

Jennifer Dailey-Provost proposes the following substitute bill:

**Specialized Product Amendments**

2025 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Jennifer Dailey-Provost**

Senate Sponsor: Evan J. Vickers

---

---

**LONG TITLE**

**General Description:**

This bill amends provisions related to specialized products.

**Highlighted Provisions:**

This bill:

- defines terms;
- creates a process to review compounded kratom products for safety for human consumption;
- renames the "Cannabinoid Proceeds Restricted Account" to the "Specialized Product Proceeds Restricted Account";
- modifies provisions related to the tax on cannabinoid products; and
- applies a tax to kratom products that can be used for enforcement and other statutory required duties.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

This bill provides a special effective date.

**Utah Code Sections Affected:**

AMENDS:

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

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

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

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

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

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

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

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

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

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

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

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

ENACTS:

4-45-109 (Effective 05/07/25), Utah Code Annotated 1953

4-45-110 (Effective 05/07/25), Utah Code Annotated 1953

---

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

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

**4-45-102 (Effective 05/07/25). Definitions.**

As used in this chapter:

[(1) "Commissioner" means the commissioner of the department.]

(1)(a) "Compound kratom product" means a kratom product that is in a form other than a dried leaf.

(b) "Compound kratom product" includes a kratom product:

(i) made from kratom extract that contains levels of residual solvents higher than is

allowed in the United States Pharmacopeia 467;

(ii) that is combined with a dietary ingredient; or

(iii) that is combined with an ingredient that is not present in a fresh or dried kratom leaf.

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

[(3)] (2) "Food" means:

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

(b) chewing gum or chewing gum components; or

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

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

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

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

~~[(5)]~~ (4) "Kratom product" ~~[mean]~~ means food containing any part of a leaf of the plant *Mitragyna speciosa*.

Section 2. Section **4-45-108** is amended to read:

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

(1) The department shall ~~[set a fee to]~~ register a kratom product, in accordance with Section 4-2-103.

~~[(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.]~~

~~[(3)]~~ (2) The department shall:

(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

(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.

~~[(4)]~~ (3) The department may seize and destroy any unregistered kratom product offered for sale in this state.

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

Section 3. Section **4-45-109** is enacted to read:

**4-45-109 (Effective 05/07/25). Compound kratom product.**

(1) The department may not renew a compound kratom product registration beginning July 1, 2025, unless the compound kratom product is approved for sale:

(a) under Section 4-45-110; or

(b) by the United States Food and Drug Administration.

(2) Notwithstanding Subsection (1), the department may issue a 90-day temporary registration for a product that has been previously registered in the state if the registration is requested before July 1, 2025.

(3) A compound kratom product that receives a temporary registration under Subsection (2) may be registered if the compound kratom product meets the requirements for sale described in Section 4-45-110.

Section 4. Section **4-45-110** is enacted to read:

**4-45-110 (Effective 05/07/25). Human consumption safety review for a compound kratom product.**

(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.

(2)(a) A compound kratom product shall be deemed adulterated and not eligible for sale in the state unless it meets the following requirements:

(i) there is a history of use or other evidence of safety establishing that the new compound kratom product, when used under the conditions recommended or suggested in the labeling of the product, does not present an unreasonable risk of illness or injury based on the product's labeled conditions of use; and

(ii) at least 75 days before the day the compound kratom product is introduced for sale in the state, the kratom processor of the compound kratom product provides the department with information, including any citation to published articles, which is the basis on which the kratom processor has concluded that the compound kratom product will reasonably be expected to be safe under labeled conditions.

(b) In the event a compound kratom product has a temporary registration with the department and the submitted evidence of safety is, upon review, deemed by the department to be incomplete as provided under 21 C.F.R. Sec. 190.6, the department shall require the kratom processor to provide additional evidence within 30 days from the day of receiving notice from the department that the product needs additional evidence.

(c) If the department determines the additional evidence of safety does not provide a reasonable assurance that the product does not present a significant or unreasonable risk of illness or injury, the department shall deregister the kratom compound product.

(d) If a subsequent submission from the processor for the compound kratom product is deemed to meet the requirements of Subsection (2)(a), the department shall register the compound kratom product.

(e) Any kratom processor may file with the department a petition to register a compound kratom product that is supported by evidence prescribing the conditions under which a compound kratom product under the product's intended conditions of use will reasonably be expected to be safe.

(f) The department shall issue a decision on a petition described in Subsection (2)(e) within 75 days of the date the petition is filed with the department.

(3)(a) Within 30 days from the day the department issues a decision described in Subsection (2)(f), a kratom processor may appeal the decision of the department.

(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 after an appeal, the department shall authorize the compound kratom product for sale in the state.

(4)(a) The department may enter into a contract with another entity to carry out the department's duties described in this section.

(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.

(5) An appeal of a decision made under this section shall be heard by an administrative law judge.

Section 5. Section **59-1-306** is amended to read:

**59-1-306 (Effective 01/01/26). 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.**

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

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

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

(c) Section 19-6-714;

(d) Section 19-6-805;

(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;

(f) Section 59-27-105;

(g) Chapter 31, ~~[Cannabinoi~~d] Specialized Product Licensing and Tax Act;

(h) Section 63H-1-205; or

(i) Title 69, Chapter 2, Part 4, Prepaid Wireless Telecommunications Service Charges.

(2) There is created a restricted account within the General Fund known as the "State Tax Commission Administrative Charge Account."

(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.

(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:

(a) 1.5%; or

(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.

(5) The commission shall deposit an administrative charge into the restricted account.

(6) Interest earned on the restricted account shall be deposited into the General Fund.

(7) The commission shall expend money appropriated by the Legislature to the commission from the restricted account to administer qualifying taxes, fees, or charges.

Section 6. Section **59-1-403** is amended to read:

**59-1-403 (Effective 01/01/26). Confidentiality -- Exceptions -- Penalty -- Application to property tax.**

(1) As used in this section:

(a) "Distributed tax, fee, or charge" means a tax, fee, or charge:

(i) the commission administers under:

(A) this title, other than a tax under Chapter 12, Part 2, Local Sales and Use Tax Act;

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

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

(D) Section 19-6-805;

(E) Section 63H-1-205; or

(F) Title 69, Chapter 2, Part 4, Prepaid Wireless Telecommunications Service Charges; and

(ii) with respect to which the commission distributes the revenue collected from the tax, fee, or charge to a qualifying jurisdiction.

(b) "Qualifying jurisdiction" means:

(i) a county, city, or town;

(ii) the military installation development authority created in Section 63H-1-201; or

(iii) the Utah Inland Port Authority created in Section 11-58-201.

(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:

(i) a tax commissioner;

(ii) an agent, clerk, or other officer or employee of the commission; or

(iii) a representative, agent, clerk, or other officer or employee of any county, city, or town.

(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:

(i) in accordance with judicial order;

(ii) on behalf of the commission in any action or proceeding under:

(A) this title; or

(B) other law under which persons are required to file returns with the commission;

(iii) on behalf of the commission in any action or proceeding to which the commission is a party; or

(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.

(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.

(3) This section does not prohibit:

(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;

(b) the publication of statistics as long as the statistics are classified to prevent the identification of particular reports or returns; and

(c) the inspection by the attorney general or other legal representative of the state of the report or return of any taxpayer:

(i) who brings action to set aside or review a tax based on the report or return;

(ii) against whom an action or proceeding is contemplated or has been instituted under this title; or

(iii) against whom the state has an unsatisfied money judgment.

