

HB0509S03 compared with HB0509

~~{Omitted text}~~ shows text that was in HB0509 but was omitted in HB0509S03

inserted text shows text that was not in HB0509 but was inserted into HB0509S03

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1 **~~{Kratom}~~ Specialized Product Amendments**
2025 GENERAL SESSION
STATE OF UTAH
Chief Sponsor: Jennifer Dailey-Provost
Senate Sponsor: Evan J. Vickers



2
3 **LONG TITLE**

4 **General Description:**

5 This bill amends provisions related to ~~{kratom}~~ specialized products.

6 **Highlighted Provisions:**

7 This bill:

- 8 ▶ defines terms;
- 9 ▶ ~~{creates a process to review compound kratom products for safety;}~~
- 10 ▶ ~~{establishes a fee for reviewing compound kratom products for safety; and}~~
- 11 ▶ modifies ~~{fines for selling unregistered}~~ the requirements to sell a kratom ~~{products:}~~ product in
the state;

10 ▶ renames the "Cannabinoid Proceeds Restricted Account" to the "Specialized Product
Proceeds Restricted Account";

12 ▶ modifies provisions related to the tax on cannabinoid products; and

13 ▶ applies a tax to kratom products that can be used for enforcement and other statutory
required duties.

15 **Money Appropriated in this Bill:**

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16 None

17 **Other Special Clauses:**

18 This bill provides a special effective date.

20 AMENDS:

21 **4-45-102 (Effective 05/07/25)**, as enacted by Laws of Utah 2019, Chapter 329 (**Effective**
22 **05/07/25**), as enacted by Laws of Utah 2019, Chapter 329

23 **4-45-104 (Effective 05/07/25)**, as enacted by Laws of Utah 2019, Chapter 329 (**Effective**
24 **05/07/25**), as enacted by Laws of Utah 2019, Chapter 329

25 **4-45-108 (Effective 01/01/26)**, as enacted by Laws of Utah 2019, Chapter 329 (**Effective**
26 **01/01/26**), as enacted by Laws of Utah 2019, Chapter 329

27 **59-1-306 (Effective 01/01/26)**, as last amended by Laws of Utah 2024, Chapter 35 (**Effective**
28 **01/01/26**), as last amended by Laws of Utah 2024, Chapter 35

29 **59-1-403 (Effective 01/01/26)**, as last amended by Laws of Utah 2024, Chapters 25,
30 **35 (Effective 01/01/26)**, as last amended by Laws of Utah 2024, Chapters 25, 35

31 **59-12-104 (Effective 01/01/26)**, as last amended by Laws of Utah 2024, Chapter 35 (**Effective**
32 **01/01/26**), as last amended by Laws of Utah 2024, Chapter 35

33 **59-31-101 (Effective 01/01/26)**, as enacted by Laws of Utah 2024, Chapter 35 (**Effective**
34 **01/01/26**), as enacted by Laws of Utah 2024, Chapter 35

35 **59-31-201 (Effective 01/01/26)**, as enacted by Laws of Utah 2024, Chapter 35 (**Effective**
36 **01/01/26**), as enacted by Laws of Utah 2024, Chapter 35

37 **59-31-202 (Effective 01/01/26)**, as enacted by Laws of Utah 2024, Chapter 35 (**Effective**
38 **01/01/26**), as enacted by Laws of Utah 2024, Chapter 35

39 **59-31-301 (Effective 01/01/26)**, as enacted by Laws of Utah 2024, Chapter 35 (**Effective**
40 **01/01/26**), as enacted by Laws of Utah 2024, Chapter 35

41 **59-31-302 (Effective 01/01/26)**, as enacted by Laws of Utah 2024, Chapter 35 (**Effective**
42 **01/01/26**), as enacted by Laws of Utah 2024, Chapter 35

43 **59-31-401 (Effective 01/01/26)**, as enacted by Laws of Utah 2024, Chapter 35 (**Effective**
44 **01/01/26**), as enacted by Laws of Utah 2024, Chapter 35

45 **59-31-402 (Effective 01/01/26)**, as enacted by Laws of Utah 2024, Chapter 35 (**Effective**
46 **01/01/26**), as enacted by Laws of Utah 2024, Chapter 35

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ENACTS:

21 ~~{4-45-109, Utah Code Annotated 1953, Utah Code Annotated 1953}~~
22 ~~{4-45-110, Utah Code Annotated 1953, Utah Code Annotated 1953}~~
23 ~~{26B-7-417, Utah Code Annotated 1953, Utah Code Annotated 1953}~~

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

36 Section 1. Section **4-45-102** is amended to read:

37 **4-45-102. (Effective 05/07/25)Definitions.** <compare mode="add">(Compare Error)</

compare>

As used in this chapter:

29 (1)"Commissioner" means the commissioner of the department.

30 (2) "Compound kratom product" means a kratom product that, in addition to containing kratom,
contains:

32 (a) a dietary ingredient; or

33 (b) an ingredient that is present in the kratom product for reasons other than to convey a technical
effect, such as a flow agent or binder.

35 [(2)] (3) "Department" means the Department of Agriculture and Food created in Section 4-2-102.

37 [(3)] (4)"Food" means:

38 (a) an article used for food or drink for human or animal consumption or the components of the article;

40 (b) chewing gum or chewing gum components; or

41 (c) a food supplement for special dietary use that is necessitated because of a physical, physiological,
pathological, or other condition.

43 [(4)] (5)"Kratom processor" means a person who:

44 (a) sells, prepares, or maintains a kratom product; or

45 (b) advertises, represents, or holds oneself out as selling, preparing, or maintaining a kratom product.

47 [(5)] (6)"Kratom product" ~~[mean]~~ means food containing any part of a leaf of the plant *Mitragyna*
speciosa.

54 Section 2. Section 4-45-104 is amended to read:

55 **4-45-104. Kratom processor requirements -- Criminal penalty.**

57 (1) A kratom processor may not prepare, distribute, sell, or offer for sale a kratom product:

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- (a) that is mixed or packed with a nonkratom substance that affects the quality or strength of the kratom product to such a degree as to render the kratom product injurious to a consumer;
- 61 (b) that contains a poisonous or ~~[otherwise]~~ potentially deleterious nonkratom ingredient, including a controlled substance as defined in Section 58-37-2;
- 63 (c) containing a level of 7-hydroxymitragynine in the alkaloid fraction that is greater than 2% of the alkaloid composition of the kratom product;
- 65 (d) containing a synthetic alkaloid, including synthetic mitragynine, synthetic 7-hydroxymitragynine, or any other synthetically derived compound of the kratom plant; or
- 68 (e) that does not include a product label on the kratom product packaging that states the amount of mitragynine and 7-hydroxymitragynine contained in the packaged kratom product.
- 71 (2) A kratom processor who violates Subsection (1) is guilty of a class C misdemeanor for each violation.
- 73 (3) A kratom processor does not violate Subsection (1) if the kratom processor shows by a preponderance of the evidence that the kratom processor relied in good faith upon the representation of a manufacturer, processor, packer, or distributor of food represented to be a kratom product.
- 77 (4) A kratom processor may not prepare, distribute, sell, or offer for sale a kratom product that is not registered with the department in accordance with this chapter.
- 79 (5) A kratom processor shall register as a food establishment in accordance with Section 4-5-301.

81 Section 3. Section **4-45-108** is amended to read:

82 **4-45-108. (Effective 01/01/26)Registration of kratom products -- Department duties.**

- 84 (1) The department shall ~~[set a fee to]~~ register a kratom product, in accordance with Section 4-2-103.
- 86 ~~[(2) The fee described in Subsection (1) may be paid by a producer, manufacturer, or distributor of a kratom product, but a kratom product may not be registered with the department until the fee is paid.]~~
- 89 ~~[(3)]~~ (2) The department shall:
- 90 (a) set an administrative fine~~[, larger than the fee described in Subsection (1),]~~ not to exceed \$5,000 for a person who sells a kratom product that is not registered with the department; and
- 93 (b) assess the fine described in Subsection ~~[(3)(a)]~~ (2)(a) against any person who offers an unregistered kratom product for sale in this state or take another administrative action.
- 96 ~~[(4)]~~ (3) The department may seize and destroy any unregistered kratom product offered for sale in this state.

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98 (4) The department shall share information regarding persons that sell kratom products the department
has obtained through implementation and enforcement of this chapter with the State Tax
Commission upon request.

64 Section 3. Section 3 is enacted to read:

65 **4-45-109. Compound kratom product.**

66 (1) Beginning July 1, 2025, a compound kratom product may not be sold in the state until the
compound kratom product has been authorized for sale under Section 4-45-110.

68 (2) Upon a determination by the department that a concern has been identified that requires a review of
whether a compound kratom product can be reasonably expected to be safe based on the product's
labeled conditions of use, the department may:

71 (a) deregister a compound kratom product registered under Section 4-45-108; or

72 (b) rescind the authorization for sale of a compound kratom product authorized for sale under Section
4-45-110.

74 Section 4. Section 4 is enacted to read:

75 **4-45-110. Human consumption safety review for a compound kratom product.**

76 (1) In accordance with Section 4-45-109, a kratom processor may submit scientific research regarding
a compound kratom product for the department to determine whether the product may be sold in the
state.

79 (2)

(a) Upon the submission of scientific research for a compound kratom product, the department shall
review the research and other scientific literature applicable to the compound kratom product under
review.

82 (b) The department shall authorize a compound kratom product for sale in the state only if after the
review the department determines the compound kratom product does not present an unreasonable
risk of illness or injury based on the compound kratom product's labeled conditions of use.

86 (3)

(a) Within 30 days from the day the department issues a decision described in Subsection (2)(b), a
kratom processor may appeal the decision of the department under this section in accordance with
Section 26B-7-417.

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(b) If a compound kratom product is determined to not present an unreasonable risk of illness or injury based on the compound kratom product's labeled conditions of use under Section 26B-7-417, the department shall authorize the compound kratom product for sale in the state.

93 (4)

(a) The department may enter into a contract with another entity to carry out the department's duties described in this section if the entity is not the Department of Health and Human Services.

96 (b) The department shall set a non-refundable fee in accordance with Section 63J-1-504 to recover the department's cost under this section.

98 Section 5. Section 5 is enacted to read:

99 **26B-7-417. Compound kratom review process.**

100 (1) The department shall hear an appeal from a kratom processor under Section 4-45-110.

101 (2) The department shall review:

102 (a) the kratom processor's scientific research submitted to the Department of Agriculture and Food regarding a compound kratom product;

104 (b) the scientific literature the Department of Agriculture and Food reviewed regarding the kratom product; and

106 (c) any other scientific literature the department determines relevant.

