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Specialized Product Amendments

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Evan J. Vickers

House Sponsor: Jennifer Dailey-Provost

Cosponsor:	Grant Amjad Miller	Angela Romero
Rosalba Dominguez	Carol S. Moss	Jason E. Thompson
Sahara Hayes	Hoang Nguyen	
Sandra Hollins	Doug Owens	

LONG TITLE

General Description:

This bill amends provisions related to specialized products.

Highlighted Provisions:

This bill:

- defines terms;
- creates a fee for the registration of cannabinoid;
- amends provisions related to cannabinoid and kratom products (specialized products);
- renames the "Cannabinoid Proceeds Restricted Account" to the "Specialized Product Proceeds Restricted Account";
- modifies provisions related to the tax on cannabinoid products;
- creates a temporary location sales license for specialized product retailers;
- creates a fee to be collected by the State Tax Commission to obtain a license to sell specialized products;
- applies a tax to kratom products that can be used for enforcement and other statutory required duties;
- creates penalties; and
- makes technical and conforming changes.

Money Appropriated in this Bill:

None

23 **Other Special Clauses:**

24 This bill provides a special effective date.

25 **Utah Code Sections Affected:**

26 AMENDS:

27 **4-41-403 (Effective 01/01/27)**, as last amended by Laws of Utah 2024, Chapter 3528 **4-45-108 (Effective 01/01/27)**, as enacted by Laws of Utah 2019, Chapter 32929 **59-1-306 (Effective 01/01/27)**, as last amended by Laws of Utah 2025, Chapter 25830 **59-1-403 (Effective 01/01/27) (Partially Repealed 07/01/29)**, as last amended by Laws of
31 Utah 2025, Chapters 182, 323, 400, and 49832 **59-12-104 (Effective 01/01/27)**, as last amended by Laws of Utah 2025, First Special
33 Session, Chapter 1734 **59-12-104.11 (Effective 01/01/27)**, as last amended by Laws of Utah 2025, First Special
35 Session, Chapter 1136 **59-31-101 (Effective 01/01/27)**, as enacted by Laws of Utah 2024, Chapter 3537 **59-31-201 (Effective 01/01/27)**, as enacted by Laws of Utah 2024, Chapter 3538 **59-31-202 (Effective 01/01/27)**, as enacted by Laws of Utah 2024, Chapter 3539 **59-31-301 (Effective 01/01/27)**, as enacted by Laws of Utah 2024, Chapter 3540 **59-31-302 (Effective 01/01/27)**, as enacted by Laws of Utah 2024, Chapter 3541 **59-31-401 (Effective 01/01/27)**, as enacted by Laws of Utah 2024, Chapter 3542 **59-31-402 (Effective 01/01/27)**, as enacted by Laws of Utah 2024, Chapter 35

43

44 *Be it enacted by the Legislature of the state of Utah:*45 Section 1. Section **4-41-403** is amended to read:46 **4-41-403 (Effective 01/01/27). Standards for registration.**47 (1)(a) The department shall make rules in accordance with Title 63G, Chapter 3, Utah
48 Administrative Rulemaking Act:49 (i) to determine standards for a registered cannabinoid product, including standards
50 for:

51 (A) testing to ensure the product is safe for human consumption; and

52 (B) accurate labeling;

53 (ii) governing an entity that manufactures cannabinoid products, including standards
54 for health and safety;55 (iii) to determine when and how a cannabinoid processor's cannabinoid [~~must~~] shall
56 be tested by the department at the expense of the cannabinoid processor;

- 57 (iv) regarding what constitutes:
- 58 (A) a conventional food or beverage; and
- 59 (B) a product that is marketed or manufactured to be enticing to children;
- 60 (v) regarding any other issue the department considers necessary for the safe
- 61 production and sale of cannabinoid products; and
- 62 (vi) for a cannabinoid product that is not in an oil based suspension, prohibiting a
- 63 serving size that is less than the full portion of a discrete unit of the cannabinoid
- 64 product.
- 65 (b) Notwithstanding Subsection (1)(a), the department may not prohibit a sugar coating
- 66 on a cannabinoid product to mask the product's taste, subject to the limitations
- 67 described in Subsection (1)(a)(iv) or (v).
- 68 (2) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
- 69 department may make rules to immediately ban or limit the presence of any substance in
- 70 a cannabinoid product after receiving a recommendation to do so from a public health
- 71 authority as defined in Section 26B-1-102.
- 72 (3) The department shall set a fine of not more than \$5,000 for a person who sells a
- 73 cannabinoid product that is not registered by the department.
- 74 (4) Until January 1, 2029, the department may set a fee to register a cannabinoid product.
- 75 Section 2. Section **4-45-108** is amended to read:
- 76 **4-45-108 (Effective 01/01/27). Registration of kratom products -- Department**
- 77 **duties.**
- 78 (1) [The-] Until January 1, 2029, the department [shall] may set a fee to register a kratom
- 79 product, in accordance with Section 4-2-103.
- 80 (2) The fee described in Subsection (1) may be paid by a producer, manufacturer, or
- 81 distributor of a kratom product, but a kratom product may not be registered with the
- 82 department until the fee is paid.
- 83 (3) The department~~[-shall]:~~
- 84 (a) shall set an administrative fine~~[-, larger than the fee described in Subsection (1),-]~~ not
- 85 to exceed \$5,000 for a person who sells a kratom product that is not registered with
- 86 the department; and
- 87 (b) may assess the fine described in Subsection (3)(a) against any person who offers an
- 88 unregistered kratom product for sale in this state~~[-]~~ ; and
- 89 (c) may take an administrative action against any person who offers an unregistered
- 90 kratom product for sale in this state.

91 (4) The department may seize and destroy any unregistered kratom product offered for sale
92 in this state.

93 (5) The department shall share information the department has obtained regarding persons
94 that sell kratom products with the State Tax Commission upon request.

95 Section 3. Section **59-1-306** is amended to read:

96 **59-1-306 (Effective 01/01/27). Definition -- State Tax Commission**

97 **Administrative Charge Account -- Amount of administrative charge -- Deposit of**

98 **revenue into the restricted account -- Interest deposited into General Fund --**

99 **Expenditure of money deposited into the restricted account.**

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

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

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

104 (c) Section 19-6-714;

105 (d) Section 19-6-805;

106 (e) Chapter 12, Sales and Use Tax Act, other than a tax under Chapter 12, Part 1, Tax
107 Collection, or Chapter 12, Part 18, Additional State Sales and Use Tax Act;

108 (f) Section 59-27-105;

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

110 (h) Chapter 32, Local Impact Mitigation Tax Act;

111 (i) Chapter 33, Wind or Solar Electric Generation Facility Capacity Tax;

112 (j) Section 63H-1-205;

113 (k) Title 63N, Chapter 3, Part 6, Housing and Transit Reinvestment Zone Act; [or]

114 (l) Title 69, Chapter 2, Part 4, Prepaid Wireless Telecommunications Service Charges; or

115 (m) Title 79, Chapter 6, Part [44] 14, Energy Project Assessment.

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

118 (3) Subject to the other provisions of this section, the restricted account shall consist of
119 administrative charges the commission retains and deposits in accordance with this
120 section.

121 (4) For purposes of this section, the administrative charge is a percentage of revenue the
122 commission collects from each qualifying tax, fee, or charge of not to exceed the lesser
123 of:

124 (a) 1.5%; or

- 125 (b) an equal percentage of revenue the commission collects from each qualifying tax,
126 fee, or charge sufficient to cover the cost to the commission of administering the
127 qualifying taxes, fees, or charges.
- 128 (5) The commission shall deposit an administrative charge into the restricted account.
- 129 (6) Interest earned on the restricted account shall be deposited into the General Fund.
- 130 (7) The commission shall expend money appropriated by the Legislature to the commission
131 from the restricted account to administer qualifying taxes, fees, or charges or to offset
132 general operational expenses.

133 Section 4. Section **59-1-403** is amended to read:

134 **59-1-403 (Effective 01/01/27) (Partially Repealed 07/01/29). Confidentiality --**
135 **Exceptions -- Penalty -- Application to property tax.**

136 (1) As used in this section:

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

138 (i) the commission administers under:

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

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

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

143 (D) Section 19-6-805;

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

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

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

149 (b) "GOEO" means the Governor's Office of Economic Opportunity created in Section
150 63N-1a-301.

151 (c) "Qualifying jurisdiction" means:

152 (i) a county, city, or town;

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

154 (iii) the Utah Inland Port Authority created in Section 11-58-201; or

155 (iv) the Utah Fairpark Area Investment and Restoration District created in Section
156 11-70-201.

157 (2)(a) Any of the following may not divulge or make known in any manner any
158 information gained by that person from any return filed with the commission:

- 159 (i) a tax commissioner;
- 160 (ii) an agent, clerk, or other officer or employee of the commission; or
- 161 (iii) a representative, agent, clerk, or other officer or employee of any county, city, or
- 162 town.
- 163 (b) An official charged with the custody of a return filed with the commission is not
- 164 required to produce the return or evidence of anything contained in the return in any
- 165 action or proceeding in any court, except:
- 166 (i) in accordance with judicial order;
- 167 (ii) on behalf of the commission in any action or proceeding under:
- 168 (A) this title; or
- 169 (B) other law under which persons are required to file returns with the
- 170 commission;
- 171 (iii) on behalf of the commission in any action or proceeding to which the
- 172 commission is a party; or
- 173 (iv) on behalf of any party to any action or proceeding under this title if the report or
- 174 facts shown by the return are directly involved in the action or proceeding.
- 175 (c) Notwithstanding Subsection (2)(b), a court may require the production of, and may
- 176 admit in evidence, any portion of a return or of the facts shown by the return, as are
- 177 specifically pertinent to the action or proceeding.
- 178 (d) Notwithstanding any other provision of state law, a person described in Subsection
- 179 (2)(a) may not divulge or make known in any manner any information gained by that
- 180 person from any return filed with the commission to the extent that the disclosure is
- 181 prohibited under federal law.
- 182 (3) This section does not prohibit:
- 183 (a) a person or that person's [~~duly~~]authorized representative from receiving a copy of
- 184 any return or report filed in connection with that person's own tax;
- 185 (b) the publication of statistics as long as the statistics are classified to prevent the
- 186 identification of particular reports or returns; and
- 187 (c) the inspection by the attorney general or other legal representative of the state of the
- 188 report or return of any taxpayer:
- 189 (i) who brings action to set aside or review a tax based on the report or return;
- 190 (ii) against whom an action or proceeding is contemplated or has been instituted
- 191 under this title; or
- 192 (iii) against whom the state has an unsatisfied money judgment.