(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:

- (i) the United States Internal Revenue Service; or
- (ii) the revenue service of any other state.
- (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.
- (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.
- (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.
- (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:
  - (i) Chapter 13, Part 2, Motor Fuel; or
  - (ii) Chapter 13, Part 4, Aviation Fuel.
- (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:
  - (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
  - (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



- 267                   year under Section 59-14-401 and reported to the commission under Subsection  
268                   59-14-401(1)(a)(v).
- 269       (g) Notwithstanding Subsection (2), the commission shall notify manufacturers,  
270           distributors, wholesalers, and retail dealers of a tobacco product manufacturer that is  
271           prohibited from selling cigarettes to consumers within the state under Subsection  
272           59-14-210(2).
- 273       (h) Notwithstanding Subsection (2), the commission may:
- 274           (i) provide to the Division of Consumer Protection within the Department of  
275               Commerce and the attorney general data:
- 276               (A) reported to the commission under Section 59-14-212; or  
277               (B) related to a violation under Section 59-14-211; and
- 278           (ii) upon request, provide to any person data reported to the commission under  
279               Subsections 59-14-212(1)(a) through (c) and Subsection 59-14-212(1)(g).
- 280       (i) Notwithstanding Subsection (2), the commission shall, at the request of a committee  
281           of the Legislature, the Office of the Legislative Fiscal Analyst, or the Governor's  
282           Office of Planning and Budget, provide to the committee or office the total amount of  
283           revenues collected by the commission under Chapter 24, Radioactive Waste Facility  
284           Tax Act, for the time period specified by the committee or office.
- 285       (j) Notwithstanding Subsection (2), the commission shall make the directory required by  
286           Section 59-14-603 available for public inspection.
- 287       (k) Notwithstanding Subsection (2), the commission may share information with federal,  
288           state, or local agencies as provided in Subsection 59-14-606(3).
- 289       (l)(i) Notwithstanding Subsection (2), the commission shall provide the Office of  
290           Recovery Services within the Department of Health and Human Services any  
291           relevant information obtained from a return filed under Chapter 10, Individual  
292           Income Tax Act, regarding a taxpayer who has become obligated to the Office of  
293           Recovery Services.
- 294           (ii) The information described in Subsection (4)(l)(i) may be provided by the Office  
295               of Recovery Services to any other state's child support collection agency involved  
296               in enforcing that support obligation.
- 297       (m)(i) Notwithstanding Subsection (2), upon request from the state court  
298           administrator, the commission shall provide to the state court administrator, the  
299           name, address, telephone number, county of residence, and social security number  
300           on resident returns filed under Chapter 10, Individual Income Tax Act.

(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.

(n)(i) As used in this Subsection (4)(n):

(A) "GOEO" means the Governor's Office of Economic Opportunity created in Section 63N-1a-301.

(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.

(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.

(D) "Tax information" means income tax information or other tax information.

(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.

(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.

(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).

(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.

(B) Before providing other tax information to GOEO, the commission shall redact or remove any name, address, social security number, or taxpayer identification number.

(iv) GOEO may provide tax information received from the commission in accordance with this Subsection (4)(n) only:

(A) as a fiscal estimate, fiscal note information, or statistical information; and

(B) if the tax information is classified to prevent the identification of a particular

- 335 return.
- 336 (v)(A) A person may not request tax information from GOEO under Title 63G,  
337 Chapter 2, Government Records Access and Management Act, or this section,  
338 if GOEO received the tax information from the commission in accordance with  
339 this Subsection (4)(n).
- 340 (B) GOEO may not provide to a person that requests tax information in  
341 accordance with Subsection (4)(n)(v)(A) any tax information other than the tax  
342 information GOEO provides in accordance with Subsection (4)(n)(iv).
- 343 (o) Notwithstanding Subsection (2), the commission may provide to the governing board  
344 of the agreement or a taxing official of another state, the District of Columbia, the  
345 United States, or a territory of the United States:
- 346 (i) the following relating to an agreement sales and use tax:
- 347 (A) information contained in a return filed with the commission;  
348 (B) information contained in a report filed with the commission;  
349 (C) a schedule related to Subsection (4)(o)(i)(A) or (B); or  
350 (D) a document filed with the commission; or
- 351 (ii) a report of an audit or investigation made with respect to an agreement sales and  
352 use tax.
- 353 (p) Notwithstanding Subsection (2), the commission may provide information  
354 concerning a taxpayer's state income tax return or state income tax withholding  
355 information to the Driver License Division if the Driver License Division:  
356 (i) requests the information; and  
357 (ii) provides the commission with a signed release form from the taxpayer allowing  
358 the Driver License Division access to the information.
- 359 (q) Notwithstanding Subsection (2), the commission shall provide to the Utah  
360 Communications Authority, or a division of the Utah Communications Authority, the  
361 information requested by the authority under Sections 63H-7a-302, 63H-7a-402, and  
362 63H-7a-502.
- 363 (r) Notwithstanding Subsection (2), the commission shall provide to the Utah  
364 Educational Savings Plan information related to a resident or nonresident individual's  
365 contribution to a Utah Educational Savings Plan account as designated on the  
366 resident or nonresident's individual income tax return as provided under Section  
367 59-10-1313.
- 368 (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:

- (i) an eligibility worker with the Department of Health and Human Services or its designee requests the information from the commission; and
- (ii) the eligibility worker has complied with the identity verification and consent provisions of Sections 26B-3-106 and 26B-3-903.

(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.

(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.

(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.

(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.

(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 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.

(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.

(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.

(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.

(B) The information described in Subsection (4)(y)(ii) is available only in official matters of the qualifying jurisdiction.

(iv) Information that a qualifying jurisdiction receives in response to a request under this subsection is:

(A) classified as a private record under Title 63G, Chapter 2, Government Records Access and Management Act; and

(B) subject to the confidentiality requirements of this section.

(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.

(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:

(i) the Department of Workforce Services requests this information; and

(ii) the commission has received the information release described in Section 35A-9-604.

(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.

(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.

- 437 (B) The unclaimed property administrator may use the information described in  
438 Subsection (4)(bb)(ii)(A) only for the purpose of returning unclaimed property  
439 to the property's owner in accordance with Title 67, Chapter 4a, Revised  
440 Uniform Unclaimed Property Act.
- 441 (iii) The unclaimed property administrator is subject to the confidentiality provisions  
442 of this section with respect to any information the unclaimed property  
443 administrator receives under this Subsection (4)(bb).
- 444 (cc) Notwithstanding Subsection (2), the commission may, upon request, disclose a  
445 taxpayer's state individual income tax information to a program manager of the Utah  
446 Fits All Scholarship Program under Section 53F-6-402 if:
- 447 (i) the taxpayer consents in writing to the disclosure;  
448 (ii) the taxpayer's written consent includes the taxpayer's name, social security  
449 number, and any other information the commission requests that is necessary to  
450 verify the identity of the taxpayer; and  
451 (iii) the program manager provides the taxpayer's written consent to the commission.
- 452 (dd) Notwithstanding Subsection (2), the commission may provide to the Division of  
453 Finance within the Department of Government Operations any information necessary  
454 to facilitate a payment from the commission to a taxpayer, including:
- 455 (i) the name of the taxpayer entitled to the payment or any other person legally  
456 authorized to receive the payment;  
457 (ii) the taxpayer identification number of the taxpayer entitled to the payment;  
458 (iii) the payment identification number and amount of the payment;  
459 (iv) the tax year to which the payment applies and date on which the payment is due;  
460 (v) a mailing address to which the payment may be directed; and  
461 (vi) information regarding an account at a depository institution to which the  
462 payment may be directed, including the name of the depository institution, the  
463 type of account, the account number, and the routing number for the account.
- 464 (ee) Notwithstanding Subsection (2), the commission shall provide the total amount of  
465 revenues collected by the commission under Subsection 59-5-202(5):
- 466 (i) at the request of a committee of the Legislature, the Office of the Legislative  
467 Fiscal Analyst, or the Governor's Office of Planning and Budget, to the committee  
468 or office for the time period specified by the committee or office; and  
469 (ii) to the Division of Finance for purposes of the Division of Finance administering  
470 Subsection 59-5-202(5).

(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~~d] Specialized Product Licensing and Tax Act.

(5)(a) Each report and return shall be preserved for at least three years.

(b) After the three-year period provided in Subsection (5)(a) the commission may destroy a report or return.

(6)(a) Any individual who violates this section is guilty of a class A misdemeanor.

(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.

(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):

(i) is not guilty of a class A misdemeanor; and

(ii) is not subject to:

(A) dismissal from office in accordance with Subsection (6)(b); or

(B) disqualification from holding public office in accordance with Subsection (6)(b).

(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):

(i) is not guilty of a class A misdemeanor; and

(ii) is not subject to:

(A) dismissal from office in accordance with Subsection (6)(b); or

(B) disqualification from holding public office in accordance with Subsection (6)(b).

(7) Except as provided in Section 59-1-404, this part does not apply to the property tax.

