40)(b), sales or rentals of the right to use or operate for  
399 amusement, entertainment, or recreation an unassisted amusement device as defined in Section  
400 59-12-102;
- 401 (b) if a seller that sells or rents at the same business location the right to use or operate  
402 for amusement, entertainment, or recreation one or more unassisted amusement devices and  
403 one or more assisted amusement devices, the exemption described in Subsection (40)(a)  
404 applies if the seller separately accounts for the sales or rentals of the right to use or operate for

405 amusement, entertainment, or recreation for the assisted amusement devices; and  
406 (c) for purposes of Subsection (40)(b) and in accordance with Title 63G, Chapter 3,  
407 Utah Administrative Rulemaking Act, the commission may make rules:  
408 (i) governing the circumstances under which sales are at the same business location;  
409 and  
410 (ii) establishing the procedures and requirements for a seller to separately account for  
411 the sales or rentals of the right to use or operate for amusement, entertainment, or recreation for  
412 assisted amusement devices;  
413 (41) (a) sales of photocopies by:  
414 (i) a governmental entity; or  
415 (ii) an entity within the state system of public education, including:  
416 (A) a school; or  
417 (B) the State Board of Education; or  
418 (b) sales of publications by a governmental entity;  
419 (42) amounts paid for admission to an athletic event at an institution of higher  
420 education that is subject to the provisions of Title IX of the Education Amendments of 1972,  
421 20 U.S.C. Sec. 1681 et seq.;  
422 (43) (a) sales made to or by:  
423 (i) an area agency on aging; or  
424 (ii) a senior citizen center owned by a county, city, or town; or  
425 (b) sales made by a senior citizen center that contracts with an area agency on aging;  
426 (44) sales or leases of semiconductor fabricating, processing, research, or development  
427 materials regardless of whether the semiconductor fabricating, processing, research, or  
428 development materials:  
429 (a) actually come into contact with a semiconductor; or  
430 (b) ultimately become incorporated into real property;  
431 (45) an amount paid by or charged to a purchaser for accommodations and services  
432 described in Subsection 59-12-103(1)(i) to the extent the amount is exempt under Section  
433 59-12-104.2;  
434 (46) [~~beginning on September 1, 2001,~~] the lease or use of a vehicle issued a temporary  
435 sports event registration certificate in accordance with Section 41-3-306 for the event period

436 specified on the temporary sports event registration certificate;

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

441 (b) for a residential use customer only, the exemption under Subsection (47)(a) applies  
442 only to the portion of the tariff rate a customer pays under the tariff described in Subsection  
443 (47)(a) that exceeds the tariff rate under the tariff described in Subsection (47)(a) that the  
444 customer would have paid absent the tariff;

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

447 (49) sales of water in a:

448 (a) pipe;

449 (b) conduit;

450 (c) ditch; or

451 (d) reservoir;

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

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

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

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

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

458 (i) ingot;

459 (ii) bar;

460 (iii) medallion; or

461 (iv) decorative coin;

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

463 (53) sales of a prosthetic device:

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

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

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

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

- 471 (i) a motion picture;
- 472 (ii) a television program;
- 473 (iii) a movie made for television;
- 474 (iv) a music video;
- 475 (v) a commercial;
- 476 (vi) a documentary; or
- 477 (vii) a medium similar to Subsections (54)(a)(i) through (vi) as determined by the

478 commission by administrative rule made in accordance with Subsection (54)(d); or

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

- 482 (i) a live musical performance;
- 483 (ii) a live news program; or
- 484 (iii) a live sporting event;
- 485 (c) the following establishments listed in the 1997 North American Industry  
486 Classification System of the federal Executive Office of the President, Office of Management  
487 and Budget, apply to Subsections (54)(a) and (b):

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

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

493 or

- 494 (ii) define:
  - 495 (A) "commercial distribution";
  - 496 (B) "live musical performance";
  - 497 (C) "live news program"; or



498 (D) "live sporting event";

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

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

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

502 (A) is an alternative energy electricity production facility;

503 (B) is located in the state; and

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

505 (II) has its generation capacity increased by one or more megawatts on or after July 1,

506 2004, as a result of the use of the tangible personal property;

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

508 (iii) is used to make the facility or the increase in capacity of the facility described in

509 Subsection (55)(a)(i) operational up to the point of interconnection with an existing

510 transmission grid including:

511 (A) a wind turbine;

512 (B) generating equipment;

513 (C) a control and monitoring system;

514 (D) a power line;

515 (E) substation equipment;

516 (F) lighting;

517 (G) fencing;

518 (H) pipes; or

519 (I) other equipment used for locating a power line or pole; and

520 (b) this Subsection (55) does not apply to:

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

522 (A) a new alternative energy electricity production facility; or

523 (B) the increase in the capacity of an alternative energy electricity production facility;

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

525 and

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

527 of the facility described in Subsection (55)(a)(i)(C)(II), tangible personal property used or

528 acquired after:

- 529 (A) the alternative energy electricity production facility described in Subsection  
530 (55)(a)(i) is operational as described in Subsection (55)(a)(iii); or
- 531 (B) the increased capacity described in Subsection (55)(a)(i) is operational as described  
532 in Subsection (55)(a)(iii);
- 533 (56) (a) leases of seven or more years or purchases made on or after July 1, 2004, but  
534 on or before June 30, 2027, of tangible personal property that:
- 535 (i) is leased or purchased for or by a facility that:
- 536 (A) is a waste energy production facility;
- 537 (B) is located in the state; and
- 538 (C) (I) becomes operational on or after July 1, 2004; or
- 539 (II) has its generation capacity increased by one or more megawatts on or after July 1,  
540 2004, as a result of the use of the tangible personal property;
- 541 (ii) has an economic life of five or more years; and
- 542 (iii) is used to make the facility or the increase in capacity of the facility described in  
543 Subsection (56)(a)(i) operational up to the point of interconnection with an existing  
544 transmission grid including:
- 545 (A) generating equipment;
- 546 (B) a control and monitoring system;
- 547 (C) a power line;
- 548 (D) substation equipment;
- 549 (E) lighting;
- 550 (F) fencing;
- 551 (G) pipes; or
- 552 (H) other equipment used for locating a power line or pole; and
- 553 (b) this Subsection (56) does not apply to:
- 554 (i) tangible personal property used in construction of:
- 555 (A) a new waste energy facility; or
- 556 (B) the increase in the capacity of a waste energy facility;
- 557 (ii) contracted services required for construction and routine maintenance activities;
- 558 and
- 559 (iii) unless the tangible personal property is used or acquired for an increase in capacity

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

561 (A) the waste energy facility described in Subsection (56)(a)(i) is operational as  
562 described in Subsection (56)(a)(iii); or

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

565 (57) (a) leases of five or more years or purchases made on or after July 1, 2004, but on  
566 or before June 30, 2027, of tangible personal property that:

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

568 (A) is located in the state;

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

570 (I) methanol; or

571 (II) ethanol; and

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

573 (II) has its capacity to produce fuel increase by 25% or more on or after July 1, 2004, as  
574 a result of the installation of the tangible personal property;

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

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

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

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

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

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

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

582 and

583 (iii) unless the tangible personal property is used or acquired for an increase in capacity  
584 described in Subsection (57)(a)(i)(C)(II), tangible personal property used or acquired after:

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

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

587 (58) (a) subject to Subsection (58)(b) [~~or (c);~~] sales of tangible personal property or a

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

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

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

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

595 ~~[(c) notwithstanding the time period of Subsection 59-1-1410(8) for filing for a refund,~~  
 596 ~~a person may claim the exemption allowed by this Subsection (58) for a sale by filing for a~~  
 597 ~~refund;]~~

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

599 ~~[(ii) as if this Subsection (58) as in effect on July 1, 2008, were in effect on the day on~~  
 600 ~~which the sale is made;]~~

601 ~~[(iii) if the person did not claim the exemption allowed by this Subsection (58) for the~~  
 602 ~~sale prior to filing for the refund;]~~

603 ~~[(iv) for sales and use taxes paid under this chapter on the sale;]~~

604 ~~[(v) in accordance with Section 59-1-1410; and]~~

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

607 (59) purchases:

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

609 (i) a list containing information that includes one or more ~~[(A) names; or (B)~~  
 610 ~~addresses; or] names or addresses; or~~

611 (ii) a database containing information that includes one or more ~~[(A) names; or (B)~~  
 612 ~~addresses; and] names or addresses; and~~

613 (b) used to send direct mail;