- 193 (4)(a) Notwithstanding Subsection (2) and for purposes of administration, the
194 commission may by rule, made in accordance with Title 63G, Chapter 3, Utah
195 Administrative Rulemaking Act, provide for a reciprocal exchange of information
196 with:
- 197 (i) the United States Internal Revenue Service; or
 - 198 (ii) the revenue service of any other state.
- 199 (b) Notwithstanding Subsection (2) and for all taxes except individual income tax and
200 corporate franchise tax, the commission may by rule, made in accordance with Title
201 63G, Chapter 3, Utah Administrative Rulemaking Act, share information gathered
202 from returns and other written statements with the federal government, any other
203 state, any of the political subdivisions of another state, or any political subdivision of
204 this state, except as limited by Sections 59-12-209 and 59-12-210, if the political
205 subdivision, other state, or the federal government grant substantially similar
206 privileges to this state.
- 207 (c) Notwithstanding Subsection (2) and for all taxes except individual income tax and
208 corporate franchise tax, the commission may by rule, in accordance with Title 63G,
209 Chapter 3, Utah Administrative Rulemaking Act, provide for the issuance of
210 information concerning the identity and other information of taxpayers who have
211 failed to file tax returns or to pay any tax due.
- 212 (d) Notwithstanding Subsection (2), the commission shall provide to the director of the
213 Division of Environmental Response and Remediation, as defined in Section
214 19-6-402, as requested by the director of the Division of Environmental Response
215 and Remediation, any records, returns, or other information filed with the
216 commission under Chapter 13, Motor and Special Fuel Tax Act, or Section
217 19-6-410.5 regarding the environmental assurance program participation fee.
- 218 (e) Notwithstanding Subsection (2), at the request of any person the commission shall
219 provide that person sales and purchase volume data reported to the commission on a
220 report, return, or other information filed with the commission under:
- 221 (i) Chapter 13, Part 2, Motor Fuel; or
 - 222 (ii) Chapter 13, Part 4, Aviation Fuel.
- 223 (f) Notwithstanding Subsection (2), upon request from a tobacco product manufacturer,
224 as defined in Section 59-22-202, the commission shall report to the manufacturer:
- 225 (i) the quantity of cigarettes, as defined in Section 59-22-202, produced by the
226 manufacturer and reported to the commission for the previous calendar year under

- 227 Section 59-14-407; and
- 228 (ii) the quantity of cigarettes, as defined in Section 59-22-202, produced by the
229 manufacturer for which a tax refund was granted during the previous calendar
230 year under Section 59-14-401 and reported to the commission under Subsection
231 59-14-401(1)(a)(v).
- 232 (g) Notwithstanding Subsection (2), the commission shall notify manufacturers,
233 distributors, wholesalers, and retail dealers of a tobacco product manufacturer that is
234 prohibited from selling cigarettes to consumers within the state under Subsection
235 59-14-210(2).
- 236 (h) Notwithstanding Subsection (2), the commission may:
- 237 (i) provide to the Division of Consumer Protection within the Department of
238 Commerce and the attorney general data:
- 239 (A) reported to the commission under Section 59-14-212; or
240 (B) related to a violation under Section 59-14-211; and
- 241 (ii) upon request, provide to any person data reported to the commission under
242 Subsections 59-14-212(1)(a) through (c) and Subsection 59-14-212(1)(g).
- 243 (i) Notwithstanding Subsection (2), the commission shall, at the request of a committee
244 of the Legislature, the Office of the Legislative Fiscal Analyst, or the Governor's
245 Office of Planning and Budget, provide to the committee or office the total amount of
246 revenue collected by the commission under Chapter 24, Radioactive Waste Facility
247 Tax Act, for the time period specified by the committee or office.
- 248 (j) Notwithstanding Subsection (2), the commission shall make the directory required by
249 Section 59-14-603 available for public inspection.
- 250 (k) Notwithstanding Subsection (2), the commission may share information with federal,
251 state, or local agencies as provided in Subsection 59-14-606(3).
- 252 (l)(i) Notwithstanding Subsection (2), the commission shall provide the Office of
253 Recovery Services within the Department of Health and Human Services any
254 relevant information obtained from a return filed under Chapter 10, Individual
255 Income Tax Act, regarding a taxpayer who has become obligated to the Office of
256 Recovery Services.
- 257 (ii) The information described in Subsection (4)(l)(i) may be provided by the Office
258 of Recovery Services to any other state's child support collection agency involved
259 in enforcing that support obligation.
- 260 (m)(i) Notwithstanding Subsection (2), upon request from the state court

261 administrator, the commission shall provide to the state court administrator, the
262 name, address, telephone number, county of residence, and social security number
263 on resident returns filed under Chapter 10, Individual Income Tax Act.

264 (ii) The state court administrator may use the information described in Subsection
265 (4)(m)(i) only as a source list for the master jury list described in Section
266 78B-1-106.

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

268 (A) "Income tax information" means information gained by the commission that is
269 required to be attached to or included in a return filed with the commission
270 under Chapter 7, Corporate Franchise and Income Taxes, or Chapter 10,
271 Individual Income Tax Act.

272 (B) "Other tax information" means information gained by the commission that is
273 required to be attached to or included in a return filed with the commission
274 except for a return filed under Chapter 7, Corporate Franchise and Income
275 Taxes, or Chapter 10, Individual Income Tax Act.

276 (C) "Tax information" means income tax information or other tax information.

277 (ii)(A) Notwithstanding Subsection (2) and except as provided in Subsection
278 (4)(n)(ii)(B) or (C), the commission shall at the request of GOEO provide to
279 GOEO all income tax information.

280 (B) For purposes of a request for income tax information made under Subsection
281 (4)(n)(ii)(A), GOEO may not request and the commission may not provide to
282 GOEO a person's address, name, social security number, or taxpayer
283 identification number.

284 (C) In providing income tax information to GOEO, the commission shall in all
285 instances protect the privacy of a person as required by Subsection (4)(n)(ii)(B).

286 (iii)(A) Notwithstanding Subsection (2) and except as provided in Subsection
287 (4)(n)(iii)(B), the commission shall at the request of GOEO provide to GOEO
288 other tax information.

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

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

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

- 295 (B) if the tax information is classified to prevent the identification of a particular
296 return.
- 297 (v)(A) A person may not request tax information from GOEO under Title 63G,
298 Chapter 2, Government Records Access and Management Act, or this section,
299 if GOEO received the tax information from the commission in accordance with
300 this Subsection (4)(n).
- 301 (B) GOEO may not provide to a person that requests tax information in
302 accordance with Subsection (4)(n)(v)(A) any tax information other than the tax
303 information GOEO provides in accordance with Subsection (4)(n)(iv).
- 304 (o) Notwithstanding Subsection (2), the commission may provide to the governing board
305 of the agreement or a taxing official of another state, the District of Columbia, the
306 United States, or a territory of the United States:
- 307 (i) the following relating to an agreement sales and use tax:
- 308 (A) information contained in a return filed with the commission;
- 309 (B) information contained in a report filed with the commission;
- 310 (C) a schedule related to Subsection (4)(o)(i)(A) or (B); or
- 311 (D) a document filed with the commission; or
- 312 (ii) a report of an audit or investigation made with respect to an agreement sales and
313 use tax.
- 314 (p) Notwithstanding Subsection (2), the commission may provide information
315 concerning a taxpayer's state income tax return or state income tax withholding
316 information to the Driver License Division if the Driver License Division:
- 317 (i) requests the information; and
- 318 (ii) provides the commission with a signed release form from the taxpayer allowing
319 the Driver License Division access to the information.
- 320 (q) Notwithstanding Subsection (2), the commission shall provide to the Utah
321 Communications Authority, or a division of the Utah Communications Authority, the
322 information requested by the authority under Sections 63H-7a-302, 63H-7a-402, and
323 63H-7a-502.
- 324 (r) Notwithstanding Subsection (2), the commission shall provide to the Utah
325 Educational Savings Plan information related to a resident or nonresident individual's
326 contribution to a Utah Educational Savings Plan account as designated on the
327 resident or nonresident's individual income tax return as provided under Section
328 59-10-1313.

- 329 (s) Notwithstanding Subsection (2), for the purpose of verifying eligibility under
330 Sections 26B-3-106 and 26B-3-903, the commission shall provide an eligibility
331 worker with the Department of Health and Human Services or its designee with the
332 adjusted gross income of an individual if:
- 333 (i) an eligibility worker with the Department of Health and Human Services or its
334 designee requests the information from the commission; and
 - 335 (ii) the eligibility worker has complied with the identity verification and consent
336 provisions of Sections 26B-3-106 and 26B-3-903.
- 337 (t) Notwithstanding Subsection (2), the commission may provide to a county, as
338 determined by the commission, information declared on an individual income tax
339 return in accordance with Section 59-10-103.1 that relates to eligibility to claim a
340 residential exemption authorized under Section 59-2-103.
- 341 (u) Notwithstanding Subsection (2), the commission shall provide a report regarding any
342 access line provider that is over 90 days delinquent in payment to the commission of
343 amounts the access line provider owes under Title 69, Chapter 2, Part 4, Prepaid
344 Wireless Telecommunications Service Charges, to the board of the Utah
345 Communications Authority created in Section 63H-7a-201.
- 346 (v) Notwithstanding Subsection (2), the commission shall provide the Department of
347 Environmental Quality a report on the amount of tax paid by a radioactive waste
348 facility for the previous calendar year under Section 59-24-103.5.
- 349 (w) Notwithstanding Subsection (2), the commission may, upon request, provide to the
350 Department of Workforce Services any information received under Chapter 10, Part 4,
351 Withholding of Tax, that is relevant to the duties of the Department of Workforce
352 Services.
- 353 (x) Notwithstanding Subsection (2), the commission may provide the Public Service
354 Commission or the Division of Public Utilities information related to a seller that
355 collects and remits to the commission a charge described in Subsection 69-2-405(2),
356 including the seller's identity and the number of charges described in Subsection
357 69-2-405(2) that the seller collects.
- 358 (y)(i) Notwithstanding Subsection (2), the commission shall provide to each
359 qualifying jurisdiction the collection data necessary to verify the revenue collected
360 by the commission for a distributed tax, fee, or charge collected within the
361 qualifying jurisdiction.
- 362 (ii) In addition to the information provided under Subsection (4)(y)(i), the

363 commission shall provide a qualifying jurisdiction with copies of returns and other
364 information relating to a distributed tax, fee, or charge collected within the
365 qualifying jurisdiction.