Section 7. Section **59-12-104** is amended to read:

**59-12-104 (Effective 01/01/26). Exemptions.**

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

- (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;
- (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:

- 505 (a) construction materials except:
- 506 (i) construction materials purchased by or on behalf of institutions of the public
- 507 education system as defined in Utah Constitution, Article X, Section 2, provided
- 508 the construction materials are clearly identified and segregated and installed or
- 509 converted to real property which is owned by institutions of the public education
- 510 system; and
- 511 (ii) construction materials purchased by the state, its institutions, or its political
- 512 subdivisions which are installed or converted to real property by employees of the
- 513 state, its institutions, or its political subdivisions; or
- 514 (b) tangible personal property in connection with the construction, operation,
- 515 maintenance, repair, or replacement of a project, as defined in Section 11-13-103, or
- 516 facilities providing additional project capacity, as defined in Section 11-13-103;
- 517 (3)(a) sales of an item described in Subsection (3)(b) from a vending machine if:
- 518 (i) the proceeds of each sale do not exceed \$1; and
- 519 (ii) the seller or operator of the vending machine reports an amount equal to 150% of
- 520 the cost of the item described in Subsection (3)(b) as goods consumed; and
- 521 (b) Subsection (3)(a) applies to:
- 522 (i) food and food ingredients; or
- 523 (ii) prepared food;
- 524 (4)(a) sales of the following to a commercial airline carrier for in-flight consumption:
- 525 (i) alcoholic beverages;
- 526 (ii) food and food ingredients; or
- 527 (iii) prepared food;
- 528 (b) sales of tangible personal property or a product transferred electronically:
- 529 (i) to a passenger;
- 530 (ii) by a commercial airline carrier; and
- 531 (iii) during a flight for in-flight consumption or in-flight use by the passenger; or
- 532 (c) services related to Subsection (4)(a) or (b);
- 533 (5) sales of parts and equipment for installation in an aircraft operated by a common carrier
- 534 in interstate or foreign commerce;
- 535 (6) sales of commercials, motion picture films, prerecorded audio program tapes or records,
- 536 and prerecorded video tapes by a producer, distributor, or studio to a motion picture
- 537 exhibitor, distributor, or commercial television or radio broadcaster;
- 538 (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;

(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

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

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

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

(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;

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

(a) the sale is not from the vehicle's lessor to the vehicle's lessee;

(b) the vehicle is not registered in this state; and

(c)(i) the vehicle is not used in this state; or

(ii) the vehicle is used in this state:

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

(I) 30 days in any calendar year; or

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

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

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

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

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

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

- 573 (b)(i) Subsection (10)(a) applies to:
- 574 (A) a drug;
- 575 (B) a syringe; or
- 576 (C) a stoma supply; and
- 577 (ii) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,
- 578 the commission may by rule define the terms:
- 579 (A) "syringe"; or
- 580 (B) "stoma supply";
- 581 (11) purchases or leases exempt under Section 19-12-201;
- 582 (12)(a) sales of an item described in Subsection (12)(c) served by:
- 583 (i) the following if the item described in Subsection (12)(c) is not available to the
- 584 general public:
- 585 (A) a church; or
- 586 (B) a charitable institution; or
- 587 (ii) an institution of higher education if:
- 588 (A) the item described in Subsection (12)(c) is not available to the general public;
- 589 or
- 590 (B) the item described in Subsection (12)(c) is prepaid as part of a student meal
- 591 plan offered by the institution of higher education; or
- 592 (b) sales of an item described in Subsection (12)(c) provided for a patient by:
- 593 (i) a medical facility; or
- 594 (ii) a nursing facility; and
- 595 (c) Subsections (12)(a) and (b) apply to:
- 596 (i) food and food ingredients;
- 597 (ii) prepared food; or
- 598 (iii) alcoholic beverages;
- 599 (13)(a) except as provided in Subsection (13)(b), the sale of tangible personal property
- 600 or a product transferred electronically by a person:
- 601 (i) regardless of the number of transactions involving the sale of that tangible
- 602 personal property or product transferred electronically by that person; and
- 603 (ii) not regularly engaged in the business of selling that type of tangible personal
- 604 property or product transferred electronically;
- 605 (b) this Subsection (13) does not apply if:
- 606 (i) the sale is one of a series of sales of a character to indicate that the person is

- 607 regularly engaged in the business of selling that type of tangible personal property  
608 or product transferred electronically;
- 609 (ii) the person holds that person out as regularly engaged in the business of selling  
610 that type of tangible personal property or product transferred electronically;
- 611 (iii) the person sells an item of tangible personal property or product transferred  
612 electronically that the person purchased as a sale that is exempt under Subsection  
613 (25); or
- 614 (iv) the sale is of a vehicle or vessel required to be titled or registered under the laws  
615 of this state in which case the tax is based upon:
- 616 (A) the bill of sale, lease agreement, or other written evidence of value of the  
617 vehicle or vessel being sold; or
- 618 (B) in the absence of a bill of sale, lease agreement, or other written evidence of  
619 value, the fair market value of the vehicle or vessel being sold at the time of the  
620 sale as determined by the commission; and
- 621 (c) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
622 commission shall make rules establishing the circumstances under which:
- 623 (i) a person is regularly engaged in the business of selling a type of tangible personal  
624 property or product transferred electronically;
- 625 (ii) a sale of tangible personal property or a product transferred electronically is one  
626 of a series of sales of a character to indicate that a person is regularly engaged in  
627 the business of selling that type of tangible personal property or product  
628 transferred electronically; or
- 629 (iii) a person holds that person out as regularly engaged in the business of selling a  
630 type of tangible personal property or product transferred electronically;
- 631 (14) amounts paid or charged for a purchase or lease of machinery, equipment, normal  
632 operating repair or replacement parts, or materials, except for office equipment or office  
633 supplies, by:
- 634 (a) a manufacturing facility that:
- 635 (i) is located in the state; and
- 636 (ii) uses or consumes the machinery, equipment, normal operating repair or  
637 replacement parts, or materials:
- 638 (A) in the manufacturing process to manufacture an item sold as tangible personal  
639 property, as the commission may define that phrase in accordance with Title  
640 63G, Chapter 3, Utah Administrative Rulemaking Act; or

- 641 (B) for a scrap recycler, to process an item sold as tangible personal property, as  
642 the commission may define that phrase in accordance with Title 63G, Chapter  
643 3, Utah Administrative Rulemaking Act;
- 644 (b) an establishment, as the commission defines that term in accordance with Title 63G,  
645 Chapter 3, Utah Administrative Rulemaking Act, that:
- 646 (i) is described in NAICS Subsector 212, Mining (except Oil and Gas), or NAICS  
647 Code 213113, Support Activities for Coal Mining, 213114, Support Activities for  
648 Metal Mining, or 213115, Support Activities for Nonmetallic Minerals (except  
649 Fuels) Mining, of the 2002 North American Industry Classification System of the  
650 federal Executive Office of the President, Office of Management and Budget;
- 651 (ii) is located in the state; and
- 652 (iii) uses or consumes the machinery, equipment, normal operating repair or  
653 replacement parts, or materials in:
- 654 (A) the production process to produce an item sold as tangible personal property,  
655 as the commission may define that phrase in accordance with Title 63G,  
656 Chapter 3, Utah Administrative Rulemaking Act;
- 657 (B) research and development, as the commission may define that phrase in  
658 accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act;
- 659 (C) transporting, storing, or managing tailings, overburden, or similar waste  
660 materials produced from mining;
- 661 (D) developing or maintaining a road, tunnel, excavation, or similar feature used  
662 in mining; or
- 663 (E) preventing, controlling, or reducing dust or other pollutants from mining; or
- 664 (c) an establishment, as the commission defines that term in accordance with Title 63G,  
665 Chapter 3, Utah Administrative Rulemaking Act, that:
- 666 (i) is described in NAICS Code 518112, Web Search Portals, of the 2002 North  
667 American Industry Classification System of the federal Executive Office of the  
668 President, Office of Management and Budget;
- 669 (ii) is located in the state; and
- 670 (iii) uses or consumes the machinery, equipment, normal operating repair or  
671 replacement parts, or materials in the operation of the web search portal;
- 672 (15)(a) sales of the following if the requirements of Subsection (15)(b) are met:
- 673 (i) tooling;
- 674 (ii) special tooling;

- 675 (iii) support equipment;
- 676 (iv) special test equipment; or
- 677 (v) parts used in the repairs or renovations of tooling or equipment described in
- 678 Subsections (15)(a)(i) through (iv); and
- 679 (b) sales of tooling, equipment, or parts described in Subsection (15)(a) are exempt if:
- 680 (i) the tooling, equipment, or parts are used or consumed exclusively in the
- 681 performance of any aerospace or electronics industry contract with the United
- 682 States government or any subcontract under that contract; and
- 683 (ii) under the terms of the contract or subcontract described in Subsection (15)(b)(i),
- 684 title to the tooling, equipment, or parts is vested in the United States government
- 685 as evidenced by:
- 686 (A) a government identification tag placed on the tooling, equipment, or parts; or
- 687 (B) listing on a government-approved property record if placing a government
- 688 identification tag on the tooling, equipment, or parts is impractical;
- 689 (16) sales of newspapers or newspaper subscriptions;
- 690 (17)(a) except as provided in Subsection (17)(b), tangible personal property or a product
- 691 transferred electronically traded in as full or part payment of the purchase price,
- 692 except that for purposes of calculating sales or use tax upon vehicles not sold by a
- 693 vehicle dealer, trade-ins are limited to other vehicles only, and the tax is based upon:
- 694 (i) the bill of sale or other written evidence of value of the vehicle being sold and the
- 695 vehicle being traded in; or
- 696 (ii) in the absence of a bill of sale or other written evidence of value, the then existing
- 697 fair market value of the vehicle being sold and the vehicle being traded in, as
- 698 determined by the commission; and
- 699 (b) Subsection (17)(a) does not apply to the following items of tangible personal
- 700 property or products transferred electronically traded in as full or part payment of the
- 701 purchase price:
- 702 (i) money;
- 703 (ii) electricity;
- 704 (iii) water;
- 705 (iv) gas; or
- 706 (v) steam;
- 707 (18)(a)(i) except as provided in Subsection (18)(b), sales of tangible personal
- 708 property or a product transferred electronically used or consumed primarily and