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

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

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

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

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

620 and

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

- 622 (b) the following apply to Subsection (61)(a):
- 623 (i) telecommunications enabling or facilitating equipment, machinery, or software;
- 624 (ii) telecommunications equipment, machinery, or software required for 911 service;
- 625 (iii) telecommunications maintenance or repair equipment, machinery, or software;
- 626 (iv) telecommunications switching or routing equipment, machinery, or software; or
- 627 (v) telecommunications transmission equipment, machinery, or software;
- 628 (62) (a) beginning on July 1, 2006, and ending on June 30, 2027, purchases of tangible
- 629 personal property or a product transferred electronically that are used in the research and
- 630 development of alternative energy technology; and
- 631 (b) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
- 632 commission may, for purposes of Subsection (62)(a), make rules defining what constitutes
- 633 purchases of tangible personal property or a product transferred electronically that are used in
- 634 the research and development of alternative energy technology;
- 635 (63) (a) purchases of tangible personal property or a product transferred electronically
- 636 if:
- 637 (i) the tangible personal property or product transferred electronically is:
- 638 (A) purchased outside of this state;
- 639 (B) brought into this state at any time after the purchase described in Subsection
- 640 (63)(a)(i)(A); and
- 641 (C) used in conducting business in this state; and
- 642 (ii) for:
- 643 (A) tangible personal property or a product transferred electronically other than the
- 644 tangible personal property described in Subsection (63)(a)(ii)(B), the first use of the property
- 645 for a purpose for which the property is designed occurs outside of this state; or
- 646 (B) a vehicle other than a vehicle sold to an authorized carrier, the vehicle is registered
- 647 outside of this state;
- 648 (b) the exemption provided for in Subsection (63)(a) does not apply to:
- 649 (i) a lease or rental of tangible personal property or a product transferred electronically;
- 650 or
- 651 (ii) a sale of a vehicle exempt under Subsection (33); and
- 652 (c) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, for

653 purposes of Subsection (63)(a), the commission may by rule define what constitutes the  
654 following:

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

657 (ii) the first use of tangible personal property or a product transferred electronically if  
658 that phrase has the same meaning in this Subsection (63) as in Subsection (24); or

659 (iii) a purpose for which tangible personal property or a product transferred  
660 electronically is designed if that phrase has the same meaning in this Subsection (63) as in  
661 Subsection (24);

662 (64) sales of disposable home medical equipment or supplies if:

663 (a) a person presents a prescription for the disposable home medical equipment or  
664 supplies;

665 (b) the disposable home medical equipment or supplies are used exclusively by the  
666 person to whom the prescription described in Subsection (64)(a) is issued; and

667 (c) the disposable home medical equipment and supplies are listed as eligible for  
668 payment under:

669 (i) Title XVIII, federal Social Security Act; or

670 (ii) the state plan for medical assistance under Title XIX, federal Social Security Act;

671 (65) sales:

672 (a) to a public transit district under Title 17B, Chapter 2a, Part 8, Public Transit  
673 District Act; or

674 (b) of tangible personal property to a subcontractor of a public transit district, if the  
675 tangible personal property is:

676 (i) clearly identified; and

677 (ii) installed or converted to real property owned by the public transit district;

678 (66) sales of construction materials:

679 (a) purchased on or after July 1, 2010;

680 (b) purchased by, on behalf of, or for the benefit of an international airport:

681 (i) located within a county of the first class; and

682 (ii) that has a United States customs office on its premises; and

683 (c) if the construction materials are:

- 684 (i) clearly identified;
- 685 (ii) segregated; and
- 686 (iii) installed or converted to real property:
- 687 (A) owned or operated by the international airport described in Subsection (66)(b); and
- 688 (B) located at the international airport described in Subsection (66)(b);
- 689 (67) sales of construction materials:
- 690 (a) purchased on or after July 1, 2008;
- 691 (b) purchased by, on behalf of, or for the benefit of a new airport:
- 692 (i) located within a county of the second class; and
- 693 (ii) that is owned or operated by a city in which an airline as defined in Section
- 694 59-2-102 is headquartered; and
- 695 (c) if the construction materials are:
- 696 (i) clearly identified;
- 697 (ii) segregated; and
- 698 (iii) installed or converted to real property:
- 699 (A) owned or operated by the new airport described in Subsection (67)(b);
- 700 (B) located at the new airport described in Subsection (67)(b); and
- 701 (C) as part of the construction of the new airport described in Subsection (67)(b);
- 702 (68) sales of fuel to a common carrier that is a railroad for use in a locomotive engine;
- 703 (69) purchases and sales described in Section 63H-4-111;
- 704 (70) (a) sales of tangible personal property to an aircraft maintenance, repair, and
- 705 overhaul provider for use in the maintenance, repair, overhaul, or refurbishment in this state of
- 706 a fixed wing turbine powered aircraft if that fixed wing turbine powered aircraft's registration
- 707 lists a state or country other than this state as the location of registry of the fixed wing turbine
- 708 powered aircraft; or
- 709 (b) sales of tangible personal property by an aircraft maintenance, repair, and overhaul
- 710 provider in connection with the maintenance, repair, overhaul, or refurbishment in this state of
- 711 a fixed wing turbine powered aircraft if that fixed wing turbine powered aircraft's registration
- 712 lists a state or country other than this state as the location of registry of the fixed wing turbine
- 713 powered aircraft;
- 714 (71) subject to Section 59-12-104.4, sales of a textbook for a higher education course:

- 715 (a) to a person admitted to an institution of higher education; and
- 716 (b) by a seller, other than a bookstore owned by an institution of higher education, if
- 717 51% or more of that seller's sales revenue for the previous calendar quarter are sales of a
- 718 textbook for a higher education course;
- 719 (72) a license fee or tax a municipality imposes in accordance with Subsection
- 720 10-1-203(5) on a purchaser from a business for which the municipality provides an enhanced
- 721 level of municipal services;
- 722 (73) amounts paid or charged for construction materials used in the construction of a
- 723 new or expanding life science research and development facility in the state, if the construction
- 724 materials are:
- 725 (a) clearly identified;
- 726 (b) segregated; and
- 727 (c) installed or converted to real property;
- 728 (74) amounts paid or charged for:
- 729 (a) a purchase or lease of machinery and equipment that:
- 730 (i) are used in performing qualified research:
- 731 (A) as defined in Section 41(d), Internal Revenue Code; and
- 732 (B) in the state; and
- 733 (ii) have an economic life of three or more years; and
- 734 (b) normal operating repair or replacement parts:
- 735 (i) for the machinery and equipment described in Subsection (74)(a); and
- 736 (ii) that have an economic life of three or more years;
- 737 (75) a sale or lease of tangible personal property used in the preparation of prepared
- 738 food if:
- 739 (a) for a sale:
- 740 (i) the ownership of the seller and the ownership of the purchaser are identical; and
- 741 (ii) the seller or the purchaser paid a tax under this chapter on the purchase of that
- 742 tangible personal property prior to making the sale; or
- 743 (b) for a lease:
- 744 (i) the ownership of the lessor and the ownership of the lessee are identical; and
- 745 (ii) the lessor or the lessee paid a tax under this chapter on the purchase of that tangible



746 personal property prior to making the lease;

747 (76) (a) purchases of machinery or equipment if:

748 (i) the purchaser is an establishment described in NAICS Subsector 713, Amusement,

749 Gambling, and Recreation Industries, of the 2012 North American Industry Classification

750 System of the federal Executive Office of the President, Office of Management and Budget;

751 (ii) the machinery or equipment:

752 (A) has an economic life of three or more years; and

753 (B) is used by one or more persons who pay admission or user fees described in

754 Subsection 59-12-103(1)(f) to the purchaser of the machinery and equipment; and

755 (iii) 51% or more of the purchaser's sales revenue for the previous calendar quarter is:

756 (A) amounts paid or charged as admission or user fees described in Subsection

757 59-12-103(1)(f); and

758 (B) subject to taxation under this chapter; and

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

760 commission may make rules for verifying that 51% of a purchaser's sales revenue for the

761 previous calendar quarter is:

762 (i) amounts paid or charged as admission or user fees described in Subsection

763 59-12-103(1)(f); and

764 (ii) subject to taxation under this chapter;

765 (77) purchases of a short-term lodging consumable by a business that provides

766 accommodations and services described in Subsection 59-12-103(1)(i);

767 (78) amounts paid or charged to access a database:

768 (a) if the primary purpose for accessing the database is to view or retrieve information

769 from the database; and

770 (b) not including amounts paid or charged for a:

771 (i) digital audiowork;