366 (iii)(A) To obtain the information described in Subsection (4)(y)(ii), the chief
367 executive officer or the chief executive officer's designee of the qualifying
368 jurisdiction shall submit a written request to the commission that states the
369 specific information sought and how the qualifying jurisdiction intends to use
370 the information.

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

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

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

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

378 (z) Notwithstanding Subsection (2), the commission shall provide the Alcoholic
379 Beverage Services Commission, upon request, with taxpayer status information
380 related to state tax obligations necessary to comply with the requirements described
381 in Section 32B-1-203.

382 (aa) Notwithstanding Subsection (2), the commission shall inform the Department of
383 Workforce Services, as soon as practicable, whether an individual claimed and is
384 entitled to claim a federal earned income tax credit for the year requested by the
385 Department of Workforce Services if:

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

387 (ii) the commission has received the information release described in Section
388 35A-9-604.

389 (bb)(i) As used in this Subsection (4)(bb), "unclaimed property administrator" means
390 the administrator or the administrator's agent, as those terms are defined in Section
391 67-4a-102.

392 (ii)(A) Notwithstanding Subsection (2), upon request from the unclaimed property
393 administrator and to the extent allowed under federal law, the commission shall
394 provide the unclaimed property administrator the name, address, telephone
395 number, county of residence, and social security number or federal employer
396 identification number on any return filed under Chapter 7, Corporate Franchise

- 397 and Income Taxes, or Chapter 10, Individual Income Tax Act.
- 398 (B) The unclaimed property administrator may use the information described in
399 Subsection (4)(bb)(ii)(A) only for the purpose of returning unclaimed property
400 to the property's owner in accordance with Title 67, Chapter 4a, Revised
401 Uniform Unclaimed Property Act.
- 402 (iii) The unclaimed property administrator is subject to the confidentiality provisions
403 of this section with respect to any information the unclaimed property
404 administrator receives under this Subsection (4)(bb).
- 405 (cc) Notwithstanding Subsection (2), the commission may, upon request, disclose a
406 taxpayer's state individual income tax information to a program manager of the Utah
407 Fits All Scholarship Program under Section 53F-6-402 if:
- 408 (i) the taxpayer consents in writing to the disclosure;
- 409 (ii) the taxpayer's written consent includes the taxpayer's name, social security
410 number, and any other information the commission requests that is necessary to
411 verify the identity of the taxpayer; and
- 412 (iii) the program manager provides the taxpayer's written consent to the commission.
- 413 (dd) Notwithstanding Subsection (2), the commission may provide to the Division of
414 Finance within the Department of Government Operations any information necessary
415 to facilitate a payment from the commission to a taxpayer, including:
- 416 (i) the name of the taxpayer entitled to the payment or any other person legally
417 authorized to receive the payment;
- 418 (ii) the taxpayer identification number of the taxpayer entitled to the payment;
- 419 (iii) the payment identification number and amount of the payment;
- 420 (iv) the tax year to which the payment applies and date on which the payment is due;
- 421 (v) a mailing address to which the payment may be directed; and
- 422 (vi) information regarding an account at a depository institution to which the
423 payment may be directed, including the name of the depository institution, the
424 type of account, the account number, and the routing number for the account.
- 425 (ee) Notwithstanding Subsection (2), the commission shall provide the total amount of
426 revenue collected by the commission under Subsection 59-5-202(5):
- 427 (i) at the request of a committee of the Legislature, the Office of the Legislative
428 Fiscal Analyst, or the Governor's Office of Planning and Budget, to the committee
429 or office for the time period specified by the committee or office; and
- 430 (ii) to the Division of Finance for purposes of the Division of Finance administering

- 431 Subsection 59-5-202(5).
- 432 (ff) Notwithstanding Subsection (2), the commission may provide the Department of
433 Agriculture and Food with information from a return filed in accordance with
434 Chapter 31, [~~Cannabinoi~~d] Specialized Product Licensing and Tax Act.
- 435 (gg) Notwithstanding Subsection (2), the commission shall provide the Department of
436 Workforce Services with the information described in Section 35A-3-105.
- 437 (hh) Notwithstanding Subsection (2), the commission may provide aggregated
438 information to the Utah Population Committee, created in Section 63C-20-103, if the
439 Utah Population Committee requests the information in accordance with Section
440 63C-20-105.
- 441 (5)(a) Each report and return shall be preserved for at least three years.
- 442 (b) After the three-year period provided in Subsection (5)(a) the commission may
443 destroy a report or return.
- 444 (6)(a) Any individual who violates this section is guilty of a class A misdemeanor.
- 445 (b) If the individual described in Subsection (6)(a) is an officer or employee of the state,
446 the individual shall be dismissed from office and be disqualified from holding public
447 office in this state for a period of five years thereafter.
- 448 (c) Notwithstanding Subsection (6)(a) or (b), GOEO, when requesting information in
449 accordance with Subsection (4)(n)(iii), or an individual who requests information in
450 accordance with Subsection (4)(n)(v):
- 451 (i) is not guilty of a class A misdemeanor; and
- 452 (ii) is not subject to:
- 453 (A) dismissal from office in accordance with Subsection (6)(b); or
- 454 (B) disqualification from holding public office in accordance with Subsection
455 (6)(b).
- 456 (d) Notwithstanding Subsection (6)(a) or (b), for a disclosure of information to the
457 Office of the Legislative Auditor General in accordance with Title 36, Chapter 12,
458 Legislative Organization, an individual described in Subsection (2):
- 459 (i) is not guilty of a class A misdemeanor; and
- 460 (ii) is not subject to:
- 461 (A) dismissal from office in accordance with Subsection (6)(b); or
- 462 (B) disqualification from holding public office in accordance with Subsection
463 (6)(b).
- 464 (7) Except as provided in Section 59-1-404, this part does not apply to the property tax.

465 Section 5. Section **59-12-104** is amended to read:

466 **59-12-104 (Effective 01/01/27). Exemptions.**

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

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

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

472 (a) construction materials except:

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

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

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

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

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

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

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

489 (i) food and food ingredients; or

490 (ii) prepared food;

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

492 (i) alcoholic beverages;

493 (ii) food and food ingredients; or

494 (iii) prepared food;

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

496 (i) to a passenger;

497 (ii) by a commercial airline carrier; and

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

- 499 (c) services related to Subsection (4)(a) or (b);
- 500 (5) sales of parts and equipment for installation in an aircraft operated by a common carrier
501 in interstate or foreign commerce;
- 502 (6) sales of commercials, motion picture films, prerecorded audio program tapes or records,
503 and prerecorded video tapes by a producer, distributor, or studio to a motion picture
504 exhibitor, distributor, or commercial television or radio broadcaster;
- 505 (7)(a) except as provided in Subsection (85) and subject to Subsection (7)(b), sales of
506 cleaning or washing of tangible personal property if the cleaning or washing of the
507 tangible personal property is not assisted cleaning or washing of tangible personal
508 property;
- 509 (b) if a seller that sells at the same business location assisted cleaning or washing of
510 tangible personal property and cleaning or washing of tangible personal property that
511 is not assisted cleaning or washing of tangible personal property, the exemption
512 described in Subsection (7)(a) applies if the seller separately accounts for the sales of
513 the assisted cleaning or washing of the tangible personal property; and
- 514 (c) for purposes of Subsection (7)(b) and in accordance with Title 63G, Chapter 3, Utah
515 Administrative Rulemaking Act, the commission may make rules:
- 516 (i) governing the circumstances under which sales are at the same business location;
517 and
- 518 (ii) establishing the procedures and requirements for a seller to separately account for
519 sales of assisted cleaning or washing of tangible personal property;
- 520 (8) sales made to or by religious or charitable institutions in the conduct of their regular
521 religious or charitable functions and activities, if the requirements of Section 59-12-104.1
522 are fulfilled;
- 523 (9) sales of a vehicle of a type required to be registered under the motor vehicle laws of this
524 state if:
- 525 (a) the sale is not from the vehicle's lessor to the vehicle's lessee;
- 526 (b) the vehicle is not registered in this state; and
- 527 (c)(i) the vehicle is not used in this state; or
- 528 (ii) the vehicle is used in this state:
- 529 (A) if the vehicle is not used to conduct business, for a time period that does not
530 exceed the longer of:
- 531 (I) 30 days in any calendar year; or
- 532 (II) the time period necessary to transport the vehicle to the borders of this

- 533 state; or
- 534 (B) if the vehicle is used to conduct business, for the time period necessary to
- 535 transport the vehicle to the borders of this state;
- 536 (10)(a) amounts paid for an item described in Subsection (10)(b) if:
- 537 (i) the item is intended for human use; and
- 538 (ii)(A) a prescription was issued for the item; or
- 539 (B) the item was purchased by a hospital or other medical facility; and
- 540 (b)(i) Subsection (10)(a) applies to:
- 541 (A) a drug;
- 542 (B) a syringe; or
- 543 (C) a stoma supply; and
- 544 (ii) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,
- 545 the commission may by rule define the terms:
- 546 (A) "syringe"; or
- 547 (B) "stoma supply";
- 548 (11) purchases or leases exempt under Section 19-12-201;
- 549 (12)(a) sales of an item described in Subsection (12)(c) served by:
- 550 (i) the following if the item described in Subsection (12)(c) is not available to the
- 551 general public:
- 552 (A) a church; or
- 553 (B) a charitable institution; or
- 554 (ii) an institution of higher education if:
- 555 (A) the item described in Subsection (12)(c) is not available to the general public;
- 556 or
- 557 (B) the item described in Subsection (12)(c) is prepaid as part of a student meal
- 558 plan offered by the institution of higher education;
- 559 (b) sales of an item described in Subsection (12)(c) provided for a patient by:
- 560 (i) a medical facility; or
- 561 (ii) a nursing facility; and
- 562 (c) Subsections (12)(a) and (b) apply to:
- 563 (i) food and food ingredients;
- 564 (ii) prepared food; or
- 565 (iii) alcoholic beverages;
- 566 (13)(a) except as provided in Subsection (13)(b), the sale of tangible personal property