- 709 directly in farming operations, regardless of whether the tangible personal  
710 property or product transferred electronically:
- 711 (A) becomes part of real estate; or  
712 (B) is installed by a farmer, contractor, or subcontractor; or  
713 (ii) sales of parts used in the repairs or renovations of tangible personal property or a  
714 product transferred electronically if the tangible personal property or product  
715 transferred electronically is exempt under Subsection (18)(a)(i); and  
716 (b) amounts paid or charged for the following are subject to the taxes imposed by this  
717 chapter:
- 718 (i)(A) subject to Subsection (18)(b)(i)(B), machinery, equipment, materials, or  
719 supplies if used in a manner that is incidental to farming; and  
720 (B) tangible personal property that is considered to be used in a manner that is  
721 incidental to farming includes:  
722 (I) hand tools; or  
723 (II) maintenance and janitorial equipment and supplies;  
724 (ii)(A) subject to Subsection (18)(b)(ii)(B), tangible personal property or a product  
725 transferred electronically if the tangible personal property or product  
726 transferred electronically is used in an activity other than farming; and  
727 (B) tangible personal property or a product transferred electronically that is  
728 considered to be used in an activity other than farming includes:  
729 (I) office equipment and supplies; or  
730 (II) equipment and supplies used in:  
731 (Aa) the sale or distribution of farm products;  
732 (Bb) research; or  
733 (Cc) transportation; or  
734 (iii) a vehicle required to be registered by the laws of this state during the period  
735 ending two years after the date of the vehicle's purchase;
- 736 (19) sales of hay;
- 737 (20) exclusive sale during the harvest season of seasonal crops, seedling plants, or garden,  
738 farm, or other agricultural produce if the seasonal crops are, seedling plants are, or  
739 garden, farm, or other agricultural produce is sold by:
- 740 (a) the producer of the seasonal crops, seedling plants, or garden, farm, or other  
741 agricultural produce;
- 742 (b) an employee of the producer described in Subsection (20)(a); or

- (c) a member of the immediate family of the producer described in Subsection (20)(a);
- (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.;
- (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;
- (23) a product stored in the state for resale;
- (24)(a) purchases of a product if:
- (i) the product is:
    - (A) purchased outside of this state;
    - (B) brought into this state:
      - (I) at any time after the purchase described in Subsection (24)(a)(i)(A); and
      - (II) by a nonresident person who is not living or working in this state at the time of the purchase;
    - (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
    - (D) not used in conducting business in this state; and
  - (ii) for:
    - (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;
    - (B) a boat, the boat is registered outside of this state; or
    - (C) a vehicle other than a vehicle sold to an authorized carrier, the vehicle is registered outside of this state;
- (b) the exemption provided for in Subsection (24)(a) does not apply to:
- (i) a lease or rental of a product; or
  - (ii) a sale of a vehicle exempt under Subsection (33); and
- (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:
- (i) conducting business in this state if that phrase has the same meaning in this Subsection (24) as in Subsection (63);

- 777 (ii) the first use of a product if that phrase has the same meaning in this Subsection  
778 (24) as in Subsection (63); or
- 779 (iii) a purpose for which a product is designed if that phrase has the same meaning in  
780 this Subsection (24) as in Subsection (63);
- 781 (25) a product purchased for resale in the regular course of business, either in its original  
782 form or as an ingredient or component part of a manufactured or compounded product;
- 783 (26) a product upon which a sales or use tax was paid to some other state, or one of its  
784 subdivisions, except that the state shall be paid any difference between the tax paid and  
785 the tax imposed by this part and Part 2, Local Sales and Use Tax Act, and no adjustment  
786 is allowed if the tax paid was greater than the tax imposed by this part and Part 2, Local  
787 Sales and Use Tax Act;
- 788 (27) any sale of a service described in Subsections 59-12-103(1)(b), (c), and (d) to a person  
789 for use in compounding a service taxable under the subsections;
- 790 (28) purchases made in accordance with the special supplemental nutrition program for  
791 women, infants, and children established in 42 U.S.C. Sec. 1786;
- 792 (29) sales or leases of rolls, rollers, refractory brick, electric motors, or other replacement  
793 parts used in the furnaces, mills, or ovens of a steel mill described in SIC Code 3312 of  
794 the 1987 Standard Industrial Classification Manual of the federal Executive Office of the  
795 President, Office of Management and Budget;
- 796 (30) sales of a boat of a type required to be registered under Title 73, Chapter 18, State  
797 Boating Act, a boat trailer, or an outboard motor if the boat, boat trailer, or outboard  
798 motor is:
- 799 (a) not registered in this state; and
- 800 (b)(i) not used in this state; or
- 801 (ii) used in this state:
- 802 (A) if the boat, boat trailer, or outboard motor is not used to conduct business, for  
803 a time period that does not exceed the longer of:
- 804 (I) 30 days in any calendar year; or
- 805 (II) the time period necessary to transport the boat, boat trailer, or outboard  
806 motor to the borders of this state; or
- 807 (B) if the boat, boat trailer, or outboard motor is used to conduct business, for the  
808 time period necessary to transport the boat, boat trailer, or outboard motor to  
809 the borders of this state;
- 810 (31) sales of aircraft manufactured in Utah;



- 811 (32) amounts paid for the purchase of telecommunications service for purposes of  
812 providing telecommunications service;
- 813 (33) sales, leases, or uses of the following:
- 814 (a) a vehicle by an authorized carrier; or
- 815 (b) tangible personal property that is installed on a vehicle:
- 816 (i) sold or leased to or used by an authorized carrier; and
- 817 (ii) before the vehicle is placed in service for the first time;
- 818 (34)(a) 45% of the sales price of any new manufactured home; and
- 819 (b) 100% of the sales price of any used manufactured home;
- 820 (35) sales relating to schools and fundraising sales;
- 821 (36) sales or rentals of durable medical equipment if:
- 822 (a) a person presents a prescription for the durable medical equipment; and
- 823 (b) the durable medical equipment is used for home use only;
- 824 (37)(a) sales to a ski resort of electricity to operate a passenger ropeway as defined in  
825 Section 72-11-102; and
- 826 (b) the commission shall by rule determine the method for calculating sales exempt  
827 under Subsection (37)(a) that are not separately metered and accounted for in utility  
828 billings;
- 829 (38) sales to a ski resort of:
- 830 (a) snowmaking equipment;
- 831 (b) ski slope grooming equipment;
- 832 (c) passenger ropeways as defined in Section 72-11-102; or
- 833 (d) parts used in the repairs or renovations of equipment or passenger ropeways  
834 described in Subsections (38)(a) through (c);
- 835 (39) subject to Subsection 59-12-103(2)(j), sales of natural gas, electricity, heat, coal, fuel  
836 oil, or other fuels for industrial use;
- 837 (40)(a) subject to Subsection (40)(b), sales or rentals of the right to use or operate for  
838 amusement, entertainment, or recreation an unassisted amusement device as defined  
839 in Section 59-12-102;
- 840 (b) if a seller that sells or rents at the same business location the right to use or operate  
841 for amusement, entertainment, or recreation one or more unassisted amusement  
842 devices and one or more assisted amusement devices, the exemption described in  
843 Subsection (40)(a) applies if the seller separately accounts for the sales or rentals of  
844 the right to use or operate for amusement, entertainment, or recreation for the assisted

