

Specialized Product Amendments

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Evan J. Vickers

House Sponsor:

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

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

AMENDS:

4-41-403 (Effective 01/01/27), as last amended by Laws of Utah 2024, Chapter 35

4-45-108 (Effective 01/01/27), as enacted by Laws of Utah 2019, Chapter 329

59-1-306 (Effective 01/01/27), as last amended by Laws of Utah 2025, Chapter 258

59-1-403 (Effective 01/01/27) (Partially Repealed 07/01/29), as last amended by Laws of

Utah 2025, Chapters 182, 323, 400, and 498
59-12-104 (Effective 01/01/27), as last amended by Laws of Utah 2025, First Special Session, Chapter 17
59-12-104.11 (Effective 01/01/27), as last amended by Laws of Utah 2025, First Special Session, Chapter 11
59-31-101 (Effective 01/01/27), as enacted by Laws of Utah 2024, Chapter 35
59-31-201 (Effective 01/01/27), as enacted by Laws of Utah 2024, Chapter 35
59-31-202 (Effective 01/01/27), as enacted by Laws of Utah 2024, Chapter 35
59-31-301 (Effective 01/01/27), as enacted by Laws of Utah 2024, Chapter 35
59-31-302 (Effective 01/01/27), as enacted by Laws of Utah 2024, Chapter 35
59-31-401 (Effective 01/01/27), as enacted by Laws of Utah 2024, Chapter 35
59-31-402 (Effective 01/01/27), as enacted by Laws of Utah 2024, Chapter 35

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

Section 1. Section **4-41-403** is amended to read:

4-41-403 (Effective 01/01/27). Standards for registration.

- (1)(a) The department shall make rules in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act:
- (i) to determine standards for a registered cannabinoid product, including standards for:
 - (A) testing to ensure the product is safe for human consumption; and
 - (B) accurate labeling;
 - (ii) governing an entity that manufactures cannabinoid products, including standards for health and safety;
 - (iii) to determine when and how a cannabinoid processor's cannabinoid [~~must~~] shall be tested by the department at the expense of the cannabinoid processor;
 - (iv) regarding what constitutes:
 - (A) a conventional food or beverage; and
 - (B) a product that is marketed or manufactured to be enticing to children;
 - (v) regarding any other issue the department considers necessary for the safe production and sale of cannabinoid products; and
 - (vi) for a cannabinoid product that is not in an oil based suspension, prohibiting a serving size that is less than the full portion of a discrete unit of the cannabinoid product.

(b) Notwithstanding Subsection (1)(a), the department may not prohibit a sugar coating on a cannabinoid product to mask the product's taste, subject to the limitations described in Subsection (1)(a)(iv) or (v).

(2) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the department may make rules to immediately ban or limit the presence of any substance in a cannabinoid product after receiving a recommendation to do so from a public health authority as defined in Section 26B-1-102.

(3) The department shall set a fine of not more than \$5,000 for a person who sells a cannabinoid product that is not registered by the department.

(4) Until January 1, 2029, the department may set a fee to register a cannabinoid product.

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

4-45-108 (Effective 01/01/27). Registration of kratom products -- Department duties.

(1) ~~[The]~~ Until January 1, 2029, the department ~~[shall]~~ may set a fee to register a kratom product, in accordance with Section 4-2-103.

(2) The fee described in Subsection (1) may be paid by a producer, manufacturer, or distributor of a kratom product, but a kratom product may not be registered with the department until the fee is paid.

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

(a) shall set an administrative fine~~[-, larger than the fee described in Subsection (1);]~~ not to exceed \$5,000 for a person who sells a kratom product that is not registered with the department; and

(b) may assess the fine described in Subsection (3)(a) against any person who offers an unregistered kratom product for sale in this state~~[-]~~ ; and

(c) may take an administrative action against any person who offers an unregistered kratom product for sale in this state.

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

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

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

59-1-306 (Effective 01/01/27). Definition -- State Tax Commission Administrative Charge Account -- Amount of administrative charge -- Deposit of revenue into the restricted account -- Interest deposited into General Fund --

Expenditure of money deposited into the restricted account.