- 567 or a product transferred electronically by a person:
- 568 (i) regardless of the number of transactions involving the sale of that tangible
569 personal property or product transferred electronically by that person; and
- 570 (ii) not regularly engaged in the business of selling that type of tangible personal
571 property or product transferred electronically;
- 572 (b) this Subsection (13) does not apply if:
- 573 (i) the sale is one of a series of sales of a character to indicate that the person is
574 regularly engaged in the business of selling that type of tangible personal property
575 or product transferred electronically;
- 576 (ii) the person holds that person out as regularly engaged in the business of selling
577 that type of tangible personal property or product transferred electronically;
- 578 (iii) the person sells an item of tangible personal property or product transferred
579 electronically that the person purchased as a sale that is exempt under Subsection
580 (25); or
- 581 (iv) the sale is of a vehicle or vessel required to be titled or registered under the laws
582 of this state in which case the tax is based upon:
- 583 (A) the bill of sale, lease agreement, or other written evidence of value of the
584 vehicle or vessel being sold; or
- 585 (B) in the absence of a bill of sale, lease agreement, or other written evidence of
586 value, the fair market value of the vehicle or vessel being sold at the time of the
587 sale as determined by the commission; and
- 588 (c) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
589 commission shall make rules establishing the circumstances under which:
- 590 (i) a person is regularly engaged in the business of selling a type of tangible personal
591 property or product transferred electronically;
- 592 (ii) a sale of tangible personal property or a product transferred electronically is one
593 of a series of sales of a character to indicate that a person is regularly engaged in
594 the business of selling that type of tangible personal property or product
595 transferred electronically; or
- 596 (iii) a person holds that person out as regularly engaged in the business of selling a
597 type of tangible personal property or product transferred electronically;
- 598 (14) amounts paid or charged for a purchase or lease of machinery, equipment, normal
599 operating repair or replacement parts, or materials, except for office equipment or office
600 supplies, by:

- 601 (a) a manufacturing facility that:
- 602 (i) is located in the state; and
- 603 (ii) uses or consumes the machinery, equipment, normal operating repair or
- 604 replacement parts, or materials:
- 605 (A) in the manufacturing process to manufacture an item sold as tangible personal
- 606 property, as the commission may define that phrase in accordance with Title
- 607 63G, Chapter 3, Utah Administrative Rulemaking Act; or
- 608 (B) for a scrap recycler, to process an item sold as tangible personal property, as
- 609 the commission may define that phrase in accordance with Title 63G, Chapter 3,
- 610 Utah Administrative Rulemaking Act;
- 611 (b) an establishment, as the commission defines that term in accordance with Title 63G,
- 612 Chapter 3, Utah Administrative Rulemaking Act, that:
- 613 (i) is described in NAICS Subsector 212, Mining (except Oil and Gas), or NAICS
- 614 Code 213113, Support Activities for Coal Mining, 213114, Support Activities for
- 615 Metal Mining, or 213115, Support Activities for Nonmetallic Minerals (except
- 616 Fuels) Mining, of the 2002 North American Industry Classification System of the
- 617 federal Executive Office of the President, Office of Management and Budget;
- 618 (ii) is located in the state; and
- 619 (iii) uses or consumes the machinery, equipment, normal operating repair or
- 620 replacement parts, or materials in:
- 621 (A) the production process to produce an item sold as tangible personal property,
- 622 as the commission may define that phrase in accordance with Title 63G,
- 623 Chapter 3, Utah Administrative Rulemaking Act;
- 624 (B) research and development, as the commission may define that phrase in
- 625 accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act;
- 626 (C) transporting, storing, or managing tailings, overburden, or similar waste
- 627 materials produced from mining;
- 628 (D) developing or maintaining a road, tunnel, excavation, or similar feature used
- 629 in mining; or
- 630 (E) preventing, controlling, or reducing dust or other pollutants from mining; or
- 631 (c) an establishment, as the commission defines that term in accordance with Title 63G,
- 632 Chapter 3, Utah Administrative Rulemaking Act, that:
- 633 (i) is described in NAICS Code 518112, Web Search Portals, of the 2002 North
- 634 American Industry Classification System of the federal Executive Office of the

- 635 President, Office of Management and Budget;
- 636 (ii) is located in the state; and
- 637 (iii) uses or consumes the machinery, equipment, normal operating repair or
- 638 replacement parts, or materials in the operation of the web search portal;
- 639 (15)(a) sales of the following if the requirements of Subsection (15)(b) are met:
- 640 (i) tooling;
- 641 (ii) special tooling;
- 642 (iii) support equipment;
- 643 (iv) special test equipment; or
- 644 (v) parts used in the repairs or renovations of tooling or equipment described in
- 645 Subsections (15)(a)(i) through (iv); and
- 646 (b) sales of tooling, equipment, or parts described in Subsection (15)(a) are exempt if:
- 647 (i) the tooling, equipment, or parts are used or consumed exclusively in the
- 648 performance of any aerospace or electronics industry contract with the United
- 649 States government or any subcontract under that contract; and
- 650 (ii) under the terms of the contract or subcontract described in Subsection (15)(b)(i),
- 651 title to the tooling, equipment, or parts is vested in the United States government
- 652 as evidenced by:
- 653 (A) a government identification tag placed on the tooling, equipment, or parts; or
- 654 (B) listing on a government-approved property record if placing a government
- 655 identification tag on the tooling, equipment, or parts is impractical;
- 656 (16) sales of newspapers or newspaper subscriptions;
- 657 (17)(a) except as provided in Subsection (17)(b), tangible personal property or a product
- 658 transferred electronically traded in as full or part payment of the purchase price,
- 659 except that for purposes of calculating sales or use tax upon vehicles not sold by a
- 660 vehicle dealer, trade-ins are limited to other vehicles only, and the tax is based upon:
- 661 (i) the bill of sale or other written evidence of value of the vehicle being sold and the
- 662 vehicle being traded in; or
- 663 (ii) in the absence of a bill of sale or other written evidence of value, the then existing
- 664 fair market value of the vehicle being sold and the vehicle being traded in, as
- 665 determined by the commission; and
- 666 (b) Subsection (17)(a) does not apply to the following items of tangible personal
- 667 property or products transferred electronically traded in as full or part payment of the
- 668 purchase price:

- 669 (i) money;
- 670 (ii) electricity;
- 671 (iii) water;
- 672 (iv) gas; or
- 673 (v) steam;
- 674 (18)(a)(i) except as provided in Subsection (18)(b), sales of tangible personal
- 675 property or a product transferred electronically used or consumed primarily and
- 676 directly in farming operations, regardless of whether the tangible personal
- 677 property or product transferred electronically:
- 678 (A) becomes part of real estate; or
- 679 (B) is installed by a farmer, contractor, or subcontractor; or
- 680 (ii) sales of parts used in the repairs or renovations of tangible personal property or a
- 681 product transferred electronically if the tangible personal property or product
- 682 transferred electronically is exempt under Subsection (18)(a)(i); and
- 683 (b) amounts paid or charged for the following are subject to the taxes imposed by this
- 684 chapter:
- 685 (i)(A) subject to Subsection (18)(b)(i)(B), machinery, equipment, materials, or
- 686 supplies if used in a manner that is incidental to farming; and
- 687 (B) tangible personal property that is considered to be used in a manner that is
- 688 incidental to farming includes:
- 689 (I) hand tools; or
- 690 (II) maintenance and janitorial equipment and supplies;
- 691 (ii)(A) subject to Subsection (18)(b)(ii)(B), tangible personal property or a product
- 692 transferred electronically if the tangible personal property or product
- 693 transferred electronically is used in an activity other than farming; and
- 694 (B) tangible personal property or a product transferred electronically that is
- 695 considered to be used in an activity other than farming includes:
- 696 (I) office equipment and supplies; or
- 697 (II) equipment and supplies used in:
- 698 (Aa) the sale or distribution of farm products;
- 699 (Bb) research; or
- 700 (Cc) transportation; or
- 701 (iii) a vehicle required to be registered by the laws of this state during the period
- 702 ending two years after the date of the vehicle's purchase;

- 703 (19) sales of hay;
- 704 (20) exclusive sale during the harvest season of seasonal crops, seedling plants, or garden,
705 farm, or other agricultural produce if the seasonal crops are, seedling plants are, or
706 garden, farm, or other agricultural produce is sold by:
- 707 (a) the producer of the seasonal crops, seedling plants, or garden, farm, or other
708 agricultural produce;
- 709 (b) an employee of the producer described in Subsection (20)(a); or
- 710 (c) a member of the immediate family of the producer described in Subsection (20)(a);
- 711 (21) purchases made using a coupon as defined in 7 U.S.C. Sec. 2012 that is issued under
712 the Food Stamp Program, 7 U.S.C. Sec. 2011 et seq.;
- 713 (22) sales of nonreturnable containers, nonreturnable labels, nonreturnable bags,
714 nonreturnable shipping cases, and nonreturnable casings to a manufacturer, processor,
715 wholesaler, or retailer for use in packaging tangible personal property to be sold by that
716 manufacturer, processor, wholesaler, or retailer;
- 717 (23) a product stored in the state for resale;
- 718 (24)(a) purchases of a product if:
- 719 (i) the product is:
- 720 (A) purchased outside of this state;
- 721 (B) brought into this state:
- 722 (I) at any time after the purchase described in Subsection (24)(a)(i)(A); and
- 723 (II) by a nonresident person who is not living or working in this state at the
724 time of the purchase;
- 725 (C) used for the personal use or enjoyment of the nonresident person described in
726 Subsection (24)(a)(i)(B)(II) while that nonresident person is within the state;
727 and
- 728 (D) not used in conducting business in this state; and
- 729 (ii) for:
- 730 (A) a product other than a boat described in Subsection (24)(a)(ii)(B), the first use
731 of the product for a purpose for which the product is designed occurs outside of
732 this state;
- 733 (B) a boat, the boat is registered outside of this state; or
- 734 (C) a vehicle other than a vehicle sold to an authorized carrier, the vehicle is
735 registered outside of this state;
- 736 (b) the exemption provided for in Subsection (24)(a) does not apply to:

- 737 (i) a lease or rental of a product; or
738 (ii) a sale of a vehicle exempt under Subsection (33); and
739 (c) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, for
740 purposes of Subsection (24)(a), the commission may by rule define what constitutes
741 the following:
- 742 (i) conducting business in this state if that phrase has the same meaning in this
743 Subsection (24) as in Subsection (63);
 - 744 (ii) the first use of a product if that phrase has the same meaning in this Subsection
745 (24) as in Subsection (63); or
 - 746 (iii) a purpose for which a product is designed if that phrase has the same meaning in
747 this Subsection (24) as in Subsection (63);
- 748 (25) a product purchased for resale in the regular course of business, either in the product's
749 original form or as an ingredient or component part of a manufactured or compounded
750 product;
- 751 (26) a product upon which a sales or use tax was paid to some other state, or one of another
752 state's subdivisions, except that the state shall be paid any difference between the tax
753 paid and the tax imposed by this part and Part 2, Local Sales and Use Tax Act, and no
754 adjustment is allowed if the tax paid was greater than the tax imposed by this part and
755 Part 2, Local Sales and Use Tax Act;
- 756 (27) any sale of a service described in Subsections 59-12-103(1)(b), (c), and (d) to a person
757 for use in compounding a service taxable under the subsections;
- 758 (28) purchases made in accordance with the special supplemental nutrition program for
759 women, infants, and children established in 42 U.S.C. Sec. 1786;
- 760 (29) sales or leases of rolls, rollers, refractory brick, electric motors, or other replacement
761 parts used in the furnaces, mills, or ovens of a steel mill described in SIC Code 3312 of
762 the 1987 Standard Industrial Classification Manual of the federal Executive Office of the
763 President, Office of Management and Budget;
- 764 (30) sales of a boat of a type required to be registered under Title 73, Chapter 18, State
765 Boating Act, a boat trailer, or an outboard motor if the boat, boat trailer, or outboard
766 motor is:
- 767 (a) not registered in this state; and
 - 768 (b)(i) not used in this state; or
 - 769 (ii) used in this state:
 - 770 (A) if the boat, boat trailer, or outboard motor is not used to conduct business, for

- 771 a time period that does not exceed the longer of:
- 772 (I) 30 days in any calendar year; or
- 773 (II) the time period necessary to transport the boat, boat trailer, or outboard
- 774 motor to the borders of this state; or
- 775 (B) if the boat, boat trailer, or outboard motor is used to conduct business, for the
- 776 time period necessary to transport the boat, boat trailer, or outboard motor to
- 777 the borders of this state;
- 778 (31) sales of aircraft manufactured in Utah;
- 779 (32) amounts paid for the purchase of telecommunications service for purposes of
- 780 providing telecommunications service;
- 781 (33) sales, leases, or uses of the following:
- 782 (a) a vehicle by an authorized carrier; or
- 783 (b) tangible personal property that is installed on a vehicle:
- 784 (i) sold or leased to or used by an authorized carrier; and
- 785 (ii) before the vehicle is placed in service for the first time;
- 786 (34)(a) 45% of the sales price of any new manufactured home; and
- 787 (b) 100% of the sales price of any used manufactured home;
- 788 (35) sales relating to schools and fundraising sales;
- 789 (36) sales or rentals of durable medical equipment if:
- 790 (a) a person presents a prescription for the durable medical equipment; and
- 791 (b) the durable medical equipment is used for home use only;
- 792 (37)(a) sales to a ski resort of electricity to operate a passenger ropeway as defined in
- 793 Section 72-11-102; and
- 794 (b) the commission shall by rule determine the method for calculating sales exempt
- 795 under Subsection (37)(a) that are not separately metered and accounted for in utility
- 796 billings;
- 797 (38) sales to a ski resort of:
- 798 (a) snowmaking equipment;
- 799 (b) ski slope grooming equipment;
- 800 (c) passenger ropeways as defined in Section 72-11-102; or
- 801 (d) parts used in the repairs or renovations of equipment or passenger ropeways
- 802 described in Subsections (38)(a) through (c);
- 803 (39) subject to Subsection 59-12-103(2)(j), sales of natural gas, electricity, heat, coal, fuel
- 804 oil, or other fuels for industrial use;

- 805 (40)(a) subject to Subsection (40)(b), sales or rentals of the right to use or operate for
806 amusement, entertainment, or recreation an unassisted amusement device as defined
807 in Section 59-12-102;
- 808 (b) if a seller that sells or rents at the same business location the right to use or operate
809 for amusement, entertainment, or recreation one or more unassisted amusement
810 devices and one or more assisted amusement devices, the exemption described in
811 Subsection (40)(a) applies if the seller separately accounts for the sales or rentals of
812 the right to use or operate for amusement, entertainment, or recreation for the assisted
813 amusement devices; and
- 814 (c) for purposes of Subsection (40)(b) and in accordance with Title 63G, Chapter 3, Utah
815 Administrative Rulemaking Act, the commission may make rules:
- 816 (i) governing the circumstances under which sales are at the same business location;
817 and
- 818 (ii) establishing the procedures and requirements for a seller to separately account for
819 the sales or rentals of the right to use or operate for amusement, entertainment, or
820 recreation for assisted amusement devices;
- 821 (41)(a) sales of photocopies by:
- 822 (i) a governmental entity; or
- 823 (ii) an entity within the state system of public education, including:
- 824 (A) a school; or
- 825 (B) the State Board of Education; or
- 826 (b) sales of publications by a governmental entity;
- 827 (42) amounts paid for admission to an athletic event at an institution of higher education
828 that is subject to the provisions of Title IX of the Education Amendments of 1972, 20
829 U.S.C. Sec. 1681 et seq.;
- 830 (43)(a) sales made to or by:
- 831 (i) an area agency on aging; or
- 832 (ii) a senior citizen center owned by a county, city, or town; or
- 833 (b) sales made by a senior citizen center that contracts with an area agency on aging;
- 834 (44) sales or leases of semiconductor fabricating, processing, research, or development
835 materials regardless of whether the semiconductor fabricating, processing, research, or
836 development materials:
- 837 (a) actually come into contact with a semiconductor; or
- 838 (b) ultimately become incorporated into real property;

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

- 873 (a) for use on or in a human; and
- 874 (b)(i) for which a prescription is required; or
- 875 (ii) if the prosthetic device is purchased by a hospital or other medical facility;
- 876 (54)(a) except as provided in Subsection (54)(b), purchases, leases, or rentals of
- 877 machinery or equipment by an establishment described in Subsection (54)(c) if the
- 878 machinery or equipment is primarily used in the production or postproduction of the
- 879 following media for commercial distribution:
- 880 (i) a motion picture;
- 881 (ii) a television program;
- 882 (iii) a movie made for television;
- 883 (iv) a music video;
- 884 (v) a commercial;
- 885 (vi) a documentary; or
- 886 (vii) a medium similar to Subsections (54)(a)(i) through (vi) as determined by the
- 887 commission by administrative rule made in accordance with Subsection (54)(d);
- 888 (b) purchases, leases, or rentals of machinery or equipment by an establishment
- 889 described in Subsection (54)(c) that is used for the production or postproduction of
- 890 the following are subject to the taxes imposed by this chapter:
- 891 (i) a live musical performance;
- 892 (ii) a live news program; or
- 893 (iii) a live sporting event;
- 894 (c) the following establishments listed in the 1997 North American Industry
- 895 Classification System of the federal Executive Office of the President, Office of
- 896 Management and Budget, apply to Subsections (54)(a) and (b):
- 897 (i) NAICS Code 512110; or
- 898 (ii) NAICS Code 51219; and
- 899 (d) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
- 900 commission may by rule:
- 901 (i) prescribe what constitutes a medium similar to Subsections (54)(a)(i) through (vi);
- 902 or
- 903 (ii) define:
- 904 (A) "commercial distribution";
- 905 (B) "live musical performance";
- 906 (C) "live news program"; or

- 907 (D) "live sporting event";
- 908 (55)(a) leases of seven or more years or purchases made on or after July 1, 2004, but on
909 or before June 30, 2027, of tangible personal property that:
- 910 (i) is leased or purchased for or by a facility that:
- 911 (A) is an alternative energy electricity production facility;
- 912 (B) is located in the state; and
- 913 (C)(I) becomes operational on or after July 1, 2004; or
- 914 (II) has its generation capacity increased by one or more megawatts on or after
915 July 1, 2004, as a result of the use of the tangible personal property;
- 916 (ii) has an economic life of five or more years; and
- 917 (iii) is used to make the facility or the increase in capacity of the facility described in
918 Subsection (55)(a)(i) operational up to the point of interconnection with an
919 existing transmission grid including:
- 920 (A) a wind turbine;
- 921 (B) generating equipment;
- 922 (C) a control and monitoring system;
- 923 (D) a power line;
- 924 (E) substation equipment;
- 925 (F) lighting;
- 926 (G) fencing;
- 927 (H) pipes; or
- 928 (I) other equipment used for locating a power line or pole; and
- 929 (b) this Subsection (55) does not apply to:
- 930 (i) tangible personal property used in construction of:
- 931 (A) a new alternative energy electricity production facility; or
- 932 (B) the increase in the capacity of an alternative energy electricity production
933 facility;
- 934 (ii) contracted services required for construction and routine maintenance activities;
935 and
- 936 (iii) unless the tangible personal property is used or acquired for an increase in
937 capacity of the facility described in Subsection (55)(a)(i)(C)(II), tangible personal
938 property used or acquired after:
- 939 (A) the alternative energy electricity production facility described in Subsection
940 (55)(a)(i) is operational as described in Subsection (55)(a)(iii); or

- 941 (B) the increased capacity described in Subsection (55)(a)(i) is operational as
942 described in Subsection (55)(a)(iii);
- 943 (56)(a) leases of seven or more years or purchases made on or after July 1, 2004, but on
944 or before June 30, 2027, of tangible personal property that:
- 945 (i) is leased or purchased for or by a facility that:
- 946 (A) is a waste energy production facility;
- 947 (B) is located in the state; and
- 948 (C)(I) becomes operational on or after July 1, 2004; or
- 949 (II) has its generation capacity increased by one or more megawatts on or after
950 July 1, 2004, as a result of the use of the tangible personal property;
- 951 (ii) has an economic life of five or more years; and
- 952 (iii) is used to make the facility or the increase in capacity of the facility described in
953 Subsection (56)(a)(i) operational up to the point of interconnection with an
954 existing transmission grid including:
- 955 (A) generating equipment;
- 956 (B) a control and monitoring system;
- 957 (C) a power line;
- 958 (D) substation equipment;
- 959 (E) lighting;
- 960 (F) fencing;
- 961 (G) pipes; or
- 962 (H) other equipment used for locating a power line or pole; and
- 963 (b) this Subsection (56) does not apply to:
- 964 (i) tangible personal property used in construction of:
- 965 (A) a new waste energy facility; or
- 966 (B) the increase in the capacity of a waste energy facility;
- 967 (ii) contracted services required for construction and routine maintenance activities;
968 and
- 969 (iii) unless the tangible personal property is used or acquired for an increase in
970 capacity described in Subsection (56)(a)(i)(C)(II), tangible personal property used
971 or acquired after:
- 972 (A) the waste energy facility described in Subsection (56)(a)(i) is operational as
973 described in Subsection (56)(a)(iii); or
- 974 (B) the increased capacity described in Subsection (56)(a)(i) is operational as