- 845 amusement devices; and
- 846 (c) for purposes of Subsection (40)(b) and in accordance with Title 63G, Chapter 3, Utah
- 847 Administrative Rulemaking Act, the commission may make rules:
- 848 (i) governing the circumstances under which sales are at the same business location;
- 849 and
- 850 (ii) establishing the procedures and requirements for a seller to separately account for
- 851 the sales or rentals of the right to use or operate for amusement, entertainment, or
- 852 recreation for assisted amusement devices;
- 853 (41)(a) sales of photocopies by:
- 854 (i) a governmental entity; or
- 855 (ii) an entity within the state system of public education, including:
- 856 (A) a school; or
- 857 (B) the State Board of Education; or
- 858 (b) sales of publications by a governmental entity;
- 859 (42) amounts paid for admission to an athletic event at an institution of higher education
- 860 that is subject to the provisions of Title IX of the Education Amendments of 1972, 20
- 861 U.S.C. Sec. 1681 et seq.;
- 862 (43)(a) sales made to or by:
- 863 (i) an area agency on aging; or
- 864 (ii) a senior citizen center owned by a county, city, or town; or
- 865 (b) sales made by a senior citizen center that contracts with an area agency on aging;
- 866 (44) sales or leases of semiconductor fabricating, processing, research, or development
- 867 materials regardless of whether the semiconductor fabricating, processing, research, or
- 868 development materials:
- 869 (a) actually come into contact with a semiconductor; or
- 870 (b) ultimately become incorporated into real property;
- 871 (45) an amount paid by or charged to a purchaser for accommodations and services
- 872 described in Subsection 59-12-103(1)(i) to the extent the amount is exempt under
- 873 Section 59-12-104.2;
- 874 (46) the lease or use of a vehicle issued a temporary sports event registration certificate in
- 875 accordance with Section 41-3-306 for the event period specified on the temporary sports
- 876 event registration certificate;
- 877 (47)(a) sales or uses of electricity, if the sales or uses are made under a retail tariff
- 878 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;

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

(49) sales of water in a:

(a) pipe;

(b) conduit;

(c) ditch; or

(d) reservoir;

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

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

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

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

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

(i) ingot;

(ii) bar;

(iii) medallion; or

(iv) decorative coin;

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

(53) sales of a prosthetic device:

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

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

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

(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:

(i) a motion picture;

- 913 (ii) a television program;
- 914 (iii) a movie made for television;
- 915 (iv) a music video;
- 916 (v) a commercial;
- 917 (vi) a documentary; or
- 918 (vii) a medium similar to Subsections (54)(a)(i) through (vi) as determined by the
- 919 commission by administrative rule made in accordance with Subsection (54)(d); or
- 920 (b) purchases, leases, or rentals of machinery or equipment by an establishment
- 921 described in Subsection (54)(c) that is used for the production or postproduction of
- 922 the following are subject to the taxes imposed by this chapter:
- 923 (i) a live musical performance;
- 924 (ii) a live news program; or
- 925 (iii) a live sporting event;
- 926 (c) the following establishments listed in the 1997 North American Industry
- 927 Classification System of the federal Executive Office of the President, Office of
- 928 Management and Budget, apply to Subsections (54)(a) and (b):
- 929 (i) NAICS Code 512110; or
- 930 (ii) NAICS Code 51219; and
- 931 (d) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
- 932 commission may by rule:
- 933 (i) prescribe what constitutes a medium similar to Subsections (54)(a)(i) through (vi);
- 934 or
- 935 (ii) define:
- 936 (A) "commercial distribution";
- 937 (B) "live musical performance";
- 938 (C) "live news program"; or
- 939 (D) "live sporting event";
- 940 (55)(a) leases of seven or more years or purchases made on or after July 1, 2004, but on
- 941 or before June 30, 2027, of tangible personal property that:
- 942 (i) is leased or purchased for or by a facility that:
- 943 (A) is an alternative energy electricity production facility;
- 944 (B) is located in the state; and
- 945 (C)(I) becomes operational on or after July 1, 2004; or
- 946 (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;
- (ii) has an economic life of five or more years; and
  - (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:
    - (A) a wind turbine;
    - (B) generating equipment;
    - (C) a control and monitoring system;
    - (D) a power line;
    - (E) substation equipment;
    - (F) lighting;
    - (G) fencing;
    - (H) pipes; or
    - (I) other equipment used for locating a power line or pole; and
- (b) this Subsection (55) does not apply to:
- (i) tangible personal property used in construction of:
    - (A) a new alternative energy electricity production facility; or
    - (B) the increase in the capacity of an alternative energy electricity production facility;
  - (ii) contracted services required for construction and routine maintenance activities; and
  - (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:
    - (A) the alternative energy electricity production facility described in Subsection (55)(a)(i) is operational as described in Subsection (55)(a)(iii); or
    - (B) the increased capacity described in Subsection (55)(a)(i) is operational as described in Subsection (55)(a)(iii);
- (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:
- (i) is leased or purchased for or by a facility that:
    - (A) is a waste energy production facility;
    - (B) is located in the state; and
    - (C)(I) becomes operational on or after July 1, 2004; or

- 981 (II) has its generation capacity increased by one or more megawatts on or after  
982 July 1, 2004, as a result of the use of the tangible personal property;
- 983 (ii) has an economic life of five or more years; and
- 984 (iii) is used to make the facility or the increase in capacity of the facility described in  
985 Subsection (56)(a)(i) operational up to the point of interconnection with an  
986 existing transmission grid including:
- 987 (A) generating equipment;
- 988 (B) a control and monitoring system;
- 989 (C) a power line;
- 990 (D) substation equipment;
- 991 (E) lighting;
- 992 (F) fencing;
- 993 (G) pipes; or
- 994 (H) other equipment used for locating a power line or pole; and
- 995 (b) this Subsection (56) does not apply to:
- 996 (i) tangible personal property used in construction of:
- 997 (A) a new waste energy facility; or
- 998 (B) the increase in the capacity of a waste energy facility;
- 999 (ii) contracted services required for construction and routine maintenance activities;
- 1000 and
- 1001 (iii) unless the tangible personal property is used or acquired for an increase in  
1002 capacity described in Subsection (56)(a)(i)(C)(II), tangible personal property used  
1003 or acquired after:
- 1004 (A) the waste energy facility described in Subsection (56)(a)(i) is operational as  
1005 described in Subsection (56)(a)(iii); or
- 1006 (B) the increased capacity described in Subsection (56)(a)(i) is operational as  
1007 described in Subsection (56)(a)(iii);
- 1008 (57)(a) leases of five or more years or purchases made on or after July 1, 2004, but on or  
1009 before June 30, 2027, of tangible personal property that:
- 1010 (i) is leased or purchased for or by a facility that:
- 1011 (A) is located in the state;
- 1012 (B) produces fuel from alternative energy, including:
- 1013 (I) methanol; or
- 1014 (II) ethanol; and

- 1015 (C)(I) becomes operational on or after July 1, 2004; or
- 1016 (II) has its capacity to produce fuel increase by 25% or more on or after July 1,
- 1017 2004, as a result of the installation of the tangible personal property;
- 1018 (ii) has an economic life of five or more years; and
- 1019 (iii) is installed on the facility described in Subsection (57)(a)(i);
- 1020 (b) this Subsection (57) does not apply to:
- 1021 (i) tangible personal property used in construction of:
- 1022 (A) a new facility described in Subsection (57)(a)(i); or
- 1023 (B) the increase in capacity of the facility described in Subsection (57)(a)(i); or
- 1024 (ii) contracted services required for construction and routine maintenance activities;
- 1025 and
- 1026 (iii) unless the tangible personal property is used or acquired for an increase in
- 1027 capacity described in Subsection (57)(a)(i)(C)(II), tangible personal property used
- 1028 or acquired after:
- 1029 (A) the facility described in Subsection (57)(a)(i) is operational; or
- 1030 (B) the increased capacity described in Subsection (57)(a)(i) is operational;
- 1031 (58)(a) subject to Subsection (58)(b), sales of tangible personal property or a product
- 1032 transferred electronically to a person within this state if that tangible personal
- 1033 property or product transferred electronically is subsequently shipped outside the
- 1034 state and incorporated pursuant to contract into and becomes a part of real property
- 1035 located outside of this state; and
- 1036 (b) the exemption under Subsection (58)(a) is not allowed to the extent that the other
- 1037 state or political entity to which the tangible personal property is shipped imposes a
- 1038 sales, use, gross receipts, or other similar transaction excise tax on the transaction
- 1039 against which the other state or political entity allows a credit for sales and use taxes
- 1040 imposed by this chapter;
- 1041 (59) purchases:
- 1042 (a) of one or more of the following items in printed or electronic format:
- 1043 (i) a list containing information that includes one or more:
- 1044 (A) names; or
- 1045 (B) addresses; or
- 1046 (ii) a database containing information that includes one or more:
- 1047 (A) names; or
- 1048 (B) addresses; and

1049 (b) used to send direct mail;

1050 (60) redemptions or repurchases of a product by a person if that product was:

1051 (a) delivered to a pawnbroker as part of a pawn transaction; and

1052 (b) redeemed or repurchased within the time period established in a written agreement

1053 between the person and the pawnbroker for redeeming or repurchasing the product;

1054 (61)(a) purchases or leases of an item described in Subsection (61)(b) if the item:

1055 (i) is purchased or leased by, or on behalf of, a telecommunications service provider;

1056 and

1057 (ii) has a useful economic life of one or more years; and

1058 (b) the following apply to Subsection (61)(a):

1059 (i) telecommunications enabling or facilitating equipment, machinery, or software;

1060 (ii) telecommunications equipment, machinery, or software required for 911 service;

1061 (iii) telecommunications maintenance or repair equipment, machinery, or software;

1062 (iv) telecommunications switching or routing equipment, machinery, or software; or

1063 (v) telecommunications transmission equipment, machinery, or software;

1064 (62)(a) beginning on July 1, 2006, and ending on June 30, 2027, purchases of tangible

1065 personal property or a product transferred electronically that are used in the research

1066 and development of alternative energy technology; and

1067 (b) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the

1068 commission may, for purposes of Subsection (62)(a), make rules defining what

1069 constitutes purchases of tangible personal property or a product transferred

1070 electronically that are used in the research and development of alternative energy

1071 technology;

1072 (63)(a) purchases of tangible personal property or a product transferred electronically if:

1073 (i) the tangible personal property or product transferred electronically is:

1074 (A) purchased outside of this state;

1075 (B) brought into this state at any time after the purchase described in Subsection

1076 (63)(a)(i)(A); and

1077 (C) used in conducting business in this state; and

1078 (ii) for:

1079 (A) tangible personal property or a product transferred electronically other than

1080 the tangible personal property described in Subsection (63)(a)(ii)(B), the first

1081 use of the property for a purpose for which the property is designed occurs

1082 outside of this state; or



- 1083 (B) a vehicle other than a vehicle sold to an authorized carrier, the vehicle is  
1084 registered outside of this state and not required to be registered in this state  
1085 under Section 41-1a-202 or 73-18-9 based on residency;
- 1086 (b) the exemption provided for in Subsection (63)(a) does not apply to:
- 1087 (i) a lease or rental of tangible personal property or a product transferred  
1088 electronically; or
- 1089 (ii) a sale of a vehicle exempt under Subsection (33); and
- 1090 (c) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, for  
1091 purposes of Subsection (63)(a), the commission may by rule define what constitutes  
1092 the following:
- 1093 (i) conducting business in this state if that phrase has the same meaning in this  
1094 Subsection (63) as in Subsection (24);
- 1095 (ii) the first use of tangible personal property or a product transferred electronically if  
1096 that phrase has the same meaning in this Subsection (63) as in Subsection (24); or
- 1097 (iii) a purpose for which tangible personal property or a product transferred  
1098 electronically is designed if that phrase has the same meaning in this Subsection  
1099 (63) as in Subsection (24);
- 1100 (64) sales of disposable home medical equipment or supplies if:
- 1101 (a) a person presents a prescription for the disposable home medical equipment or  
1102 supplies;
- 1103 (b) the disposable home medical equipment or supplies are used exclusively by the  
1104 person to whom the prescription described in Subsection (64)(a) is issued; and
- 1105 (c) the disposable home medical equipment and supplies are listed as eligible for  
1106 payment under:
- 1107 (i) Title XVIII, federal Social Security Act; or
- 1108 (ii) the state plan for medical assistance under Title XIX, federal Social Security Act;
- 1109 (65) sales:
- 1110 (a) to a public transit district under Title 17B, Chapter 2a, Part 8, Public Transit District  
1111 Act; or
- 1112 (b) of tangible personal property to a subcontractor of a public transit district, if the  
1113 tangible personal property is:
- 1114 (i) clearly identified; and
- 1115 (ii) installed or converted to real property owned by the public transit district;
- 1116 (66) sales of construction materials:

- 1117 (a) purchased on or after July 1, 2010;
- 1118 (b) purchased by, on behalf of, or for the benefit of an international airport:
- 1119 (i) located within a county of the first class; and
- 1120 (ii) that has a United States customs office on its premises; and
- 1121 (c) if the construction materials are:
- 1122 (i) clearly identified;
- 1123 (ii) segregated; and
- 1124 (iii) installed or converted to real property:
- 1125 (A) owned or operated by the international airport described in Subsection
- 1126 (66)(b); and
- 1127 (B) located at the international airport described in Subsection (66)(b);
- 1128 (67) sales of construction materials:
- 1129 (a) purchased on or after July 1, 2008;
- 1130 (b) purchased by, on behalf of, or for the benefit of a new airport:
- 1131 (i) located within a county of the second class; and
- 1132 (ii) that is owned or operated by a city in which an airline as defined in Section
- 1133 59-2-102 is headquartered; and
- 1134 (c) if the construction materials are:
- 1135 (i) clearly identified;
- 1136 (ii) segregated; and
- 1137 (iii) installed or converted to real property:
- 1138 (A) owned or operated by the new airport described in Subsection (67)(b);
- 1139 (B) located at the new airport described in Subsection (67)(b); and
- 1140 (C) as part of the construction of the new airport described in Subsection (67)(b);
- 1141 (68) except for the tax imposed by Subsection 59-12-103(2)(d), sales of fuel to a common
- 1142 carrier that is a railroad for use in a locomotive engine;
- 1143 (69) purchases and sales described in Section 63H-4-111;
- 1144 (70)(a) sales of tangible personal property to an aircraft maintenance, repair, and
- 1145 overhaul provider for use in the maintenance, repair, overhaul, or refurbishment in
- 1146 this state of a fixed wing turbine powered aircraft if that fixed wing turbine powered
- 1147 aircraft's registration lists a state or country other than this state as the location of
- 1148 registry of the fixed wing turbine powered aircraft; or
- 1149 (b) sales of tangible personal property by an aircraft maintenance, repair, and overhaul
- 1150 provider in connection with the maintenance, repair, overhaul, or refurbishment in

1151 this state of a fixed wing turbine powered aircraft if that fixed wing turbine powered  
1152 aircraft's registration lists a state or country other than this state as the location of  
1153 registry of the fixed wing turbine powered aircraft;

1154 (71) subject to Section 59-12-104.4, sales of a textbook for a higher education course:

1155 (a) to a person admitted to an institution of higher education; and

1156 (b) by a seller, other than a bookstore owned by an institution of higher education, if  
1157 51% or more of that seller's sales revenue for the previous calendar quarter are sales  
1158 of a textbook for a higher education course;

1159 (72) a license fee or tax a municipality imposes in accordance with Subsection 10-1-203(5)  
1160 on a purchaser from a business for which the municipality provides an enhanced level of  
1161 municipal services;

1162 (73) amounts paid or charged for construction materials used in the construction of a new or  
1163 expanding life science research and development facility in the state, if the construction  
1164 materials are:

1165 (a) clearly identified;

1166 (b) segregated; and

1167 (c) installed or converted to real property;

1168 (74) amounts paid or charged for:

1169 (a) a purchase or lease of machinery and equipment that:

1170 (i) are used in performing qualified research:

1171 (A) as defined in Section 41(d), Internal Revenue Code; and

1172 (B) in the state; and

1173 (ii) have an economic life of three or more years; and

1174 (b) normal operating repair or replacement parts:

1175 (i) for the machinery and equipment described in Subsection (74)(a); and

1176 (ii) that have an economic life of three or more years;

1177 (75) a sale or lease of tangible personal property used in the preparation of prepared food if:

1178 (a) for a sale:

1179 (i) the ownership of the seller and the ownership of the purchaser are identical; and

1180 (ii) the seller or the purchaser paid a tax under this chapter on the purchase of that  
1181 tangible personal property prior to making the sale; or

1182 (b) for a lease:

1183 (i) the ownership of the lessor and the ownership of the lessee are identical; and

1184 (ii) the lessor or the lessee paid a tax under this chapter on the purchase of that

