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Online Sales Tax Amendments
2026 GENERAL SESSION
STATE OF UTAH
Chief Sponsor: Chris H. Wilson
House Sponsor:

2

3 LONG TITLE

4

General Description:

5 This bill modifies sales and use tax provisions for online transactions.

6

Highlighted Provisions:

7 This bill:

8 ▶ defines terms;

9 ▶ imposes a sales and use tax for amounts paid or charged for access to digital video or

10 audio works, including subscription-based streaming services; and

11 ▶ makes technical changes.

12

Money Appropriated in this Bill:

13 None

14

Other Special Clauses:

15 This bill provides a special effective date.

16

Utah Code Sections Affected:

17

AMENDS:

18 **59-12-102**, as last amended by Laws of Utah 2025, First Special Session, Chapters 9, 12

19 **59-12-103**, as last amended by Laws of Utah 2025, Chapter 285

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

22 Section 1. Section **59-12-102** is amended to read:

23

59-12-102 . Definitions.

24 As used in this chapter:

25 (1) "800 service" means a telecommunications service that:

26 (a) allows a caller to dial a toll-free number without incurring a charge for the call; and

27 (b) is typically marketed:

28 (i) under the name 800 toll-free calling;

29 (ii) under the name 855 toll-free calling;

30 (iii) under the name 866 toll-free calling;

31 (iv) under the name 877 toll-free calling;
32 (v) under the name 888 toll-free calling; or
33 (vi) under a name similar to Subsections (1)(b)(i) through (v) as designated by the
34 Federal Communications Commission.

35 (2)(a) "900 service" means an inbound toll telecommunications service that:
36 (i) a subscriber purchases;
37 (ii) allows a customer of the subscriber described in Subsection (2)(a)(i) to call in to
38 the subscriber's:
39 (A) prerecorded announcement; or
40 (B) live service; and
41 (iii) is typically marketed:
42 (A) under the name 900 service; or
43 (B) under a name similar to Subsection (2)(a)(iii)(A) as designated by the Federal
44 Communications Commission.

45 (b) "900 service" does not include a charge for:
46 (i) a collection service a seller of a telecommunications service provides to a
47 subscriber; or
48 (ii) the following a subscriber sells to the subscriber's customer:
49 (A) a product; or
50 (B) a service.

51 (3)(a) "Adaptive driving equipment" means mobility enhancing equipment:
52 (i) to be installed in a motor vehicle; and
53 (ii) regardless of who provides the equipment or parts.

54 (b) "Adaptive driving equipment" includes:
55 (i) a wheelchair or scooter lift;
56 (ii) equipment to secure a wheelchair;
57 (iii) a swivel seat;
58 (iv) a hand or foot control; and
59 (v) a steering aid.

60 (4)(a) "Admission or user fees" includes season passes.

61 (b) "Admission or user fees" does not include:
62 (i) annual membership dues to private organizations; or
63 (ii) a lesson, including a lesson that involves as part of the lesson equipment or a
64 facility listed in Subsection 59-12-103(1)(f).

65 (5) "Affiliate" or "affiliated person" means a person that, with respect to another person:

66 (a) has an ownership interest of more than 5%, whether direct or indirect, in that other

67 person; or

68 (b) is related to the other person because a third person, or a group of third persons who

69 are affiliated persons with respect to each other, holds an ownership interest of more

70 than 5%, whether direct or indirect, in the related persons.

71 (6) "Agreement" means the Streamlined Sales and Use Tax Agreement adopted on

72 November 12, 2002, including amendments made to the Streamlined Sales and Use Tax

73 Agreement after November 12, 2002.

74 (7) "Agreement combined tax rate" means the sum of the tax rates:

75 (a) listed under Subsection (8); and

76 (b) that are imposed within a local taxing jurisdiction.

77 (8) "Agreement sales and use tax" means a tax imposed under:

78 (a) Subsection 59-12-103(2)(a)(i)(A);

79 (b) Subsection 59-12-103(2)(a)(i)(B);

80 (c) Subsection 59-12-103(2)(b)(i);

81 (d) Subsection 59-12-103(2)(c)(i);

82 (e) Subsection 59-12-103(2)(d);

83 (f) Subsection 59-12-103(2)(e)(i)(A);

84 (g) Section 59-12-204;

85 (h) Section 59-12-401;

86 (i) Section 59-12-402;

87 (j) Section 59-12-402.1;

88 (k) Section 59-12-703;

89 (l) Section 59-12-802;

90 (m) Section 59-12-804;

91 (n) Section 59-12-1102;

92 (o) Section 59-12-1302;

93 (p) Section 59-12-1402;

94 (q) Section 59-12-1802;

95 (r) Section 59-12-2003;

96 (s) Section 59-12-2103;

97 (t) Section 59-12-2213;

98 (u) Section 59-12-2214;

- 99 (v) Section 59-12-2215;
- 100 (w) Section 59-12-2216;
- 101 (x) Section 59-12-2217;
- 102 (y) Section 59-12-2218;
- 103 (z) Section 59-12-2219;
- 104 (aa) Section 59-12-2220; or
- 105 (bb) Section 59-12-2402.

106 (9) "Aircraft" means the same as that term is defined in Section 72-10-102.

107 (10) "Aircraft maintenance, repair, and overhaul provider" means a business entity:

- 108 (a) except for:
 - 109 (i) an airline as defined in Section 59-2-102; or
 - 110 (ii) an affiliated group, as defined in Section 59-7-101, except that "affiliated group" includes a corporation that is qualified to do business but is not otherwise doing business in the state, of an airline; and
- 113 (b) that has the workers, expertise, and facilities to perform the following, regardless of whether the business entity performs the following in this state:
 - 115 (i) check, diagnose, overhaul, and repair:
 - 116 (A) an onboard system of a fixed wing turbine powered aircraft; and
 - 117 (B) the parts that comprise an onboard system of a fixed wing turbine powered aircraft;
 - 119 (ii) assemble, change, dismantle, inspect, and test a fixed wing turbine powered aircraft engine;
 - 121 (iii) perform at least the following maintenance on a fixed wing turbine powered aircraft:
 - 123 (A) an inspection;
 - 124 (B) a repair, including a structural repair or modification;
 - 125 (C) changing landing gear; and
 - 126 (D) addressing issues related to an aging fixed wing turbine powered aircraft;
 - 127 (iv) completely remove the existing paint of a fixed wing turbine powered aircraft and completely apply new paint to the fixed wing turbine powered aircraft; and
 - 129 (v) refurbish the interior of a fixed wing turbine powered aircraft in a manner that results in a change in the fixed wing turbine powered aircraft's certification requirements by the authority that certifies the fixed wing turbine powered aircraft.

132 (11) "Alcoholic beverage" means a beverage that:

133 (a) is suitable for human consumption; and
134 (b) contains .5% or more alcohol by volume.

135 (12) "Alternative energy" means:

136 (a) biomass energy;
137 (b) geothermal energy;
138 (c) hydroelectric energy;
139 (d) solar energy;
140 (e) wind energy; or
141 (f) energy that is derived from:
142 (i) coal-to-liquids;
143 (ii) nuclear fuel;
144 (iii) oil-impregnated diatomaceous earth;
145 (iv) oil sands;
146 (v) oil shale;
147 (vi) petroleum coke; or
148 (vii) waste heat from:

149 (A) an industrial facility; or
150 (B) a power station in which an electric generator is driven through a process in
151 which water is heated, turns into steam, and spins a steam turbine.

152 (13)(a) Subject to Subsection (13)(b), "alternative energy electricity production facility"

153 means a facility that:

154 (i) uses alternative energy to produce electricity; and
155 (ii) has a production capacity of two megawatts or greater.
156 (b) A facility is an alternative energy electricity production facility regardless of whether
157 the facility is:
158 (i) connected to an electric grid; or
159 (ii) located on the premises of an electricity consumer.

160 (14)(a) "Ancillary service" means a service associated with, or incidental to, the
161 provision of telecommunications service.

162 (b) "Ancillary service" includes:

163 (i) a conference bridging service;
164 (ii) a detailed communications billing service;
165 (iii) directory assistance;
166 (iv) a vertical service; or

167 (v) a voice mail service.

168 (15) "Area agency on aging" means the same as that term is defined in Section 26B-6-101.

169 (16) "Assisted amusement device" means an amusement device, skill device, or ride device
170 that is started and stopped by an individual:

171 (a) who is not the purchaser or renter of the right to use or operate the amusement
172 device, skill device, or ride device; and

173 (b) at the direction of the seller of the right to use the amusement device, skill device, or
174 ride device.

175 (17) "Assisted cleaning or washing of tangible personal property" means cleaning or
176 washing of tangible personal property if the cleaning or washing labor is primarily
177 performed by an individual:

178 (a) who is not the purchaser of the cleaning or washing of the tangible personal property;
179 and

180 (b) at the direction of the seller of the cleaning or washing of the tangible personal
181 property.

182 (18) "Authorized carrier" means:

183 (a) in the case of vehicles operated over public highways, the holder of credentials
184 indicating that the vehicle is or will be operated pursuant to both the International
185 Registration Plan and the International Fuel Tax Agreement;

186 (b) in the case of aircraft, the holder of a Federal Aviation Administration operating
187 certificate or air carrier's operating certificate; or

188 (c) in the case of locomotives, freight cars, railroad work equipment, or other rolling
189 stock, a person who uses locomotives, freight cars, railroad work equipment, or other
190 rolling stock in more than one state.

191 (19)(a) "Biomass energy" means any of the following that is used as the primary source
192 of energy to produce fuel or electricity:

193 (i) material from a plant or tree; or

194 (ii) other organic matter that is available on a renewable basis, including:

195 (A) slash and brush from forests and woodlands;

196 (B) animal waste;

197 (C) waste vegetable oil;

198 (D) methane or synthetic gas produced at a landfill, as a byproduct of the
199 treatment of wastewater residuals, or through the conversion of a waste
200 material through a nonincineration, thermal conversion process;

201 (E) aquatic plants; and

202 (F) agricultural products.

203 (b) "Biomass energy" does not include:

204 (i) black liquor; or

205 (ii) treated woods.

206 (20)(a) "Bundled transaction" means the sale of two or more items of tangible personal
207 property, products, or services if the tangible personal property, products, or services
208 are:

209 (i) distinct and identifiable; and

210 (ii) sold for one nonitemized price.

211 (b) "Bundled transaction" does not include:

212 (i) the sale of tangible personal property if the sales price varies, or is negotiable, on
213 the basis of the selection by the purchaser of the items of tangible personal
214 property included in the transaction;

215 (ii) the sale of real property;

216 (iii) the sale of services to real property;

217 (iv) the retail sale of tangible personal property and a service if:

218 (A) the tangible personal property:

219 (I) is essential to the use of the service; and

220 (II) is provided exclusively in connection with the service; and

221 (B) the service is the true object of the transaction;

222 (v) the retail sale of two services if:

223 (A) one service is provided that is essential to the use or receipt of a second
224 service;

225 (B) the first service is provided exclusively in connection with the second service;
226 and

227 (C) the second service is the true object of the transaction;

228 (vi) a transaction that includes tangible personal property or a product subject to
229 taxation under this chapter and tangible personal property or a product that is not
230 subject to taxation under this chapter if the:

231 (A) seller's purchase price of the tangible personal property or product subject to
232 taxation under this chapter is de minimis; or

233 (B) seller's sales price of the tangible personal property or product subject to
234 taxation under this chapter is de minimis; and

235 (vii) the retail sale of tangible personal property that is not subject to taxation under
236 this chapter and tangible personal property that is subject to taxation under this
237 chapter if:

238 (A) that retail sale includes:

- 239 (I) food and food ingredients;
- 240 (II) a drug;
- 241 (III) durable medical equipment;
- 242 (IV) mobility enhancing equipment;
- 243 (V) an over-the-counter drug;
- 244 (VI) a prosthetic device; or
- 245 (VII) a medical supply; and

246 (B) subject to Subsection (20)(f):

- 247 (I) the seller's purchase price of the tangible personal property subject to
248 taxation under this chapter is 50% or less of the seller's total purchase price
249 of that retail sale; or
- 250 (II) the seller's sales price of the tangible personal property subject to taxation
251 under this chapter is 50% or less of the seller's total sales price of that retail
252 sale.

253 (c)(i) For purposes of Subsection (20)(a)(i), tangible personal property, a product, or
254 a service that is distinct and identifiable does not include:

255 (A) packaging that:

- 256 (I) accompanies the sale of the tangible personal property, product, or service;
257 and
- 258 (II) is incidental or immaterial to the sale of the tangible personal property,
259 product, or service;

260 (B) tangible personal property, a product, or a service provided free of charge with
261 the purchase of another item of tangible personal property, a product, or a
262 service; or

263 (C) an item of tangible personal property, a product, or a service included in the
264 definition of "purchase price."

265 (ii) For purposes of Subsection (20)(c)(i)(B), an item of tangible personal property, a
266 product, or a service is provided free of charge with the purchase of another item
267 of tangible personal property, a product, or a service if the sales price of the
268 purchased item of tangible personal property, product, or service does not vary

269 depending on the inclusion of the tangible personal property, product, or service
270 provided free of charge.

271 (d)(i) For purposes of Subsection (20)(a)(ii), property sold for one nonitemized price
272 does not include a price that is separately identified by tangible personal property,
273 product, or service on the following, regardless of whether the following is in
274 paper format or electronic format:

- 275 (A) a binding sales document; or
- 276 (B) another supporting sales-related document that is available to a purchaser.

277 (ii) For purposes of Subsection (20)(d)(i), a binding sales document or another
278 supporting sales-related document that is available to a purchaser includes:

- 279 (A) a bill of sale;
- 280 (B) a contract;
- 281 (C) an invoice;
- 282 (D) a lease agreement;
- 283 (E) a periodic notice of rates and services;
- 284 (F) a price list;
- 285 (G) a rate card;
- 286 (H) a receipt; or
- 287 (I) a service agreement.

288 (e)(i) For purposes of Subsection (20)(b)(vi), the sales price of tangible personal
289 property or a product subject to taxation under this chapter is de minimis if:

- 290 (A) the seller's purchase price of the tangible personal property or product is 10%
291 or less of the seller's total purchase price of the bundled transaction; or
- 292 (B) the seller's sales price of the tangible personal property or product is 10% or
293 less of the seller's total sales price of the bundled transaction.

294 (ii) For purposes of Subsection (20)(b)(vi), a seller:

- 295 (A) shall use the seller's purchase price or the seller's sales price to determine if
296 the purchase price or sales price of the tangible personal property or product
297 subject to taxation under this chapter is de minimis; and
- 298 (B) may not use a combination of the seller's purchase price and the seller's sales
299 price to determine if the purchase price or sales price of the tangible personal
300 property or product subject to taxation under this chapter is de minimis.

301 (iii) For purposes of Subsection (20)(b)(vi), a seller shall use the full term of a service
302 contract to determine if the sales price of tangible personal property or a product is

303 de minimis.