975 described in Subsection (56)(a)(iii);

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

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

979 (A) is located in the state;

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

981 (I) methanol; or

982 (II) ethanol; and

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

984 (II) has its capacity to produce fuel increase by 25% or more on or after July 1,
985 2004, as a result of the installation of the tangible personal property;

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

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

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

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

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

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

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

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

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

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

999 (58)(a) subject to Subsection (58)(b), sales of tangible personal property or a product

1000 transferred electronically to a person within this state if that tangible personal

1001 property or product transferred electronically is subsequently shipped outside the

1002 state and incorporated pursuant to contract into and becomes a part of real property

1003 located outside of this state; and

1004 (b) the exemption under Subsection (58)(a) is not allowed to the extent that the other

1005 state or political entity to which the tangible personal property is shipped imposes a

1006 sales, use, gross receipts, or other similar transaction excise tax on the transaction

1007 against which the other state or political entity allows a credit for sales and use taxes

1008 imposed by this chapter;

- 1009 (59) purchases:
- 1010 (a) of one or more of the following items in printed or electronic format:
- 1011 (i) a list containing information that includes one or more:
- 1012 (A) names; or
- 1013 (B) addresses; or
- 1014 (ii) a database containing information that includes one or more:
- 1015 (A) names; or
- 1016 (B) addresses; and
- 1017 (b) used to send direct mail;
- 1018 (60) redemptions or repurchases of a product by a person if that product was:
- 1019 (a) delivered to a pawnbroker as part of a pawn transaction; and
- 1020 (b) redeemed or repurchased within the time period established in a written agreement
- 1021 between the person and the pawnbroker for redeeming or repurchasing the product;
- 1022 (61)(a) purchases or leases of an item described in Subsection (61)(b) if the item:
- 1023 (i) is purchased or leased by, or on behalf of, a telecommunications service provider;
- 1024 and
- 1025 (ii) has a useful economic life of one or more years; and
- 1026 (b) the following apply to Subsection (61)(a):
- 1027 (i) telecommunications enabling or facilitating equipment, machinery, or software;
- 1028 (ii) telecommunications equipment, machinery, or software required for 911 service;
- 1029 (iii) telecommunications maintenance or repair equipment, machinery, or software;
- 1030 (iv) telecommunications switching or routing equipment, machinery, or software; or
- 1031 (v) telecommunications transmission equipment, machinery, or software;
- 1032 (62)(a) beginning on July 1, 2006, and ending on June 30, 2027, purchases of tangible
- 1033 personal property or a product transferred electronically that are used in the research
- 1034 and development of alternative energy technology; and
- 1035 (b) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
- 1036 commission may, for purposes of Subsection (62)(a), make rules defining what
- 1037 constitutes purchases of tangible personal property or a product transferred
- 1038 electronically that are used in the research and development of alternative energy
- 1039 technology;
- 1040 (63)(a) purchases of tangible personal property or a product transferred electronically if:
- 1041 (i) the tangible personal property or product transferred electronically is:
- 1042 (A) purchased outside of this state;

- 1043 (B) brought into this state at any time after the purchase described in Subsection
1044 (63)(a)(i)(A); and
- 1045 (C) used in conducting business in this state; and
- 1046 (ii) for:
- 1047 (A) tangible personal property or a product transferred electronically other than
1048 the tangible personal property described in Subsection (63)(a)(ii)(B), the first
1049 use of the property for a purpose for which the property is designed occurs
1050 outside of this state; or
- 1051 (B) a vehicle other than a vehicle sold to an authorized carrier, the vehicle is
1052 registered outside of this state and not required to be registered in this state
1053 under Section 41-1a-202 or 73-18-9 based on residency;
- 1054 (b) the exemption provided for in Subsection (63)(a) does not apply to:
- 1055 (i) a lease or rental of tangible personal property or a product transferred
1056 electronically; or
- 1057 (ii) a sale of a vehicle exempt under Subsection (33); and
- 1058 (c) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, for
1059 purposes of Subsection (63)(a), the commission may by rule define what constitutes
1060 the following:
- 1061 (i) conducting business in this state if that phrase has the same meaning in this
1062 Subsection (63) as in Subsection (24);
- 1063 (ii) the first use of tangible personal property or a product transferred electronically if
1064 that phrase has the same meaning in this Subsection (63) as in Subsection (24); or
- 1065 (iii) a purpose for which tangible personal property or a product transferred
1066 electronically is designed if that phrase has the same meaning in this Subsection
1067 (63) as in Subsection (24);
- 1068 (64) sales of disposable home medical equipment or supplies if:
- 1069 (a) a person presents a prescription for the disposable home medical equipment or
1070 supplies;
- 1071 (b) the disposable home medical equipment or supplies are used exclusively by the
1072 person to whom the prescription described in Subsection (64)(a) is issued; and
- 1073 (c) the disposable home medical equipment and supplies are listed as eligible for
1074 payment under:
- 1075 (i) Title XVIII, federal Social Security Act; or
- 1076 (ii) the state plan for medical assistance under Title XIX, federal Social Security Act;

- 1077 (65) sales:
- 1078 (a) to a public transit district under Title 17B, Chapter 2a, Part 8, Public Transit District
- 1079 Act; or
- 1080 (b) of tangible personal property to a subcontractor of a public transit district, if the
- 1081 tangible personal property is:
- 1082 (i) clearly identified; and
- 1083 (ii) installed or converted to real property owned by the public transit district;
- 1084 (66) sales of construction materials:
- 1085 (a) purchased on or after July 1, 2010;
- 1086 (b) purchased by, on behalf of, or for the benefit of an international airport:
- 1087 (i) located within a county of the first class; and
- 1088 (ii) that has a United States customs office on its premises; and
- 1089 (c) if the construction materials are:
- 1090 (i) clearly identified;
- 1091 (ii) segregated; and
- 1092 (iii) installed or converted to real property:
- 1093 (A) owned or operated by the international airport described in Subsection (66)(b);
- 1094 and
- 1095 (B) located at the international airport described in Subsection (66)(b);
- 1096 (67) sales of construction materials:
- 1097 (a) purchased on or after July 1, 2008;
- 1098 (b) purchased by, on behalf of, or for the benefit of a new airport:
- 1099 (i) located within a county of the second or third class, as classified in Section
- 1100 17-60-104; and
- 1101 (ii) that is owned or operated by a city in which an airline as defined in Section
- 1102 59-2-102 is headquartered; and
- 1103 (c) if the construction materials are:
- 1104 (i) clearly identified;
- 1105 (ii) segregated; and
- 1106 (iii) installed or converted to real property:
- 1107 (A) owned or operated by the new airport described in Subsection (67)(b);
- 1108 (B) located at the new airport described in Subsection (67)(b); and
- 1109 (C) as part of the construction of the new airport described in Subsection (67)(b);
- 1110 (68) except for the tax imposed by Subsection 59-12-103(2)(d), sales of fuel to a common

- 1111 carrier that is a railroad for use in a locomotive engine;
- 1112 (69) purchases and sales described in Section 63H-4-111;
- 1113 (70)(a) sales of tangible personal property to an aircraft maintenance, repair, and
- 1114 overhaul provider for use in the maintenance, repair, overhaul, or refurbishment in
- 1115 this state of a fixed wing turbine powered aircraft if that fixed wing turbine powered
- 1116 aircraft's registration lists a state or country other than this state as the location of
- 1117 registry of the fixed wing turbine powered aircraft; or
- 1118 (b) sales of tangible personal property by an aircraft maintenance, repair, and overhaul
- 1119 provider in connection with the maintenance, repair, overhaul, or refurbishment in
- 1120 this state of a fixed wing turbine powered aircraft if that fixed wing turbine powered
- 1121 aircraft's registration lists a state or country other than this state as the location of
- 1122 registry of the fixed wing turbine powered aircraft;
- 1123 (71) subject to Section 59-12-104.4, sales of a textbook for a higher education course:
- 1124 (a) to a person admitted to an institution of higher education; and
- 1125 (b) by a seller, other than a bookstore owned by an institution of higher education, if
- 1126 51% or more of that seller's sales revenue for the previous calendar quarter are sales
- 1127 of a textbook for a higher education course;
- 1128 (72) a license fee or tax a municipality imposes in accordance with Subsection 10-1-203(5)
- 1129 on a purchaser from a business for which the municipality provides an enhanced level of
- 1130 municipal services;
- 1131 (73) amounts paid or charged for construction materials used in the construction of a new or
- 1132 expanding life science research and development facility in the state, if the construction
- 1133 materials are:
- 1134 (a) clearly identified;
- 1135 (b) segregated; and
- 1136 (c) installed or converted to real property;
- 1137 (74) amounts paid or charged for:
- 1138 (a) a purchase or lease of machinery and equipment that:
- 1139 (i) are used in performing qualified research:
- 1140 (A) as defined in Section 41(d), Internal Revenue Code; and
- 1141 (B) in the state; and
- 1142 (ii) have an economic life of three or more years; and
- 1143 (b) normal operating repair or replacement parts:
- 1144 (i) for the machinery and equipment described in Subsection (74)(a); and

