

Sales Tax Exemptions by Category

(Source: Utah Code Section 59-12-104 and Utah State Tax Commission)

How the document is organized: Below is a list of the sales tax exemptions found in Section 59-12-104. Exemptions are grouped into two major categories: (1) business inputs and (2) non-business inputs. Non-business inputs are further categorized into charitable / government, economic development, economic efficiency, healthcare, and other. Within categories, exemptions are listed by subsection number.

Estimated State Sales Tax Amount: If available, a static fiscal estimate based on the value of exempt sales and tax rates for a given fiscal year is shown for each exemption. These estimates were taken from the three most recent annual reports produced by the Tax Commission or, if the exemption was recently adopted, the fiscal note of the bill that enacted the exemption. Unlike taxable sales, exempt amounts are not usually reported. Tax Commission estimates ". . . are either based on a time adjusted fiscal note or . . . publicly available, outside, data sources" (see 2016 Annual Report, Page 61). Some exemptions may influence the behavior of businesses and individuals in such a way that additional tax revenue (sales, income, property, etc.) is generated that the state would not have otherwise received. These dynamic fiscal impacts are not captured in the estimates provided in this document.

Subsection (59-12-104)	Brief Description of Sales Tax Exemption <small>(click here to view Section 59-12-104 then navigate to the specified subsection to see the statutory language for a particular exemption)</small>	Year Enacted <small>(based on TRC data and recent legislation)</small>	Quality and Availability of Data <small>(provided by TC; good, fair, or poor)</small>	Estimated State Sales Tax Amount <small>(n/a means there is little or no reliable data available upon which to base an estimate; click to view annual reports)</small>		
				FY 2014	FY 2015	FY 2016
				Business Inputs (one category; exemptions for purchases that are (1) primarily made by businesses or (2) limited to businesses)		
Business Inputs - All						
(4)(a)	Food and alcoholic beverages to a commercial airline for in-flight consumption	1983	Poor	\$285,000	\$298,000	\$306,000
(5)	Aircraft parts and equipment sold by the manufacturer for installation in certain aircraft	1984	Fair	\$530,000	\$626,000	\$600,000
(6)	Commercials, films, and other audio / video sold to broadcasters and others	1981	Poor	\$60,000	\$58,000	\$64,000
(11)	Pollution control equipment (includes consumables)	1973	Good	\$5,000,000	\$7,700,000	\$7,700,000
(14)	Machinery, equipment, or parts to manufacturers and others (three-year economic life)	1985	Fair	\$112,080,000	\$121,080,000	\$122,077,000
(15)	Certain equipment under certain aerospace or electronics contracts with the federal government	1986	Poor	\$840,000	\$991,000	\$948,000
(18)	Certain products primarily used in farming operations	1979	Good	\$43,000,000	\$43,000,000	\$43,000,000
(19)	Hay	1995	Good	\$10,200,000	\$10,300,000	\$9,209,000
(22)	Non-returnable containers, labels, and casings used for packaging goods	1969	Fair	\$16,600,000	\$16,897,000	\$17,000,000

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				FY 2014	FY 2015	FY 2016
				(23)	Product stored in the state for resale	1937
(25)	Product purchased for resale in its original form or as a component part of a manufactured good	1937	Poor	\$30,000,000	\$30,756,000	\$31,000,000
(27)	Intrastate telecommunications services or fuel for use in compounding a taxable service	1933	Poor	\$9,000,000	\$8,729,000	\$9,000,000
(29)	Certain products used by a steel mill	1987	Fair	\$206,000	\$297,000	\$317,000
(32)	Telecommunications service for purposes of providing telecommunications service	1990	Poor	n/a	n/a	n/a
(33)	Vehicle or products installed on a vehicle by an authorized carrier	1995	Poor	\$1,200,000	\$1,397,000	\$1,497,000
(37)	Electricity to ski resorts for lifts	1996	Fair	\$110,000	\$130,000	\$151,000
(38)	Ski resort equipment and parts	1996	Fair	\$330,000	\$386,000	\$449,000
(39)	Natural gas, electricity, coal, fuel oil, and other fuels for industrial use	1996	Fair	\$27,000,000	\$26,954,000	\$27,000,000
(44)	Semiconductor fabricating, processing, research, or development materials	2001	Fair	<\$7,000,000	<\$7,000,000	<\$7,000,000
(46)	Vehicles used for temporary sporting events	2001	Poor	n/a	n/a	n/a
(52)	Sale-leaseback transaction	-	Poor	n/a	n/a	n/a
(54)	Machinery or equipment purchased by the film industry and used to produce certain media	1981	Poor	\$518,000	\$518,000	\$541,000
(55)	Certain machinery, equipment, etc. for or by an alternative energy electricity production facility	2004	Poor	n/a	n/a	n/a
(56)	Certain machinery, equipment, etc. for or by a waste energy production facility	2004	Poor	n/a	n/a	n/a
(57)	Certain purchases for or by a facility that produces fuel from alternative energy (must be installed on facility)	2004	Poor	n/a	n/a	n/a