304 (f) For purposes of Subsection (20)(b)(vii)(B), a seller may not use a combination of the
305 seller's purchase price and the seller's sales price to determine if tangible personal
306 property subject to taxation under this chapter is 50% or less of the seller's total
307 purchase price or sales price of that retail sale.

308 (21) "Car sharing" means the same as that term is defined in Section 13-48a-101.

309 (22) "Car-sharing program" means the same as that term is defined in Section 13-48a-101.

310 (23) "Certified automated system" means software certified by the governing board of the
311 agreement that:

312 (a) calculates the agreement sales and use tax imposed within a local taxing jurisdiction:

313 (i) on a transaction; and

314 (ii) in the states that are members of the agreement;

315 (b) determines the amount of agreement sales and use tax to remit to a state that is a
316 member of the agreement; and

317 (c) maintains a record of the transaction described in Subsection (23)(a)(i).

318 (24) "Certified service provider" means an agent certified:

319 (a) by the governing board of the agreement; and

320 (b) to perform a seller's sales and use tax functions for an agreement sales and use tax, as
321 outlined in the contract between the governing board of the agreement and the
322 certified service provider, other than the seller's obligation under Section 59-12-124
323 to remit a tax on the seller's own purchases.

324 (25)(a) Subject to Subsection (25)(b), "clothing" means all human wearing apparel
325 suitable for general use.

326 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
327 commission shall make rules:

328 (i) listing the items that constitute "clothing"; and

329 (ii) that are consistent with the list of items that constitute "clothing" under the
330 agreement.

331 (26) "Coal-to-liquid" means the process of converting coal into a liquid synthetic fuel.

332 (27) "Commercial use" means the use of gas, electricity, heat, coal, fuel oil, or other fuels
333 that does not constitute industrial use under Subsection (61) or residential use under
334 Subsection (117).

335 (28)(a) "Common carrier" means a person engaged in or transacting the business of
336 transporting passengers, freight, merchandise, or other property for hire within this

337 state.

338 (b)(i) "Common carrier" does not include a person that, at the time the person is
339 traveling to or from that person's place of employment, transports a passenger to
340 or from the passenger's place of employment.

341 (ii) For purposes of Subsection (28)(b)(i), in accordance with Title 63G, Chapter 3,
342 Utah Administrative Rulemaking Act, the commission may make rules defining
343 what constitutes a person's place of employment.

344 (c) "Common carrier" does not include a person that provides transportation network
345 services, as defined in Section 13-51-102.

346 (29) "Component part" includes:

347 (a) poultry, dairy, and other livestock feed, and their components;
348 (b) baling ties and twine used in the baling of hay and straw;
349 (c) fuel used for providing temperature control of orchards and commercial greenhouses
350 doing a majority of their business in wholesale sales, and for providing power for
351 off-highway type farm machinery; and
352 (d) feed, seeds, and seedlings.

353 (30) "Computer" means an electronic device that accepts information:

354 (a)(i) in digital form; or
355 (ii) in a form similar to digital form; and
356 (b) manipulates that information for a result based on a sequence of instructions.

357 (31) "Computer software" means a set of coded instructions designed to cause:

358 (a) a computer to perform a task; or
359 (b) automatic data processing equipment to perform a task.

360 (32) "Computer software maintenance contract" means a contract that obligates a seller of
361 computer software to provide a customer with:

362 (a) future updates or upgrades to computer software;
363 (b) support services with respect to computer software; or
364 (c) a combination of Subsections (32)(a) and (b).

365 (33)(a) "Conference bridging service" means an ancillary service that links two or more
366 participants of an audio conference call or video conference call.

367 (b) "Conference bridging service" may include providing a telephone number as part of
368 the ancillary service described in Subsection (33)(a).

369 (c) "Conference bridging service" does not include a telecommunications service used to
370 reach the ancillary service described in Subsection (33)(a).

371 (34) "Construction materials" means any tangible personal property that will be converted
372 into real property.

373 (35) "Delivered electronically" means delivered to a purchaser by means other than tangible
374 storage media.

375 (36)(a) "Delivery charge" means a charge:

376 (i) by a seller of:

377 (A) tangible personal property;

378 (B) a product transferred electronically; or

379 (C) a service; and

380 (ii) for preparation and delivery of the tangible personal property, product transferred
381 electronically, or services described in Subsection (36)(a)(i) to a location
382 designated by the purchaser.

383 (b) "Delivery charge" includes a charge for the following:

384 (i) transportation;

385 (ii) shipping;

386 (iii) postage;

387 (iv) handling;

388 (v) crating; or

389 (vi) packing.

390 (37) "Detailed telecommunications billing service" means an ancillary service of separately
391 stating information pertaining to individual calls on a customer's billing statement.

392 (38) "Dietary supplement" means a product, other than tobacco, that:

393 (a) is intended to supplement the diet;

394 (b) contains one or more of the following dietary ingredients:

395 (i) a vitamin;

396 (ii) a mineral;

397 (iii) an herb or other botanical;

398 (iv) an amino acid;

399 (v) a dietary substance for use by humans to supplement the diet by increasing the
400 total dietary intake; or

401 (vi) a concentrate, metabolite, constituent, extract, or combination of any ingredient
402 described in Subsections (38)(b)(i) through (v);

403 (c)(i) except as provided in Subsection (38)(c)(ii), is intended for ingestion in:

404 (A) tablet form;

405 (B) capsule form;
406 (C) powder form;
407 (D) softgel form;
408 (E) gelcap form; or
409 (F) liquid form; or
410 (ii) if the product is not intended for ingestion in a form described in Subsections
411 (38)(c)(i)(A) through (F), is not represented:
412 (A) as conventional food; and
413 (B) for use as a sole item of:
414 (I) a meal; or
415 (II) the diet; and
416 (d) is required to be labeled as a dietary supplement:
417 (i) identifiable by the "Supplemental Facts" box found on the label; and
418 (ii) as required by 21 C.F.R. Sec. 101.36.

419 (39)(a) "Digital audio work" means a work that results from the fixation of a series of
420 musical, spoken, or other sounds.

421 (b) "Digital audio work" includes a ringtone.

422 (40) "Digital audio-visual work" means a series of related images which, when shown in
423 succession, imparts an impression of motion, together with accompanying sounds, if any.

424 (41) "Digital book" means a work that is generally recognized in the ordinary and usual
425 sense as a book.

426 (42)(a) "Direct mail" means printed material delivered or distributed by United States
427 mail or other delivery service:
428 (i) to:
429 (A) a mass audience; or
430 (B) addressees on a mailing list provided:
431 (I) by a purchaser of the mailing list; or
432 (II) at the discretion of the purchaser of the mailing list; and
433 (ii) if the cost of the printed material is not billed directly to the recipients.

434 (b) "Direct mail" includes tangible personal property supplied directly or indirectly by a
435 purchaser to a seller of direct mail for inclusion in a package containing the printed
436 material.

437 (c) "Direct mail" does not include multiple items of printed material delivered to a single
438 address.

439 (43) "Directory assistance" means an ancillary service of providing:

440 (a) address information; or

441 (b) telephone number information.

442 (44)(a) "Disposable home medical equipment or supplies" means medical equipment or

443 supplies that:

444 (i) cannot withstand repeated use; and

445 (ii) are purchased by, for, or on behalf of a person other than:

446 (A) a health care facility as defined in Section 26B-2-201;

447 (B) a health care provider as defined in Section 78B-3-403;

448 (C) an office of a health care provider described in Subsection (44)(a)(ii)(B); or

449 (D) a person similar to a person described in Subsections (44)(a)(ii)(A) through

450 (C).

451 (b) "Disposable home medical equipment or supplies" does not include:

452 (i) a drug;

453 (ii) durable medical equipment;

454 (iii) a hearing aid;

455 (iv) a hearing aid accessory;

456 (v) mobility enhancing equipment; or

457 (vi) tangible personal property used to correct impaired vision, including:

458 (A) eyeglasses; or

459 (B) contact lenses.

460 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the

461 commission may by rule define what constitutes medical equipment or supplies.

462 (45) "Drilling equipment manufacturer" means a facility:

463 (a) located in the state;

464 (b) with respect to which 51% or more of the manufacturing activities of the facility
465 consist of manufacturing component parts of drilling equipment;

466 (c) that uses pressure of 800,000 or more pounds per square inch as part of the
467 manufacturing process; and

468 (d) that uses a temperature of 2,000 or more degrees Fahrenheit as part of the
469 manufacturing process.

470 (46)(a) "Drug" means a compound, substance, or preparation, or a component of a

471 compound, substance, or preparation that is:

472 (i) recognized in:

- (A) the official United States Pharmacopoeia;
- (B) the official Homeopathic Pharmacopoeia of the United States;
- (C) the official National Formulary; or
- (D) a supplement to a publication listed in Subsections (46)(a)(i)(A) through (C);

(ii) intended for use in the:

- (A) diagnosis of disease;
- (B) cure of disease;
- (C) mitigation of disease;
- (D) treatment of disease; or
- (E) prevention of disease; or

(iii) intended to affect:

- (A) the structure of the body; or
- (B) any function of the body.

(b) "Drug" does not include:

- (i) food and food ingredients;
- (ii) a dietary supplement;
- (iii) an alcoholic beverage; or
- (iv) a prosthetic device.

) (a) "Durable medical equipment" means equipment that:

- (i) can withstand repeated use;
- (ii) is primarily and customarily used to serve a medical purpose;
- (iii) generally is not useful to a person in the absence of illness or injury; and
- (iv) is not worn in or on the body.

(b) "Durable medical equipment" includes parts used in the repair or replacement of the equipment described in Subsection (47)(a).

(c) "Durable medical equipment" does not include mobility enhancing equipment.

) "Electronic" means:

(a) relating to technology; and

(b) having:

- (i) electrical capabilities;
- (ii) digital capabilities;
- (iii) magnetic capabilities;
- (iv) wireless capabilities;
- (v) optical capabilities;

507 (vi) electromagnetic capabilities; or
508 (vii) capabilities similar to Subsections (48)(b)(i) through (vi).

509 (49) "Electronic financial payment service" means an establishment:
510 (a) within NAICS Code 522320, Financial Transactions Processing, Reserve, and
511 Clearinghouse Activities, of the 2012 North American Industry Classification System
512 of the federal Executive Office of the President, Office of Management and Budget;
513 and
514 (b) that performs electronic financial payment services.

515 (50) "Employee" means the same as that term is defined in Section 59-10-401.

516 (51) "Fixed guideway" means a public transit facility that uses and occupies:
517 (a) rail for the use of public transit; or
518 (b) a separate right-of-way for the use of public transit.

519 (52) "Fixed wing turbine powered aircraft" means an aircraft that:
520 (a) is powered by turbine engines;
521 (b) operates on jet fuel; and
522 (c) has wings that are permanently attached to the fuselage of the aircraft.

523 (53) "Fixed wireless service" means a telecommunications service that provides radio
524 communication between fixed points.

525 (54)(a) "Food and food ingredients" means substances:

526 (i) regardless of whether the substances are in:
527 (A) liquid form;
528 (B) concentrated form;
529 (C) solid form;
530 (D) frozen form;
531 (E) dried form; or
532 (F) dehydrated form; and

533 (ii) that are:
534 (A) sold for:
535 (I) ingestion by humans; or
536 (II) chewing by humans; and
537 (B) consumed for the substance's:
538 (I) taste; or
539 (II) nutritional value.

540 (b) "Food and food ingredients" includes an item described in Subsection (100)(b)(iii).

541 (c) "Food and food ingredients" does not include:

542 (i) an alcoholic beverage;

543 (ii) tobacco; or

544 (iii) prepared food.

545 (55)(a) "Fundraising sales" means sales:

546 (i)(A) made by a school; or

547 (B) made by a school student;

548 (ii) that are for the purpose of raising funds for the school to purchase equipment,
549 materials, or provide transportation; and

550 (iii) that are part of an officially sanctioned school activity.

551 (b) For purposes of Subsection (55)(a)(iii), "officially sanctioned school activity" means
552 a school activity:

553 (i) that is conducted in accordance with a formal policy adopted by the school or
554 school district governing the authorization and supervision of fundraising
555 activities;

556 (ii) that does not directly or indirectly compensate an individual teacher or other
557 educational personnel by direct payment, commissions, or payment in kind; and

558 (iii) the net or gross revenue from which is deposited in a dedicated account
559 controlled by the school or school district.

560 (56) "Geothermal energy" means energy contained in heat that continuously flows outward
561 from the earth that is used as the sole source of energy to produce electricity.

562 (57) "Governing board of the agreement" means the governing board of the agreement that
563 is:

564 (a) authorized to administer the agreement; and

565 (b) established in accordance with the agreement.

566 (58)(a) For purposes of Subsection 59-12-104(41), "governmental entity" means:

567 (i) the executive branch of the state, including all departments, institutions, boards,
568 divisions, bureaus, offices, commissions, and committees;

569 (ii) the judicial branch of the state, including the courts, the Judicial Council, the
570 Administrative Office of the Courts, and similar administrative units in the
571 judicial branch;

572 (iii) the legislative branch of the state, including the House of Representatives, the
573 Senate, the Office of Legislative Services, the Office of Legislative Research and
574 General Counsel, the Office of the Legislative Auditor General, and the Office of

the Legislative Fiscal Analyst;

(iv) the National Guard;

(v) an independent entity as defined in Section 63E-1-102; or

(vi) a political subdivision as defined in Section 17B-1-102.

(b) "Governmental entity" does not include the state systems of public and higher education, including:

(i) a school;

(ii) the State Board of Education;

(iii) the Utah Board of Higher Education; or

(iv) an institution of higher education listed in Section 53H-1-102.

(59) "Hydroelectric energy" means water used as the sole source of energy to produce electricity.

(60) "Individual-owned shared vehicle" means the same as that term is defined in Section 13-48a-101.

(61) "Industrial use" means the use of natural gas, electricity, heat, coal, fuel oil, or other fuels:

(a) in mining or extraction of minerals;

(b) in agricultural operations to produce an agricultural product up to the time of harvest or placing the agricultural product into a storage facility, including:

(i) commercial greenhouses;

(ii) irrigation pumps;

(iii) farm machinery;

(iv) implements of husbandry as defined in Section 41-1a-102 that are not registered under Title 41, Chapter 1a, Part 2, Registration; and

(v) other farming activities;

(c) in manufacturing tangible personal property at an establishment described in:

(i) SIC Codes 2000 to 3999 of the 1987 Standard Industrial Classification Manual of the federal Executive Office of the President, Office of Management and Budget; or

(ii) a NAICS code within NAICS Sector 31-33, Manufacturing, of the 2017 North American Industry Classification System of the federal Executive Office of the President, Office of Management and Budget;

(d) by a senior recorder if:

(i) from a fixed location, the scrap recycler utilizes machinery or equipment to

609 process one or more of the following items into prepared grades of processed
610 materials for use in new products:

- 611 (A) iron;
- 612 (B) steel;
- 613 (C) nonferrous metal;
- 614 (D) paper;
- 615 (E) glass;
- 616 (F) plastic;
- 617 (G) textile; or
- 618 (H) rubber; and

619 (ii) the new products under Subsection (61)(d)(i) would otherwise be made with
620 nonrecycled materials; or

621 (e) in producing a form of energy or steam described in Subsection 54-2-1(3)(a) by a
622 cogeneration facility as defined in Section 54-2-1.