- 1145 (ii) that have an economic life of three or more years;
- 1146 (75) a sale or lease of tangible personal property used in the preparation of prepared food if:
- 1147 (a) for a sale:
- 1148 (i) the ownership of the seller and the ownership of the purchaser are identical; and
- 1149 (ii) the seller or the purchaser paid a tax under this chapter on the purchase of that
- 1150 tangible personal property prior to making the sale; or
- 1151 (b) for a lease:
- 1152 (i) the ownership of the lessor and the ownership of the lessee are identical; and
- 1153 (ii) the lessor or the lessee paid a tax under this chapter on the purchase of that
- 1154 tangible personal property prior to making the lease;
- 1155 (76)(a) purchases of machinery or equipment if:
- 1156 (i) the purchaser is an establishment described in NAICS Subsector 713, Amusement,
- 1157 Gambling, and Recreation Industries, of the 2012 North American Industry
- 1158 Classification System of the federal Executive Office of the President, Office of
- 1159 Management and Budget;
- 1160 (ii) the machinery or equipment:
- 1161 (A) has an economic life of three or more years; and
- 1162 (B) is used by one or more persons who pay admission or user fees described in
- 1163 Subsection 59-12-103(1)(f) to the purchaser of the machinery and equipment;
- 1164 and
- 1165 (iii) 51% or more of the purchaser's sales revenue for the previous calendar quarter is:
- 1166 (A) amounts paid or charged as admission or user fees described in Subsection
- 1167 59-12-103(1)(f); and
- 1168 (B) subject to taxation under this chapter; and
- 1169 (b) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
- 1170 commission may make rules for verifying that 51% of a purchaser's sales revenue for
- 1171 the previous calendar quarter is:
- 1172 (i) amounts paid or charged as admission or user fees described in Subsection
- 1173 59-12-103(1)(f); and
- 1174 (ii) subject to taxation under this chapter;
- 1175 (77) purchases of a short-term lodging consumable by a business that provides
- 1176 accommodations and services described in Subsection 59-12-103(1)(i);
- 1177 (78) amounts paid or charged to access a database:
- 1178 (a) if the primary purpose for accessing the database is to view or retrieve information

- 1179 from the database; and
- 1180 (b) not including amounts paid or charged for a:
- 1181 (i) digital audio work;
- 1182 (ii) digital audio-visual work; or
- 1183 (iii) digital book;
- 1184 (79) amounts paid or charged for a purchase or lease made by an electronic financial
- 1185 payment service, of:
- 1186 (a) machinery and equipment that:
- 1187 (i) are used in the operation of the electronic financial payment service; and
- 1188 (ii) have an economic life of three or more years; and
- 1189 (b) normal operating repair or replacement parts that:
- 1190 (i) are used in the operation of the electronic financial payment service; and
- 1191 (ii) have an economic life of three or more years;
- 1192 (80) sales of a fuel cell as defined in Section 54-15-102;
- 1193 (81) amounts paid or charged for a purchase or lease of tangible personal property or a
- 1194 product transferred electronically if the tangible personal property or product transferred
- 1195 electronically:
- 1196 (a) is stored, used, or consumed in the state; and
- 1197 (b) is temporarily brought into the state from another state:
- 1198 (i) during a disaster period as defined in Section 53-2a-1202;
- 1199 (ii) by an out-of-state business as defined in Section 53-2a-1202;
- 1200 (iii) for a declared state disaster or emergency as defined in Section 53-2a-1202; and
- 1201 (iv) for disaster- or emergency-related work as defined in Section 53-2a-1202;
- 1202 (82) sales of goods and services at a morale, welfare, and recreation facility, as defined in
- 1203 Section 39A-7-102, made pursuant to Title 39A, Chapter 7, Morale, Welfare, and
- 1204 Recreation Program;
- 1205 (83) amounts paid or charged for a purchase or lease of molten magnesium;
- 1206 (84) amounts paid or charged for a purchase or lease made by a qualifying data center or an
- 1207 occupant of a qualifying data center of machinery, equipment, or normal operating
- 1208 repair or replacement parts, if the machinery, equipment, or normal operating repair or
- 1209 replacement parts:
- 1210 (a) are used in:
- 1211 (i) the operation of the qualifying data center; or
- 1212 (ii) the occupant's operations in the qualifying data center; and

- 1213 (b) have an economic life of one or more years;
- 1214 (85) sales of cleaning or washing of a vehicle, except for cleaning or washing of a vehicle
1215 that includes cleaning or washing of the interior of the vehicle;
- 1216 (86) amounts paid or charged for a purchase or lease of machinery, equipment, normal
1217 operating repair or replacement parts, catalysts, chemicals, reagents, solutions, or
1218 supplies used or consumed:
- 1219 (a) by a refiner who owns, leases, operates, controls, or supervises a refinery as defined
1220 in Section 79-6-701 located in the state;
- 1221 (b) if the machinery, equipment, normal operating repair or replacement parts, catalysts,
1222 chemicals, reagents, solutions, or supplies are used or consumed in:
- 1223 (i) the production process to produce gasoline or diesel fuel, or at which blendstock is
1224 added to gasoline or diesel fuel;
- 1225 (ii) research and development;
- 1226 (iii) transporting, storing, or managing raw materials, work in process, finished
1227 products, and waste materials produced from refining gasoline or diesel fuel, or
1228 adding blendstock to gasoline or diesel fuel;
- 1229 (iv) developing or maintaining a road, tunnel, excavation, or similar feature used in
1230 refining; or
- 1231 (v) preventing, controlling, or reducing pollutants from refining; and
- 1232 (c) if the person holds a valid refiner tax exemption certification as defined in Section
1233 79-6-701;
- 1234 (87) amounts paid to or charged by a proprietor for accommodations and services, as
1235 defined in Section 63H-1-205, if the proprietor is subject to the MIDA accommodations
1236 tax imposed under Section 63H-1-205;
- 1237 (88) amounts paid or charged for a purchase or lease of machinery, equipment, normal
1238 operating repair or replacement parts, or materials, except for office equipment or office
1239 supplies, by an establishment, as the commission defines that term in accordance with
1240 Title 63G, Chapter 3, Utah Administrative Rulemaking Act, that:
- 1241 (a) is described in NAICS Code 621511, Medical Laboratories, of the 2017 North
1242 American Industry Classification System of the federal Executive Office of the
1243 President, Office of Management and Budget;
- 1244 (b) is located in this state; and
- 1245 (c) uses the machinery, equipment, normal operating repair or replacement parts, or
1246 materials in the operation of the establishment;

- 1247 (89) amounts paid or charged for an item exempt under Section 59-12-104.10;
- 1248 (90) sales of a note, leaf, foil, or film, if the item:
- 1249 (a) is used as currency;
- 1250 (b) does not constitute legal tender of a state, the United States, or a foreign nation; and
- 1251 (c) has a gold, silver, or platinum metallic content of 50% or more, exclusive of any
- 1252 transparent polymer holder, coating, or encasement;
- 1253 (91) amounts paid or charged for admission to an indoor skydiving, rock climbing, or
- 1254 surfing facility, if a trained instructor:
- 1255 (a) is present with the participant, in person or by video, for the duration of the activity;
- 1256 and
- 1257 (b) actively instructs the participant, including providing observation or feedback;
- 1258 (92) amounts paid or charged in connection with the construction, operation, maintenance,
- 1259 repair, or replacement of facilities owned by or constructed for:
- 1260 (a) a distribution electrical cooperative, as defined in Section 54-2-1; or
- 1261 (b) a wholesale electrical cooperative, as defined in Section 54-2-1;
- 1262 (93) amounts paid by the service provider for tangible personal property, other than
- 1263 machinery, equipment, parts, office supplies, electricity, gas, heat, steam, or other fuels,
- 1264 that:
- 1265 (a) is consumed in the performance of a service that is subject to tax under Subsection
- 1266 59-12-103(1)(b), (f), (g), (h), (i), or (j);
- 1267 (b) has to be consumed for the service provider to provide the service described in
- 1268 Subsection (93)(a); and
- 1269 (c) will be consumed in the performance of the service described in Subsection (93)(a),
- 1270 to one or more customers, to the point that the tangible personal property disappears
- 1271 or cannot be used for any other purpose;
- 1272 (94) sales of rail rolling stock manufactured in Utah;
- 1273 (95) amounts paid or charged for sales of sand, gravel, rock aggregate, cement products, or
- 1274 construction materials between establishments, as the commission defines that term in
- 1275 accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, if:
- 1276 (a) the establishments are related directly or indirectly through 100% common
- 1277 ownership or control; and
- 1278 (b) each establishment is described in one of the following subsectors of the 2022 North
- 1279 American Industry Classification System of the federal Executive Office of the
- 1280 President, Office of Management and Budget:

- 1281 (i) NAICS Subsector 237, Heavy and Civil Engineering Construction; or
1282 (ii) NAICS Subsector 327, Nonmetallic Mineral Product Manufacturing;
- 1283 (96) sales of construction materials used for the construction of a qualified stadium, as
1284 defined in Section 11-70-101;
- 1285 [~~(97) amounts paid or charged for sales of a cannabinoid product as that term is defined in~~
1286 ~~Section 4-41-102;~~]
- 1287 [~~(98)~~ (97) amounts paid or charged by an operator of a qualifying energy storage
1288 manufacturing facility for:
- 1289 (a) a purchase of tangible personal property if the tangible personal property is
1290 incorporated into equipment or a device that stores and discharges energy at the
1291 qualifying energy storage manufacturing facility; and
- 1292 (b) a purchase or lease of machinery, equipment, or normal operating repair or
1293 replacement parts if the machinery, equipment, or normal operating repair or
1294 replacement parts are used exclusively in the operation of the qualifying energy
1295 storage manufacturing facility;
- 1296 [~~(99)~~ (98) amounts paid or charged for sales of adaptive driving equipment if the adaptive
1297 driving equipment is not yet installed in a motor vehicle;
- 1298 [~~(100)~~ (99) amounts paid or charged for sales of adaptive driving equipment if the adaptive
1299 driving equipment is installed in a motor vehicle by a previous owner and the
1300 requirements of Section 59-12-104.11 are met; and
- 1301 [~~(101)~~ (100) sales of construction materials used for the construction, remodeling, or
1302 refurbishing of a major sporting event venue, as defined in Section 63N-3-1701, within
1303 an approved major sporting event venue zone.
- 1304 Section 6. Section **59-12-104.11** is amended to read:
- 1305 **59-12-104.11 (Effective 01/01/27). Sales tax due for motor vehicle with adaptive**
1306 **driving equipment.**
- 1307 (1) An owner of a motor vehicle with adaptive driving equipment installed may claim the
1308 sales tax exemption described in Subsection [~~59-12-104(100)~~] 59-12-104(99) at the time
1309 of purchase if the owner purchases the motor vehicle from a vehicle dealer.
- 1310 (2) A vehicle dealer shall collect sales tax required by this chapter on the purchase price of
1311 the vehicle after subtracting the amount of the purchase price attributed to the adaptive
1312 driving equipment.
- 1313 (3)(a) A vehicle dealer shall state the purchase price attributed to the adaptive driving
1314 equipment on the contract of sale.

1315 (b) The vehicle dealer shall retain the contract of sale described in Subsection (3)(a) for
 1316 the same period of time a vehicle dealer is required to keep books and records under
 1317 Section 59-1-1406.