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				FY 2014	FY 2015	FY 2016
				(58)	Building materials shipped out of state and incorporated into real property	1989
(59)	Address list or database used to send direct mail	2005	Poor	\$1,400,000	\$1,400,000	\$1,300,000
(61)	Certain machinery, equipment, or software purchased by or for a telecommunications service provider	2006	Fair	\$7,400,000	\$7,877,000	\$7,390,000
(62)	Products used in the research and development of alternative energy technology	2006	Poor	<\$500,000	<\$500,000	<\$500,000
(63)	Business property purchased outside the state and brought into the state after first use	2007	Poor	-	n/a	-
(66)	Construction materials for Salt Lake International Airport (material converted to real property only)	2010	Poor	n/a	n/a	n/a
(67)	Construction materials for new airport in 2nd class county (material converted to real property only)	2010	Poor	-	-	-
(68)	Fuel sold to a common carrier that is a railroad and used in a locomotive engine	2008	Fair	\$1,200,000	\$1,300,000	\$1,316,000
(70)	Products to an aircraft repair provider if used to repair aircraft not registered in Utah	2010	Poor	\$265,000	\$248,000	\$368,000
(73)	Construction materials for life science research facility (material converted to real property only)	2012	Fair	n/a	\$174,000	\$174,000
(74)	Machinery, equipment, or parts used in qualified research (three-year life)	2012	Fair	n/a	\$4,800,000	\$4,900,000
(75)	Product used in preparation of food if seller and purchaser are the same (seller already paid sales tax)	2013	Poor	n/a	n/a	\$11,000
(76)	Amusement and recreation machinery or equipment (three-year life; business must charge fee to use)	2013	Fair	\$136,600	\$165,000	\$199,000
(77)	Short-term lodging consumable	2013	Fair	\$1,760,000	\$1,870,000	\$2,089,000
(78)	Database access (viewing or retrieval of information)	2013	Poor	\$400,000	\$461,000	\$476,000
(79)	Machinery, equipment, or parts used for electronic financial payment services (three-year life)	2013	Fair	\$42,000	\$46,000	\$46,000

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				FY 2014	FY 2015	FY 2016
				(81)	Business property temporarily brought into the state by an out-of-state for disaster-related work	2014
(83)	Molten magnesium	2015	Fair	-	\$600,000	<\$600,000
(84)	Machinery, equipment, parts, and materials to a drilling equipment manufacturer	2015	Good	-	-	<\$1,200,000
(85)	Machinery, equipment, or parts purchased by certain data centers (one-year economic life)	2016	Good	Fiscal note estimate for FY 2018: \$0		
(86)	Machinery, equipment, or parts purchased by a automobile manufacturer	2017	Fair	Fiscal note estimate for FY 2018: \$0		
(87)	Equipment or parts to industrial gas manufacturers to manufacture hydrogen (< three-year economic life)	2017	Fair	Fiscal note estimate for FY 2018: \$0		
(89)	Machinery, equipment, etc. purchased by a refinery and used in a specified activity	2018	Fair	Fiscal note estimate for FY 2019: \$2,135,100		
Non-Business Inputs (five categories; exemptions for purchases that are primarily made by consumers rather than businesses)						
Non-Business Inputs - Charitable / Government						
(2)	State and local government purchases except for certain construction materials	1933	Fair	\$41,500,000	\$44,500,000	\$46,000,000
(8)	Sales to and by religious or charitable organizations (administered as refund if sale is less than \$1,000)	1933	Fair	\$7,940,000	\$4,000,000	\$5,890,000
(12)(a)	Certain food or alcohol sold by a church, charitable institution, or school (not available to general public)	-	Poor	\$730,000	\$815,000	\$903,000
(21)	Food stamp purchases	-	Good	\$6,600,000	\$5,550,000	\$5,492,000
(28)	WIC purchases	-	Good	\$820,000	\$486,000	\$457,000
(35)	Sales relating to schools and fundraising	1995	Poor	\$150,000	\$148,000	\$151,000
(41)	Copies and publications by a government entity	1997	Poor	\$23,000	\$23,000	\$23,000
(65)	Sales to a public transit district (includes construction materials converted to real property)	2007	Poor	n/a	n/a	n/a