623 (62)(a) "Installation charge" means a charge for installing:

- 624 (i) tangible personal property; or
- 625 (ii) a product transferred electronically.

626 (b) "Installation charge" does not include a charge for:

- 627 (i) repairs or renovations of:
 - 628 (A) tangible personal property; or
 - 629 (B) a product transferred electronically; or
- 630 (ii) attaching tangible personal property or a product transferred electronically:
 - 631 (A) to other tangible personal property; and
 - 632 (B) as part of a manufacturing or fabrication process.

633 (63) "Institution of higher education" means an institution of higher education listed in
634 Section 53H-1-102.

635 (64)(a) "Lease" or "rental" means a transfer of possession or control of tangible personal
636 property or a product transferred electronically for:

- 637 (i)(A) a fixed term; or
- 638 (B) an indeterminate term; and
- 639 (ii) consideration.

640 (b) "Lease" or "rental" includes:

- 641 (i) an agreement covering a motor vehicle and trailer if the amount of consideration
642 may be increased or decreased by reference to the amount realized upon sale or

643 disposition of the property as defined in Section 7701(h)(1), Internal Revenue
644 Code; and

645 (ii) car sharing.

646 (c) "Lease" or "rental" does not include:

647 (i) a transfer of possession or control of property under a security agreement or
648 deferred payment plan that requires the transfer of title upon completion of the
649 required payments;

650 (ii) a transfer of possession or control of property under an agreement that requires
651 the transfer of title:

652 (A) upon completion of required payments; and

653 (B) if the payment of an option price does not exceed the greater of:

654 (I) \$100; or

655 (II) 1% of the total required payments; or

656 (iii) providing tangible personal property along with an operator for a fixed period of
657 time or an indeterminate period of time if the operator is necessary for equipment
658 to perform as designed.

659 (d) For purposes of Subsection (64)(c)(iii), an operator is necessary for equipment to
660 perform as designed if the operator's duties exceed the:

661 (i) set-up of tangible personal property;

662 (ii) maintenance of tangible personal property; or

663 (iii) inspection of tangible personal property.

664 (65) "Lesson" means a fixed period of time for the duration of which a trained instructor:

665 (a) is present with a student in person or by video; and

666 (b) actively instructs the student, including by providing observation or feedback.

667 (66) "Life science establishment" means an establishment in this state that is classified
668 under the following NAICS codes of the 2007 North American Industry Classification
669 System of the federal Executive Office of the President, Office of Management and
670 Budget:

671 (a) NAICS Code 33911, Medical Equipment and Supplies Manufacturing;

672 (b) NAICS Code 334510, Electromedical and Electrotherapeutic Apparatus
673 Manufacturing; or

674 (c) NAICS Code 334517, Irradiation Apparatus Manufacturing.

675 (67) "Life science research and development facility" means a facility owned, leased, or
676 rented by a life science establishment if research and development is performed in 51%

677 or more of the total area of the facility.

678 (68) "Load and leave" means delivery to a purchaser by use of a tangible storage media if
679 the tangible storage media is not physically transferred to the purchaser.

680 (69) "Local taxing jurisdiction" means a:

681 (a) county that is authorized to impose an agreement sales and use tax;
682 (b) city that is authorized to impose an agreement sales and use tax; or
683 (c) town that is authorized to impose an agreement sales and use tax.

684 (70) "Manufactured home" means the same as that term is defined in Section 15A-1-302.

685 (71) "Manufacturing facility" means:

686 (a) an establishment described in:

687 (i) SIC Codes 2000 to 3999 of the 1987 Standard Industrial Classification Manual of
688 the federal Executive Office of the President, Office of Management and Budget;
689 or
690 (ii) a NAICS code within NAICS Sector 31-33, Manufacturing, of the 2017 North
691 American Industry Classification System of the federal Executive Office of the
692 President, Office of Management and Budget;

693 (b) a scrap recycler if:

694 (i) from a fixed location, the scrap recycler utilizes machinery or equipment to
695 process one or more of the following items into prepared grades of processed
696 materials for use in new products:

697 (A) iron;
698 (B) steel;
699 (C) nonferrous metal;
700 (D) paper;
701 (E) glass;
702 (F) plastic;
703 (G) textile; or
704 (H) rubber; and

705 (ii) the new products under Subsection (71)(b)(i) would otherwise be made with
706 nonrecycled materials; or

707 (c) a cogeneration facility as defined in Section 54-2-1 if the cogeneration facility is
708 placed in service on or after May 1, 2006.

709 (72)(a) "Marketplace" means a physical or electronic place, platform, or forum where
710 tangible personal property, a product transferred electronically, or a service is offered

711 for sale.

712 (b) "Marketplace" includes a store, a booth, an Internet website, a catalog, or a dedicated
713 sales software application.

714 (73)(a) "Marketplace facilitator" means a person, including an affiliate of the person,
715 that enters into a contract, an agreement, or otherwise with sellers, for consideration,
716 to facilitate the sale of a seller's product through a marketplace that the person owns,
717 operates, or controls and that directly or indirectly:

718 (i) does any of the following:

- 719 (A) lists, makes available, or advertises tangible personal property, a product
720 transferred electronically, or a service for sale by a marketplace seller on a
721 marketplace that the person owns, operates, or controls;
- 722 (B) facilitates the sale of a marketplace seller's tangible personal property, product
723 transferred electronically, or service by transmitting or otherwise
724 communicating an offer or acceptance of a retail sale between the marketplace
725 seller and a purchaser using the marketplace;
- 726 (C) owns, rents, licenses, makes available, or operates any electronic or physical
727 infrastructure or any property, process, method, copyright, trademark, or patent
728 that connects a marketplace seller to a purchaser for the purpose of making a
729 retail sale of tangible personal property, a product transferred electronically, or
730 a service;
- 731 (D) provides a marketplace for making, or otherwise facilitates, a retail sale of
732 tangible personal property, a product transferred electronically, or a service,
733 regardless of ownership or control of the tangible personal property, the
734 product transferred electronically, or the service that is the subject of the retail
735 sale;
- 736 (E) provides software development or research and development activities related
737 to any activity described in this Subsection (73)(a)(i), if the software
738 development or research and development activity is directly related to the
739 person's marketplace;
- 740 (F) provides or offers fulfillment or storage services for a marketplace seller;
- 741 (G) sets prices for the sale of tangible personal property, a product transferred
742 electronically, or a service by a marketplace seller;
- 743 (H) provides or offers customer service to a marketplace seller or a marketplace
744 seller's purchaser or accepts or assists with taking orders, returns, or exchanges

of tangible personal property, a product transferred electronically, or a service sold by a marketplace seller on the person's marketplace; or

- (I) brands or otherwise identifies sales as those of the person; and
- (ii) does any of the following:
 - (A) collects the sales price or purchase price of a retail sale of tangible personal property, a product transferred electronically, or a service;
 - (B) provides payment processing services for a retail sale of tangible personal property, a product transferred electronically, or a service;
 - (C) charges, collects, or otherwise receives a selling fee, listing fee, referral fee, closing fee, a fee for inserting or making available tangible personal property, a product transferred electronically, or a service on the person's marketplace, or other consideration for the facilitation of a retail sale of tangible personal property, a product transferred electronically, or a service, regardless of ownership or control of the tangible personal property, the product transferred electronically, or the service that is the subject of the retail sale;
 - (D) through terms and conditions, an agreement, or another arrangement with a third person, collects payment from a purchase for a retail sale of tangible personal property, a product transferred electronically, or a service and transmits that payment to the marketplace seller, regardless of whether the third person receives compensation or other consideration in exchange for the service; or
 - (E) provides a virtual currency for a purchaser to use to purchase tangible personal property, a product transferred electronically, or service offered for sale.

(b) "Marketplace facilitator" does not include:

- (i) a person that only provides payment processing services; or
- (ii) a person described in Subsection (73)(a) to the extent the person is facilitating a sale for a seller that is a restaurant as defined in Section 59-12-602.

(74) "Marketplace seller" means a seller that makes one or more retail sales through a marketplace that a marketplace facilitator owns, operates, or controls, regardless of whether the seller is required to be registered to collect and remit the tax under this part.

(75) "Member of the immediate family of the producer" means a person who is related to a producer described in Subsection 59-12-104(20)(a) as a:

(a) child or stepchild, regardless of whether the child or stepchild is:

(i) an adopted child or adopted stepchild; or

- 779 (ii) a foster child or foster stepchild;
- 780 (b) grandchild or stepgrandchild;
- 781 (c) grandparent or stepgrandparent;
- 782 (d) nephew or stepnephew;
- 783 (e) niece or stepniece;
- 784 (f) parent or stepparent;
- 785 (g) sibling or stepsibling;
- 786 (h) spouse;
- 787 (i) person who is the spouse of a person described in Subsections (75)(a) through (g); or
- 788 (j) person similar to a person described in Subsections (75)(a) through (i) as determined
789 by the commission by rule made in accordance with Title 63G, Chapter 3, Utah
790 Administrative Rulemaking Act.

791 (76) "Mobile home" means the same as that term is defined in Section 15A-1-302.

792 (77) "Mobile telecommunications service" means the same as that term is defined in the
793 Mobile Telecommunications Sourcing Act, 4 U.S.C. Sec. 124.

794 (78)(a) "Mobile wireless service" means a telecommunications service, regardless of the
795 technology used, if:

- 796 (i) the origination point of the conveyance, routing, or transmission is not fixed;
- 797 (ii) the termination point of the conveyance, routing, or transmission is not fixed; or
- 798 (iii) the origination point described in Subsection (78)(a)(i) and the termination point
799 described in Subsection (78)(a)(ii) are not fixed.

800 (b) "Mobile wireless service" includes a telecommunications service that is provided by
801 a commercial mobile radio service provider.

802 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
803 commission may by rule define "commercial mobile radio service provider."

804 (79)(a) "Mobility enhancing equipment" means equipment that is:

- 805 (i) primarily and customarily used to provide or increase the ability to move from one
806 place to another;
- 807 (ii) appropriate for use in a:
 - 808 (A) home; or
 - 809 (B) motor vehicle; and
- 810 (iii) not generally used by persons with normal mobility.

811 (b) "Mobility enhancing equipment" includes parts used in the repair or replacement of
812 the equipment described in Subsection (79)(a).

813 (c) "Mobility enhancing equipment" does not include:
814 (i) a motor vehicle;
815 (ii) equipment on a motor vehicle if that equipment is normally provided by the
816 motor vehicle manufacturer;
817 (iii) durable medical equipment; or
818 (iv) a prosthetic device.

819 (80) "Model 1 seller" means a seller registered under the agreement that has selected a
820 certified service provider as the seller's agent to perform the seller's sales and use tax
821 functions for agreement sales and use taxes, as outlined in the contract between the
822 governing board of the agreement and the certified service provider, other than the
823 seller's obligation under Section 59-12-124 to remit a tax on the seller's own purchases.

824 (81) "Model 2 seller" means a seller registered under the agreement that:
825 (a) except as provided in Subsection (81)(b), has selected a certified automated system
826 to perform the seller's sales tax functions for agreement sales and use taxes; and
827 (b) retains responsibility for remitting all of the sales tax:
828 (i) collected by the seller; and
829 (ii) to the appropriate local taxing jurisdiction.

830 (82)(a) Subject to Subsection (82)(b), "model 3 seller" means a seller registered under
831 the agreement that has:
832 (i) sales in at least five states that are members of the agreement;
833 (ii) total annual sales revenue of at least \$500,000,000;
834 (iii) a proprietary system that calculates the amount of tax:
835 (A) for an agreement sales and use tax; and
836 (B) due to each local taxing jurisdiction; and
837 (iv) entered into a performance agreement with the governing board of the agreement.

838 (b) For purposes of Subsection (82)(a), "model 3 seller" includes an affiliated group of
839 sellers using the same proprietary system.

840 (83) "Model 4 seller" means a seller that is registered under the agreement and is not a
841 model 1 seller, model 2 seller, or model 3 seller.

842 (84) "Modular home" means a modular unit as defined in Section 15A-1-302.

843 (85) "Motor vehicle" means the same as that term is defined in Section 41-1a-102.

844 (86) "Oil sands" means impregnated bituminous sands that:
845 (a) contain a heavy, thick form of petroleum that is released when heated, mixed with
846 other hydrocarbons, or otherwise treated;

847 (b) yield mixtures of liquid hydrocarbon; and
848 (c) require further processing other than mechanical blending before becoming finished
849 petroleum products.

850 (87) "Oil shale" means a group of fine black to dark brown shales containing kerogen
851 material that yields petroleum upon heating and distillation.

852 (88) "Optional computer software maintenance contract" means a computer software
853 maintenance contract that a customer is not obligated to purchase as a condition to the
854 retail sale of computer software.

855 (89)(a) "Other fuels" means products that burn independently to produce heat or energy.
856 (b) "Other fuels" includes oxygen when it is used in the manufacturing of tangible
857 personal property.

858 (90)(a) "Paging service" means a telecommunications service that provides transmission
859 of a coded radio signal for the purpose of activating a specific pager.

860 (b) For purposes of Subsection (90)(a), the transmission of a coded radio signal includes
861 a transmission by message or sound.

862 (91) "Pawn transaction" means the same as that term is defined in Section 13-32a-102.

863 (92) "Pawnbroker" means the same as that term is defined in Section 13-32a-102.

864 (93)(a) "Permanently attached to real property" means that for tangible personal property
865 attached to real property:

866 (i) the attachment of the tangible personal property to the real property:
867 (A) is essential to the use of the tangible personal property; and
868 (B) suggests that the tangible personal property will remain attached to the real
869 property in the same place over the useful life of the tangible personal
870 property; or

871 (ii) if the tangible personal property is detached from the real property, the
872 detachment would:

873 (A) cause substantial damage to the tangible personal property; or
874 (B) require substantial alteration or repair of the real property to which the
875 tangible personal property is attached.

876 (b) "Permanently attached to real property" includes:

877 (i) the attachment of an accessory to the tangible personal property if the accessory is:
878 (A) essential to the operation of the tangible personal property; and
879 (B) attached only to facilitate the operation of the tangible personal property;
880 (ii) a temporary detachment of tangible personal property from real property for a

881 repair or renovation if the repair or renovation is performed where the tangible
882 personal property and real property are located; or

883 (iii) property attached to oil, gas, or water pipelines, except for the property listed in
884 Subsection (93)(c)(iii) or (iv).