- (1) As used in this section, "qualifying tax, fee, or charge" means a tax, fee, or charge the commission administers under:
- (a) Title 10, Chapter 1, Part 3, Municipal Energy Sales and Use Tax Act;
 - (b) Title 10, Chapter 1, Part 4, Municipal Telecommunications License Tax Act;
 - (c) Section 19-6-714;
 - (d) Section 19-6-805;
 - (e) Chapter 12, Sales and Use Tax Act, other than a tax under Chapter 12, Part 1, Tax Collection, or Chapter 12, Part 18, Additional State Sales and Use Tax Act;
 - (f) Section 59-27-105;
 - (g) Chapter 31, [~~Cannabinoi~~] Specialized Product Licensing and Tax Act;
 - (h) Chapter 32, Local Impact Mitigation Tax Act;
 - (i) Chapter 33, Wind or Solar Electric Generation Facility Capacity Tax;
 - (j) Section 63H-1-205;
 - (k) Title 63N, Chapter 3, Part 6, Housing and Transit Reinvestment Zone Act; [~~or~~]
 - (l) Title 69, Chapter 2, Part 4, Prepaid Wireless Telecommunications Service Charges; or
 - (m) Title 79, Chapter 6, Part [~~14~~] 14, Energy Project Assessment.
- (2) There is created a restricted account within the General Fund known as the "State Tax Commission Administrative Charge Account."
- (3) Subject to the other provisions of this section, the restricted account shall consist of administrative charges the commission retains and deposits in accordance with this section.
- (4) For purposes of this section, the administrative charge is a percentage of revenue the commission collects from each qualifying tax, fee, or charge of not to exceed the lesser of:
- (a) 1.5%; or
 - (b) an equal percentage of revenue the commission collects from each qualifying tax, fee, or charge sufficient to cover the cost to the commission of administering the qualifying taxes, fees, or charges.
- (5) The commission shall deposit an administrative charge into the restricted account.
- (6) Interest earned on the restricted account shall be deposited into the General Fund.
- (7) The commission shall expend money appropriated by the Legislature to the commission from the restricted account to administer qualifying taxes, fees, or charges or to offset general operational expenses.

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

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

(1) As used in this section:

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

(i) the commission administers under:

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

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

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

(D) Section 19-6-805;

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

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

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

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

(c) "Qualifying jurisdiction" means:

(i) a county, city, or town;

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

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

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

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

(i) a tax commissioner;

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

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

(b) An official charged with the custody of a return filed with the commission is not required to produce the return or evidence of anything contained in the return in any action or proceeding in any court, except:

(i) in accordance with judicial order;

- 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 ~~[duty]~~ 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

63G, Chapter 3, Utah Administrative Rulemaking Act, share information gathered from returns and other written statements with the federal government, any other state, any of the political subdivisions of another state, or any political subdivision of this state, except as limited by Sections 59-12-209 and 59-12-210, if the political subdivision, other state, or the federal government grant substantially similar privileges to this state.

(c) Notwithstanding Subsection (2) and for all taxes except individual income tax and corporate franchise tax, the commission may by rule, in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, provide for the issuance of information concerning the identity and other information of taxpayers who have failed to file tax returns or to pay any tax due.

(d) Notwithstanding Subsection (2), the commission shall provide to the director of the Division of Environmental Response and Remediation, as defined in Section 19-6-402, as requested by the director of the Division of Environmental Response and Remediation, any records, returns, or other information filed with the commission under Chapter 13, Motor and Special Fuel Tax Act, or Section 19-6-410.5 regarding the environmental assurance program participation fee.

(e) Notwithstanding Subsection (2), at the request of any person the commission shall provide that person sales and purchase volume data reported to the commission on a report, return, or other information filed with the commission under:

- (i) Chapter 13, Part 2, Motor Fuel; or
- (ii) Chapter 13, Part 4, Aviation Fuel.