107 (3) After reviewing the materials described in Subsection (2), the department shall determine whether the compound kratom product does not present an unreasonable risk of illness or injury based on the compound kratom product's labeled conditions of use.

110 (4) The department may make rules to implement this section.

111 (5) The department shall set a non-refundable fee in accordance with Section 63J-1-504 to recover the department's cost under this section.

101 **Section 4. Section 59-1-306 is amended to read:**

102 **59-1-306. Definition -- State Tax Commission Administrative Charge Account -- Amount of administrative charge -- Deposit of revenue into the restricted account -- Interest deposited into General Fund -- Expenditure of money deposited into the restricted account.**

106 (1) As used in this section, "qualifying tax, fee, or charge" means a tax, fee, or charge the commission administers under:

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

109 (b) Title 10, Chapter 1, Part 4, Municipal Telecommunications License Tax Act;

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- 110 (c) Section 19-6-714;
- 111 (d) Section 19-6-805;
- 112 (e) Chapter 12, Sales and Use Tax Act, other than a tax under Chapter 12, Part 1, Tax Collection, or
Chapter 12, Part 18, Additional State Sales and Use Tax Act;
- 114 (f) Section 59-27-105;
- 115 (g) Chapter 31, [~~Cannabinoi~~d] Specialized Product Licensing and Tax Act;
- 116 (h) Section 63H-1-205; or
- 117 (i) Title 69, Chapter 2, Part 4, Prepaid Wireless Telecommunications Service Charges.
- 118 (2) There is created a restricted account within the General Fund known as the "State Tax Commission
Administrative Charge Account."
- 120 (3) Subject to the other provisions of this section, the restricted account shall consist of administrative
charges the commission retains and deposits in accordance with this section.
- 123 (4) For purposes of this section, the administrative charge is a percentage of revenue the commission
collects from each qualifying tax, fee, or charge of not to exceed the lesser of:
- 126 (a) 1.5%; or
- 127 (b) an equal percentage of revenue the commission collects from each qualifying tax, fee, or charge
sufficient to cover the cost to the commission of administering the qualifying taxes, fees, or charges.
- 130 (5) The commission shall deposit an administrative charge into the restricted account.
- 131 (6) Interest earned on the restricted account shall be deposited into the General Fund.
- 132 (7) The commission shall expend money appropriated by the Legislature to the commission from the
restricted account to administer qualifying taxes, fees, or charges.

134 Section 5. Section 59-1-403 is amended to read:

135 **59-1-403. Confidentiality -- Exceptions -- Penalty -- Application to property tax.**

- 137 (1) As used in this section:
- 138 (a) "Distributed tax, fee, or charge" means a tax, fee, or charge:
- 139 (i) the commission administers under:
- 140 (A) this title, other than a tax under Chapter 12, Part 2, Local Sales and Use Tax Act;
- 142 (B) Title 10, Chapter 1, Part 3, Municipal Energy Sales and Use Tax Act;
- 143 (C) Title 10, Chapter 1, Part 4, Municipal Telecommunications License Tax Act;
- 144 (D) Section 19-6-805;
- 145 (E) Section 63H-1-205; or

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- 146 (F) Title 69, Chapter 2, Part 4, Prepaid Wireless Telecommunications Service Charges; and
148 (ii) with respect to which the commission distributes the revenue collected from the tax, fee, or charge
to a qualifying jurisdiction.
- 150 (b) "Qualifying jurisdiction" means:
- 151 (i) a county, city, or town;
- 152 (ii) the military installation development authority created in Section 63H-1-201; or
- 153 (iii) the Utah Inland Port Authority created in Section 11-58-201.
- 154 (2)
- (a) Any of the following may not divulge or make known in any manner any information gained by that
person from any return filed with the commission:
- 156 (i) a tax commissioner;
- 157 (ii) an agent, clerk, or other officer or employee of the commission; or
- 158 (iii) a representative, agent, clerk, or other officer or employee of any county, city, or town.
- 160 (b) An official charged with the custody of a return filed with the commission is not required to produce
the return or evidence of anything contained in the return in any action or proceeding in any court,
except:
- 163 (i) in accordance with judicial order;
- 164 (ii) on behalf of the commission in any action or proceeding under:
- 165 (A) this title; or
- 166 (B) other law under which persons are required to file returns with the commission;
- 168 (iii) on behalf of the commission in any action or proceeding to which the commission is a party; or
- 170 (iv) on behalf of any party to any action or proceeding under this title if the report or facts shown by the
return are directly involved in the action or proceeding.
- 172 (c) Notwithstanding Subsection (2)(b), a court may require the production of, and may admit in
evidence, any portion of a return or of the facts shown by the return, as are specifically pertinent to
the action or proceeding.
- 175 (3) This section does not prohibit:
- 176 (a) a person or that person's duly authorized representative from receiving a copy of any return or report
filed in connection with that person's own tax;
- 178 (b) the publication of statistics as long as the statistics are classified to prevent the identification of
particular reports or returns; and

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- 180 (c) the inspection by the attorney general or other legal representative of the state of the report or return
of any taxpayer:
- 182 (i) who brings action to set aside or review a tax based on the report or return;
- 183 (ii) against whom an action or proceeding is contemplated or has been instituted under this title; or
- 185 (iii) against whom the state has an unsatisfied money judgment.
- 186 (4)
- (a) Notwithstanding Subsection (2) and for purposes of administration, the commission may by rule,
made in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, provide for a
reciprocal exchange of information with:
- 190 (i) the United States Internal Revenue Service; or
- 191 (ii) the revenue service of any other state.
- 192 (b) Notwithstanding Subsection (2) and for all taxes except individual income tax and corporate
franchise tax, the commission may by rule, made in accordance with Title 63G, Chapter 3, Utah
Administrative Rulemaking Act, share information gathered from returns and other written
statements with the federal government, any other state, any of the political subdivisions of
another state, or any political subdivision of this state, except as limited by Sections 59-12-209 and
59-12-210, if the political subdivision, other state, or the federal government grant substantially
similar privileges to this state.
- 200 (c) Notwithstanding Subsection (2) and for all taxes except individual income tax and corporate
franchise tax, the commission may by rule, in accordance with Title 63G, Chapter 3, Utah
Administrative Rulemaking Act, provide for the issuance of information concerning the identity and
other information of taxpayers who have failed to file tax returns or to pay any tax due.
- 205 (d) Notwithstanding Subsection (2), the commission shall provide to the director of the Division of
Environmental Response and Remediation, as defined in Section 19-6-402, as requested by the
director of the Division of Environmental Response and Remediation, any records, returns, or
other information filed with the commission under Chapter 13, Motor and Special Fuel Tax Act, or
Section 19-6-410.5 regarding the environmental assurance program participation fee.
- 211 (e) Notwithstanding Subsection (2), at the request of any person the commission shall provide that
person sales and purchase volume data reported to the commission on a report, return, or other
information filed with the commission under:
- 214 (i) Chapter 13, Part 2, Motor Fuel; or

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- 215 (ii) Chapter 13, Part 4, Aviation Fuel.
- 216 (f) Notwithstanding Subsection (2), upon request from a tobacco product manufacturer, as defined in
Section 59-22-202, the commission shall report to the manufacturer:
- 218 (i) the quantity of cigarettes, as defined in Section 59-22-202, produced by the manufacturer and
reported to the commission for the previous calendar year under Section 59-14-407; and
- 221 (ii) the quantity of cigarettes, as defined in Section 59-22-202, produced by the manufacturer for which
a tax refund was granted during the previous calendar year under Section 59-14-401 and reported to
the commission under Subsection 59-14-401(1)(a)(v).
- 225 (g) Notwithstanding Subsection (2), the commission shall notify manufacturers, distributors,
wholesalers, and retail dealers of a tobacco product manufacturer that is prohibited from selling
cigarettes to consumers within the state under Subsection 59-14-210(2).
- 229 (h) Notwithstanding Subsection (2), the commission may:
- 230 (i) provide to the Division of Consumer Protection within the Department of Commerce and the
attorney general data:
- 232 (A) reported to the commission under Section 59-14-212; or
- 233 (B) related to a violation under Section 59-14-211; and
- 234 (ii) upon request, provide to any person data reported to the commission under Subsections
59-14-212(1)(a) through (c) and Subsection 59-14-212(1)(g).
- 236 (i) Notwithstanding Subsection (2), the commission shall, at the request of a committee of the
Legislature, the Office of the Legislative Fiscal Analyst, or the Governor's Office of Planning
and Budget, provide to the committee or office the total amount of revenues collected by the
commission under Chapter 24, Radioactive Waste Facility Tax Act, for the time period specified by
the committee or office.
- 241 (j) Notwithstanding Subsection (2), the commission shall make the directory required by Section
59-14-603 available for public inspection.
- 243 (k) Notwithstanding Subsection (2), the commission may share information with federal, state, or local
agencies as provided in Subsection 59-14-606(3).
- 245 (l)
- (i) Notwithstanding Subsection (2), the commission shall provide the Office of Recovery Services
within the Department of Health and Human Services any relevant information obtained from a

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return filed under Chapter 10, Individual Income Tax Act, regarding a taxpayer who has become obligated to the Office of Recovery Services.

- 250 (ii) The information described in Subsection (4)(l)(i) may be provided by the Office of Recovery
Services to any other state's child support collection agency involved in enforcing that support
obligation.
- 253 (m)
- (i) Notwithstanding Subsection (2), upon request from the state court administrator, the commission
shall provide to the state court administrator, the name, address, telephone number, county of
residence, and social security number on resident returns filed under Chapter 10, Individual Income
Tax Act.
- 257 (ii) The state court administrator may use the information described in Subsection (4)(m)(i) only as a
source list for the master jury list described in Section 78B-1-106.
- 260 (n)
- (i) As used in this Subsection (4)(n):
- 261 (A) "GOEO" means the Governor's Office of Economic Opportunity created in Section
63N-1a-301.
- 263 (B) "Income tax information" means information gained by the commission that is required to
be attached to or included in a return filed with the commission under Chapter 7, Corporate
Franchise and Income Taxes, or Chapter 10, Individual Income Tax Act.
- 267 (C) "Other tax information" means information gained by the commission that is required to be
attached to or included in a return filed with the commission except for a return filed under
Chapter 7, Corporate Franchise and Income Taxes, or Chapter 10, Individual Income Tax Act.
- 271 (D) "Tax information" means income tax information or other tax information.
- 272 (ii)
- (A) Notwithstanding Subsection (2) and except as provided in Subsection (4)(n)(ii)(B) or (C), the
commission shall at the request of GOEO provide to GOEO all income tax information.
- 275 (B) For purposes of a request for income tax information made under Subsection (4)(n)(ii)(A), GOEO
may not request and the commission may not provide to GOEO a person's address, name, social
security number, or taxpayer identification number.
- 279 (C) In providing income tax information to GOEO, the commission shall in all instances protect the
privacy of a person as required by Subsection (4)(n)(ii)(B).