885 (c) "Permanently attached to real property" does not include:

886 (i) the attachment of portable or movable tangible personal property to real property
887 if that portable or movable tangible personal property is attached to real property
888 only for:

889 (A) convenience;

890 (B) stability; or

891 (C) for an obvious temporary purpose;

892 (ii) the detachment of tangible personal property from real property except for the
893 detachment described in Subsection (93)(b)(ii);

894 (iii) an attachment of the following tangible personal property to real property if the
895 attachment to real property is only through a line that supplies water, electricity,
896 gas, telecommunications, cable, or supplies a similar item as determined by the
897 commission by rule made in accordance with Title 63G, Chapter 3, Utah
898 Administrative Rulemaking Act:

899 (A) a computer;

900 (B) a telephone;

901 (C) a television; or

902 (D) tangible personal property similar to Subsections (93)(c)(iii)(A) through (C)
903 as determined by the commission by rule made in accordance with Title 63G,
904 Chapter 3, Utah Administrative Rulemaking Act; or

905 (iv) an item listed in Subsection (139)(c).

906 (94) "Person" includes any individual, firm, partnership, joint venture, association,
907 corporation, estate, trust, business trust, receiver, syndicate, this state, any county, city,
908 municipality, district, or other local governmental entity of the state, or any group or
909 combination acting as a unit.

910 (95) "Place of primary use":

911 (a) for telecommunications service other than mobile telecommunications service,
912 means the street address representative of where the customer's use of the
913 telecommunications service primarily occurs, which shall be:

914 (i) the residential street address of the customer; or

- (ii) the primary business street address of the customer; or
- (b) for mobile telecommunications service, means the same as that term is defined in the Mobile Telecommunications Sourcing Act, 4 U.S.C. Sec. 124.

(96)(a) "Postpaid calling service" means a telecommunications service a person obtains by making a payment on a call-by-call basis:

- (i) through the use of a:
 - (A) bank card;
 - (B) credit card;
 - (C) debit card; or
 - (D) travel card; or
- (ii) by a charge made to a telephone number that is not associated with the origination or termination of the telecommunications service.

(b) "Postpaid calling service" includes a service, except for a prepaid wireless calling service, that would be a prepaid wireless calling service if the service were exclusively a telecommunications service.

(97) "Postproduction" means an activity related to the finishing or duplication of a medium described in Subsection 59-12-104(54)(a).

(98) "Prepaid calling service" means a telecommunications service:

- (a) that allows a purchaser access to telecommunications service that is exclusively telecommunications service;
- (b) that:
 - (i) is paid for in advance; and
 - (ii) enables the origination of a call using an:
 - (A) access number; or
 - (B) authorization code;
- (c) that is dialed:
 - (i) manually; or
 - (ii) electronically; and
- (d) sold in predetermined units or dollars that decline:
 - (i) by a known amount; and
 - (ii) with use.

(99) "Prepaid wireless calling service" means a telecommunications service:

- (a) that provides the right to utilize:
 - (i) mobile wireless service; and

949 (ii) other service that is not a telecommunications service, including:
950 (A) the download of a product transferred electronically;
951 (B) a content service; or
952 (C) an ancillary service;

953 (b) that:
954 (i) is paid for in advance; and
955 (ii) enables the origination of a call using an:
956 (A) access number; or
957 (B) authorization code;

958 (c) that is dialed:
959 (i) manually; or
960 (ii) electronically; and

961 (d) sold in predetermined units or dollars that decline:
962 (i) by a known amount; and
963 (ii) with use.

964 (100)(a) "Prepared food" means:
965 (i) food:
966 (A) sold in a heated state; or
967 (B) heated by a seller;
968 (ii) two or more food ingredients mixed or combined by the seller for sale as a single
969 item; or
970 (iii) except as provided in Subsection (100)(c), food sold with an eating utensil
971 provided by the seller, including a:
972 (A) plate;
973 (B) knife;
974 (C) fork;
975 (D) spoon;
976 (E) glass;
977 (F) cup;
978 (G) napkin; or
979 (H) straw.

980 (b) "Prepared food" does not include:
981 (i) food that a seller only:
982 (A) cuts;

983 (B) repackages; or
984 (C) pasteurizes;
985 (ii)(A) the following:
986 (I) raw egg;
987 (II) raw fish;
988 (III) raw meat;
989 (IV) raw poultry; or
990 (V) a food containing an item described in Subsections (100)(b)(ii)(A)(I)
991 through (IV); and
992 (B) if the Food and Drug Administration recommends in Chapter 3, Part 401.11 of
993 the Food and Drug Administration's Food Code that a consumer cook the items
994 described in Subsection (100)(b)(ii)(A) to prevent food borne illness; or
995 (iii) the following if sold without eating utensils provided by the seller:
996 (A) food and food ingredients sold by a seller if the seller's proper primary
997 classification under the 2002 North American Industry Classification System
998 of the federal Executive Office of the President, Office of Management and
999 Budget, is manufacturing in Sector 311, Food Manufacturing, except for
1000 Subsector 3118, Bakeries and Tortilla Manufacturing;
1001 (B) food and food ingredients sold in an unheated state:
1002 (I) by weight or volume; and
1003 (II) as a single item; or
1004 (C) a bakery item, including:
1005 (I) a bagel;
1006 (II) a bar;
1007 (III) a biscuit;
1008 (IV) bread;
1009 (V) a bun;
1010 (VI) a cake;
1011 (VII) a cookie;
1012 (VIII) a croissant;
1013 (IX) a danish;
1014 (X) a donut;
1015 (XI) a muffin;
1016 (XII) a pastry;

1017 (XIII) a pie;
1018 (XIV) a roll;
1019 (XV) a tart;
1020 (XVI) a torte; or
1021 (XVII) a tortilla.

1022 (c) An eating utensil provided by the seller does not include the following used to
1023 transport the food:
1024 (i) a container; or
1025 (ii) packaging.

1026 (101) "Prescription" means an order, formula, or recipe that is issued:

1027 (a)(i) orally;
1028 (ii) in writing;
1029 (iii) electronically; or
1030 (iv) by any other manner of transmission; and
1031 (b) by a licensed practitioner authorized by the laws of a state.

1032 (102)(a) "Prewritten computer software" means computer software that is not designed
1033 and developed:

1034 (i) by the author or other creator of the computer software; and
1035 (ii) to the specifications of a specific purchaser.

1036 (b) "Prewritten computer software" includes:
1037 (i) a prewritten upgrade to computer software if the prewritten upgrade to the
1038 computer software is not designed and developed:
1039 (A) by the author or other creator of the computer software; and
1040 (B) to the specifications of a specific purchaser;
1041 (ii) computer software designed and developed by the author or other creator of the
1042 computer software to the specifications of a specific purchaser if the computer
1043 software is sold to a person other than the purchaser; or
1044 (iii) except as provided in Subsection (102)(c), prewritten computer software or a
1045 prewritten portion of prewritten computer software:
1046 (A) that is modified or enhanced to any degree; and
1047 (B) if the modification or enhancement described in Subsection (102)(b)(iii)(A) is
1048 designed and developed to the specifications of a specific purchaser.

1049 (c) "Prewritten computer software" does not include a modification or enhancement
1050 described in Subsection (102)(b)(iii) if the charges for the modification or

1051 enhancement are:

1052 (i) reasonable; and

1053 (ii) subject to Subsections 59-12-103(2)(f)(ii) and (2)(g)(i), separately stated on the
1054 invoice or other statement of price provided to the purchaser at the time of sale or
1055 later, as demonstrated by:

1056 (A) the books and records the seller keeps at the time of the transaction in the
1057 regular course of business, including books and records the seller keeps at the
1058 time of the transaction in the regular course of business for nontax purposes;
1059 (B) a preponderance of the facts and circumstances at the time of the transaction;
1060 and
1061 (C) the understanding of all of the parties to the transaction.

1062 (103)(a) "Private communications service" means a telecommunications service:

1063 (i) that entitles a customer to exclusive or priority use of one or more
1064 communications channels between or among termination points; and
1065 (ii) regardless of the manner in which the one or more communications channels are
1066 connected.

1067 (b) "Private communications service" includes the following provided in connection
1068 with the use of one or more communications channels:

1069 (i) an extension line;
1070 (ii) a station;
1071 (iii) switching capacity; or
1072 (iv) another associated service that is provided in connection with the use of one or
1073 more communications channels as defined in Section 59-12-215.

1074 (104)(a) "Product transferred electronically" means a product transferred electronically
1075 that would be subject to a tax under this chapter if that product was transferred in a
1076 manner other than electronically.

1077 (b) "Product transferred electronically" does not include:

1078 (i) an ancillary service;
1079 (ii) computer software; or
1080 (iii) a telecommunications service.

1081 (105)(a) "Prosthetic device" means a device that is worn on or in the body to:

1082 (i) artificially replace a missing portion of the body;
1083 (ii) prevent or correct a physical deformity or physical malfunction; or
1084 (iii) support a weak or deformed portion of the body.

1085 (b) "Prosthetic device" includes:

1086 (i) parts used in the repairs or renovation of a prosthetic device;

1087 (ii) replacement parts for a prosthetic device;

1088 (iii) a dental prosthesis; or

1089 (iv) a hearing aid.

1090 (c) "Prosthetic device" does not include:

1091 (i) corrective eyeglasses; or

1092 (ii) contact lenses.

1093 (106)(a) "Protective equipment" means an item:

1094 (i) for human wear; and

1095 (ii) that is:

1096 (A) designed as protection:

1097 (I) to the wearer against injury or disease; or

1098 (II) against damage or injury of other persons or property; and

1099 (B) not suitable for general use.

1100 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the

1101 commission shall make rules:

1102 (i) listing the items that constitute "protective equipment"; and

1103 (ii) that are consistent with the list of items that constitute "protective equipment"

1104 under the agreement.

1105 (107)(a) For purposes of Subsection 59-12-104(41), "publication" means any written or

1106 printed matter, other than a photocopy:

1107 (i) regardless of:

1108 (A) characteristics;

1109 (B) copyright;

1110 (C) form;

1111 (D) format;

1112 (E) method of reproduction; or

1113 (F) source; and

1114 (ii) made available in printed or electronic format.

1115 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the

1116 commission may by rule define the term "photocopy."

1117 (108)(a) "Purchase price" and "sales price" mean the total amount of consideration:

1118 (i) valued in money; and

1119 (ii) for which tangible personal property, a product transferred electronically, or
1120 services are:

1121 (A) sold;

1122 (B) leased; or

1123 (C) rented.

1124 (b) "Purchase price" and "sales price" include:

1125 (i) the seller's cost of the tangible personal property, a product transferred
1126 electronically, or services sold;

1127 (ii) expenses of the seller, including:

1128 (A) the cost of materials used;

1129 (B) a labor cost;

1130 (C) a service cost;

1131 (D) interest;

1132 (E) a loss;

1133 (F) the cost of transportation to the seller; or

1134 (G) a tax imposed on the seller;

1135 (iii) a charge by the seller for any service necessary to complete the sale; or

1136 (iv) consideration a seller receives from a person other than the purchaser if:

1137 (A)(I) the seller actually receives consideration from a person other than the
1138 purchaser; and

1139 (II) the consideration described in Subsection (108)(b)(iv)(A)(I) is directly
1140 related to a price reduction or discount on the sale;

1141 (B) the seller has an obligation to pass the price reduction or discount through to
1142 the purchaser;

1143 (C) the amount of the consideration attributable to the sale is fixed and
1144 determinable by the seller at the time of the sale to the purchaser; and

1145 (D)(I)(Aa) the purchaser presents a certificate, coupon, or other
1146 documentation to the seller to claim a price reduction or discount; and

1147 (Bb) a person other than the seller authorizes, distributes, or grants the
1148 certificate, coupon, or other documentation with the understanding that
1149 the person other than the seller will reimburse any seller to whom the
1150 certificate, coupon, or other documentation is presented;

1151 (II) the purchaser identifies that purchaser to the seller as a member of a group
1152 or organization allowed a price reduction or discount, except that a

1153 preferred customer card that is available to any patron of a seller does not
1154 constitute membership in a group or organization allowed a price reduction
1155 or discount; or

1156 (III) the price reduction or discount is identified as a third party price reduction
1157 or discount on the:

1158 (Aa) invoice the purchaser receives; or

1159 (Bb) certificate, coupon, or other documentation the purchaser presents.

1160 (c) "Purchase price" and "sales price" do not include:

1161 (i) a discount:

1162 (A) in a form including:

1163 (I) cash;

1164 (II) term; or

1165 (III) coupon;

1166 (B) that is allowed by a seller;

1167 (C) taken by a purchaser on a sale; and

1168 (D) that is not reimbursed by a third party; or

1169 (ii) subject to Subsections 59-12-103(2)(f)(ii) and (2)(g)(i), the following if

1170 separately stated on an invoice, bill of sale, or similar document provided to the
1171 purchaser at the time of sale or later, as demonstrated by the books and records the
1172 seller keeps at the time of the transaction in the regular course of business,
1173 including books and records the seller keeps at the time of the transaction in the
1174 regular course of business for nontax purposes, by a preponderance of the facts
1175 and circumstances at the time of the transaction, and by the understanding of all of
1176 the parties to the transaction:

1177 (A) the following from credit extended on the sale of tangible personal property or
1178 services:

1179 (I) a carrying charge;

1180 (II) a financing charge; or

1181 (III) an interest charge;

1182 (B) a delivery charge;

1183 (C) an installation charge;

1184 (D) a manufacturer rebate on a motor vehicle; or

1185 (E) a tax or fee legally imposed directly on the consumer.

1186 (109) "Purchaser" means a person to whom:

1187 (a) a sale of tangible personal property is made;
1188 (b) a product is transferred electronically; or
1189 (c) a service is furnished.

1190 (110) "Qualifying data center" means a data center facility that:

1191 (a) houses a group of networked server computers in one physical location in order to
1192 disseminate, manage, and store data and information;
1193 (b) is located in the state;
1194 (c) is a new operation constructed on or after July 1, 2016;
1195 (d) consists of one or more buildings that total 150,000 or more square feet;
1196 (e) is owned or leased by:
1197 (i) the operator of the data center facility; or
1198 (ii) a person under common ownership, as defined in Section 59-7-101, of the
1199 operator of the data center facility; and
1200 (f) is located on one or more parcels of land that are owned or leased by:
1201 (i) the operator of the data center facility; or
1202 (ii) a person under common ownership, as defined in Section 59-7-101, of the
1203 operator of the data center facility.

1204 (111) "Qualifying energy storage manufacturing facility" means a facility that
1205 manufactures, in the state, equipment or devices that store and discharge energy for the
1206 purpose of providing electrical power.

1207 (112) "Regularly rented" means:

1208 (a) rented to a guest for value three or more times during a calendar year; or
1209 (b) advertised or held out to the public as a place that is regularly rented to guests for
1210 value.

1211 (113) "Rental" means the same as that term is defined in Subsection (64).