(f) Notwithstanding Subsection (2), upon request from a tobacco product manufacturer, as defined in Section 59-22-202, the commission shall report to the manufacturer:

- (i) the quantity of cigarettes, as defined in Section 59-22-202, produced by the manufacturer and reported to the commission for the previous calendar year under Section 59-14-407; and
- (ii) the quantity of cigarettes, as defined in Section 59-22-202, produced by the manufacturer for which a tax refund was granted during the previous calendar year under Section 59-14-401 and reported to the commission under Subsection 59-14-401(1)(a)(v).

(g) Notwithstanding Subsection (2), the commission shall notify manufacturers, distributors, wholesalers, and retail dealers of a tobacco product manufacturer that is prohibited from selling cigarettes to consumers within the state under Subsection

- 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

required to be attached to or included in a return filed with the commission under Chapter 7, Corporate Franchise and Income Taxes, or Chapter 10, Individual Income Tax Act.

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

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

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

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

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

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

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

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

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

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

(v)(A) A person may not request tax information from GOEO under Title 63G, Chapter 2, Government Records Access and Management Act, or this section, if GOEO received the tax information from the commission in accordance with this Subsection (4)(n).

(B) GOEO may not provide to a person that requests tax information in accordance with Subsection (4)(n)(v)(A) any tax information other than the tax

- 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.

- (t) Notwithstanding Subsection (2), the commission may provide to a county, as determined by the commission, information declared on an individual income tax return in accordance with Section 59-10-103.1 that relates to eligibility to claim a residential exemption authorized under Section 59-2-103.
- (u) Notwithstanding Subsection (2), the commission shall provide a report regarding any access line provider that is over 90 days delinquent in payment to the commission of amounts the access line provider owes under Title 69, Chapter 2, Part 4, Prepaid Wireless Telecommunications Service Charges, to the board of the Utah Communications Authority created in Section 63H-7a-201.
- (v) Notwithstanding Subsection (2), the commission shall provide the Department of Environmental Quality a report on the amount of tax paid by a radioactive waste facility for the previous calendar year under Section 59-24-103.5.
- (w) Notwithstanding Subsection (2), the commission may, upon request, provide to the Department of Workforce Services any information received under Chapter 10, Part 4, Withholding of Tax, that is relevant to the duties of the Department of Workforce Services.
- (x) Notwithstanding Subsection (2), the commission may provide the Public Service Commission or the Division of Public Utilities information related to a seller that collects and remits to the commission a charge described in Subsection 69-2-405(2), including the seller's identity and the number of charges described in Subsection 69-2-405(2) that the seller collects.
- (y)(i) Notwithstanding Subsection (2), the commission shall provide to each qualifying jurisdiction the collection data necessary to verify the revenue collected by the commission for a distributed tax, fee, or charge collected within the qualifying jurisdiction.
- (ii) In addition to the information provided under Subsection (4)(y)(i), the commission shall provide a qualifying jurisdiction with copies of returns and other information relating to a distributed tax, fee, or charge collected within the qualifying jurisdiction.
- (iii)(A) To obtain the information described in Subsection (4)(y)(ii), the chief executive officer or the chief executive officer's designee of the qualifying jurisdiction shall submit a written request to the commission that states the specific information sought and how the qualifying jurisdiction intends to use the information.

- 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).