- 1185                    tangible personal property prior to making the lease;
- 1186    (76)(a) purchases of machinery or equipment if:
- 1187                    (i) the purchaser is an establishment described in NAICS Subsector 713, Amusement,
- 1188                    Gambling, and Recreation Industries, of the 2012 North American Industry
- 1189                    Classification System of the federal Executive Office of the President, Office of
- 1190                    Management and Budget;
- 1191                    (ii) the machinery or equipment:
- 1192                    (A) has an economic life of three or more years; and
- 1193                    (B) is used by one or more persons who pay admission or user fees described in
- 1194                    Subsection 59-12-103(1)(f) to the purchaser of the machinery and equipment;
- 1195                    and
- 1196                    (iii) 51% or more of the purchaser's sales revenue for the previous calendar quarter is:
- 1197                    (A) amounts paid or charged as admission or user fees described in Subsection
- 1198                    59-12-103(1)(f); and
- 1199                    (B) subject to taxation under this chapter; and
- 1200    (b) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
- 1201                    commission may make rules for verifying that 51% of a purchaser's sales revenue for
- 1202                    the previous calendar quarter is:
- 1203                    (i) amounts paid or charged as admission or user fees described in Subsection
- 1204                    59-12-103(1)(f); and
- 1205                    (ii) subject to taxation under this chapter;
- 1206    (77) purchases of a short-term lodging consumable by a business that provides
- 1207                    accommodations and services described in Subsection 59-12-103(1)(i);
- 1208    (78) amounts paid or charged to access a database:
- 1209                    (a) if the primary purpose for accessing the database is to view or retrieve information
- 1210                    from the database; and
- 1211                    (b) not including amounts paid or charged for a:
- 1212                    (i) digital audio work;
- 1213                    (ii) digital audio-visual work; or
- 1214                    (iii) digital book;
- 1215    (79) amounts paid or charged for a purchase or lease made by an electronic financial
- 1216                    payment service, of:
- 1217                    (a) machinery and equipment that:
- 1218                    (i) are used in the operation of the electronic financial payment service; and

- 1219 (ii) have an economic life of three or more years; and
- 1220 (b) normal operating repair or replacement parts that:
- 1221 (i) are used in the operation of the electronic financial payment service; and
- 1222 (ii) have an economic life of three or more years;
- 1223 (80) sales of a fuel cell as defined in Section 54-15-102;
- 1224 (81) amounts paid or charged for a purchase or lease of tangible personal property or a
- 1225 product transferred electronically if the tangible personal property or product transferred
- 1226 electronically:
- 1227 (a) is stored, used, or consumed in the state; and
- 1228 (b) is temporarily brought into the state from another state:
- 1229 (i) during a disaster period as defined in Section 53-2a-1202;
- 1230 (ii) by an out-of-state business as defined in Section 53-2a-1202;
- 1231 (iii) for a declared state disaster or emergency as defined in Section 53-2a-1202; and
- 1232 (iv) for disaster- or emergency-related work as defined in Section 53-2a-1202;
- 1233 (82) sales of goods and services at a morale, welfare, and recreation facility, as defined in
- 1234 Section 39A-7-102, made pursuant to Title 39A, Chapter 7, Morale, Welfare, and
- 1235 Recreation Program;
- 1236 (83) amounts paid or charged for a purchase or lease of molten magnesium;
- 1237 (84) amounts paid or charged for a purchase or lease made by a qualifying data center or an
- 1238 occupant of a qualifying data center of machinery, equipment, or normal operating
- 1239 repair or replacement parts, if the machinery, equipment, or normal operating repair or
- 1240 replacement parts:
- 1241 (a) are used in:
- 1242 (i) the operation of the qualifying data center; or
- 1243 (ii) the occupant's operations in the qualifying data center; and
- 1244 (b) have an economic life of one or more years;
- 1245 (85) sales of cleaning or washing of a vehicle, except for cleaning or washing of a vehicle
- 1246 that includes cleaning or washing of the interior of the vehicle;
- 1247 (86) amounts paid or charged for a purchase or lease of machinery, equipment, normal
- 1248 operating repair or replacement parts, catalysts, chemicals, reagents, solutions, or
- 1249 supplies used or consumed:
- 1250 (a) by a refiner who owns, leases, operates, controls, or supervises a refinery as defined
- 1251 in Section 79-6-701 located in the state;
- 1252 (b) if the machinery, equipment, normal operating repair or replacement parts, catalysts,

- 1253 chemicals, reagents, solutions, or supplies are used or consumed in:
- 1254 (i) the production process to produce gasoline or diesel fuel, or at which blendstock is
- 1255 added to gasoline or diesel fuel;
- 1256 (ii) research and development;
- 1257 (iii) transporting, storing, or managing raw materials, work in process, finished
- 1258 products, and waste materials produced from refining gasoline or diesel fuel, or
- 1259 adding blendstock to gasoline or diesel fuel;
- 1260 (iv) developing or maintaining a road, tunnel, excavation, or similar feature used in
- 1261 refining; or
- 1262 (v) preventing, controlling, or reducing pollutants from refining; and
- 1263 (c) if the person holds a valid refiner tax exemption certification as defined in Section
- 1264 79-6-701;
- 1265 (87) amounts paid to or charged by a proprietor for accommodations and services, as
- 1266 defined in Section 63H-1-205, if the proprietor is subject to the MIDA accommodations
- 1267 tax imposed under Section 63H-1-205;
- 1268 (88) amounts paid or charged for a purchase or lease of machinery, equipment, normal
- 1269 operating repair or replacement parts, or materials, except for office equipment or office
- 1270 supplies, by an establishment, as the commission defines that term in accordance with
- 1271 Title 63G, Chapter 3, Utah Administrative Rulemaking Act, that:
- 1272 (a) is described in NAICS Code 621511, Medical Laboratories, of the 2017 North
- 1273 American Industry Classification System of the federal Executive Office of the
- 1274 President, Office of Management and Budget;
- 1275 (b) is located in this state; and
- 1276 (c) uses the machinery, equipment, normal operating repair or replacement parts, or
- 1277 materials in the operation of the establishment;
- 1278 (89) amounts paid or charged for an item exempt under Section 59-12-104.10;
- 1279 (90) sales of a note, leaf, foil, or film, if the item:
- 1280 (a) is used as currency;
- 1281 (b) does not constitute legal tender of a state, the United States, or a foreign nation; and
- 1282 (c) has a gold, silver, or platinum metallic content of 50% or more, exclusive of any
- 1283 transparent polymer holder, coating, or encasement;
- 1284 (91) amounts paid or charged for admission to an indoor skydiving, rock climbing, or
- 1285 surfing facility, if a trained instructor:
- 1286 (a) is present with the participant, in person or by video, for the duration of the activity;

1287           and

1288           (b) actively instructs the participant, including providing observation or feedback;

1289       (92) amounts paid or charged in connection with the construction, operation, maintenance,

1290       repair, or replacement of facilities owned by or constructed for:

1291           (a) a distribution electrical cooperative, as defined in Section 54-2-1; or

1292           (b) a wholesale electrical cooperative, as defined in Section 54-2-1;

1293       (93) amounts paid by the service provider for tangible personal property, other than

1294       machinery, equipment, parts, office supplies, electricity, gas, heat, steam, or other fuels,

1295       that:

1296           (a) is consumed in the performance of a service that is subject to tax under Subsection

1297               59-12-103(1)(b), (f), (g), (h), (i), or (j);

1298           (b) has to be consumed for the service provider to provide the service described in

1299               Subsection (93)(a); and

1300           (c) will be consumed in the performance of the service described in Subsection (93)(a),

1301               to one or more customers, to the point that the tangible personal property disappears

1302               or cannot be used for any other purpose;

1303       (94) sales of rail rolling stock manufactured in Utah;

1304       (95) amounts paid or charged for sales of sand, gravel, rock aggregate, cement products, or

1305       construction materials between establishments, as the commission defines that term in

1306       accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, if:

1307           (a) the establishments are related directly or indirectly through 100% common

1308               ownership or control; and

1309           (b) each establishment is described in one of the following subsectors of the 2022 North

1310               American Industry Classification System of the federal Executive Office of the

1311               President, Office of Management and Budget:

1312               (i) NAICS Subsector 237, Heavy and Civil Engineering Construction; or

1313               (ii) NAICS Subsector 327, Nonmetallic Mineral Product Manufacturing; and

1314       (96) sales of construction materials used for the construction of a qualified stadium, as

1315       defined in Section 11-70-101[; ~~and~~].

1316       ~~[(97) amounts paid or charged for sales of a cannabinoid product as that term is defined in~~

1317       ~~Section 4-41-102.]~~

1318       Section 8. Section **59-31-101** is amended to read:

1319               **CHAPTER 31. SPECIALIZED PRODUCT LICENSING AND TAX ACT**

1320               **59-31-101 (Effective 01/01/26). Definitions.**

1321 As used in this chapter:

1322 (1) "Cannabinoid product" means the same as that term is defined in Section 4-41-102.

1323 (2)(a) "Kratom product" means the same as that term is defined in Section 4-45-102.

1324 (b) "Kratom product" includes a compound kratom product defined in Section 4-45-102.