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- 281 (iii)
- (A) Notwithstanding Subsection (2) and except as provided in Subsection (4)(n)(iii)(B), the commission shall at the request of GOEO provide to GOEO other tax information.
- 284 (B) Before providing other tax information to GOEO, the commission shall redact or remove any name, address, social security number, or taxpayer identification number.
- 287 (iv) GOEO may provide tax information received from the commission in accordance with this Subsection (4)(n) only:
- 289 (A) as a fiscal estimate, fiscal note information, or statistical information; and
- 290 (B) if the tax information is classified to prevent the identification of a particular return.
- 292 (v)
- (A) A person may not request tax information from GOEO under Title 63G, Chapter 2, Government Records Access and Management Act, or this section, if GOEO received the tax information from the commission in accordance with this Subsection (4)(n).
- 296 (B) GOEO may not provide to a person that requests tax information in accordance with Subsection (4)(n)(v)(A) any tax information other than the tax information GOEO provides in accordance with Subsection (4)(n)(iv).
- 299 (o) Notwithstanding Subsection (2), the commission may provide to the governing board of the agreement or a taxing official of another state, the District of Columbia, the United States, or a territory of the United States:
- 302 (i) the following relating to an agreement sales and use tax:
- 303 (A) information contained in a return filed with the commission;
- 304 (B) information contained in a report filed with the commission;
- 305 (C) a schedule related to Subsection (4)(o)(i)(A) or (B); or
- 306 (D) a document filed with the commission; or
- 307 (ii) a report of an audit or investigation made with respect to an agreement sales and use tax.
- 309 (p) Notwithstanding Subsection (2), the commission may provide information concerning a taxpayer's state income tax return or state income tax withholding information to the Driver License Division if the Driver License Division:
- 312 (i) requests the information; and
- 313 (ii) provides the commission with a signed release form from the taxpayer allowing the Driver License Division access to the information.

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- 315 (q) Notwithstanding Subsection (2), the commission shall provide to the Utah Communications Authority, or a division of the Utah Communications Authority, the information requested by the authority under Sections 63H-7a-302, 63H-7a-402, and 63H-7a-502.
- 319 (r) Notwithstanding Subsection (2), the commission shall provide to the Utah Educational Savings Plan information related to a resident or nonresident individual's contribution to a Utah Educational Savings Plan account as designated on the resident or nonresident's individual income tax return as provided under Section 59-10-1313.
- 324 (s) Notwithstanding Subsection (2), for the purpose of verifying eligibility under Sections 26B-3-106 and 26B-3-903, the commission shall provide an eligibility worker with the Department of Health and Human Services or its designee with the adjusted gross income of an individual if:
- 328 (i) an eligibility worker with the Department of Health and Human Services or its designee requests the information from the commission; and
- 330 (ii) the eligibility worker has complied with the identity verification and consent provisions of Sections 26B-3-106 and 26B-3-903.
- 332 (t) Notwithstanding Subsection (2), the commission may provide to a county, as determined by the commission, information declared on an individual income tax return in accordance with Section 59-10-103.1 that relates to eligibility to claim a residential exemption authorized under Section 59-2-103.
- 336 (u) Notwithstanding Subsection (2), the commission shall provide a report regarding any access line provider that is over 90 days delinquent in payment to the commission of amounts the access line provider owes under Title 69, Chapter 2, Part 4, Prepaid Wireless Telecommunications Service Charges, to the board of the Utah Communications Authority created in Section 63H-7a-201.
- 341 (v) Notwithstanding Subsection (2), the commission shall provide the Department of Environmental Quality a report on the amount of tax paid by a radioactive waste facility for the previous calendar year under Section 59-24-103.5.
- 344 (w) Notwithstanding Subsection (2), the commission may, upon request, provide to the Department of Workforce Services any information received under Chapter 10, Part 4, Withholding of Tax, that is relevant to the duties of the Department of Workforce Services.
- 348 (x) Notwithstanding Subsection (2), the commission may provide the Public Service Commission or the Division of Public Utilities information related to a seller that collects and remits to the commission

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a charge described in Subsection 69-2-405(2), including the seller's identity and the number of charges described in Subsection 69-2-405(2) that the seller collects.

- 353 (y)
- (i) Notwithstanding Subsection (2), the commission shall provide to each qualifying jurisdiction the collection data necessary to verify the revenue collected by the commission for a distributed tax, fee, or charge collected within the qualifying jurisdiction.
- 357 (ii) In addition to the information provided under Subsection (4)(y)(i), the commission shall provide a qualifying jurisdiction with copies of returns and other information relating to a distributed tax, fee, or charge collected within the qualifying jurisdiction.
- 361 (iii)
- (A) To obtain the information described in Subsection (4)(y)(ii), the chief executive officer or the chief executive officer's designee of the qualifying jurisdiction shall submit a written request to the commission that states the specific information sought and how the qualifying jurisdiction intends to use the information.
- 366 (B) The information described in Subsection (4)(y)(ii) is available only in official matters of the qualifying jurisdiction.
- 368 (iv) Information that a qualifying jurisdiction receives in response to a request under this subsection is:
- 370 (A) classified as a private record under Title 63G, Chapter 2, Government Records Access and Management Act; and
- 372 (B) subject to the confidentiality requirements of this section.
- 373 (z) Notwithstanding Subsection (2), the commission shall provide the Alcoholic Beverage Services Commission, upon request, with taxpayer status information related to state tax obligations necessary to comply with the requirements described in Section 32B-1-203.
- 377 (aa) Notwithstanding Subsection (2), the commission shall inform the Department of Workforce Services, as soon as practicable, whether an individual claimed and is entitled to claim a federal earned income tax credit for the year requested by the Department of Workforce Services if:
- 381 (i) the Department of Workforce Services requests this information; and
- 382 (ii) the commission has received the information release described in Section 35A-9-604.
- 384 (bb)
- (i) As used in this Subsection (4)(bb), "unclaimed property administrator" means the administrator or the administrator's agent, as those terms are defined in Section 67-4a-102.

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- 387 (ii)
- (A) Notwithstanding Subsection (2), upon request from the unclaimed property administrator and to the extent allowed under federal law, the commission shall provide the unclaimed property administrator the name, address, telephone number, county of residence, and social security number or federal employer identification number on any return filed under Chapter 7, Corporate Franchise and Income Taxes, or Chapter 10, Individual Income Tax Act.
- 393 (B) The unclaimed property administrator may use the information described in Subsection (4)(bb)(ii) (A) only for the purpose of returning unclaimed property to the property's owner in accordance with Title 67, Chapter 4a, Revised Uniform Unclaimed Property Act.
- 397 (iii) The unclaimed property administrator is subject to the confidentiality provisions of this section with respect to any information the unclaimed property administrator receives under this Subsection (4)(bb).
- 400 (cc) Notwithstanding Subsection (2), the commission may, upon request, disclose a taxpayer's state individual income tax information to a program manager of the Utah Fits All Scholarship Program under Section 53F-6-402 if:
- 403 (i) the taxpayer consents in writing to the disclosure;
- 404 (ii) the taxpayer's written consent includes the taxpayer's name, social security number, and any other information the commission requests that is necessary to verify the identity of the taxpayer; and
- 407 (iii) the program manager provides the taxpayer's written consent to the commission.
- 408 (dd) Notwithstanding Subsection (2), the commission may provide to the Division of Finance within the Department of Government Operations any information necessary to facilitate a payment from the commission to a taxpayer, including:
- 411 (i) the name of the taxpayer entitled to the payment or any other person legally authorized to receive the payment;
- 413 (ii) the taxpayer identification number of the taxpayer entitled to the payment;
- 414 (iii) the payment identification number and amount of the payment;
- 415 (iv) the tax year to which the payment applies and date on which the payment is due;
- 416 (v) a mailing address to which the payment may be directed; and
- 417 (vi) information regarding an account at a depository institution to which the payment may be directed, including the name of the depository institution, the type of account, the account number, and the routing number for the account.

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- 420 (ee) Notwithstanding Subsection (2), the commission shall provide the total amount of revenues
collected by the commission under Subsection 59-5-202(5):
- 422 (i) at the request of a committee of the Legislature, the Office of the Legislative Fiscal Analyst, or the
Governor's Office of Planning and Budget, to the committee or office for the time period specified
by the committee or office; and
- 425 (ii) to the Division of Finance for purposes of the Division of Finance administering Subsection
59-5-202(5).
- 427 (ff) Notwithstanding Subsection (2), the commission may provide the Department of Agriculture and
Food with information from a return filed in accordance with Chapter 31, [~~Cannabinoi~~] Specialized
Product Licensing and Tax Act.
- 430 (5)
- (a) Each report and return shall be preserved for at least three years.
- 431 (b) After the three-year period provided in Subsection (5)(a) the commission may destroy a report or
return.
- 433 (6)
- (a) Any individual who violates this section is guilty of a class A misdemeanor.
- 434 (b) If the individual described in Subsection (6)(a) is an officer or employee of the state, the individual
shall be dismissed from office and be disqualified from holding public office in this state for a
period of five years thereafter.
- 437 (c) Notwithstanding Subsection (6)(a) or (b), GOEO, when requesting information in accordance with
Subsection (4)(n)(iii), or an individual who requests information in accordance with Subsection (4)
(n)(v):
- 440 (i) is not guilty of a class A misdemeanor; and
- 441 (ii) is not subject to:
- 442 (A) dismissal from office in accordance with Subsection (6)(b); or
- 443 (B) disqualification from holding public office in accordance with Subsection (6)(b).
- 445 (d) Notwithstanding Subsection (6)(a) or (b), for a disclosure of information to the Office of the
Legislative Auditor General in accordance with Title 36, Chapter 12, Legislative Organization, an
individual described in Subsection (2):
- 448 (i) is not guilty of a class A misdemeanor; and
- 449 (ii) is not subject to:

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- 450 (A) dismissal from office in accordance with Subsection (6)(b); or
451 (B) disqualification from holding public office in accordance with Subsection (6)(b).
453 (7) Except as provided in Section 59-1-404, this part does not apply to the property tax.