- (cc) Notwithstanding Subsection (2), the commission may, upon request, disclose a taxpayer's state individual income tax information to a program manager of the Utah Fits All Scholarship Program under Section 53F-6-402 if:
- (i) the taxpayer consents in writing to the disclosure;
 - (ii) the taxpayer's written consent includes the taxpayer's name, social security number, and any other information the commission requests that is necessary to verify the identity of the taxpayer; and
 - (iii) the program manager provides the taxpayer's written consent to the commission.
- (dd) Notwithstanding Subsection (2), the commission may provide to the Division of Finance within the Department of Government Operations any information necessary to facilitate a payment from the commission to a taxpayer, including:
- (i) the name of the taxpayer entitled to the payment or any other person legally authorized to receive the payment;
 - (ii) the taxpayer identification number of the taxpayer entitled to the payment;
 - (iii) the payment identification number and amount of the payment;
 - (iv) the tax year to which the payment applies and date on which the payment is due;
 - (v) a mailing address to which the payment may be directed; and
 - (vi) information regarding an account at a depository institution to which the payment may be directed, including the name of the depository institution, the type of account, the account number, and the routing number for the account.
- (ee) Notwithstanding Subsection (2), the commission shall provide the total amount of revenue collected by the commission under Subsection 59-5-202(5):
- (i) at the request of a committee of the Legislature, the Office of the Legislative Fiscal Analyst, or the Governor's Office of Planning and Budget, to the committee or office for the time period specified by the committee or office; and
 - (ii) to the Division of Finance for purposes of the Division of Finance administering Subsection 59-5-202(5).
- (ff) Notwithstanding Subsection (2), the commission may provide the Department of Agriculture and Food with information from a return filed in accordance with Chapter 31, ~~[Cannabinoi~~ Specialized Product Licensing and Tax Act.
- (gg) Notwithstanding Subsection (2), the commission shall provide the Department of Workforce Services with the information described in Section 35A-3-105.
- (hh) Notwithstanding Subsection (2), the commission may provide aggregated information to the Utah Population Committee, created in Section 63C-20-103, if the

- Utah Population Committee requests the information in accordance with Section 63C-20-105.
- (5)(a) Each report and return shall be preserved for at least three years.
- (b) After the three-year period provided in Subsection (5)(a) the commission may destroy a report or return.
- (6)(a) Any individual who violates this section is guilty of a class A misdemeanor.
- (b) If the individual described in Subsection (6)(a) is an officer or employee of the state, the individual shall be dismissed from office and be disqualified from holding public office in this state for a period of five years thereafter.
- (c) Notwithstanding Subsection (6)(a) or (b), GOEO, when requesting information in accordance with Subsection (4)(n)(iii), or an individual who requests information in accordance with Subsection (4)(n)(v):
- (i) is not guilty of a class A misdemeanor; and
- (ii) is not subject to:
- (A) dismissal from office in accordance with Subsection (6)(b); or
- (B) disqualification from holding public office in accordance with Subsection (6)(b).
- (d) Notwithstanding Subsection (6)(a) or (b), for a disclosure of information to the Office of the Legislative Auditor General in accordance with Title 36, Chapter 12, Legislative Organization, an individual described in Subsection (2):
- (i) is not guilty of a class A misdemeanor; and
- (ii) is not subject to:
- (A) dismissal from office in accordance with Subsection (6)(b); or
- (B) disqualification from holding public office in accordance with Subsection (6)(b).
- (7) Except as provided in Section 59-1-404, this part does not apply to the property tax.
- Section 5. Section **59-12-104** is amended to read:
- 59-12-104 (Effective 01/01/27). Exemptions.**
- Exemptions from the taxes imposed by this chapter are as follows:
- (1) sales of aviation fuel, motor fuel, and special fuel subject to a Utah state excise tax under Chapter 13, Motor and Special Fuel Tax Act;
- (2) subject to Section 59-12-104.6, sales to the state, its institutions, and its political subdivisions; however, this exemption does not apply to sales of:
- (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

property or product transferred electronically:

(A) becomes part of real estate; or

(B) is installed by a farmer, contractor, or subcontractor; or

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

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

(i)(A) subject to Subsection (18)(b)(i)(B), machinery, equipment, materials, or supplies if used in a manner that is incidental to farming; and

(B) tangible personal property that is considered to be used in a manner that is incidental to farming includes:

(I) hand tools; or

(II) maintenance and janitorial equipment and supplies;

(ii)(A) subject to Subsection (18)(b)(ii)(B), tangible personal property or a product transferred electronically if the tangible personal property or product transferred electronically is used in an activity other than farming; and

(B) tangible personal property or a product transferred electronically that is considered to be used in an activity other than farming includes:

(I) office equipment and supplies; or

(II) equipment and supplies used in:

(Aa) the sale or distribution of farm products;

(Bb) research; or

(Cc) transportation; or

(iii) a vehicle required to be registered by the laws of this state during the period ending two years after the date of the vehicle's purchase;

(19) sales of hay;