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				FY 2014	FY 2015	FY 2016
				(69)	Sales to or by Heber Creeper Railroad	2010
(82)	Sales of goods and services at a National Guard morale, welfare, and recreation facility	2014	Good	\$20,000	\$20,000	\$20,000
Non-Business Inputs - Economic Development						
(31)	Aircraft manufactured in Utah	1990	Poor	n/a	n/a	n/a
(47)	Certain electricity produced from a new alternative energy source	2002	Poor	n/a	n/a	n/a
(80)	Fuel cell	2013	Fair	\$35,000	\$36,000	\$34,000
Non-Business Inputs - Economic Efficiency						
(1)	Aviation, motor, special fuels (jet, gas, diesel, etc.)	1957	Good	\$287,400,000	\$209,000,000	\$182,000,000
(3)	Vending machine food sold for \$1 or less under certain circumstances	-	Fair	\$2,100,000	\$1,993,000	\$2,135,000
(4)(b)	Products sold by a commercial airline during a flight for in-flight consumption	-	Poor	<\$5,000	<\$6,000	<\$5,000
(7)	Primarily unassisted cleaning of property (coin operated laundry, etc.)	1975	Fair	\$1,570,000	\$1,617,000	\$1,683,000
(9)	Non-resident vehicle that is not registered or used in the state except under specified circumstances	1957	Poor	\$2,300,000	\$2,480,000	\$2,638,000
(13)	Isolated and occasional sales if not regularly engaged in business	-	Poor	\$9,000,000	\$9,300,000	\$9,703,000
(17)	Vehicle trade-ins and other trades as part payment for a purchase	-	Poor	\$2,400,000	\$2,700,000	\$2,600,000
(20)	Exclusive sale of seasonal crops and plants if sold during the harvest season by the producer	1937	Poor	\$2,000,000	\$2,169,000	\$2,300,000
(24)	Product brought in by a nonresident for use (product may not be used for business in the state)	-	Poor	\$2,400,000	n/a	n/a
(26)	Product for which sales tax was paid to another state (must pay difference if Utah tax is greater)	1937	Poor	n/a	n/a	n/a
(30)	Non-resident boat that is not registered or used in the state except under specified circumstances	1988	Poor	\$95,000	\$109,000	\$129,000

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				FY 2014	FY 2015	FY 2016
				(34)	45% of a new and 100% of a used manufactured home (based on sales price)	1995
(40)	Use of coin operated amusement device	-	Fair	\$1,000,000	\$1,255,000	\$1,514,000
(45)	Hotel accommodations and services taxed by the Navajo Nation	2001	?	-	-	-
(50)	Currency or coinage that is legal tender	-	Poor	n/a	n/a	n/a
(51)	Gold, silver, platinum (bars, coins, etc.; not legal tender; content 50%+ gold, silver, or platinum)	2003	Poor	n/a	n/a	n/a
(60)	Pawnbroker repurchases or redemptions	-	Poor	\$1,900,000	\$2,098,000	\$2,113,000
(72)	Municipal taxes or fees levied on purchaser for enhanced level of municipal service	2011	Fair	\$9,000	\$9,000	\$9,000
(88)	Car wash that does not include cleaning the interior of the vehicle	2018	Fair	Fiscal note estimate for FY 2018: \$8,400		
Non-Business Inputs - Healthcare						
(10)	Prescription drugs , syringes, and stoma supplies	1976	Fair	\$59,120,000	\$64,652,000	\$68,120,000
(12)(b)	Certain food or alcohol served by a hospital or nursing home to a patient	-	Poor	\$680,000	\$614,000	\$689,000
(36)	Prescribed durable medical equipment for home use	-	Fair	\$720,000	\$742,000	\$722,000
(43)	Sales to or by a nonprofit that provides certain services to persons age 60+	1999	Poor	<\$1,000	<\$1,000	n/a
(48)	Prescribed mobility enhancing equipment	-	Fair	\$460,000	\$472,000	\$460,000
(53)	Prosthetic device (prescribed or purchased by medical facility)	-	Fair	\$4,000,000	\$4,000,000	\$4,000,000
(64)	Prescribed disposable home medical supplies	-	Poor	-	-	-
Non-Business Inputs - Other						
(16)	Newspapers or newspaper subscriptions	1937	Poor	\$2,400,000	\$2,386,000	\$2,386,000
(42)	Admissions to college athletic events	1998	Fair	\$2,200,000	\$2,129,000	\$2,265,000
(49)	Water in a pipe, conduit, ditch or reservoir	2003	Poor	n/a	n/a	n/a
(71)	Textbooks purchased by a student (not including a college book store; seller sales primarily textbooks)	2011	Fair	\$108,000	\$109,000	\$109,000