1212 (114)(a) "Repairs or renovations of tangible personal property" means:

1213 (i) a repair or renovation of tangible personal property that is not permanently
1214 attached to real property; or
1215 (ii) attaching tangible personal property or a product transferred electronically to
1216 other tangible personal property or detaching tangible personal property or a
1217 product transferred electronically from other tangible personal property if:
1218 (A) the other tangible personal property to which the tangible personal property or
1219 product transferred electronically is attached or from which the tangible
1220 personal property or product transferred electronically is detached is not

permanently attached to real property; and

(B) the attachment of tangible personal property or a product transferred electronically to other tangible personal property or detachment of tangible personal property or a product transferred electronically from other tangible personal property is made in conjunction with a repair or replacement of tangible personal property or a product transferred electronically.

(b) "Repairs or renovations of tangible personal property" does not include:

- (i) attaching prewritten computer software to other tangible personal property if the other tangible personal property to which the prewritten computer software is attached is not permanently attached to real property; or

- (ii) detaching prewritten computer software from other tangible personal property if the other tangible personal property from which the prewritten computer software is detached is not permanently attached to real property.

(115) "Research and development" means the process of inquiry or experimentation aimed at the discovery of facts, devices, technologies, or applications and the process of preparing those devices, technologies, or applications for marketing.

(116)(a) "Residential telecommunications services" means a telecommunications service or an ancillary service that is provided to an individual for personal use:

(i) at a residential address; or

- (ii) at an institution, including a nursing home or a school, if the telecommunications service or ancillary service is provided to and paid for by the individual residing at the institution rather than the institution.

(b) For purposes of Subsection (116)(a)(i), a residential address includes an:

(i) apartment; or

(ii) other individual dwelling unit.

(117) "Residential use" means the use in or around a home, apartment building, sleeping quarters, and similar facilities or accommodations.

(118) "Retail sale" or "sale at retail" means a sale, lease, or rental for a purpose other than:

(a) resale;

(b) sublease; or

(c) subrent.

(119)(a) "Retailer" means any person, unless prohibited by the Constitution of the United States or federal law, that is engaged in a regularly organized business in tangible personal property or any other taxable transaction under Subsection

1255 59-12-103(1), and who is selling to the user or consumer and not for resale.

1256 (b) "Retailer" includes commission merchants, auctioneers, and any person regularly
1257 engaged in the business of selling to users or consumers within the state.

1258 (120)(a) "Sale" means any transfer of title, exchange, or barter, conditional or otherwise,
1259 in any manner, of tangible personal property or any other taxable transaction under
1260 Subsection 59-12-103(1), for consideration.

1261 (b) "Sale" includes:

1262 (i) installment and credit sales;

1263 (ii) any closed transaction constituting a sale;

1264 (iii) any sale of electrical energy, gas, services, or entertainment taxable under this
1265 chapter;

1266 (iv) any transaction if the possession of property is transferred but the seller retains
1267 the title as security for the payment of the price; and

1268 (v) any transaction under which right to possession, operation, or use of any article of
1269 tangible personal property is granted under a lease or contract and the transfer of
1270 possession would be taxable if an outright sale were made.

1271 (121) "Sale at retail" means the same as that term is defined in Subsection (118).

1272 (122) "Sale-leaseback transaction" means a transaction by which title to tangible personal
1273 property or a product transferred electronically that is subject to a tax under this chapter
1274 is transferred:

1275 (a) by a purchaser-lessee;

1276 (b) to a lessor;

1277 (c) for consideration; and

1278 (d) if:

1279 (i) the purchaser-lessee paid sales and use tax on the purchaser-lessee's initial
1280 purchase of the tangible personal property or product transferred electronically;

1281 (ii) the sale of the tangible personal property or product transferred electronically to
1282 the lessor is intended as a form of financing:

1283 (A) for the tangible personal property or product transferred electronically; and
1284 (B) to the purchaser-lessee; and

1285 (iii) in accordance with generally accepted accounting principles, the
1286 purchaser-lessee is required to:

1287 (A) capitalize the tangible personal property or product transferred electronically
1288 for financial reporting purposes; and

1289 (B) account for the lease payments as payments made under a financing
1290 arrangement.

1291 (123) "Sales price" means the same as that term is defined in Subsection (108).

1292 (124)(a) "Sales relating to schools" means the following sales by, amounts paid to, or
1293 amounts charged by a school:

1294 (i) sales that are directly related to the school's educational functions or activities
1295 including:

1296 (A) the sale of:

1297 (I) textbooks;

1298 (II) textbook fees;

1299 (III) laboratory fees;

1300 (IV) laboratory supplies; or

1301 (V) safety equipment;

1302 (B) the sale of a uniform, protective equipment, or sports or recreational
1303 equipment that:

1304 (I) a student is specifically required to wear as a condition of participation in a
1305 school-related event or school-related activity; and

1306 (II) is not readily adaptable to general or continued usage to the extent that it
1307 takes the place of ordinary clothing;

1308 (C) sales of the following if the net or gross revenue generated by the sales is
1309 deposited into a school district fund or school fund dedicated to school meals:

1310 (I) food and food ingredients; or

1311 (II) prepared food; or

1312 (D) transportation charges for official school activities; or

1313 (ii) amounts paid to or amounts charged by a school for admission to a school-related
1314 event or school-related activity.

1315 (b) "Sales relating to schools" does not include:

1316 (i) bookstore sales of items that are not educational materials or supplies;

1317 (ii) except as provided in Subsection (124)(a)(i)(B):

1318 (A) clothing;

1319 (B) clothing accessories or equipment;

1320 (C) protective equipment; or

1321 (D) sports or recreational equipment; or

1322 (iii) amounts paid to or amounts charged by a school for admission to a

1323 school-related event or school-related activity if the amounts paid or charged are
1324 passed through to a person:

1325 (A) other than a:
1326 (I) school;
1327 (II) nonprofit organization authorized by a school board or a governing body of
1328 a private school to organize and direct a competitive secondary school
1329 activity; or
1330 (III) nonprofit association authorized by a school board or a governing body of
1331 a private school to organize and direct a competitive secondary school
1332 activity; and
1333 (B) that is required to collect sales and use taxes under this chapter.

1334 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
1335 commission may make rules defining the term "passed through."

1336 (125) For purposes of this section and Section 59-12-104, "school" means:
1337 (a) an elementary school or a secondary school that:
1338 (i) is a:
1339 (A) public school; or
1340 (B) private school; and
1341 (ii) provides instruction for one or more grades kindergarten through 12; or
1342 (b) a public school district.

1343 (126)(a) "Seller" means a person that makes a sale, lease, or rental of:
1344 (i) tangible personal property;
1345 (ii) a product transferred electronically; or
1346 (iii) a service.
1347 (b) "Seller" includes a marketplace facilitator.

1348 (127) "Seller-hosted prewritten computer software" means prewritten computer software
1349 that is accessed through the internet or a seller-hosted server, regardless of whether:
1350 (a) the access is permanent; or
1351 (b) any downloading occurs.

1352 [(127)] (128)(a) "Semiconductor fabricating, processing, research, or development
1353 materials" means tangible personal property or a product transferred electronically if
1354 the tangible personal property or product transferred electronically is:
1355 (i) used primarily in the process of:
1356 (A)(I) manufacturing a semiconductor;

- (II) fabricating a semiconductor; or
- (III) research or development of a:
 - (Aa) semiconductor; or
 - (Bb) semiconductor manufacturing process; or

(B) maintaining an environment suitable for a semiconductor; or

(ii) consumed primarily in the process of:

- (A)(I) manufacturing a semiconductor;
 - (II) fabricating a semiconductor; or
 - (III) research or development of a:
 - (Aa) semiconductor; or
 - (Bb) semiconductor manufacturing process; or

(B) maintaining an environment suitable for a semiconductor.

(b) "Semiconductor fabricating, processing, research, or development materials" includes:

- (i) parts used in the repairs or renovations of tangible personal property or a product transferred electronically described in Subsection (127)(a); or
- (ii) a chemical, catalyst, or other material used to:
 - (A) produce or induce in a semiconductor a:
 - (I) chemical change; or
 - (II) physical change;
 - (B) remove impurities from a semiconductor; or
 - (C) improve the marketable condition of a semiconductor.

28)] (129) "Senior citizen center" means a facility having the primary purpose of providing services to the aged as defined in Section 26B-6-101.

29)] (130) "Shared vehicle" means the same as that term is defined in Section 13-48a-101.

30)] (131) "Shared vehicle driver" means the same as that term is defined in Section 13-48a-101.

31)] (132) "Shared vehicle owner" means the same as that term is defined in Section 13-48a-101.

32)] (133)(a) Subject to Subsections [(132)(b)] (133)(b) and (c), "short-term lodging consumable" means tangible personal property that:

- (i) a business that provides accommodations and services described in Subsection 59-12-103(1)(i) purchases as part of a transaction to provide the accommodations and services to a purchaser;

1391 (ii) is intended to be consumed by the purchaser; and
1392 (iii) is:
1393 (A) included in the purchase price of the accommodations and services; and
1394 (B) not separately stated on an invoice, bill of sale, or other similar document
1395 provided to the purchaser.

1396 (b) "Short-term lodging consumable" includes:
1397 (i) a beverage;
1398 (ii) a brush or comb;
1399 (iii) a cosmetic;
1400 (iv) a hair care product;
1401 (v) lotion;
1402 (vi) a magazine;
1403 (vii) makeup;
1404 (viii) a meal;
1405 (ix) mouthwash;
1406 (x) nail polish remover;
1407 (xi) a newspaper;
1408 (xii) a notepad;
1409 (xiii) a pen;
1410 (xiv) a pencil;
1411 (xv) a razor;
1412 (xvi) saline solution;
1413 (xvii) a sewing kit;
1414 (xviii) shaving cream;
1415 (xix) a shoe shine kit;
1416 (xx) a shower cap;
1417 (xxi) a snack item;
1418 (xxii) soap;
1419 (xxiii) toilet paper;
1420 (xxiv) a toothbrush;
1421 (xxv) toothpaste; or
1422 (xxvi) an item similar to Subsections [(132)(b)(i)] (133)(b)(i) through (xxv) as the
1423 commission may provide by rule made in accordance with Title 63G, Chapter 3,
1424 Utah Administrative Rulemaking Act.

1425 (c) "Short-term lodging consumable" does not include:
1426 (i) tangible personal property that is cleaned or washed to allow the tangible personal
1427 property to be reused; or
1428 (ii) a product transferred electronically.

1429 [(133)] (134)(a) "Short-term rental" means a lease or rental for less than 30 consecutive
1430 days.

1431 (b) "Short-term rental" does not include car sharing.

1432 [(134)] (135) "Simplified electronic return" means the electronic return:

1433 (a) described in Section 318(C) of the agreement; and
1434 (b) approved by the governing board of the agreement.

1435 [(135)] (136) "Solar energy" means the sun used as the sole source of energy for producing
1436 electricity.

1437 [(136)] (137)(a) "Sports or recreational equipment" means an item:

1438 (i) designed for human use; and

1439 (ii) that is:

1440 (A) worn in conjunction with:

1441 (I) an athletic activity; or

1442 (II) a recreational activity; and

1443 (B) not suitable for general use.

1444 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
1445 commission shall make rules:

1446 (i) listing the items that constitute "sports or recreational equipment"; and

1447 (ii) that are consistent with the list of items that constitute "sports or recreational
1448 equipment" under the agreement.

1449 [(137)] (138) "State" means the state of Utah, its departments, and agencies.

1450 [(138)] (139) "Storage" means any keeping or retention of tangible personal property or any
1451 other taxable transaction under Subsection 59-12-103(1), in this state for any purpose
1452 except sale in the regular course of business.

1453 [(139)] (140)(a) "Tangible personal property" means personal property that:

1454 (i) may be:

1455 (A) seen;

1456 (B) weighed;

1457 (C) measured;

1458 (D) felt; or

1459 (E) touched; or
1460 (ii) is in any manner perceptible to the senses.

1461 (b) "Tangible personal property" includes:
1462 (i) electricity;
1463 (ii) water;
1464 (iii) gas;
1465 (iv) steam; or
1466 (v) prewritten computer software, regardless of the manner in which the prewritten
1467 computer software is transferred.

1468 (c) "Tangible personal property" includes the following regardless of whether the item is
1469 attached to real property:
1470 (i) a dishwasher;
1471 (ii) a dryer;
1472 (iii) a freezer;
1473 (iv) a microwave;
1474 (v) a refrigerator;
1475 (vi) a stove;
1476 (vii) a washer; or
1477 (viii) an item similar to Subsections [(139)(e)(i)] (140)(c)(i) through (vii) as
1478 determined by the commission by rule made in accordance with Title 63G,
1479 Chapter 3, Utah Administrative Rulemaking Act.

1480 (d) "Tangible personal property" does not include a product that is transferred
1481 electronically.

1482 (e) "Tangible personal property" does not include the following if attached to real
1483 property, regardless of whether the attachment to real property is only through a line
1484 that supplies water, electricity, gas, telephone, cable, or supplies a similar item as
1485 determined by the commission by rule made in accordance with Title 63G, Chapter 3,
1486 Utah Administrative Rulemaking Act:
1487 (i) a hot water heater;
1488 (ii) a water filtration system; or
1489 (iii) a water softener system.

1490 [(140)] (141)(a) "Telecommunications enabling or facilitating equipment, machinery, or
1491 software" means an item listed in Subsection [(140)(b)] (141)(b) if that item is
1492 purchased or leased primarily to enable or facilitate one or more of the following to

1493 function:

1494 (i) telecommunications switching or routing equipment, machinery, or software; or
1495 (ii) telecommunications transmission equipment, machinery, or software.

1496 (b) The following apply to Subsection [(140)(a)] (141)(a):

1497 (i) a pole;
1498 (ii) software;
1499 (iii) a supplementary power supply;
1500 (iv) temperature or environmental equipment or machinery;
1501 (v) test equipment;
1502 (vi) a tower; or
1503 (vii) equipment, machinery, or software that functions similarly to an item listed in
1504 Subsections [(140)(b)(i)] (141)(b)(i) through (vi) as determined by the commission
1505 by rule made in accordance with Subsection [(140)(e)] (141)(c).

1506 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
1507 commission may by rule define what constitutes equipment, machinery, or software
1508 that functions similarly to an item listed in Subsections [(140)(b)(i)] (141)(b)(i)
1509 through (vi).

1510 [(141)] (142) "Telecommunications equipment, machinery, or software required for 911
1511 service" means equipment, machinery, or software that is required to comply with 47
1512 C.F.R. Sec. 20.18.

1513 [(142)] (143) "Telecommunications maintenance or repair equipment, machinery, or
1514 software" means equipment, machinery, or software purchased or leased primarily to
1515 maintain or repair one or more of the following, regardless of whether the equipment,
1516 machinery, or software is purchased or leased as a spare part or as an upgrade or
1517 modification to one or more of the following:

1518 (a) telecommunications enabling or facilitating equipment, machinery, or software;
1519 (b) telecommunications switching or routing equipment, machinery, or software; or
1520 (c) telecommunications transmission equipment, machinery, or software.