454 Section 6. Section 59-12-104 is amended to read:

455 **59-12-104. Exemptions.**

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

- 457 (1) sales of aviation fuel, motor fuel, and special fuel subject to a Utah state excise tax under Chapter
13, Motor and Special Fuel Tax Act;
- 459 (2) subject to Section 59-12-104.6, sales to the state, its institutions, and its political subdivisions;
however, this exemption does not apply to sales of:
- 461 (a) construction materials except:
- 462 (i) construction materials purchased by or on behalf of institutions of the public education system as
defined in Utah Constitution, Article X, Section 2, provided the construction materials are clearly
identified and segregated and installed or converted to real property which is owned by institutions
of the public education system; and
- 467 (ii) construction materials purchased by the state, its institutions, or its political subdivisions which
are installed or converted to real property by employees of the state, its institutions, or its political
subdivisions; or
- 470 (b) tangible personal property in connection with the construction, operation, maintenance, repair, or
replacement of a project, as defined in Section 11-13-103, or facilities providing additional project
capacity, as defined in Section 11-13-103;
- 473 (3)
- (a) sales of an item described in Subsection (3)(b) from a vending machine if:
- 474 (i) the proceeds of each sale do not exceed \$1; and
- 475 (ii) the seller or operator of the vending machine reports an amount equal to 150% of the cost of the
item described in Subsection (3)(b) as goods consumed; and
- 477 (b) Subsection (3)(a) applies to:
- 478 (i) food and food ingredients; or
- 479 (ii) prepared food;
- 480 (4)
- (a) sales of the following to a commercial airline carrier for in-flight consumption:

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- 481 (i) alcoholic beverages;
- 482 (ii) food and food ingredients; or
- 483 (iii) prepared food;
- 484 (b) sales of tangible personal property or a product transferred electronically:
- 485 (i) to a passenger;
- 486 (ii) by a commercial airline carrier; and
- 487 (iii) during a flight for in-flight consumption or in-flight use by the passenger; or
- 488 (c) services related to Subsection (4)(a) or (b);
- 489 (5) sales of parts and equipment for installation in an aircraft operated by a common carrier in interstate
or foreign commerce;
- 491 (6) sales of commercials, motion picture films, prerecorded audio program tapes or records, and
prerecorded video tapes by a producer, distributor, or studio to a motion picture exhibitor,
distributor, or commercial television or radio broadcaster;
- 494 (7)
- (a) except as provided in Subsection (85) and subject to Subsection (7)(b), sales of cleaning or washing
of tangible personal property if the cleaning or washing of the tangible personal property is not
assisted cleaning or washing of tangible personal property;
- 498 (b) if a seller that sells at the same business location assisted cleaning or washing of tangible personal
property and cleaning or washing of tangible personal property that is not assisted cleaning or
washing of tangible personal property, the exemption described in Subsection (7)(a) applies if the
seller separately accounts for the sales of the assisted cleaning or washing of the tangible personal
property; and
- 503 (c) for purposes of Subsection (7)(b) and in accordance with Title 63G, Chapter 3, Utah Administrative
Rulemaking Act, the commission may make rules:
- 505 (i) governing the circumstances under which sales are at the same business location; and
- 507 (ii) establishing the procedures and requirements for a seller to separately account for sales of assisted
cleaning or washing of tangible personal property;
- 509 (8) sales made to or by religious or charitable institutions in the conduct of their regular religious or
charitable functions and activities, if the requirements of Section 59-12-104.1 are fulfilled;
- 512 (9) sales of a vehicle of a type required to be registered under the motor vehicle laws of this state if:
- 514 (a) the sale is not from the vehicle's lessor to the vehicle's lessee;

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- 515 (b) the vehicle is not registered in this state; and
516 (c)
517 (i) the vehicle is not used in this state; or
518 (ii) the vehicle is used in this state:
519 (A) if the vehicle is not used to conduct business, for a time period that does not exceed the longer of:
520 (I) 30 days in any calendar year; or
521 (II) the time period necessary to transport the vehicle to the borders of this state; or
522 (B) if the vehicle is used to conduct business, for the time period necessary to transport the vehicle to
523 the borders of this state;
524 (10)
525 (a) amounts paid for an item described in Subsection (10)(b) if:
526 (i) the item is intended for human use; and
527 (ii)
528 (A) a prescription was issued for the item; or
529 (B) the item was purchased by a hospital or other medical facility; and
530 (b)
531 (i) Subsection (10)(a) applies to:
532 (A) a drug;
533 (B) a syringe; or
534 (C) a stoma supply; and
535 (ii) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission
536 may by rule define the terms:
537 (A) "syringe"; or
538 (B) "stoma supply";
539 (11) purchases or leases exempt under Section 19-12-201;
540 (12)
541 (a) sales of an item described in Subsection (12)(c) served by:
542 (i) the following if the item described in Subsection (12)(c) is not available to the general public:
543 (A) a church; or
544 (B) a charitable institution; or
545 (ii) an institution of higher education if:

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- 544 (A) the item described in Subsection (12)(c) is not available to the general public; or
546 (B) the item described in Subsection (12)(c) is prepaid as part of a student meal plan offered by the
institution of higher education; or
- 548 (b) sales of an item described in Subsection (12)(c) provided for a patient by:
549 (i) a medical facility; or
550 (ii) a nursing facility; and
- 551 (c) Subsections (12)(a) and (b) apply to:
552 (i) food and food ingredients;
553 (ii) prepared food; or
554 (iii) alcoholic beverages;
555 (13)
- (a) except as provided in Subsection (13)(b), the sale of tangible personal property or a product
transferred electronically by a person:
557 (i) regardless of the number of transactions involving the sale of that tangible personal property or
product transferred electronically by that person; and
559 (ii) not regularly engaged in the business of selling that type of tangible personal property or
product transferred electronically;
- (b) this Subsection (13) does not apply if:
562 (i) the sale is one of a series of sales of a character to indicate that the person is regularly engaged in the
business of selling that type of tangible personal property or product transferred electronically;
565 (ii) the person holds that person out as regularly engaged in the business of selling that type of tangible
personal property or product transferred electronically;
567 (iii) the person sells an item of tangible personal property or product transferred electronically that the
person purchased as a sale that is exempt under Subsection (25); or
570 (iv) the sale is of a vehicle or vessel required to be titled or registered under the laws of this state in
which case the tax is based upon:
572 (A) the bill of sale, lease agreement, or other written evidence of value of the vehicle or vessel being
sold; or
574 (B) in the absence of a bill of sale, lease agreement, or other written evidence of value, the fair market
value of the vehicle or vessel being sold at the time of the sale as determined by the commission;
and

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- 577 (c) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission
shall make rules establishing the circumstances under which:
- 579 (i) a person is regularly engaged in the business of selling a type of tangible personal property or
product transferred electronically;
- 581 (ii) a sale of tangible personal property or a product transferred electronically is one of a series of sales
of a character to indicate that a person is regularly engaged in the business of selling that type of
tangible personal property or product transferred electronically; or
- 585 (iii) a person holds that person out as regularly engaged in the business of selling a type of tangible
personal property or product transferred electronically;
- 587 (14) amounts paid or charged for a purchase or lease of machinery, equipment, normal operating repair
or replacement parts, or materials, except for office equipment or office supplies, by:
- 590 (a) a manufacturing facility that:
- 591 (i) is located in the state; and
- 592 (ii) uses or consumes the machinery, equipment, normal operating repair or replacement parts, or
materials:
- 594 (A) in the manufacturing process to manufacture an item sold as tangible personal property, as the
commission may define that phrase in accordance with Title 63G, Chapter 3, Utah Administrative
Rulemaking Act; or
- 597 (B) for a scrap recycler, to process an item sold as tangible personal property, as the commission may
define that phrase in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act;
- 600 (b) an establishment, as the commission defines that term in accordance with Title 63G, Chapter 3, Utah
Administrative Rulemaking Act, that:
- 602 (i) is described in NAICS Subsector 212, Mining (except Oil and Gas), or NAICS Code 213113,
Support Activities for Coal Mining, 213114, Support Activities for Metal Mining, or 213115,
Support Activities for Nonmetallic Minerals (except Fuels) Mining, of the 2002 North American
Industry Classification System of the federal Executive Office of the President, Office of
Management and Budget;
- 607 (ii) is located in the state; and
- 608 (iii) uses or consumes the machinery, equipment, normal operating repair or replacement parts, or
materials in:
- 610

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- (A) the production process to produce an item sold as tangible personal property, as the commission may define that phrase in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act;
- 613 (B) research and development, as the commission may define that phrase in accordance with Title 63G,
Chapter 3, Utah Administrative Rulemaking Act;
- 615 (C) transporting, storing, or managing tailings, overburden, or similar waste materials produced from
mining;
- 617 (D) developing or maintaining a road, tunnel, excavation, or similar feature used in mining; or
- 619 (E) preventing, controlling, or reducing dust or other pollutants from mining; or
- 620 (c) an establishment, as the commission defines that term in accordance with Title 63G, Chapter 3, Utah
Administrative Rulemaking Act, that:
- 622 (i) is described in NAICS Code 518112, Web Search Portals, of the 2002 North American Industry
Classification System of the federal Executive Office of the President, Office of Management and
Budget;
- 625 (ii) is located in the state; and
- 626 (iii) uses or consumes the machinery, equipment, normal operating repair or replacement parts, or
materials in the operation of the web search portal;
- 628 (15)
- (a) sales of the following if the requirements of Subsection (15)(b) are met:
- 629 (i) tooling;
- 630 (ii) special tooling;
- 631 (iii) support equipment;
- 632 (iv) special test equipment; or
- 633 (v) parts used in the repairs or renovations of tooling or equipment described in Subsections (15)(a)
(i) through (iv); and
- 635 (b) sales of tooling, equipment, or parts described in Subsection (15)(a) are exempt if:
- 636 (i) the tooling, equipment, or parts are used or consumed exclusively in the performance of any
aerospace or electronics industry contract with the United States government or any subcontract
under that contract; and
- 639 (ii) under the terms of the contract or subcontract described in Subsection (15)(b)(i), title to the tooling,
equipment, or parts is vested in the United States government as evidenced by:

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- 642 (A) a government identification tag placed on the tooling, equipment, or parts; or
643 (B) listing on a government-approved property record if placing a government identification tag on the
tooling, equipment, or parts is impractical;
- 645 (16) sales of newspapers or newspaper subscriptions;
646 (17)
- (a) except as provided in Subsection (17)(b), tangible personal property or a product transferred
electronically traded in as full or part payment of the purchase price, except that for purposes of
calculating sales or use tax upon vehicles not sold by a vehicle dealer, trade-ins are limited to other
vehicles only, and the tax is based upon:
- 650 (i) the bill of sale or other written evidence of value of the vehicle being sold and the vehicle being
traded in; or
652 (ii) in the absence of a bill of sale or other written evidence of value, the then existing fair
market value of the vehicle being sold and the vehicle being traded in, as determined by the
commission; and
- 655 (b) Subsection (17)(a) does not apply to the following items of tangible personal property or products
transferred electronically traded in as full or part payment of the purchase price:
- 658 (i) money;
659 (ii) electricity;
660 (iii) water;
661 (iv) gas; or
662 (v) steam;
- 663 (18)
- (a)
- (i) except as provided in Subsection (18)(b), sales of tangible personal property or a product
transferred electronically used or consumed primarily and directly in farming operations,
regardless of whether the tangible personal property or product transferred electronically:
- 667 (A) becomes part of real estate; or
668 (B) is installed by a farmer, contractor, or subcontractor; or
669 (ii) sales of parts used in the repairs or renovations of tangible personal property or a product
transferred electronically if the tangible personal property or product transferred electronically
is exempt under Subsection (18)(a)(i); and

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- 672 (b) amounts paid or charged for the following are subject to the taxes imposed by this chapter:
674 (i)
(A) subject to Subsection (18)(b)(i)(B), machinery, equipment, materials, or supplies if used in a
manner that is incidental to farming; and
676 (B) tangible personal property that is considered to be used in a manner that is incidental to farming
includes:
678 (I) hand tools; or
679 (II) maintenance and janitorial equipment and supplies;
680 (ii)
(A) subject to Subsection (18)(b)(ii)(B), tangible personal property or a product transferred
electronically if the tangible personal property or product transferred electronically is used in an
activity other than farming; and
683 (B) tangible personal property or a product transferred electronically that is considered to be used in an
activity other than farming includes:
685 (I) office equipment and supplies; or
686 (II) equipment and supplies used in:
687 (Aa) the sale or distribution of farm products;
688 (Bb) research; or
689 (Cc) transportation; or
690 (iii) a vehicle required to be registered by the laws of this state during the period ending two years after
the date of the vehicle's purchase;
692 (19) sales of hay;
693 (20) exclusive sale during the harvest season of seasonal crops, seedling plants, or garden, farm, or
other agricultural produce if the seasonal crops are, seedling plants are, or garden, farm, or other
agricultural produce is sold by:
696 (a) the producer of the seasonal crops, seedling plants, or garden, farm, or other agricultural produce;
698 (b) an employee of the producer described in Subsection (20)(a); or
699 (c) a member of the immediate family of the producer described in Subsection (20)(a);
700 (21) purchases made using a coupon as defined in 7 U.S.C. Sec. 2012 that is issued under the Food
Stamp Program, 7 U.S.C. Sec. 2011 et seq.;
- 702

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- (22) sales of nonreturnable containers, nonreturnable labels, nonreturnable bags, nonreturnable shipping cases, and nonreturnable casings to a manufacturer, processor, wholesaler, or retailer for use in packaging tangible personal property to be sold by that manufacturer, processor, wholesaler, or retailer;
- 706 (23) a product stored in the state for resale;
- 707 (24)
- (a) purchases of a product if:
- 708 (i) the product is:
- 709 (A) purchased outside of this state;
- 710 (B) brought into this state:
- 711 (I) at any time after the purchase described in Subsection (24)(a)(i)(A); and
- 712 (II) by a nonresident person who is not living or working in this state at the time of the purchase;
- 714 (C) used for the personal use or enjoyment of the nonresident person described in Subsection (24)(a)(i)(B)(II) while that nonresident person is within the state; and
- 717 (D) not used in conducting business in this state; and
- 718 (ii) for:
- 719 (A) a product other than a boat described in Subsection (24)(a)(ii)(B), the first use of the product for a purpose for which the product is designed occurs outside of this state;
- 722 (B) a boat, the boat is registered outside of this state; or
- 723 (C) a vehicle other than a vehicle sold to an authorized carrier, the vehicle is registered outside of this state;
- 725 (b) the exemption provided for in Subsection (24)(a) does not apply to:
- 726 (i) a lease or rental of a product; or
- 727 (ii) a sale of a vehicle exempt under Subsection (33); and
- 728 (c) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, for purposes of Subsection (24)(a), the commission may by rule define what constitutes the following:
- 731 (i) conducting business in this state if that phrase has the same meaning in this Subsection (24) as in Subsection (63);
- 733 (ii) the first use of a product if that phrase has the same meaning in this Subsection (24) as in Subsection (63); or
- 735

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- (iii) a purpose for which a product is designed if that phrase has the same meaning in this Subsection (24) as in Subsection (63);
- 737 (25) a product purchased for resale in the regular course of business, either in its original form or as an ingredient or component part of a manufactured or compounded product;
- 739 (26) a product upon which a sales or use tax was paid to some other state, or one of its subdivisions, except that the state shall be paid any difference between the tax paid and the tax imposed by this part and Part 2, Local Sales and Use Tax Act, and no adjustment is allowed if the tax paid was greater than the tax imposed by this part and Part 2, Local Sales and Use Tax Act;
- 744 (27) any sale of a service described in Subsections 59-12-103(1)(b), (c), and (d) to a person for use in compounding a service taxable under the subsections;
- 746 (28) purchases made in accordance with the special supplemental nutrition program for women, infants, and children established in 42 U.S.C. Sec. 1786;
- 748 (29) sales or leases of rolls, rollers, refractory brick, electric motors, or other replacement parts used in the furnaces, mills, or ovens of a steel mill described in SIC Code 3312 of the 1987 Standard Industrial Classification Manual of the federal Executive Office of the President, Office of Management and Budget;
- 752 (30) sales of a boat of a type required to be registered under Title 73, Chapter 18, State Boating Act, a boat trailer, or an outboard motor if the boat, boat trailer, or outboard motor is:
- 755 (a) not registered in this state; and
- 756 (b)
- (i) not used in this state; or
- 757 (ii) used in this state:
- 758 (A) if the boat, boat trailer, or outboard motor is not used to conduct business, for a time period that does not exceed the longer of:
- 760 (I) 30 days in any calendar year; or
- 761 (II) the time period necessary to transport the boat, boat trailer, or outboard motor to the borders of this state; or
- 763 (B) if the boat, boat trailer, or outboard motor is used to conduct business, for the time period necessary to transport the boat, boat trailer, or outboard motor to the borders of this state;
- 766 (31) sales of aircraft manufactured in Utah;
- 767

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- (32) amounts paid for the purchase of telecommunications service for purposes of providing telecommunications service;
- 769 (33) sales, leases, or uses of the following:
- 770 (a) a vehicle by an authorized carrier; or
- 771 (b) tangible personal property that is installed on a vehicle:
- 772 (i) sold or leased to or used by an authorized carrier; and
- 773 (ii) before the vehicle is placed in service for the first time;
- 774 (34)
- (a) 45% of the sales price of any new manufactured home; and
- 775 (b) 100% of the sales price of any used manufactured home;
- 776 (35) sales relating to schools and fundraising sales;
- 777 (36) sales or rentals of durable medical equipment if:
- 778 (a) a person presents a prescription for the durable medical equipment; and
- 779 (b) the durable medical equipment is used for home use only;
- 780 (37)
- (a) sales to a ski resort of electricity to operate a passenger ropeway as defined in Section 72-11-102; and
- 782 (b) the commission shall by rule determine the method for calculating sales exempt under Subsection (37)(a) that are not separately metered and accounted for in utility billings;
- 785 (38) sales to a ski resort of:
- 786 (a) snowmaking equipment;
- 787 (b) ski slope grooming equipment;
- 788 (c) passenger ropeways as defined in Section 72-11-102; or
- 789 (d) parts used in the repairs or renovations of equipment or passenger ropeways described in Subsections (38)(a) through (c);
- 791 (39) subject to Subsection 59-12-103(2)(j), sales of natural gas, electricity, heat, coal, fuel oil, or other fuels for industrial use;
- 793 (40)
- (a) subject to Subsection (40)(b), sales or rentals of the right to use or operate for amusement, entertainment, or recreation an unassisted amusement device as defined in Section 59-12-102;
- 796

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- (b) if a seller that sells or rents at the same business location the right to use or operate for amusement, entertainment, or recreation one or more unassisted amusement devices and one or more assisted amusement devices, the exemption described in Subsection (40)(a) applies if the seller separately accounts for the sales or rentals of the right to use or operate for amusement, entertainment, or recreation for the assisted amusement devices; and
- 802 (c) for purposes of Subsection (40)(b) and in accordance with Title 63G, Chapter 3, Utah
Administrative Rulemaking Act, the commission may make rules:
- 804 (i) governing the circumstances under which sales are at the same business location; and
- 806 (ii) establishing the procedures and requirements for a seller to separately account for the sales or
rentals of the right to use or operate for amusement, entertainment, or recreation for assisted
amusement devices;
- 809 (41)
- (a) sales of photocopies by:
- 810 (i) a governmental entity; or
- 811 (ii) an entity within the state system of public education, including:
- 812 (A) a school; or
- 813 (B) the State Board of Education; or
- 814 (b) sales of publications by a governmental entity;
- 815 (42) amounts paid for admission to an athletic event at an institution of higher education that is subject
to the provisions of Title IX of the Education Amendments of 1972, 20 U.S.C. Sec. 1681 et seq.;
- 818 (43)
- (a) sales made to or by:
- 819 (i) an area agency on aging; or
- 820 (ii) a senior citizen center owned by a county, city, or town; or
- 821 (b) sales made by a senior citizen center that contracts with an area agency on aging;
- 822 (44) sales or leases of semiconductor fabricating, processing, research, or development materials
regardless of whether the semiconductor fabricating, processing, research, or development
materials:
- 825 (a) actually come into contact with a semiconductor; or
- 826 (b) ultimately become incorporated into real property;
- 827