(20) exclusive sale during the harvest season of seasonal crops, seedling plants, or garden, farm, or other agricultural produce if the seasonal crops are, seedling plants are, or garden, farm, or other agricultural produce is sold by:

(a) the producer of the seasonal crops, seedling plants, or garden, farm, or other agricultural produce;

(b) an employee of the producer described in Subsection (20)(a); or

(c) a member of the immediate family of the producer described in Subsection (20)(a);

- 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

provider in connection with the maintenance, repair, overhaul, or refurbishment in this state of a fixed wing turbine powered aircraft if that fixed wing turbine powered aircraft's registration lists a state or country other than this state as the location of registry of the fixed wing turbine powered aircraft;

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

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

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

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

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

(a) clearly identified;

(b) segregated; and

(c) installed or converted to real property;

(74) amounts paid or charged for:

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

(i) are used in performing qualified research:

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

(B) in the state; and

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

(b) normal operating repair or replacement parts:

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

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

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

(a) for a sale:

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

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

(b) for a lease:

(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:

(a) a purchase of tangible personal property if the tangible personal property is incorporated into equipment or a device that stores and discharges energy at the qualifying energy storage manufacturing facility; and

(b) a purchase or lease of machinery, equipment, or normal operating repair or replacement parts if the machinery, equipment, or normal operating repair or replacement parts are used exclusively in the operation of the qualifying energy storage manufacturing facility;

~~[(99)]~~ (98) amounts paid or charged for sales of adaptive driving equipment if the adaptive driving equipment is not yet installed in a motor vehicle;

~~[(100)]~~ (99) amounts paid or charged for sales of adaptive driving equipment if the adaptive driving equipment is installed in a motor vehicle by a previous owner and the requirements of Section 59-12-104.11 are met; and

~~[(101)]~~ (100) sales of construction materials used for the construction, remodeling, or refurbishing of a major sporting event venue, as defined in Section 63N-3-1701, within an approved major sporting event venue zone.

Section 6. Section **59-12-104.11** is amended to read:

59-12-104.11 (Effective 01/01/27). Sales tax due for motor vehicle with adaptive driving equipment.

(1) An owner of a motor vehicle with adaptive driving equipment installed may claim the sales tax exemption described in Subsection ~~[59-12-104(100)]~~ 59-12-104(99) at the time of purchase if the owner purchases the motor vehicle from a vehicle dealer.

(2) A vehicle dealer shall collect sales tax required by this chapter on the purchase price of the vehicle after subtracting the amount of the purchase price attributed to the adaptive driving equipment.

(3)(a) A vehicle dealer shall state the purchase price attributed to the adaptive driving equipment on the contract of sale.

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

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

CHAPTER 31. Specialized Product Licensing and Tax Act

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

As used in this chapter:

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

- (2) "Kratom product" means the same as that term is defined in Section 4-45-102.
- ~~[(2)]~~ (3) "Licensee" means a retailer that holds a valid license under Part 2, Licensing, to sell a [cannabinoid] specialized product.
- ~~[(3)]~~ (4) "Retail price" means the amount charged by a retailer for a [cannabinoid] specialized product.
- ~~[(4)]~~ (5) "Retailer" means a person that sells a [cannabinoid] specialized product to a consumer for personal use.
- (6) "Specialized product" means a cannabinoid product or a kratom product.

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

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

- (1) A ~~[person]~~ retailer may not sell~~;~~ or offer to sell~~;~~ or distribute a cannabinoid a specialized product in this state without first~~;~~
- ~~[(a)]~~ obtaining a license from the commission under Section 59-31-202~~;~~ and .
- ~~[(b)] complying with the bonding requirement described in Section 59-31-202.~~
- (2) It is a class B misdemeanor for a person to violate Subsection (1).
- (3) A retailer that violates Subsection (1) is subject to an administrative fine of \$1,000 to be collected by the commission.