772 (ii) digital audio-visual work; or

773 (iii) digital book;

774 (79) amounts paid or charged for a purchase or lease made by an electronic financial

775 payment service, of:

776 (a) machinery and equipment that:

- 777 (i) are used in the operation of the electronic financial payment service; and  
778 (ii) have an economic life of three or more years; and  
779 (b) normal operating repair or replacement parts that:  
780 (i) are used in the operation of the electronic financial payment service; and  
781 (ii) have an economic life of three or more years;
- 782 (80) [~~beginning on April 1, 2013,~~] sales of a fuel cell as defined in Section 54-15-102;  
783 (81) amounts paid or charged for a purchase or lease of tangible personal property or a  
784 product transferred electronically if the tangible personal property or product transferred  
785 electronically:  
786 (a) is stored, used, or consumed in the state; and  
787 (b) is temporarily brought into the state from another state:  
788 (i) during a disaster period as defined in Section 53-2a-1202;  
789 (ii) by an out-of-state business as defined in Section 53-2a-1202;  
790 (iii) for a declared state disaster or emergency as defined in Section 53-2a-1202; and  
791 (iv) for disaster- or emergency-related work as defined in Section 53-2a-1202;
- 792 (82) sales of goods and services at a morale, welfare, and recreation facility, as defined  
793 in Section 39-9-102, made pursuant to Title 39, Chapter 9, State Morale, Welfare, and  
794 Recreation Program;
- 795 (83) amounts paid or charged for a purchase or lease of molten magnesium;  
796 (84) amounts paid or charged for a purchase or lease made by a qualifying enterprise  
797 data center of machinery, equipment, or normal operating repair or replacement parts, if the  
798 machinery, equipment, or normal operating repair or replacement parts:  
799 (a) are used in the operation of the establishment; and  
800 (b) have an economic life of one or more years;
- 801 (85) sales of cleaning or washing of a vehicle, except for cleaning or washing of a  
802 vehicle that includes cleaning or washing of the interior of the vehicle;
- 803 (86) amounts paid or charged for a purchase or lease of machinery, equipment, normal  
804 operating repair or replacement parts, catalysts, chemicals, reagents, solutions, or supplies used  
805 or consumed:  
806 (a) by a refiner who owns, leases, operates, controls, or supervises a refinery as defined  
807 in Section 63M-4-701 located in the state;

808 (b) if the machinery, equipment, normal operating repair or replacement parts,  
809 catalysts, chemicals, reagents, solutions, or supplies are used or consumed in:  
810 (i) the production process to produce gasoline or diesel fuel, or at which blendstock is  
811 added to gasoline or diesel fuel;  
812 (ii) research and development;  
813 (iii) transporting, storing, or managing raw materials, work in process, finished  
814 products, and waste materials produced from refining gasoline or diesel fuel, or adding  
815 blendstock to gasoline or diesel fuel;  
816 (iv) developing or maintaining a road, tunnel, excavation, or similar feature used in  
817 refining; or  
818 (v) preventing, controlling, or reducing pollutants from refining; and  
819 (c) beginning on July 1, 2021, if the person has obtained a form certified by the Office  
820 of Energy Development under Subsection 63M-4-702(2);  
821 (87) amounts paid to or charged by a proprietor for accommodations and services, as  
822 defined in Section 63H-1-205, if the proprietor is subject to the MIDA accommodations tax  
823 imposed under Section 63H-1-205;  
824 (88) amounts paid or charged for a purchase or lease of machinery, equipment, normal  
825 operating repair or replacement parts, or materials, except for office equipment or office  
826 supplies, by an establishment, as the commission defines that term in accordance with Title  
827 63G, Chapter 3, Utah Administrative Rulemaking Act, that:  
828 (a) is described in NAICS Code 621511, Medical Laboratories, of the 2017 North  
829 American Industry Classification System of the federal Executive Office of the President,  
830 Office of Management and Budget;  
831 (b) is located in this state; and  
832 (c) uses the machinery, equipment, normal operating repair or replacement parts, or  
833 materials in the operation of the establishment; [~~and~~]  
834 (89) amounts paid or charged for an item exempt under Section 59-12-104.10[-]; and  
835 (90) subject to Section 59-12-104.11, amounts paid or charged in connection with the  
836 construction, operation, maintenance, repair, or replacement of facilities owned by an electrical  
837 corporation as defined in Section 54-2-1.  
838 Section 2. Section **59-12-104.8** is enacted to read:

839           **59-12-104.8. Exemption for purchases or lease of machinery, equipment, normal**  
840 **operating repair or replacement parts, and materials by oil and gas extraction or pipeline**  
841 **transportation establishment.**

842           (1) This section applies to amounts paid or charged for a purchase or lease of  
843 machinery, equipment, normal operating repair or replacement parts, or materials, except for  
844 office equipment or office supplies, by an establishment, as the commission defines that term  
845 in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, that:

846           (a) is described in NAICS Subsector 211, Oil and Gas Extraction, NAICS Code  
847 213111, Drilling Oil and Gas Wells, NAICS Code 213112, Support Activities for Oil and Gas  
848 Operations, NAICS Code 486110, Pipeline Transportation of Crude Oil, NAICS Code 486210,  
849 Pipeline Transportation of Natural Gas, or NAICS Code 486910, Pipeline Transportation of  
850 Refined Petroleum Products, of the 2017 North American Industry Classification System of the  
851 federal Executive Office of the President, Office of Management and Budget;

852           (b) is located in the state; and

853           (c) uses or consumes the machinery, equipment, normal operating repair or  
854 replacement parts, or materials in:

855           (i) the production process to produce an item sold as tangible personal property, as the  
856 commission may define that phrase in accordance with Title 63G, Chapter 3, Utah  
857 Administrative Rulemaking Act;

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

860           (iii) transporting, storing, or managing crude oil, natural gas, or refined petroleum  
861 products;

862           (iv) developing or maintaining a road, tunnel, excavation, or similar feature used in oil  
863 or gas extraction or pipeline transportation; or

864           (v) preventing, controlling, or reducing dust or other pollutants from oil or gas  
865 extraction or pipeline transportation.

866           (2) (a) For a purchase or lease made on or after January 1, 2021, but on or before  
867 December 31, 2022, a person may claim the sales and use tax exemption described in this  
868 section by filing for a refund from the commission.

869           (b) The amount of the refund described in Subsection (2)(a) is as follows:

870 (i) for a purchase or lease made on or after January 1, 2021, but on or before December  
871 31, 2021, 33% of the sales and use tax on the amount paid or charged for the purchase or lease;  
872 and

873 (ii) for a purchase or lease made on or after January 1, 2022, but on or before  
874 December 31, 2022, 66% of the sales and use tax on the amount paid or charged for the  
875 purchase or lease.

876 (c) A person shall file for a refund under this Subsection (2):

877 (i) in an electronic format prescribed by the commission; and

878 (ii) no more frequently than once per month.

879 (3) (a) For a purchase or a lease made on or after January 1, 2023, a person may claim  
880 the sales and use tax exemption described in this section at the point of sale.

881 (b) The amount of the exemption described in Subsection (3)(a) is 100% of the sales  
882 and use tax on the amount paid or charged for the purchase or lease.

883 Section 3. Section **59-12-104.11** is enacted to read:

884 **59-12-104.11. Exemption for purchases by an electric generation and transmission**  
885 **facility or electrical corporation.**

886 (1) (a) For a purchase made on or after January 1, 2021, but on or before December 31,  
887 2022, a person may claim the sales and use tax exemption described in Subsection  
888 59-12-104(2)(b) or (90) by filing for a refund from the commission.

889 (b) The amount of the refund described in Subsection (1)(a) is as follows:

890 (i) for a purchase made on or after January 1, 2021, but on or before December 31,  
891 2021, 33% of the sales and use tax on the amount paid or charged for the purchase or lease; and

892 (ii) for a purchase made on or after January 1, 2022, but on or before December 31,  
893 2022, 66% of the sales and use tax on the amount paid or charged for the purchase.

894 (c) A person shall file for a refund under this Subsection (1):

895 (i) in an electronic format prescribed by the commission; and

896 (ii) no more frequently than once per month.

897 (2) (a) For a purchase made on or after January 1, 2023, a person may claim the sales  
898 and use tax exemption described in Subsection 59-12-104(2)(b) or (90) at the point of sale.

899 (b) The amount of the exemption is 100% of the sales and use tax on the amount paid  
900 or charged for the purchase.

901 Section 4. **Effective date.**

902 This bill takes effect on January 1, 2021.