1325 [(2)] (3) "Licensee" means a retailer that holds a valid license under Part 2, Licensing, to sell  
1326 a [cannabinoid] specialized product.

1327 [(3)] (4) "Retail price" means the amount charged by a retailer for a [cannabinoid] specialized  
1328 product.

1329 [(4)] (5) "Retailer" means a person that sells a [cannabinoid] specialized product to a  
1330 consumer for personal use.

1331 (6) "Specialized product" means a cannabinoid product or a kratom product.

1332 Section 9. Section **59-31-201** is amended to read:

1333 **59-31-201 (Effective 01/01/26). Prohibition on the sale of a specialized product**  
1334 **without license.**

1335 (1) A person may not sell, offer to sell, or distribute a [cannabinoid] specialized product in  
1336 this state without first:

1337 (a) obtaining a license from the commission under Section 59-31-202; and

1338 (b) complying with the bonding requirement described in Section 59-31-202.

1339 (2) It is a class B misdemeanor for a person to violate Subsection (1).

1340 Section 10. Section **59-31-202** is amended to read:

1341 **59-31-202 (Effective 01/01/26). Issuance of license.**

1342 (1) The commission shall issue a license to sell a [cannabinoid] specialized product to a  
1343 retailer that submits an application, on a form created by the commission, that includes:

1344 (a) the retailer's name;

1345 (b) the address of the physical location permitted under Section 4-41-103.3 or Section  
1346 4-45-104 where the retailer sells the [cannabinoid] specialized product; and

1347 (c) any other information the commission requires to implement this chapter.

1348 (2) A license is:

1349 (a) valid at only one fixed business address;

1350 (b) valid for three years;

1351 (c) valid only for a physical location; and

1352 (d) renewable if a licensee meets the criteria for licensing described in Subsection (1).

1353 (3)(a) The commission shall require a retailer that is responsible under this part for the  
1354 collection of tax on a [cannabinoid] specialized product to post a bond.



1355 (b) Subject to Subsection (3)(c), the commission shall determine the form and amount of  
1356 the bond.

1357 (c) The minimum amount of the bond shall be \$500.

1358 (4) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Authority,  
1359 the commission may make rules to establish the additional information described in  
1360 Subsection (1)(c) that a retailer shall provide in the application described in Subsection  
1361 (1).

1362 (5) The commission may not charge a fee for a license under this section.

1363 (6) The license under this section is in addition to a license required under Section  
1364 4-41-103.3.

1365 (7)(a) The commission shall maintain a public list that includes the identity of each [  
1366 ~~person~~] retailer licensed under this section.

1367 (b) The list shall:

1368 (i) include the type of license possessed; and

1369 (ii) be updated by the commission at least once per quarter.

1370 Section 11. Section **59-31-301** is amended to read:

1371 **59-31-301 (Effective 01/01/26). Taxation of specialized product.**

1372 (1) A tax is imposed on a [~~eannabinoid~~] specialized product at a rate of [~~40~~] 5.3%  
1373 multiplied by the retail price.

1374 (2)(a) A licensee shall collect the tax imposed under Subsection (1) from a purchaser at  
1375 the time the [~~eannabinoid~~] specialized product is sold.

1376 (b) A consumer that purchases or receives an untaxed [~~eannabinoid~~] specialized product  
1377 shall pay the tax at the time the [~~eannabinoid~~] specialized product is first received in  
1378 this state.

1379 Section 12. Section **59-31-302** is amended to read:

1380 **59-31-302 (Effective 01/01/26). Remittance of tax.**

1381 (1)(a) The licensee that collects the tax imposed on a [~~eannabinoid~~] specialized product  
1382 shall remit to the commission, in an electronic format approved by the commission:

1383 (i) the tax due in the previous quarter; and

1384 (ii) the tax return.

1385 (b) The tax collected and the return are due on or before the last day of April, July,  
1386 October, and January.

1387 (2) A licensee that sells a [~~eannabinoid~~] specialized product to a purchaser shall maintain  
1388 records to determine the amount of tax due under this part for a period of three years.

- 1389 (3)(a) A consumer that receives or purchases an untaxed [~~eannabinoid~~] specialized  
1390 product for use or other consumption shall:
- 1391 (i) file with the commission, on a form provided by the commission, a statement  
1392 showing the quantity and description of the [~~eannabinoid~~] specialized product  
1393 subject to tax under this part; and
- 1394 (ii) pay the tax imposed by this part on the [~~eannabinoid~~] specialized product.
- 1395 (b) The consumer shall file the statement described in Subsection (3)(a) and pay the tax  
1396 due on or before the last day of the month immediately following the month during  
1397 which the consumer purchased an untaxed [~~eannabinoid~~] specialized product.
- 1398 (c) A consumer shall maintain records necessary to determine the amount of tax the  
1399 consumer is liable to pay under this part for a period of three years after the day on  
1400 which the consumer filed the statement required by this section.
- 1401 (4) A tourist who imports an untaxed [~~eannabinoid~~] specialized product into the state does  
1402 not need to file the statement described in Subsection (3) or pay the tax if the [  
1403 ~~eannabinoid~~] specialized product is for the tourist's own use or consumption while in this  
1404 state.
- 1405 (5) In addition to the tax required by this part, a [~~person~~] retailer shall pay a penalty as  
1406 provided in Section 59-1-401, plus interest at the rate and in the manner provide in  
1407 Section 59-1-402, if a [~~person~~] retailer subject to this section fails to:
- 1408 (a) pay the tax imposed by this part;  
1409 (b) pay the tax on time; or  
1410 (c) file a return or statement required by this part.
- 1411 (6) An overpayment of a tax imposed by this part shall accrue interest at the rate and in the  
1412 manner provided in Section 59-1-402.
- 1413 (7)(a) The commission shall retain and deposit an administrative charge in accordance  
1414 with Section 59-1-306 from revenue generated by the tax under this part.
- 1415 (b) The commission shall deposit [~~47% of the revenue generated by the tax imposed by~~  
1416 ~~this part into the General Fund and the remaining~~] the revenue generated by the tax  
1417 imposed under this part into the [~~Cannabinoid~~] Specialized Product Proceeds  
1418 Restricted Account created in Section 59-31-401.
- 1419 Section 13. Section **59-31-401** is amended to read:
- 1420 **59-31-401 (Effective 01/01/26). Specialized Product Proceeds Restricted Account.**
- 1421 (1) There is created within the General Fund a restricted account known as the "[  
1422 ~~Cannabinoid~~] Specialized Product Proceeds Restricted Account."

- 1423 (2) The ~~[Cannabinoid]~~ Specialized Product Proceeds Restricted Account consists of:
- 1424 (a) revenue collected from the tax imposed by Section 59-31-301; and
- 1425 (b) amounts appropriated by the Legislature.
- 1426 (3) Subject to appropriation, money in the account may be used for any of the following:
- 1427 (a) enforcement ~~[of]~~ and performance of duties described in Title 4, Chapter 41, Hemp
- 1428 and Cannabinoid Act, by the Department of Agriculture and Food;
- 1429 (b) enforcement and performance of duties described in Title 4, Chapter 45, Kratom
- 1430 Consumer Protection Act, by the Department of Agriculture and Food;
- 1431 ~~[(b)]~~ (c) investigations described in Section 77-39-101, regarding cannabinoid products;
- 1432 and
- 1433 ~~[(e)]~~ (d) the Industrial Hemp Grant Program created in Section 63N-3-1302~~[-and]~~ .
- 1434 ~~[(d) provided to counties, cities, and towns in proportion to the county's, city's, or town's~~
- 1435 ~~distribution under Section 59-12-205 for the preceding fiscal year.]~~
- 1436 Section 14. Section **59-31-402** is amended to read:
- 1437 **59-31-402 (Effective 01/01/26). Report to Department of Agriculture and Food of**
- 1438 **illegal specialized product.**
- 1439 If the commission suspects that a ~~[cannabinoid]~~ specialized product is being sold in the
- 1440 state in violation of a law other than a law described in this chapter, the commission shall
- 1441 report the name and tax identification number of the seller and the ~~[cannabinoid]~~ specialized
- 1442 product:
- 1443 (1) to the Department of Agriculture and Food; and
- 1444 (2) within 30 days after the day on which the commission becomes aware of the sale.
- 1445 Section 15. **Effective Date.**
- 1446 (1) Except as provided in Subsection (2), this bill takes effect January 1, 2026.
- 1447 (2) The actions affecting the following sections take effect on May 7, 2025:
- 1448 (a) Section 4-45-102 (Effective 05/07/25);
- 1449 (b) Section 4-45-109 (Effective 05/07/25); and
- 1450 (c) Section 4-45-110 (Effective 05/07/25).