1521 [(143)] (144)(a) "Telecommunications service" means the electronic conveyance,
1522 routing, or transmission of audio, data, video, voice, or any other information or
1523 signal to a point, or among or between points.

1524 (b) "Telecommunications service" includes:

1525 (i) an electronic conveyance, routing, or transmission with respect to which a
1526 computer processing application is used to act;

1527 (A) on the code, form, or protocol of the content;

1528 (B) for the purpose of electronic conveyance, routing, or transmission; and

1529 (C) regardless of whether the service:

1530 (I) is referred to as voice over Internet protocol service; or

1531 (II) is classified by the Federal Communications Commission as enhanced or

1532 value added;

1533 (ii) an 800 service;

1534 (iii) a 900 service;

1535 (iv) a fixed wireless service;

1536 (v) a mobile wireless service;

1537 (vi) a postpaid calling service;

1538 (vii) a prepaid calling service;

1539 (viii) a prepaid wireless calling service; or

1540 (ix) a private communications service.

1541 (c) "Telecommunications service" does not include:

1542 (i) advertising, including directory advertising;

1543 (ii) an ancillary service;

1544 (iii) a billing and collection service provided to a third party;

1545 (iv) a data processing and information service if:

1546 (A) the data processing and information service allows data to be:

1547 (I)(Aa) acquired;

1548 (Bb) generated;

1549 (Cc) processed;

1550 (Dd) retrieved; or

1551 (Ee) stored; and

1552 (II) delivered by an electronic transmission to a purchaser; and

1553 (B) the purchaser's primary purpose for the underlying transaction is the processed

1554 data or information;

1555 (v) installation or maintenance of the following on a customer's premises:

1556 (A) equipment; or

1557 (B) wiring;

1558 (vi) Internet access service;

1559 (vii) a paging service;

1560 (viii) a product transferred electronically, including:

1561 (A) music;
1562 (B) reading material;
1563 (C) a ring tone;
1564 (D) software; or
1565 (E) video;

1566 (ix) a radio and television audio and video programming service:
1567 (A) regardless of the medium; and
1568 (B) including:
1569 (I) furnishing conveyance, routing, or transmission of a television audio and
1570 video programming service by a programming service provider;
1571 (II) cable service as defined in 47 U.S.C. Sec. 522(6); or
1572 (III) audio and video programming services delivered by a commercial mobile
1573 radio service provider as defined in 47 C.F.R. Sec. 20.3;
1574 (x) a value-added nonvoice data service; or
1575 (xi) tangible personal property.

1576 ~~(144)~~ (145)(a) "Telecommunications service provider" means a person that:
1577 (i) owns, controls, operates, or manages a telecommunications service; and
1578 (ii) engages in an activity described in Subsection ~~(144)(a)(i)~~ (145)(a)(i) for the
1579 shared use with or resale to any person of the telecommunications service.

1580 (b) A person described in Subsection ~~(144)(a)~~ (145)(a) is a telecommunications service
1581 provider whether or not the Public Service Commission of Utah regulates:
1582 (i) that person; or
1583 (ii) the telecommunications service that the person owns, controls, operates, or
1584 manages.

1585 ~~(145)~~ (146)(a) "Telecommunications switching or routing equipment, machinery, or
1586 software" means an item listed in Subsection ~~(145)(b)~~ (146)(b) if that item is
1587 purchased or leased primarily for switching or routing:
1588 (i) an ancillary service;
1589 (ii) data communications;
1590 (iii) voice communications; or
1591 (iv) telecommunications service.

1592 (b) The following apply to Subsection ~~(145)(a)~~ (146)(a):
1593 (i) a bridge;
1594 (ii) a computer;

1595 (iii) a cross connect;
1596 (iv) a modem;
1597 (v) a multiplexer;
1598 (vi) plug in circuitry;
1599 (vii) a router;
1600 (viii) software;
1601 (ix) a switch; or
1602 (x) equipment, machinery, or software that functions similarly to an item listed in
1603 Subsections [(145)(b)(i)] (146)(b)(i) through (ix) as determined by the commission
1604 by rule made in accordance with Subsection [(145)(e)] (146)(c).

1605 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
1606 commission may by rule define what constitutes equipment, machinery, or software
1607 that functions similarly to an item listed in Subsections [(145)(b)(i)] (146)(b)(i)
1608 through (ix).

1609 [~~(146)~~] (147)(a) "Telecommunications transmission equipment, machinery, or software"
1610 means an item listed in Subsection [(146)(b)] (147)(b) if that item is purchased or
1611 leased primarily for sending, receiving, or transporting:

1612 (i) an ancillary service;
1613 (ii) data communications;
1614 (iii) voice communications; or
1615 (iv) telecommunications service.

1616 (b) The following apply to Subsection [~~(146)(a)~~] (147)(a):

1617 (i) an amplifier;
1618 (ii) a cable;
1619 (iii) a closure;
1620 (iv) a conduit;
1621 (v) a controller;
1622 (vi) a duplexer;
1623 (vii) a filter;
1624 (viii) an input device;
1625 (ix) an input/output device;
1626 (x) an insulator;
1627 (xi) microwave machinery or equipment;
1628 (xii) an oscillator;

1629 (xiii) an output device;
1630 (xiv) a pedestal;
1631 (xv) a power converter;
1632 (xvi) a power supply;
1633 (xvii) a radio channel;
1634 (xviii) a radio receiver;
1635 (xix) a radio transmitter;
1636 (xx) a repeater;
1637 (xxi) software;
1638 (xxii) a terminal;
1639 (xxiii) a timing unit;
1640 (xxiv) a transformer;
1641 (xxv) a wire; or
1642 (xxvi) equipment, machinery, or software that functions similarly to an item listed in
1643 Subsections [(146)(b)(i)] (147)(b)(i) through (xxv) as the commission determines
1644 by rule made in accordance with Subsection [(146)(e)] (147)(c).

1645 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
1646 commission may by rule define what constitutes equipment, machinery, or software
1647 that functions similarly to an item listed in Subsections [(146)(b)(i)] (147)(b)(i)
1648 through (xxv).

1649 [(147)] (148)(a) "Textbook for a higher education course" means a textbook or other
1650 printed material that is required for a course:
1651 (i) offered by an institution of higher education; and
1652 (ii) that the purchaser of the textbook or other printed material attends or will attend.
1653 (b) "Textbook for a higher education course" includes a textbook in electronic format.

1654 [(148)] (149) "Tobacco" means:

1655 (a) a cigarette;
1656 (b) a cigar;
1657 (c) chewing tobacco;
1658 (d) pipe tobacco; or
1659 (e) any other item that contains tobacco.

1660 [(149)] (150) "Unassisted amusement device" means an amusement device, skill device, or
1661 ride device that is started and stopped by the purchaser or renter of the right to use or
1662 operate the amusement device, skill device, or ride device.

1663 [({150})] (151)(a) "Use" means the exercise of any right or power over tangible personal
1664 property, a product transferred electronically, or a service under Subsection
1665 59-12-103(1), incident to the ownership or the leasing of that tangible personal
1666 property, product transferred electronically, or service.
1667 (b) "Use" does not include the sale, display, demonstration, or trial of tangible personal
1668 property, a product transferred electronically, or a service in the regular course of
1669 business and held for resale.

1670 [({151})] (152) "Value-added nonvoice data service" means a service:

- 1671 (a) that otherwise meets the definition of a telecommunications service except that a
1672 computer processing application is used to act primarily for a purpose other than
1673 conveyance, routing, or transmission; and
- 1674 (b) with respect to which a computer processing application is used to act on data or
1675 information:
 - 1676 (i) code;
 - 1677 (ii) content;
 - 1678 (iii) form; or
 - 1679 (iv) protocol.

1680 [({152})] (153)(a) Subject to Subsection [({152})(b)] (153)(b), "vehicle" means the following
1681 that are required to be titled, registered, or titled and registered:

- 1682 (i) an aircraft as defined in Section 72-10-102;
- 1683 (ii) a vehicle as defined in Section 41-1a-102;
- 1684 (iii) an off-highway vehicle as defined in Section 41-22-2; or
- 1685 (iv) a vessel as defined in Section 41-1a-102.

- 1686 (b) For purposes of Subsection 59-12-104(33) only, "vehicle" includes:
 - 1687 (i) a vehicle described in Subsection [({152})(a)] (153)(a); or
 - 1688 (ii)(A) a locomotive;
 - 1689 (B) a freight car;
 - 1690 (C) railroad work equipment; or
 - 1691 (D) other railroad rolling stock.

1692 [({153})] (154) "Vehicle dealer" means a person engaged in the business of buying, selling, or
1693 exchanging a vehicle as defined in Subsection [({152})] (153).

1694 [({154})] (155)(a) "Vertical service" means an ancillary service that:

- 1695 (i) is offered in connection with one or more telecommunications services; and
- 1696 (ii) offers an advanced calling feature that allows a customer to:

1697 (A) identify a caller; and

1698 (B) manage multiple calls and call connections.

1699 (b) "Vertical service" includes an ancillary service that allows a customer to manage a
1700 conference bridging service.

1701 [(155)] (156)(a) "Voice mail service" means an ancillary service that enables a customer
1702 to receive, send, or store a recorded message.

1703 (b) "Voice mail service" does not include a vertical service that a customer is required to
1704 have in order to utilize a voice mail service.

1705 [(156)] (157)(a) "Waste energy facility" means a facility that generates electricity:

1706 (i) using as the primary source of energy waste materials that would be placed in a
1707 landfill or refuse pit if it were not used to generate electricity, including:

1708 (A) tires;

1709 (B) waste coal;

1710 (C) oil shale; or

1711 (D) municipal solid waste; and

1712 (ii) in amounts greater than actually required for the operation of the facility.

1713 (b) "Waste energy facility" does not include a facility that incinerates:

1714 (i) hospital waste as defined in 40 C.F.R. 60.51c; or

1715 (ii) medical/infectious waste as defined in 40 C.F.R. 60.51c.

1716 [(157)] (158) "Watercraft" means a vessel as defined in Section 73-18-2.

1717 [(158)] (159) "Wind energy" means wind used as the sole source of energy to produce
1718 electricity.

1719 [(159)] (160) "ZIP Code" means a Zoning Improvement Plan Code assigned to a geographic
1720 location by the United States Postal Service.

1721 Section 2. Section **59-12-103** is amended to read:

1722 **59-12-103 . Sales and use tax base -- Rates -- Effective dates -- Use of sales and
1723 use tax revenue.**

1724 (1) A tax is imposed on the purchaser as provided in this part on the purchase price or sales
1725 price for amounts paid or charged for the following transactions:

1726 (a) retail sales of tangible personal property made within the state;

1727 (b) amounts paid for:

1728 (i) telecommunications service, other than mobile telecommunications service, that
1729 originates and terminates within the boundaries of this state;

1730 (ii) mobile telecommunications service that originates and terminates within the

1731 boundaries of one state only to the extent permitted by the Mobile
1732 Telecommunications Sourcing Act, 4 U.S.C. Sec. 116 et seq.; or
1733 (iii) an ancillary service associated with a:
1734 (A) telecommunications service described in Subsection (1)(b)(i); or
1735 (B) mobile telecommunications service described in Subsection (1)(b)(ii);
1736 (c) sales of the following for commercial use:
1737 (i) gas;
1738 (ii) electricity;
1739 (iii) heat;
1740 (iv) coal;
1741 (v) fuel oil; or
1742 (vi) other fuels;
1743 (d) sales of the following for residential use:
1744 (i) gas;
1745 (ii) electricity;
1746 (iii) heat;
1747 (iv) coal;
1748 (v) fuel oil; or
1749 (vi) other fuels;
1750 (e) sales of prepared food;
1751 (f) except as provided in Section 59-12-104, amounts paid or charged as admission or
1752 user fees for theaters, movies, operas, museums, planetariums, shows of any type or
1753 nature, exhibitions, concerts, carnivals, amusement parks, amusement rides, circuses,
1754 menageries, fairs, races, contests, sporting events, dances, boxing matches, wrestling
1755 matches, closed circuit television broadcasts, billiard parlors, pool parlors, bowling
1756 lanes, golf, miniature golf, golf driving ranges, batting cages, skating rinks, ski lifts,
1757 ski runs, ski trails, snowmobile trails, tennis courts, swimming pools, water slides,
1758 river runs, jeep tours, boat tours, scenic cruises, horseback rides, sports activities, or
1759 any other amusement, entertainment, recreation, exhibition, cultural, or athletic
1760 activity;
1761 (g) amounts paid or charged for services for repairs or renovations of tangible personal
1762 property, unless Section 59-12-104 provides for an exemption from sales and use tax
1763 for:
1764 (i) the tangible personal property; and

1765 (ii) parts used in the repairs or renovations of the tangible personal property described
1766 in Subsection (1)(g)(i), regardless of whether:
1767 (A) any parts are actually used in the repairs or renovations of that tangible
1768 personal property; or
1769 (B) the particular parts used in the repairs or renovations of that tangible personal
1770 property are exempt from a tax under this chapter;

1771 (h) except as provided in Subsection 59-12-104(7), amounts paid or charged for assisted
1772 cleaning or washing of tangible personal property;

1773 (i) amounts paid or charged for short-term rentals of tourist home, hotel, motel, or trailer
1774 court accommodations and services;

1775 (j) amounts paid or charged for laundry or dry cleaning services;

1776 (k) amounts paid or charged for leases or rentals of tangible personal property if within
1777 this state the tangible personal property is:
1778 (i) stored;
1779 (ii) used; or
1780 (iii) otherwise consumed;

1781 (l) amounts paid or charged for tangible personal property if within this state the tangible
1782 personal property is:
1783 (i) stored;
1784 (ii) used; or
1785 (iii) consumed;

1786 (m) amounts paid or charged for a sale:
1787 (i)(A) of a product transferred electronically; or
1788 (B) of a repair or renovation of a product transferred electronically; and
1789 (ii) regardless of whether the sale provides:
1790 (A) a right of permanent use of the product; or
1791 (B) a right to use the product that is less than a permanent use, including a right:
1792 (I) for a definite or specified length of time; and
1793 (II) that terminates upon the occurrence of a condition;[and]
1794 (n) sales of leased tangible personal property from the lessor to the lessee made in the
1795 state[.];
1796 (o) amounts paid or charged for access to digital audio-visual works, digital audio
1797 works, digital books, or gaming services, including the streaming of or subscription
1798 for access to digital audio-visual works, digital audio works, digital books, or gaming

1799 services regardless of:

1800 (i) the delivery method; or

1801 (ii) whether the amount paid or charged for access provides a right to:

1802 (A) single-use access to the digital audio-visual works, digital audio works, digital
1803 books, or gaming services; or

1804 (B) access to the digital audio-visual works, digital audio works, digital books, or
1805 gaming services through a subscription, including a right that terminates upon
1806 the occurrence of a condition; and

1807 (p) amounts paid or charged for the storage, use, or other consumption of:

1808 (i) prewritten computer software delivered electronically or by load and leave; or

1809 (ii) seller-hosted prewritten computer software.