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- 830 (45) an amount paid by or charged to a purchaser for accommodations and services described in
Subsection 59-12-103(1)(i) to the extent the amount is exempt under Section 59-12-104.2;
- 833 (46) the lease or use of a vehicle issued a temporary sports event registration certificate in accordance
with Section 41-3-306 for the event period specified on the temporary sports event registration
certificate;
- 837 (47)
- (a) sales or uses of electricity, if the sales or uses are made under a retail tariff adopted by the Public
Service Commission only for purchase of electricity produced from a new alternative energy source
built after January 1, 2016, as designated in the tariff by the Public Service Commission; and
- (b) for a residential use customer only, the exemption under Subsection (47)(a) applies only to the
portion of the tariff rate a customer pays under the tariff described in Subsection (47)(a) that exceeds
the tariff rate under the tariff described in Subsection (47)(a) that the customer would have paid
absent the tariff;
- 841 (48) sales or rentals of mobility enhancing equipment if a person presents a prescription for the mobility
enhancing equipment;
- 843 (49) sales of water in a:
- 844 (a) pipe;
- 845 (b) conduit;
- 846 (c) ditch; or
- 847 (d) reservoir;
- 848 (50) sales of currency or coins that constitute legal tender of a state, the United States, or a foreign
nation;
- 850 (51)
- (a) sales of an item described in Subsection (51)(b) if the item:
- 851 (i) does not constitute legal tender of a state, the United States, or a foreign nation; and
- 853 (ii) has a gold, silver, or platinum content of 50% or more; and
- 854 (b) Subsection (51)(a) applies to a gold, silver, or platinum:
- 855 (i) ingot;
- 856 (ii) bar;
- 857 (iii) medallion; or
- 858 (iv) decorative coin;

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- 859 (52) amounts paid on a sale-leaseback transaction;
- 860 (53) sales of a prosthetic device:
- 861 (a) for use on or in a human; and
- 862 (b)
- 863 (i) for which a prescription is required; or
- 864 (ii) if the prosthetic device is purchased by a hospital or other medical facility;
- 864 (54)
- (a) except as provided in Subsection (54)(b), purchases, leases, or rentals of machinery or equipment by an establishment described in Subsection (54)(c) if the machinery or equipment is primarily used in the production or postproduction of the following media for commercial distribution:
- 868 (i) a motion picture;
- 869 (ii) a television program;
- 870 (iii) a movie made for television;
- 871 (iv) a music video;
- 872 (v) a commercial;
- 873 (vi) a documentary; or
- 874 (vii) a medium similar to Subsections (54)(a)(i) through (vi) as determined by the commission by administrative rule made in accordance with Subsection (54)(d); or
- 876 (b) purchases, leases, or rentals of machinery or equipment by an establishment described in Subsection (54)(c) that is used for the production or postproduction of the following are subject to the taxes imposed by this chapter:
- 879 (i) a live musical performance;
- 880 (ii) a live news program; or
- 881 (iii) a live sporting event;
- 882 (c) the following establishments listed in the 1997 North American Industry Classification System of the federal Executive Office of the President, Office of Management and Budget, apply to Subsections (54)(a) and (b):
- 885 (i) NAICS Code 512110; or
- 886 (ii) NAICS Code 51219; and
- 887 (d) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission may by rule:

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- 889 (i) prescribe what constitutes a medium similar to Subsections (54)(a)(i) through (vi); or
891 (ii) define:
- 892 (A) "commercial distribution";
893 (B) "live musical performance";
894 (C) "live news program"; or
895 (D) "live sporting event";
896 (55)
- (a) leases of seven or more years or purchases made on or after July 1, 2004, but on or before June 30, 2027, of tangible personal property that:
- 898 (i) is leased or purchased for or by a facility that:
- 899 (A) is an alternative energy electricity production facility;
900 (B) is located in the state; and
901 (C)
(I) becomes operational on or after July 1, 2004; or
902 (II) has its generation capacity increased by one or more megawatts on or after July 1, 2004, as a result of the use of the tangible personal property;
- 904 (ii) has an economic life of five or more years; and
905 (iii) is used to make the facility or the increase in capacity of the facility described in Subsection (55)(a)(i) operational up to the point of interconnection with an existing transmission grid including:
- 908 (A) a wind turbine;
909 (B) generating equipment;
910 (C) a control and monitoring system;
911 (D) a power line;
912 (E) substation equipment;
913 (F) lighting;
914 (G) fencing;
915 (H) pipes; or
916 (I) other equipment used for locating a power line or pole; and
917 (b) this Subsection (55) does not apply to:
918 (i) tangible personal property used in construction of:

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- 919 (A) a new alternative energy electricity production facility; or
920 (B) the increase in the capacity of an alternative energy electricity production facility;
922 (ii) contracted services required for construction and routine maintenance activities; and
924 (iii) unless the tangible personal property is used or acquired for an increase in capacity of the facility
described in Subsection (55)(a)(i)(C)(II), tangible personal property used or acquired after:
927 (A) the alternative energy electricity production facility described in Subsection (55)(a)(i) is operational
as described in Subsection (55)(a)(iii); or
929 (B) the increased capacity described in Subsection (55)(a)(i) is operational as described in Subsection
(55)(a)(iii);
931 (56)
(a) leases of seven or more years or purchases made on or after July 1, 2004, but on or before June 30,
2027, of tangible personal property that:
933 (i) is leased or purchased for or by a facility that:
934 (A) is a waste energy production facility;
935 (B) is located in the state; and
936 (C)
(I) becomes operational on or after July 1, 2004; or
937 (II) has its generation capacity increased by one or more megawatts on or after July 1, 2004, as a result
of the use of the tangible personal property;
939 (ii) has an economic life of five or more years; and
940 (iii) is used to make the facility or the increase in capacity of the facility described in Subsection
(56)(a)(i) operational up to the point of interconnection with an existing transmission grid
including:
943 (A) generating equipment;
944 (B) a control and monitoring system;
945 (C) a power line;
946 (D) substation equipment;
947 (E) lighting;
948 (F) fencing;
949 (G) pipes; or
950 (H) other equipment used for locating a power line or pole; and

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- 951 (b) this Subsection (56) does not apply to:
- 952 (i) tangible personal property used in construction of:
- 953 (A) a new waste energy facility; or
- 954 (B) the increase in the capacity of a waste energy facility;
- 955 (ii) contracted services required for construction and routine maintenance activities; and
- 957 (iii) unless the tangible personal property is used or acquired for an increase in capacity described in
Subsection (56)(a)(i)(C)(II), tangible personal property used or acquired after:
- 960 (A) the waste energy facility described in Subsection (56)(a)(i) is operational as described in Subsection
(56)(a)(iii); or
- 962 (B) the increased capacity described in Subsection (56)(a)(i) is operational as described in Subsection
(56)(a)(iii);
- 964 (57)
- (a) leases of five or more years or purchases made on or after July 1, 2004, but on or before June 30,
2027, of tangible personal property that:
- 966 (i) is leased or purchased for or by a facility that:
- 967 (A) is located in the state;
- 968 (B) produces fuel from alternative energy, including:
- 969 (I) methanol; or
- 970 (II) ethanol; and
- 971 (C)
- (I) becomes operational on or after July 1, 2004; or
- 972 (II) has its capacity to produce fuel increase by 25% or more on or after July 1, 2004, as a result of the
installation of the tangible personal property;
- 974 (ii) has an economic life of five or more years; and
- 975 (iii) is installed on the facility described in Subsection (57)(a)(i);
- 976 (b) this Subsection (57) does not apply to:
- 977 (i) tangible personal property used in construction of:
- 978 (A) a new facility described in Subsection (57)(a)(i); or
- 979 (B) the increase in capacity of the facility described in Subsection (57)(a)(i); or
- 980 (ii) contracted services required for construction and routine maintenance activities; and
- 982

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

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

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

987 (58)

(a) subject to Subsection (58)(b), sales of tangible personal property or a product transferred electronically to a person within this state if that tangible personal property or product transferred electronically is subsequently shipped outside the state and incorporated pursuant to contract into and becomes a part of real property located outside of this state; and

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

997 (59) purchases:

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

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

1000 (A) names; or

1001 (B) addresses; or

1002 (ii) a database containing information that includes one or more:

1003 (A) names; or

1004 (B) addresses; and

1005 (b) used to send direct mail;

1006 (60) redemptions or repurchases of a product by a person if that product was:

1007 (a) delivered to a pawnbroker as part of a pawn transaction; and

1008 (b) redeemed or repurchased within the time period established in a written agreement between the person and the pawnbroker for redeeming or repurchasing the product;

1010 (61)

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

1011 (i) is purchased or leased by, or on behalf of, a telecommunications service provider; and

1013 (ii) has a useful economic life of one or more years; and

1014 (b) the following apply to Subsection (61)(a):

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- 1015 (i) telecommunications enabling or facilitating equipment, machinery, or software;
1016 (ii) telecommunications equipment, machinery, or software required for 911 service;
1017 (iii) telecommunications maintenance or repair equipment, machinery, or software;
1018 (iv) telecommunications switching or routing equipment, machinery, or software; or
1019 (v) telecommunications transmission equipment, machinery, or software;
1020 (62)
(a) beginning on July 1, 2006, and ending on June 30, 2027, purchases of tangible personal property
or a product transferred electronically that are used in the research and development of alternative
energy technology; and
1023 (b) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission
may, for purposes of Subsection (62)(a), make rules defining what constitutes purchases of
tangible personal property or a product transferred electronically that are used in the research and
development of alternative energy technology;
1028 (63)
(a) purchases of tangible personal property or a product transferred electronically if:
1029 (i) the tangible personal property or product transferred electronically is:
1030 (A) purchased outside of this state;
1031 (B) brought into this state at any time after the purchase described in Subsection (63)(a)(i)(A); and
1033 (C) used in conducting business in this state; and
1034 (ii) for:
1035 (A) tangible personal property or a product transferred electronically other than the tangible personal
property described in Subsection (63)(a)(ii)(B), the first use of the property for a purpose for which
the property is designed occurs outside of this state; or
1039 (B) a vehicle other than a vehicle sold to an authorized carrier, the vehicle is registered outside of this
state and not required to be registered in this state under Section 41-1a-202 or 73-18-9 based on
residency;
1042 (b) the exemption provided for in Subsection (63)(a) does not apply to:
1043 (i) a lease or rental of tangible personal property or a product transferred electronically; or
1045 (ii) a sale of a vehicle exempt under Subsection (33); and
1046 (c) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, for purposes of
Subsection (63)(a), the commission may by rule define what constitutes the following:

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- 1049 (i) conducting business in this state if that phrase has the same meaning in this Subsection (63) as in
Subsection (24);
- 1051 (ii) the first use of tangible personal property or a product transferred electronically if that phrase has
the same meaning in this Subsection (63) as in Subsection (24); or
- 1053 (iii) a purpose for which tangible personal property or a product transferred electronically is designed if
that phrase has the same meaning in this Subsection (63) as in Subsection (24);
- 1056 (64) sales of disposable home medical equipment or supplies if:
- 1057 (a) a person presents a prescription for the disposable home medical equipment or supplies;
- 1059 (b) the disposable home medical equipment or supplies are used exclusively by the person to whom the
prescription described in Subsection (64)(a) is issued; and
- 1061 (c) the disposable home medical equipment and supplies are listed as eligible for payment under:
- 1063 (i) Title XVIII, federal Social Security Act; or
- 1064 (ii) the state plan for medical assistance under Title XIX, federal Social Security Act;
- 1065 (65) sales:
- 1066 (a) to a public transit district under Title 17B, Chapter 2a, Part 8, Public Transit District Act; or
- 1068 (b) of tangible personal property to a subcontractor of a public transit district, if the tangible personal
property is:
- 1070 (i) clearly identified; and
- 1071 (ii) installed or converted to real property owned by the public transit district;
- 1072 (66) sales of construction materials:
- 1073 (a) purchased on or after July 1, 2010;
- 1074 (b) purchased by, on behalf of, or for the benefit of an international airport:
- 1075 (i) located within a county of the first class; and
- 1076 (ii) that has a United States customs office on its premises; and
- 1077 (c) if the construction materials are:
- 1078 (i) clearly identified;
- 1079 (ii) segregated; and
- 1080 (iii) installed or converted to real property:
- 1081 (A) owned or operated by the international airport described in Subsection (66)(b); and
- 1083 (B) located at the international airport described in Subsection (66)(b);
- 1084 (67) sales of construction materials:

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- 1085 (a) purchased on or after July 1, 2008;
- 1086 (b) purchased by, on behalf of, or for the benefit of a new airport:
- 1087 (i) located within a county of the second class; and
- 1088 (ii) that is owned or operated by a city in which an airline as defined in Section 59-2-102 is
headquartered; and
- 1090 (c) if the construction materials are:
- 1091 (i) clearly identified;
- 1092 (ii) segregated; and
- 1093 (iii) installed or converted to real property:
- 1094 (A) owned or operated by the new airport described in Subsection (67)(b);
- 1095 (B) located at the new airport described in Subsection (67)(b); and
- 1096 (C) as part of the construction of the new airport described in Subsection (67)(b);
- 1097 (68) except for the tax imposed by Subsection 59-12-103(2)(d), sales of fuel to a common carrier that is
a railroad for use in a locomotive engine;
- 1099 (69) purchases and sales described in Section 63H-4-111;
- 1100 (70)
- (a) sales of tangible personal property to an aircraft maintenance, repair, and overhaul provider for use
in the maintenance, repair, overhaul, or refurbishment in this state of a fixed wing turbine powered
aircraft if that fixed wing turbine powered aircraft's registration lists a state or country other than
this state as the location of registry of the fixed wing turbine powered aircraft; or
- 1105 (b) sales of tangible personal property by an aircraft maintenance, repair, and overhaul provider in
connection with the maintenance, repair, overhaul, or refurbishment in this state of a fixed wing
turbine powered aircraft if that fixed wing turbine powered aircraft's registration lists a state or
country other than this state as the location of registry of the fixed wing turbine powered aircraft;
- 1110 (71) subject to Section 59-12-104.4, sales of a textbook for a higher education course:
- 1111 (a) to a person admitted to an institution of higher education; and
- 1112 (b) by a seller, other than a bookstore owned by an institution of higher education, if 51% or more
of that seller's sales revenue for the previous calendar quarter are sales of a textbook for a higher
education course;
- 1115

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- (72) a license fee or tax a municipality imposes in accordance with Subsection 10-1-203(5) on a purchaser from a business for which the municipality provides an enhanced level of municipal services;
- 1118 (73) amounts paid or charged for construction materials used in the construction of a new or expanding
life science research and development facility in the state, if the construction materials are:
- 1121 (a) clearly identified;
- 1122 (b) segregated; and
- 1123 (c) installed or converted to real property;
- 1124 (74) amounts paid or charged for:
- 1125 (a) a purchase or lease of machinery and equipment that:
- 1126 (i) are used in performing qualified research:
- 1127 (A) as defined in Section 41(d), Internal Revenue Code; and
- 1128 (B) in the state; and
- 1129 (ii) have an economic life of three or more years; and
- 1130 (b) normal operating repair or replacement parts:
- 1131 (i) for the machinery and equipment described in Subsection (74)(a); and
- 1132 (ii) that have an economic life of three or more years;
- 1133 (75) a sale or lease of tangible personal property used in the preparation of prepared food if:
- 1134 (a) for a sale:
- 1135 (i) the ownership of the seller and the ownership of the purchaser are identical; and
- 1136 (ii) the seller or the purchaser paid a tax under this chapter on the purchase of that tangible personal
property prior to making the sale; or
- 1138 (b) for a lease:
- 1139 (i) the ownership of the lessor and the ownership of the lessee are identical; and
- 1140 (ii) the lessor or the lessee paid a tax under this chapter on the purchase of that tangible personal
property prior to making the lease;
- 1142 (76)
- (a) purchases of machinery or equipment if:
- 1143 (i) the purchaser is an establishment described in NAICS Subsector 713, Amusement, Gambling,
and Recreation Industries, of the 2012 North American Industry Classification System of the
federal Executive Office of the President, Office of Management and Budget;

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- 1147 (ii) the machinery or equipment:
- 1148 (A) has an economic life of three or more years; and
- 1149 (B) is used by one or more persons who pay admission or user fees described in Subsection
59-12-103(1)(f) to the purchaser of the machinery and equipment; and
- 1152 (iii) 51% or more of the purchaser's sales revenue for the previous calendar quarter is:
- 1153 (A) amounts paid or charged as admission or user fees described in Subsection 59-12-103(1)(f); and
- 1155 (B) subject to taxation under this chapter; and
- 1156 (b) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission
may make rules for verifying that 51% of a purchaser's sales revenue for the previous calendar
quarter is:
- 1159 (i) amounts paid or charged as admission or user fees described in Subsection 59-12-103(1)(f); and
- 1161 (ii) subject to taxation under this chapter;
- 1162 (77) purchases of a short-term lodging consumable by a business that provides accommodations and
services described in Subsection 59-12-103(1)(i);
- 1164 (78) amounts paid or charged to access a database:
- 1165 (a) if the primary purpose for accessing the database is to view or retrieve information from the
database; and
- 1167 (b) not including amounts paid or charged for a:
- 1168 (i) digital audio work;
- 1169 (ii) digital audio-visual work; or
- 1170 (iii) digital book;
- 1171 (79) amounts paid or charged for a purchase or lease made by an electronic financial payment service,
of:
- 1173 (a) machinery and equipment that:
- 1174 (i) are used in the operation of the electronic financial payment service; and
- 1175 (ii) have an economic life of three or more years; and
- 1176 (b) normal operating repair or replacement parts that:
- 1177 (i) are used in the operation of the electronic financial payment service; and
- 1178 (ii) have an economic life of three or more years;
- 1179 (80) sales of a fuel cell as defined in Section 54-15-102;
- 1180

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- (81) amounts paid or charged for a purchase or lease of tangible personal property or a product transferred electronically if the tangible personal property or product transferred electronically:
- 1183 (a) is stored, used, or consumed in the state; and
- 1184 (b) is temporarily brought into the state from another state:
- 1185 (i) during a disaster period as defined in Section 53-2a-1202;
- 1186 (ii) by an out-of-state business as defined in Section 53-2a-1202;
- 1187 (iii) for a declared state disaster or emergency as defined in Section 53-2a-1202; and
- 1188 (iv) for disaster- or emergency-related work as defined in Section 53-2a-1202;
- 1189 (82) sales of goods and services at a morale, welfare, and recreation facility, as defined in Section 39A-7-102, made pursuant to Title 39A, Chapter 7, Morale, Welfare, and Recreation Program;
- 1192 (83) amounts paid or charged for a purchase or lease of molten magnesium;
- 1193 (84) amounts paid or charged for a purchase or lease made by a qualifying data center or an occupant of a qualifying data center of machinery, equipment, or normal operating repair or replacement parts, if the machinery, equipment, or normal operating repair or replacement parts:
- 1197 (a) are used in:
- 1198 (i) the operation of the qualifying data center; or
- 1199 (ii) the occupant's operations in the qualifying data center; and
- 1200 (b) have an economic life of one or more years;
- 1201 (85) sales of cleaning or washing of a vehicle, except for cleaning or washing of a vehicle that includes cleaning or washing of the interior of the vehicle;
- 1203 (86) amounts paid or charged for a purchase or lease of machinery, equipment, normal operating repair or replacement parts, catalysts, chemicals, reagents, solutions, or supplies used or consumed:
- 1206 (a) by a refiner who owns, leases, operates, controls, or supervises a refinery as defined in Section 79-6-701 located in the state;
- 1208 (b) if the machinery, equipment, normal operating repair or replacement parts, catalysts, chemicals, reagents, solutions, or supplies are used or consumed in:
- 1210 (i) the production process to produce gasoline or diesel fuel, or at which blendstock is added to gasoline or diesel fuel;
- 1212 (ii) research and development;
- 1213

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- (iii) transporting, storing, or managing raw materials, work in process, finished products, and waste materials produced from refining gasoline or diesel fuel, or adding blendstock to gasoline or diesel fuel;
- 1216 (iv) developing or maintaining a road, tunnel, excavation, or similar feature used in refining; or
1218 (v) preventing, controlling, or reducing pollutants from refining; and
1219 (c) if the person holds a valid refiner tax exemption certification as defined in Section 79-6-701;
- 1221 (87) amounts paid to or charged by a proprietor for accommodations and services, as defined in Section 63H-1-205, if the proprietor is subject to the MIDA accommodations tax imposed under Section 63H-1-205;
- 1224 (88) amounts paid or charged for a purchase or lease of machinery, equipment, normal operating repair or replacement parts, or materials, except for office equipment or office supplies, by an establishment, as the commission defines that term in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, that:
- 1228 (a) is described in NAICS Code 621511, Medical Laboratories, of the 2017 North American Industry Classification System of the federal Executive Office of the President, Office of Management and Budget;
- 1231 (b) is located in this state; and
1232 (c) uses the machinery, equipment, normal operating repair or replacement parts, or materials in the operation of the establishment;
- 1234 (89) amounts paid or charged for an item exempt under Section 59-12-104.10;
- 1235 (90) sales of a note, leaf, foil, or film, if the item:
- 1236 (a) is used as currency;
1237 (b) does not constitute legal tender of a state, the United States, or a foreign nation; and
1238 (c) has a gold, silver, or platinum metallic content of 50% or more, exclusive of any transparent polymer holder, coating, or encasement;
- 1240 (91) amounts paid or charged for admission to an indoor skydiving, rock climbing, or surfing facility, if a trained instructor:
- 1242 (a) is present with the participant, in person or by video, for the duration of the activity; and
1244 (b) actively instructs the participant, including providing observation or feedback;
- 1245 (92) amounts paid or charged in connection with the construction, operation, maintenance, repair, or replacement of facilities owned by or constructed for:

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- 1247 (a) a distribution electrical cooperative, as defined in Section 54-2-1; or
1248 (b) a wholesale electrical cooperative, as defined in Section 54-2-1;
1249 (93) amounts paid by the service provider for tangible personal property, other than machinery,
equipment, parts, office supplies, electricity, gas, heat, steam, or other fuels, that:
1252 (a) is consumed in the performance of a service that is subject to tax under Subsection 59-12-103(1)(b),
(f), (g), (h), (i), or (j);
1254 (b) has to be consumed for the service provider to provide the service described in Subsection (93)(a);
and
1256 (c) will be consumed in the performance of the service described in Subsection (93)(a), to one or more
customers, to the point that the tangible personal property disappears or cannot be used for any other
purpose;
1259 (94) sales of rail rolling stock manufactured in Utah;
1260 (95) amounts paid or charged for sales of sand, gravel, rock aggregate, cement products, or construction
materials between establishments, as the commission defines that term in accordance with Title
63G, Chapter 3, Utah Administrative Rulemaking Act, if:
1263 (a) the establishments are related directly or indirectly through 100% common ownership or control;
and
1265 (b) each establishment is described in one of the following subsectors of the 2022 North American
Industry Classification System of the federal Executive Office of the President, Office of
Management and Budget:
1268 (i) NAICS Subsector 237, Heavy and Civil Engineering Construction; or
1269 (ii) NAICS Subsector 327, Nonmetallic Mineral Product Manufacturing; and
1270 (96) sales of construction materials used for the construction of a qualified stadium, as defined in
Section 11-70-101[; and] .
1272 [~~(97) amounts paid or charged for sales of a cannabinoid product as that term is defined in Section
4-41-102.~~]

1274 Section 7. Section 59-31-101 is amended to read:

1275 **CHAPTER 31. SPECIALIZED PRODUCT LICENSING AND TAX ACT**

1276 **59-31-101. Definitions.**

As used in this chapter:

- 1278 (1) "Cannabinoid product" means the same as that term is defined in Section 4-41-102.

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- 1279 (2) "Kratom product" means the same as that term is defined in Section 4-45-102.
- 1280 [(2)] (3) "Licensee" means a retailer that holds a valid license under Part 2, Licensing, to sell a
[cannabinoid] specialized product.
- 1282 [(3)] (4) "Retail price" means the amount charged by a retailer for a [cannabinoid] specialized product.
- 1284 [(4)] (5) "Retailer" means a person that sells a [cannabinoid] specialized product to a consumer for
personal use.
- 1286 (6) "Specialized product" means a cannabinoid product or a kratom product.
- 1287 Section 8. Section 59-31-201 is amended to read:
- 1288 **59-31-201. Prohibition on the sale of a specialized product without license.**
- 1290 (1) A [person] retailer may not sell, offer to sell, or distribute a [cannabinoid] specialized product in this
state without first:
- 1292 (a) obtaining a license from the commission under Section 59-31-202; and
- 1293 (b) complying with the bonding requirement described in Section 59-31-202.
- 1294 (2) It is a class B misdemeanor for a person to violate Subsection (1).
- 1295 Section 9. Section 59-31-202 is amended to read:
- 1296 **59-31-202. Issuance of license.**
- 1297 (1) The commission shall issue a license to sell a [cannabinoid] specialized product to a retailer that
submits an application, on a form created by the commission, that includes:
- 1299 (a) the retailer's name;
- 1300 (b) the address of the physical location permitted under Section 4-41-103.3 or Section 4-45-104 where
the retailer sells the [cannabinoid] specialized product; and
- 1302 (c) any other information the commission requires to implement this chapter.
- 1303 (2) A license is:
- 1304 (a) valid at only one fixed business address;
- 1305 (b) valid for three years;
- 1306 (c) valid only for a physical location; and
- 1307 (d) renewable if a licensee meets the criteria for licensing described in Subsection (1).
- 1308 (3)
- (a) The commission shall require a retailer that is responsible under this part for the collection of tax on
a [cannabinoid] specialized product to post a bond.
- 1310 (b) Subject to Subsection (3)(c), the commission shall determine the form and amount of the bond.

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- 1312 (c) The minimum amount of the bond shall be \$500.
- 1313 (4) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Authority, the
commission may make rules to establish the additional information described in Subsection (1)(c)
that a retailer shall provide in the application described in Subsection (1).
- 1317 (5) The commission may not charge a fee for a license under this section.
- 1318 (6) The license under this section is in addition to a license required under Section 4-41-103.3.
- 1320 (7)
- (a) The commission shall maintain a public list that includes the identity of each [~~person~~] retailer
licensed under this section.
- 1322 (b) The list shall:
- 1323 (i) include the type of license possessed; and
- 1324 (ii) be updated by the commission at least once per quarter.

Section 10. Section 59-31-301 is amended to read:

59-31-301. Taxation of specialized product.

- 1327 (1) A tax is imposed on a [~~cannabinoid~~] specialized product at a rate of [~~10~~] 5.3% multiplied by the
retail price.
- 1329 (2)
- (a) A licensee shall collect the tax imposed under Subsection (1) from a purchaser at the time the
[~~cannabinoid~~] specialized product is sold.
- 1331 (b) A consumer that purchases or receives an untaxed [~~cannabinoid~~] specialized product shall pay the
tax at the time the [~~cannabinoid~~] specialized product is first received in this state.

Section 11. Section 59-31-302 is amended to read:

59-31-302. Remittance of tax.

- 1336 (1)
- (a) The licensee that collects the tax imposed on a [~~cannabinoid~~] specialized product shall remit to the
commission, in an electronic format approved by the commission:
- 1338 (i) the tax due in the previous quarter; and
- 1339 (ii) the tax return.
- 1340 (b) The tax collected and the return are due on or before the last day of April, July, October, and
January.

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- 1344 (2) A licensee that sells a [~~eannabinoid~~] specialized product to a purchaser shall maintain records to determine the amount of tax due under this part for a period of three years.
- 1344 (3)
- 1346 (a) A consumer that receives or purchases an untaxed [~~eannabinoid~~] specialized product for use or other consumption shall:
- 1346 (i) file with the commission, on a form provided by the commission, a statement showing the quantity and description of the [~~eannabinoid~~] specialized product subject to tax under this part; and
- 1349 (ii) pay the tax imposed by this part on the [~~eannabinoid~~] specialized product.
- 1350 (b) The consumer shall file the statement described in Subsection (3)(a) and pay the tax due on or before the last day of the month immediately following the month during which the consumer purchased an untaxed [~~eannabinoid~~] specialized product.
- 1353 (c) A consumer shall maintain records necessary to determine the amount of tax the consumer is liable to pay under this part for a period of three years after the day on which the consumer filed the statement required by this section.
- 1356 (4) A tourist who imports an untaxed [~~eannabinoid~~] specialized product into the state does not need to file the statement described in Subsection (3) or pay the tax if the [~~eannabinoid~~] specialized product is for the tourist's own use or consumption while in this state.
- 1360 (5) In addition to the tax required by this part, a [~~person~~] retailer shall pay a penalty as provided in Section 59-1-401, plus interest at the rate and in the manner [~~provide~~] provided in Section 59-1-402, if a [~~person~~] retailer subject to this section fails to:
- 1363 (a) pay the tax imposed by this part;
- 1364 (b) pay the tax on time; or
- 1365 (c) file a return or statement required by this part.
- 1366 (6) An overpayment of a tax imposed by this part shall accrue interest at the rate and in the manner provided in Section 59-1-402.
- 1368 (7)
- 1370 (a) The commission shall retain and deposit an administrative charge in accordance with Section 59-1-306 from revenue generated by the tax under this part.

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(b) The commission shall deposit [~~47% of the revenue generated by the tax imposed by this part into the General Fund and the remaining~~] the revenue generated by the tax imposed under this part into the [~~Cannabinoid~~] Specialized Product Proceeds Restricted Account created in Section 59-31-401.

1374 Section 12. Section 59-31-401 is amended to read:

1375 **59-31-401. Specialized Product Proceeds Restricted Account.**

1376 (1) There is created within the General Fund a restricted account known as the
1377 "[~~Cannabinoid~~] Specialized Product Proceeds Restricted Account."

1378 (2) The [~~Cannabinoid~~] Specialized Product Proceeds Restricted Account consists of:

1379 (a) revenue collected from the tax imposed by Section 59-31-301; and

1380 (b) amounts appropriated by the Legislature.

1381 (3) Subject to appropriation, money in the account may be used for any of the following:

1382 (a) enforcement [~~of~~] and performance of duties described in Title 4, Chapter 41, Hemp and Cannabinoid
1383 Act, by the Department of Agriculture and Food;

1384 (b) enforcement and performance of duties described in Title 4, Chapter 45, Kratom Consumer
1385 Protection Act, by the Department of Agriculture and Food;

1386 [~~(b)~~] (c) investigations described in Section 77-39-101, regarding cannabinoid products; and

1387 [~~(e)~~] (d) the Industrial Hemp Grant Program created in Section 63N-3-1302[~~; and~~].

1388 [~~(d)~~] provided to counties, cities, and towns in proportion to the county's, city's, or town's distribution
1389 under Section 59-12-205 for the preceding fiscal year.]

1391 Section 13. Section 59-31-402 is amended to read:

1392 **59-31-402. Report to Department of Agriculture and Food of illegal specialized product.**

If the commission suspects that a [~~cannabinoid~~] specialized product is being sold in the state in violation of a law other than a law described in this chapter, the commission shall report the name and tax identification number of the seller and the [~~cannabinoid~~] specialized product:

1398 (1) to the Department of Agriculture and Food; and

1399 (2) within 30 days after the day on which the commission becomes aware of the sale.

1400 **Section 14. Effective date.**

1401 (1) Except as provided in Subsection (2), this bill takes effect January 1, 2026.

{~~This bill takes~~} The actions affecting the following sections take effect on May 7, 2025{~~:-~~} :

1403 (a) Section 4-45-102 (Effective 05/07/25); and

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1404 (b) Section 4-45-104 (Effective 05/07/25).
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