1318 Section 7. Section **59-31-101** is amended to read:

1319 **CHAPTER 31. Specialized Product Licensing and Tax Act**

1320 **59-31-101 (Effective 01/01/27). Definitions.**

1321 As used in this chapter:

1322 (1)(a) "Cannabinoid product" means ~~[the same as that term is defined in Section~~
 1323 ~~4-41-102]~~ a product that contains or is represented to contain one or more naturally
 1324 occurring cannabinoids.

1325 (b) "Cannabinoid product" does not include:

1326 (i) medical cannabis as that term is defined in Section 26B-4-201; or

1327 (ii) a medical cannabis product as that term is defined in Section 26B-4-201.

1328 (2) "Kratom product" means a product containing any part of a leaf of the plant Mitragyna
 1329 speciosa.

1330 ~~[(2)]~~ (3) "Licensee" means a retailer that holds a valid license under Part 2, Licensing, to sell
 1331 a [cannabinoid] specialized product.

1332 ~~[(3)]~~ (4) "Retail price" means the amount charged by a retailer for a [cannabinoid] specialized
 1333 product.

1334 ~~[(4)]~~ (5) "Retailer" means a person that sells a [cannabinoid] specialized product to a
 1335 consumer for personal use.

1336 (6) "Specialized product" means a cannabinoid product or a kratom product.

1337 Section 8. Section **59-31-201** is amended to read:

1338 **59-31-201 (Effective 01/01/27). Prohibition on the sale of a specialized product**
 1339 **without license.**

1340 (1) A ~~[person]~~ retailer may not sell~~[,]~~ or offer to sell~~[, or distribute a cannabinoid]~~ a
 1341 specialized product in this state without first~~[:]~~

1342 ~~[(a)]~~ obtaining a license from the commission under Section 59-31-202~~[; and]~~ .

1343 ~~[(b)]~~ complying with the bonding requirement described in Section 59-31-202.

1344 (2) It is a class B misdemeanor for a person to violate Subsection (1).

1345 (3) A retailer that violates Subsection (1) is subject to an administrative fine of \$1,000 to be
 1346 collected by the commission.

1347 Section 9. Section **59-31-202** is amended to read:

1348 **59-31-202 (Effective 01/01/27). Issuance of license.**

- 1349 (1) The commission shall issue a fixed location license to sell a [eannabinoid] specialized
1350 product to a retailer that submits an application, on a form created by the commission,
1351 that includes:
- 1352 (a) the retailer's name;
 - 1353 (b) the address of the location permitted under Section 4-41-103.3 or Section 4-45-104
1354 where the retailer sells the [eannabinoid] specialized product; and
 - 1355 (c) any other information the commission requires to implement this chapter.
- 1356 (2) A fixed location license is:
- 1357 (a) valid at only one fixed business address;
 - 1358 (b) valid for three years; and
 - 1359 ~~[(e) valid only for a physical location; and]~~
 - 1360 ~~[(d)] (c) renewable if a licensee meets the criteria for licensing described in Subsection~~
1361 (1).
- 1362 ~~[(3)(a) The commission shall require a retailer that is responsible under this part for the~~
1363 ~~collection of tax on a cannabinoid product to post a bond.]~~
- 1364 ~~[(b) Subject to Subsection (3)(c), the commission shall determine the form and amount~~
1365 ~~of the bond.]~~
- 1366 ~~[(c) The minimum amount of the bond shall be \$500.]~~
- 1367 ~~[(4) In accordance with Title 63G, Chapter 3, Utah Rulemaking Authority, the commission~~
1368 ~~may make rules to establish the additional information described in Subsection (1)(c)~~
1369 ~~that a retailer shall provide in the application described in Subsection (1).]~~
- 1370 ~~[(5)] (3) The commission may ~~[not]~~ charge a \$50 fee for issuing or renewing a license under~~
1371 ~~this section to offset the costs of administration.~~
- 1372 ~~[(6)] (4) The license under this section is in addition to a [license] permit required under~~
1373 ~~Section 4-41-103.3.~~
- 1374 ~~[(7)] (5)(a) The commission shall maintain a public list that includes the identity of each [~~
1375 ~~person] retailer licensed under this section.~~
- 1376 (b) The list shall:
 - 1377 (i) include the type of license possessed; and
 - 1378 (ii) be updated by the commission at least once per quarter.
- 1379 (6) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
1380 commission may make rules necessary to administer this chapter, including rules to:
- 1381 (a) issue a temporary, nonrenewable license to a fixed location license holder; and
 - 1382 (b) establish the additional information described in Subsection (1)(c) that a retailer shall

1383 provide in the application described in Subsection (1).

1384 Section 10. Section **59-31-301** is amended to read:

1385 **59-31-301 (Effective 01/01/27). Taxation of specialized product.**

1386 (1) A tax is imposed on a [eannabinoid] specialized product at a rate of [~~10~~] 5.3%
1387 multiplied by the retail price.

1388 (2)(a) [~~A licensee~~] Except as provided in Subsection (2)(c), a retailer shall collect the tax
1389 imposed under Subsection (1) from a [purchaser] consumer at the time the [
1390 eannabinoid] specialized product is sold.

1391 (b) A consumer that purchases or receives an untaxed [eannabinoid] specialized product
1392 shall pay the tax at the time the [eannabinoid] specialized product is first received in
1393 this state.

1394 (c) A retailer may elect not to collect the tax described in Subsection (2)(a) only if the
1395 retailer:

1396 (i) is located outside of the state; and

1397 (ii) does not meet the requirements of Subsection 59-12-107(2)(c).

1398 Section 11. Section **59-31-302** is amended to read:

1399 **59-31-302 (Effective 01/01/27). Remittance of tax.**

1400 (1)(a) [~~The licensee~~] A retailer that collects the tax imposed on a [eannabinoid]
1401 specialized product shall remit to the commission, in an electronic format approved
1402 by the commission:

1403 (i) the tax due in the previous quarter; and

1404 (ii) the tax return.

1405 (b) The tax collected and the return are due on or before the last day of April, July,
1406 October, and January.

1407 (2) A [~~licensee~~] retailer that sells a [eannabinoid] specialized product to a [purchaser]
1408 consumer shall maintain records to determine the amount of tax due under this part for a
1409 period of three years.

1410 (3)(a) A consumer that receives or purchases an untaxed [eannabinoid] specialized
1411 product for use or other consumption shall:

1412 (i) file with the commission, on a form provided by the commission, a statement
1413 showing the quantity and description of the [eannabinoid] specialized product
1414 subject to tax under this part; and

1415 (ii) pay the tax imposed by this part on the [eannabinoid] specialized product.

1416 (b) The consumer shall file the statement described in Subsection (3)(a) and pay the tax

- 1417 due on or before the last day of the month immediately following the month during
1418 which the consumer purchased an untaxed [~~cannabinoid~~] specialized product.
- 1419 (c) A consumer shall maintain records necessary to determine the amount of tax the
1420 consumer is liable to pay under this part for a period of three years after the day on
1421 which the consumer filed the statement required by this section.
- 1422 (4) A [~~tourist~~] nonresident who imports an untaxed [~~cannabinoid~~] specialized product into
1423 the state does not need to file the statement described in Subsection (3) or pay the tax if
1424 the [~~cannabinoid~~] specialized product is for the [~~tourist's~~] nonresident's own use or
1425 consumption while in this state.
- 1426 (5) In addition to the tax required by this part, a [~~person~~] retailer shall pay a penalty as
1427 provided in Section 59-1-401, plus interest at the rate and in the manner [~~provide~~]
1428 provided in Section 59-1-402, if a [~~person~~] retailer subject to this section fails to:
1429 (a) pay the tax imposed by this part;
1430 (b) pay the tax on time; or
1431 (c) file a return or statement required by this part.
- 1432 (6) An overpayment of a tax imposed by this part shall accrue interest at the rate and in the
1433 manner provided in Section 59-1-402.
- 1434 (7)(a) The commission shall retain and deposit an administrative charge in accordance
1435 with Section 59-1-306 from revenue generated by the tax under this part.
- 1436 (b) The commission shall deposit [~~47% of the revenue generated by the tax imposed by~~
1437 ~~this part into the General Fund and the remaining~~] the revenue generated by the tax
1438 imposed under this part into the [~~Cannabinoid~~] Specialized Product Proceeds
1439 Restricted Account created in Section 59-31-401.
- 1440 Section 12. Section **59-31-401** is amended to read:
1441 **59-31-401 (Effective 01/01/27). Specialized Product Proceeds Restricted Account.**
- 1442 (1) There is created within the General Fund a restricted account known as the "[
1443 ~~Cannabinoid~~] Specialized Product Proceeds Restricted Account."
1444 (2) The [~~Cannabinoid~~] Specialized Product Proceeds Restricted Account consists of:
1445 (a) revenue collected from the tax imposed by Section 59-31-301; [~~and~~]
1446 (b) fine amounts collected under Subsection 59-31-201(3); and
1447 (c) amounts appropriated by the Legislature.
- 1448 (3) Subject to appropriation, money in the account may be used for any of the following:
1449 (a) enforcement [~~of~~] and performance of duties described in Title 4, Chapter 41, Hemp
1450 and Cannabinoid Act, by the Department of Agriculture and Food;

1451 (b) enforcement and performance of duties described in Title 4, Chapter 45, Kratom
1452 Consumer Protection Act, by the Department of Agriculture and Food;
1453 ~~[(b)]~~ (c) investigations described in Section 77-39-101, regarding cannabinoid products;
1454 and
1455 ~~[(e)]~~ (d) the Industrial Hemp Grant Program created in Section 63N-3-1302~~[-and]~~ .
1456 ~~[(d) provided to counties, cities, and towns in proportion to the county's, city's, or town's~~
1457 ~~distribution under Section 59-12-205 for the preceding fiscal year.]~~

1458 Section 13. Section **59-31-402** is amended to read:

1459 **59-31-402 (Effective 01/01/27). Report to Department of Agriculture and Food of**
1460 **illegal specialized product.**

1461 If the commission suspects that a ~~[cannabinoid]~~ specialized product is being sold in the
1462 state in violation of a law other than a law described in this chapter, the commission shall
1463 report the name and tax identification number of the ~~[seller]~~ retailer and the ~~[cannabinoid]~~
1464 specialized product:

1465 (1) to the Department of Agriculture and Food; and

1466 (2) within 30 days after the day on which the commission becomes aware of the sale.

1467 Section 14. **Effective Date.**

1468 This bill takes effect on January 1, 2027.