1810 (2)(a) Except as provided in Subsections (2)(b) through (f), a state tax and a local tax are
1811 imposed on a transaction described in Subsection (1) equal to the sum of:

1812 (i) a state tax imposed on the transaction at a tax rate equal to the sum of:

1813 (A) 4.70%;

1814 (B) the rate specified in Subsection (6)(a); and

1815 (C) the tax rate the state imposes in accordance with Part 20, Supplemental State
1816 Sales and Use Tax Act, if the location of the transaction as determined under
1817 Sections 59-12-211 through 59-12-215 is in a city, town, or the unincorporated
1818 area of a county in which the state imposes the tax under Part 20, Supplemental
1819 State Sales and Use Tax Act; and

1820 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the
1821 transaction under this chapter other than this part.

1822 (b) Except as provided in Subsection (2)(f) or (g) and subject to Subsection (2)(l), a state
1823 tax and a local tax are imposed on a transaction described in Subsection (1)(d) equal
1824 to the sum of:

1825 (i) a state tax imposed on the transaction at a tax rate of 2%; and

1826 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the
1827 transaction under this chapter other than this part.

1828 (c) Except as provided in Subsection (2)(f) or (g), a state tax and a local tax are imposed
1829 on amounts paid or charged for food and food ingredients equal to the sum of:

1830 (i) a state tax imposed on the amounts paid or charged for food and food ingredients
1831 at a tax rate of 1.75%; and

1832 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the

1833 amounts paid or charged for food and food ingredients under this chapter other
1834 than this part.

1835 (d) Except as provided in Subsection (2)(f) or (g), a state tax is imposed on amounts paid
1836 or charged for fuel to a common carrier that is a railroad for use in a locomotive
1837 engine at a rate equal to the sum of the rates described in Subsections (2)(a)(i)(A) and
1838 (2)(a)(i)(B).

1839 (e)(i)(A) The rates described in Subsections (2)(a)(i)(A) and (2)(a)(i)(B) do not
1840 apply to car sharing, a car sharing program, a shared vehicle driver, or a shared
1841 vehicle owner, for a car sharing or shared vehicle transaction if a shared
1842 vehicle owner certifies to the commission, on a form prescribed by the
1843 commission, that the shared vehicle is an individual-owned shared vehicle.

1844 (B) A shared vehicle owner's certification described in Subsection (2)(e)(i)(A) is
1845 required once during the time that the shared vehicle owner owns the shared
1846 vehicle.

1847 (C) The commission shall verify that a shared vehicle is an individual-owned
1848 shared vehicle by verifying that the applicable Utah taxes imposed under this
1849 chapter were paid on the purchase of the shared vehicle.

1850 (D) The exception under Subsection (2)(e)(i)(A) applies to a certified
1851 individual-owned shared vehicle shared through a car-sharing program even if
1852 non-certified shared vehicles are also available to be shared through the same
1853 car-sharing program.

1854 (ii) A tax imposed under Subsection (2)(a)(i)(C) or (2)(a)(ii) applies to car sharing.

1855 (iii)(A) A car-sharing program may rely in good faith on a shared vehicle owner's
1856 representation that the shared vehicle is an individual-owned shared vehicle
1857 certified with the commission as described in Subsection (2)(e)(i).

1858 (B) If a car-sharing program relies in good faith on a shared vehicle owner's
1859 representation that the shared vehicle is an individual-owned shared vehicle
1860 certified with the commission as described in Subsection (2)(e)(i), the
1861 car-sharing program is not liable for any tax, penalty, fee, or other sanction
1862 imposed on the shared vehicle owner.

1863 (iv) If all shared vehicles shared through a car-sharing program are certified as
1864 described in Subsection (2)(e)(i)(A) for a tax period, the car-sharing program has
1865 no obligation to collect and remit the tax under Subsections (2)(a)(i)(A) and
1866 (2)(a)(i)(B) for that tax period.

1867 (v) A car-sharing program is not required to list or otherwise identify an
1868 individual-owned shared vehicle on a return or an attachment to a return.

1869 (vi) A car-sharing program shall:
1870 (A) retain tax information for each car-sharing program transaction; and
1871 (B) provide the information described in Subsection (2)(e)(vi)(A) to the
1872 commission at the commission's request.

1873 (f)(i) For a bundled transaction that is attributable to food and food ingredients and
1874 tangible personal property other than food and food ingredients, a state tax and a
1875 local tax is imposed on the entire bundled transaction equal to the sum of:
1876 (A) the tax rates described in Subsection (2)(a)(i); and
1877 (B) a local tax imposed on the entire bundled transaction at the sum of the tax
1878 rates described in Subsection (2)(a)(ii).

1879 (ii) If an optional computer software maintenance contract is a bundled transaction
1880 that consists of taxable and nontaxable products that are not separately itemized
1881 on an invoice or similar billing document, the purchase of the optional computer
1882 software maintenance contract is 40% taxable under this chapter and 60%
1883 nontaxable under this chapter.

1884 (iii) Subject to Subsection (2)(f)(iv), for a bundled transaction other than a bundled
1885 transaction described in Subsection (2)(f)(i) or (ii):
1886 (A) if the sales price of the bundled transaction is attributable to tangible personal
1887 property, a product, or a service that is subject to taxation under this chapter
1888 and tangible personal property, a product, or service that is not subject to
1889 taxation under this chapter, the entire bundled transaction is subject to taxation
1890 under this chapter unless:
1891 (I) the seller is able to identify by reasonable and verifiable standards the
1892 tangible personal property, product, or service that is not subject to taxation
1893 under this chapter from the books and records the seller keeps in the seller's
1894 regular course of business; or
1895 (II) state or federal law provides otherwise; or
1896 (B) if the sales price of a bundled transaction is attributable to two or more items
1897 of tangible personal property, products, or services that are subject to taxation
1898 under this chapter at different rates, the entire bundled transaction is subject to
1899 taxation under this chapter at the higher tax rate unless:
1900 (I) the seller is able to identify by reasonable and verifiable standards the

1901 tangible personal property, product, or service that is subject to taxation
1902 under this chapter at the lower tax rate from the books and records the seller
1903 keeps in the seller's regular course of business; or

1904 (II) state or federal law provides otherwise.

1905 (iv) For purposes of Subsection (2)(f)(iii), books and records that a seller keeps in the
1906 seller's regular course of business includes books and records the seller keeps in
1907 the regular course of business for nontax purposes.

1908 (g)(i) Except as otherwise provided in this chapter and subject to Subsections
1909 (2)(g)(ii) and (iii), if a transaction consists of the sale, lease, or rental of tangible
1910 personal property, a product, or a service that is subject to taxation under this
1911 chapter, and the sale, lease, or rental of tangible personal property, other property,
1912 a product, or a service that is not subject to taxation under this chapter, the entire
1913 transaction is subject to taxation under this chapter unless the seller, at the time of
1914 the transaction:

1915 (A) separately states the portion of the transaction that is not subject to taxation
1916 under this chapter on an invoice, bill of sale, or similar document provided to
1917 the purchaser; or

1918 (B) is able to identify by reasonable and verifiable standards, from the books and
1919 records the seller keeps in the seller's regular course of business, the portion of
1920 the transaction that is not subject to taxation under this chapter.

1921 (ii) A purchaser and a seller may correct the taxability of a transaction if:

1922 (A) after the transaction occurs, the purchaser and the seller discover that the
1923 portion of the transaction that is not subject to taxation under this chapter was
1924 not separately stated on an invoice, bill of sale, or similar document provided
1925 to the purchaser because of an error or ignorance of the law; and

1926 (B) the seller is able to identify by reasonable and verifiable standards, from the
1927 books and records the seller keeps in the seller's regular course of business, the
1928 portion of the transaction that is not subject to taxation under this chapter.

1929 (iii) For purposes of Subsections (2)(g)(i) and (ii), books and records that a seller
1930 keeps in the seller's regular course of business includes books and records the
1931 seller keeps in the regular course of business for nontax purposes.

1932 (h)(i) If the sales price of a transaction is attributable to two or more items of tangible
1933 personal property, products, or services that are subject to taxation under this
1934 chapter at different rates, the entire purchase is subject to taxation under this

1935 chapter at the higher tax rate unless the seller, at the time of the transaction:

1936 (A) separately states the items subject to taxation under this chapter at each of the
1937 different rates on an invoice, bill of sale, or similar document provided to the
1938 purchaser; or

1939 (B) is able to identify by reasonable and verifiable standards the tangible personal
1940 property, product, or service that is subject to taxation under this chapter at the
1941 lower tax rate from the books and records the seller keeps in the seller's regular
1942 course of business.

1943 (ii) For purposes of Subsection (2)(h)(i), books and records that a seller keeps in the
1944 seller's regular course of business includes books and records the seller keeps in
1945 the regular course of business for nontax purposes.

1946 (i) Subject to Subsections (2)(j) and (k), a tax rate repeal or tax rate change for a tax rate
1947 imposed under the following shall take effect on the first day of a calendar quarter:

1948 (i) Subsection (2)(a)(i)(A);

1949 (ii) Subsection (2)(a)(i)(B);

1950 (iii) Subsection (2)(b)(i);

1951 (iv) Subsection (2)(c)(i); or

1952 (v) Subsection (2)(f)(i)(A).

1953 (j)(i) A tax rate increase takes effect on the first day of the first billing period that
1954 begins on or after the effective date of the tax rate increase if the billing period for
1955 the transaction begins before the effective date of a tax rate increase imposed
1956 under:

1957 (A) Subsection (2)(a)(i)(A);

1958 (B) Subsection (2)(a)(i)(B);

1959 (C) Subsection (2)(b)(i);

1960 (D) Subsection (2)(c)(i); or

1961 (E) Subsection (2)(f)(i)(A).

1962 (ii) The repeal of a tax or a tax rate decrease applies to a billing period if the billing
1963 statement for the billing period is rendered on or after the effective date of the
1964 repeal of the tax or the tax rate decrease imposed under:

1965 (A) Subsection (2)(a)(i)(A);

1966 (B) Subsection (2)(a)(i)(B);

1967 (C) Subsection (2)(b)(i);

1968 (D) Subsection (2)(c)(i); or

1969 (E) Subsection (2)(f)(i)(A).

1970 (k)(i) For a tax rate described in Subsection (2)(k)(ii), if a tax due on a catalogue sale
1971 is computed on the basis of sales and use tax rates published in the catalogue, a
1972 tax rate repeal or change in a tax rate takes effect:

1973 (A) on the first day of a calendar quarter; and

1974 (B) beginning 60 days after the effective date of the tax rate repeal or tax rate
1975 change.

1976 (ii) Subsection (2)(k)(i) applies to the tax rates described in the following:

1977 (A) Subsection (2)(a)(i)(A);
1978 (B) Subsection (2)(a)(i)(B);
1979 (C) Subsection (2)(b)(i);
1980 (D) Subsection (2)(c)(i); or
1981 (E) Subsection (2)(f)(i)(A).

1982 (iii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,
1983 the commission may by rule define the term "catalogue sale."

1984 (l)(i) For a location described in Subsection (2)(l)(ii), the commission shall determine
1985 the taxable status of a sale of gas, electricity, heat, coal, fuel oil, or other fuel
1986 based on the predominant use of the gas, electricity, heat, coal, fuel oil, or other
1987 fuel at the location.

1988 (ii) Subsection (2)(l)(i) applies to a location where gas, electricity, heat, coal, fuel oil,
1989 or other fuel is furnished through a single meter for two or more of the following
1990 uses:

1991 (A) a commercial use;
1992 (B) an industrial use; or
1993 (C) a residential use.

1994 (3)(a) The commission shall deposit the following state taxes into the General Fund:

1995 (i) the tax imposed by Subsection (2)(a)(i)(A);
1996 (ii) the tax imposed by Subsection (2)(b)(i);
1997 (iii) the tax imposed by Subsection (2)(c)(i);
1998 (iv) the tax imposed by Subsection (2)(d); and
1999 (v) the tax imposed by Subsection (2)(f)(i)(A).

2000 (b) The commission shall distribute the following local taxes to a county, city, or town
2001 as provided in this chapter:

2002 (i) the tax imposed by Subsection (2)(a)(ii);

2003 (ii) the tax imposed by Subsection (2)(b)(ii);
2004 (iii) the tax imposed by Subsection (2)(c)(ii); and
2005 (iv) the tax imposed by Subsection (2)(f)(i)(B).

2006 (4)(a) Notwithstanding Subsection (3)(a), for each fiscal year the commission shall make
2007 the deposits described in Subsections (4)(b) through (4)(h) from the revenue from the
2008 taxes imposed by:

2009 (i) Subsection (2)(a)(i)(A);
2010 (ii) Subsection (2)(b)(i);
2011 (iii) Subsection (2)(c)(i); and
2012 (iv) Subsection (2)(f)(i)(A).

2013 (b) The commission shall deposit 15% of the difference between 1.4543% of the
2014 revenue described in Subsection (4)(a) and the deposits made under Subsection (5)(b),
2015 into the Water Rights Restricted Account created in Section 73-2-1.6.

2016 (c) The commission shall deposit 85% of the difference between 1.4543% of the revenue
2017 described in Subsection (4)(a) and the deposits made under Subsection (5)(b), into
2018 the Water Resources Conservation and Development Fund created in Section
2019 73-10-24 for use by the Division of Water Resources for:

2020 (i) preconstruction costs:
2021 (A) as defined in Subsection 73-26-103(6) for projects authorized by Title 73,
2022 Chapter 26, Bear River Development Act; and
2023 (B) as defined in Subsection 73-28-103(8) for the Lake Powell Pipeline project
2024 authorized by Title 73, Chapter 28, Lake Powell Pipeline Development Act;
2025 (ii) the cost of employing a civil engineer to oversee any project authorized by Title
2026 73, Chapter 26, Bear River Development Act;
2027 (iii) the cost of employing a civil engineer to oversee the Lake Powell Pipeline
2028 project authorized by Title 73, Chapter 28, Lake Powell Pipeline Development
2029 Act; and
2030 (iv) other uses authorized under Sections 73-10-24, 73-10-25.1, and 73-10-30, and
2031 Subsection (5)(b)(iv)(B) after funding the uses specified in Subsections (4)(c)(i)
2032 through (iii).

2033 (d) The commission shall deposit 1.4543% of the revenue described in Subsection (4)(a)
2034 into the Water Infrastructure Restricted Account created in Section 73-10g-103.

2035 (e)(i) Subject to Subsection (4)(e)(ii), the commission shall deposit 26.24% of the
2036 revenue described in Subsection (4)(a) into the Transportation Investment Fund of

2037 2005 created in Section 72-2-124.