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

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

- (1) The commission shall issue a fixed location license to sell a [cannabinoid] specialized product to a retailer that submits an application, on a form created by the commission, that includes:
- (a) the retailer's name;
- (b) the address of the location permitted under Section 4-41-103.3 or Section 4-45-104 where the retailer sells the [cannabinoid] specialized product; and
- (c) any other information the commission requires to implement this chapter.
- (2) A fixed location license is:
- (a) valid at only one fixed business address;
- (b) valid for three years; and
- ~~[(c)] valid only for a physical location; and~~
- ~~[(d)]~~ (c) renewable if a licensee meets the criteria for licensing described in Subsection (1).
- ~~[(3)](a) The commission shall require a retailer that is responsible under this part for the~~

collection of tax on a cannabinoid product to post a bond.]

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

[(e) The minimum amount of the bond shall be \$500.]

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

[(5)] (3) The commission may [not] charge a \$50 fee for issuing or renewing a license under this section.

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

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

(b) The list shall:

(i) include the type of license possessed; and

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

(6) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission may make rules necessary to administer this chapter, including rules to:

(a) issue a temporary, nonrenewable license to a fixed location license holder; and

(b) establish the additional information described in Subsection (1)(c) that a retailer shall provide in the application described in Subsection (1).

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

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

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

(2)(a) A [licensee] retailer shall collect the tax imposed under Subsection (1) from a [purchaser] consumer at the time the [cannabinoid] specialized product is sold.

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

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

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

(1)(a) [The licensee] A retailer that collects the tax imposed on a [cannabinoid] specialized product shall remit to the commission, in an electronic format approved

by the commission:

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

(ii) the tax return.

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

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

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

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

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

(b) The consumer shall file the statement described in Subsection (3)(a) and pay the tax due on or before the last day of the month immediately following the month during which the consumer purchased an untaxed [cannabinoid] specialized product.

(c) A consumer shall maintain records necessary to determine the amount of tax the consumer is liable to pay under this part for a period of three years after the day on which the consumer filed the statement required by this section.

(4) A [tourist] nonresident who imports an untaxed [cannabinoid] specialized product into the state does not need to file the statement described in Subsection (3) or pay the tax if the [cannabinoid] specialized product is for the [tourist's] nonresident's own use or consumption while in this state.

(5) In addition to the tax required by this part, a [person] retailer shall pay a penalty as provided in Section 59-1-401, plus interest at the rate and in the manner [provide] provided in Section 59-1-402, if a [person] retailer subject to this section fails to:

(a) pay the tax imposed by this part;

(b) pay the tax on time; or

(c) file a return or statement required by this part.

(6) An overpayment of a tax imposed by this part shall accrue interest at the rate and in the manner provided in Section 59-1-402.

(7)(a) The commission shall retain and deposit an administrative charge in accordance with Section 59-1-306 from revenue generated by the tax under this part.

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

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

59-31-401 (Effective 01/01/27). Specialized Product Proceeds Restricted Account.

- (1) There is created within the General Fund a restricted account known as the "[~~Cannabinoid~~] Specialized Product Proceeds Restricted Account."
- (2) The ~~[Cannabinoid]~~ Specialized Product Proceeds Restricted Account consists of:
 - (a) revenue collected from the tax imposed by Section 59-31-301; ~~[and]~~
 - (b) fine amounts collected under Subsection 59-31-201(3); and
 - (c) amounts appropriated by the Legislature.
- (3) Subject to appropriation, money in the account may be used for any of the following:
 - (a) enforcement ~~[of]~~ and performance of duties described in Title 4, Chapter 41, Hemp and Cannabinoid Act, by the Department of Agriculture and Food;
 - (b) enforcement and performance of duties described in Title 4, Chapter 45, Kratom Consumer Protection Act, by the Department of Agriculture and Food;
 - ~~[(b)]~~ (c) investigations described in Section 77-39-101, regarding cannabinoid products; and
 - ~~[(e)]~~ (d) the Industrial Hemp Grant Program created in Section 63N-3-1302[; and] .
 - ~~[(d)]~~ provided to counties, cities, and towns in proportion to the county's, city's, or town's distribution under Section 59-12-205 for the preceding fiscal year.]

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

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

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

- (1) to the Department of Agriculture and Food; and
- (2) within 30 days after the day on which the commission becomes aware of the sale.

Section 14. **Effective Date.**

This bill takes effect on January 1, 2027.