2038 (ii) The commission shall annually reduce the deposit described in Subsection

2039 (4)(e)(i) by the sum of:

2040 (A) \$1,813,400;

2041 (B) the earmark described in Subsection (5)(c); and

2042 (C) an amount equal to 35% of the revenue generated in the current fiscal year by

2043 the portion of the tax imposed on motor and special fuel that is sold, used, or

2044 received in the state that exceeds 29.4 cents per gallon.

2045 (iii) The amount described in Subsection (4)(e)(ii)(C) shall be annually deposited into

2046 the Transit Transportation Investment Fund created in Section 72-2-124.

2047 (f) The commission shall deposit .44% of the revenue described in Subsection (4)(a) into

2048 the Cottonwood Canyons Transportation Investment Fund created in Section

2049 72-2-124.

2050 (g) The commission shall deposit 1% of the revenue described in Subsection (4)(a) into

2051 the Commuter Rail Subaccount created in Section 72-2-124.

2052 (h) The commission shall deposit 1% of the revenue described in Subsection (4)(a) into

2053 the Outdoor Adventure Infrastructure Restricted Account created in Section 51-9-902

2054 as follows:

2055 (i) into the Outdoor Adventure Infrastructure Restricted Account created in Section

2056 51-9-902, an amount equal to the amount that was deposited into the Outdoor

2057 Adventure Infrastructure Restricted Account in fiscal year 2025; and

2058 (ii) for any amount exceeding the amount described in Subsection (4)(h)(i), 50% into

2059 the Outdoor Adventure Infrastructure Restricted Account and 50% to the Utah

2060 Fairpark Area Investment and Restoration District created in Section 11-70-201.

2061 (5)(a) Notwithstanding Subsection (3)(a), each fiscal year the commission shall make

2062 the deposits described in this Subsection (5).

2063 (b)(i)(A) The commission shall deposit \$500,000 to the Department of Natural

2064 Resources to be used for watershed rehabilitation or restoration.

2065 (B) At the end of each fiscal year, 100% of any unexpended amount described in

2066 Subsection (5)(b)(i)(A) shall lapse into the Water Resources Conservation and

2067 Development Fund created in Section 73-10-24.

2068 (ii) The commission shall deposit \$150,000 to the Division of Water Resources for

2069 cloud-seeding projects authorized by Title 73, Chapter 15, Modification of

2070 Weather.

2071 (iii) The commission shall deposit \$525,000 into the Division of Conservation
2072 created in Section 4-46-401 to implement water related programs.

2073 (iv) The commission shall deposit \$7,175,000 into the Water Resources Conservation
2074 and Development Fund created in Section 73-10-24 for use by the Division of
2075 Water Resources:
2076 (A) for the uses allowed of the Water Resources Conservation and Development
2077 Fund under Section 73-10-24;
2078 (B) to conduct hydrologic and geotechnical investigations by the Division of
2079 Water Resources in a cooperative effort with other state, federal, or local
2080 entities, for the purpose of quantifying surface and ground water resources and
2081 describing the hydrologic systems of an area in sufficient detail so as to enable
2082 local and state resource managers to plan for and accommodate growth in
2083 water use without jeopardizing the resource;
2084 (C) to fund state required dam safety improvements; and
2085 (D) to protect the state's interest in interstate water compact allocations, including
2086 the hiring of technical and legal staff.

2087 (v) The commission shall deposit \$3,587,500 into the Utah Wastewater Loan
2088 Program Subaccount created in Section 73-10c-5 for use by the Water Quality
2089 Board to fund wastewater projects.

2090 (vi) The commission shall deposit \$3,587,500 into the Drinking Water Loan Program
2091 Subaccount created in Section 73-10c-5 for use by the Division of Drinking Water
2092 to:
2093 (A) provide for the installation and repair of collection, treatment, storage, and
2094 distribution facilities for any public water system, as defined in Section
2095 19-4-102;
2096 (B) develop underground sources of water, including springs and wells; and
2097 (C) develop surface water sources.

2098 (vii) The commission shall deposit \$2,450,000 to the Division of Wildlife Resources
2099 to:
2100 (A) implement the measures described in Subsections 23A-3-214(3)(a) through
2101 (d) to protect sensitive plant and animal species; or
2102 (B) award grants, up to the amount authorized by the Legislature in an
2103 appropriations act, to political subdivisions of the state to implement the
2104 measures described in Subsections 23A-3-214(3)(a) through (d) to protect

2105 sensitive plant and animal species.

2106 (viii) Funds transferred to the Division of Wildlife Resources under Subsection
2107 (5)(b)(vii)(A) may not be used to assist the United States Fish and Wildlife
2108 Service or any other person to list or attempt to have listed a species as threatened
2109 or endangered under the Endangered Species Act of 1973, 16 U.S.C. Sec. 1531, et
2110 seq.

2111 (ix) At the end of each fiscal year, any unexpended amounts described in Subsections
2112 (5)(b)(vii)(A) and (B) shall lapse:

2113 (A) 50% into the Water Resources Conservation and Development Fund created
2114 in Section 73-10-24;

2115 (B) 25% into the Utah Wastewater Loan Program Subaccount created in Section
2116 73-10c-5; and

2117 (C) 25% into the Drinking Water Loan Program Subaccount created in Section
2118 73-10c-5.

2119 (x) The commission shall allocate \$175,000 to the Division of Water Rights to cover
2120 the costs incurred in hiring legal and technical staff for the adjudication of water
2121 rights.

2122 (xi) At the end of each fiscal year, any unexpended amounts described in Subsection
2123 (5)(b)(x) shall lapse:

2124 (A) 50% into the Water Resources Conservation and Development Fund created
2125 in Section 73-10-24;

2126 (B) 25% into the Utah Wastewater Loan Program Subaccount created in Section
2127 73-10c-5; and

2128 (C) 25% into the Drinking Water Loan Program Subaccount created in Section
2129 73-10c-5.

2130 (c) The commission shall deposit \$45,000,000 into the Active Transportation Investment
2131 Fund created in Section 72-2-124.

2132 (d) The commission shall deposit \$533,750 into the Qualified Emergency Food
2133 Agencies Fund created by and expended in accordance with Section 35A-8-1009.

2134 (e) The commission shall deposit \$200,000 into the General Fund as a dedicated credit
2135 for the sole use of the Search and Rescue Financial Assistance Program created by
2136 and to be expended in accordance with Title 53, Chapter 2a, Part 11, Search and
2137 Rescue Act.

2138 (6)(a) The rate specified in this Subsection (6) is 0.15%.

2139 (b) Notwithstanding Subsection (3)(a), the commission shall, for a fiscal year beginning
2140 on or after July 1, 2019, annually transfer the amount of revenue collected from the
2141 rate described in Subsection (6)(a) on the transactions that are subject to the sales and
2142 use tax under Subsection (2)(a)(i)(B) into the Medicaid ACA Fund created in Section
2143 26B-1-315.

2144 (7)(a) Notwithstanding Subsection (3)(a) and except as provided in Subsections (11),
2145 (12), and (13), and as described in Section 63N-3-610, beginning the first day of a
2146 calendar quarter one year after the sales and use tax boundary for a housing and
2147 transit reinvestment zone is established under Title 63N, Chapter 3, Part 6, Housing
2148 and Transit Reinvestment Zone Act, the commission, at least annually, shall transfer
2149 an amount equal to 15% of the sales and use tax increment from the sales and use tax
2150 imposed by Subsection (2)(a)(i)(A) at a 4.7% rate, on transactions occurring within
2151 an established sales and use tax boundary, as defined in Section 63N-3-602, into the
2152 Transit Transportation Investment Fund created in Section 72-2-124.

2153 (b) Beginning no sooner than January 1, 2026, notwithstanding Subsection (3)(a), and
2154 except as provided in Subsections (11), (12), and (13), and as described in Section
2155 63N-3-610.1, beginning the first day of a calendar quarter after the year set in the
2156 proposal and after the sales and use tax boundary for a convention center
2157 reinvestment zone is established in a capital city under Title 63N, Chapter 3, Part 6,
2158 Housing and Transit Reinvestment Zone Act, the commission, at least annually, shall
2159 transfer an amount equal to 50% of the sales and use tax increment as defined in
2160 Section 63N-3-602 from the sales and use tax imposed by Subsection (2)(a)(i)(A) at a
2161 4.7% rate, on transactions occurring within an established sales and use tax boundary,
2162 as defined in Section 63N-3-602, to a convention center public infrastructure district
2163 created in accordance with Section 17D-4-202.1 and specified in the convention
2164 center reinvestment zone proposal submitted pursuant to Title 63N, Chapter 3, Part 6,
2165 Housing and Transit Reinvestment Zone Act.

2166 (8) Notwithstanding Subsection (3)(a) and except as provided in Subsections (11), (12), and
2167 (13), beginning October 1, 2024 the commission shall transfer to the Utah Fairpark Area
2168 Investment and Restoration District, created in Section 11-70-201, the revenue from the
2169 sales and use tax imposed by Subsection (2)(a)(i)(A), on transactions occurring within
2170 the district sales tax area, as defined in Section 11-70-101.

2171 (9)(a) As used in this Subsection (9):

2172 (i) "Additional land" means point of the mountain state land described in Subsection

11-59-102(6)(b) that the point of the mountain authority acquires after the point of the mountain authority provides the commission a map under Subsection (9)(c).

(ii) "Point of the mountain authority" means the Point of the Mountain State Land Authority, created in Section 11-59-201.

(iii) "Point of the mountain state land" means the same as that term is defined in Section 11-59-102.

(b) Notwithstanding Subsection (3)(a) and except as provided in Subsections (11), (12), and (13), the commission shall distribute to the point of the mountain authority 50% of the revenue from the sales and use tax imposed by Subsection (2)(a)(i)(A), on transactions occurring on the point of the mountain state land.

(c) The distribution under Subsection (9)(b) shall begin the next calendar quarter that begins at least 90 days after the point of the mountain authority provides the commission a map that:

- (i) accurately describes the point of the mountain state land; and
- (ii) the point of the mountain authority certifies as accurate.

(d) A distribution under Subsection (9)(b) with respect to additional land shall begin the next calendar quarter that begins at least 90 days after the point of the mountain authority provides the commission a map of point of the mountain state land that:

- (i) accurately describes the point of the mountain state land, including the additional land; and

(ii) the point of the mountain authority certifies as accurate.

(e)(i) Upon the payment in full of bonds secured by the sales and use tax revenue distributed to the point of the mountain authority under Subsection (9)(b), the point of the mountain authority shall immediately notify the commission in writing that the bonds are paid in full.

(ii) The commission shall discontinue distributions of sales and use tax revenue under Subsection (9)(b) at the beginning of the calendar quarter that begins at least 90 days after the date that the commission receives the written notice under Subsection (9)(e)(i).

(10) Notwithstanding Subsection (3)(a), the amount of state sales tax revenues described in Section 63N-2-503.5 is deposited into the Convention Incentive Fund created in Section 63N-2-503.5.

(11)(a) As used in this Subsection (11):

(i) "Applicable percentage" means:

2207 (A) for a housing and transit reinvestment zone created under Title 63N, Chapter
2208 3, Part 6, Housing and Transit Reinvestment Zone Act, 15% of the revenue
2209 from the sales and use tax imposed by Subsection (2)(a)(i)(A) at a 4.7% rate
2210 for sales occurring within the qualified development zone described in
2211 Subsection (11)(a)(ii)(A);
2212 (B) for the Utah Fairpark Area Investment and Restoration District created in
2213 Section 11-70-201, the revenue from the sales and use tax imposed by
2214 Subsection (2)(a)(i)(A) at a 4.7% rate for sales occurring within the qualified
2215 development zone described in Subsection (11)(a)(ii)(B); and
2216 (C) for the Point of the Mountain State Land Authority created in Section
2217 11-59-201, 50% of the revenue from sales and use tax imposed by Subsection
2218 (2)(a)(i)(A) at a 4.7% rate for sales occurring within the qualified development
2219 zone described in Subsection (11)(a)(ii)(C).

2220 (ii) "Qualified development zone" means:

2221 (A) the sales and use tax boundary of a housing and transit reinvestment zone
2222 created under Title 63N, Chapter 3, Part 6, Housing and Transit Reinvestment
2223 Act;
2224 (B) the district sales tax boundary as defined in Section 11-70-101 for the Utah
2225 Fairpark Area Investment and Restoration District, created in Section
2226 11-70-201; or
2227 (C) the sales and use tax boundary of point of the mountain state land, as defined
2228 in Section 11-59-102, under the Point of the Mountain State Land Authority
2229 created in Section 11-59-201.

2230 (iii) "Schedule J sale" means a sale reported on State Tax Commission Form
2231 TC-62M, Schedule J or a substantially similar form as designated by the
2232 commission.

2233 (b) Revenue generated from the applicable percentage by a Schedule J sale within a
2234 qualified development zone shall be deposited into the General Fund.

2235 (12)(a) As used in Subsections (12) and (13):

2236 (i) "Applicable percentage" means, for a convention center reinvestment zone created
2237 in a capital city under Title 63N, Chapter 3, Part 6, Housing and Transit
2238 Reinvestment Zone Act, an amount equal to 50% of the sales and use tax
2239 increment, as that term is defined in Section 63N-3-602, from the sales and use tax
2240 imposed by Subsection (2)(a)(i)(A) at a 4.7% rate for sales occurring within the

2241 qualified development zone described in Subsection (12)(a)(ii).

2242 (ii) "Qualified development zone" means the sales and use tax boundary of a
2243 convention center reinvestment zone created in a capital city under Title 63N,
2244 Chapter 3, Part 6, Housing and Transit Reinvestment Zone Act.

2245 (iii) "Qualifying construction materials" means construction materials that are:
2246 (A) delivered to a delivery outlet within a qualified development zone; and
2247 (B) intended to be permanently attached to real property within the qualified
2248 development zone.

2249 (b) For a sale of qualifying construction materials, the commission shall distribute the
2250 product calculated in Subsection (12)(c) to a qualified development zone if the seller
2251 of the construction materials:

2252 (i) establishes a delivery outlet with the commission within the qualified development
2253 zone;
2254 (ii) reports the sales of the construction materials to the delivery outlet described in
2255 Subsection (12)(b)(i); and
2256 (iii) does not report the sales of the construction materials on a simplified electronic
2257 return.

2258 (c) For the purposes of Subsection (12)(b), the product is equal to:

2259 (i) the sales price or purchase price of the qualifying construction materials; and
2260 (ii) the applicable percentage.

2261 (13)(a) As used in this Subsection (13), "Schedule J sale" means a sale reported on State
2262 Tax Commission Form TC-62M, Schedule J, or a substantially similar form as
2263 designated by the commission.

2264 (b) Revenue generated from the applicable percentage by a Schedule J sale within a
2265 qualified development zone shall be distributed into the General Fund.

2266 **Section 3. Effective Date.**

2267 This bill takes effect on July 1, 2026.