

1 **SALES AND USE TAX - TAXABILITY OF**
2 **PARTS AND LABOR**
3 2002 GENERAL SESSION
4 STATE OF UTAH

5 **Sponsor: Wayne A. Harper**

6 **This act amends the Sales and Use Tax Act to exempt from sales and use tax sales of certain**
7 **parts and labor, and makes technical changes. The act takes effect on July 1, 2002.**

8 This act affects sections of Utah Code Annotated 1953 as follows:

9 AMENDS:

10 **59-12-102**, as last amended by Chapter 11, Laws of Utah 2001, First Special Session

11 **59-12-103**, as last amended by Chapter 11, Laws of Utah 2001, First Special Session

12 **59-12-104**, as last amended by Chapter 12, Laws of Utah 2001, First Special Session

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

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

15 **59-12-102. Definitions.**

16 As used in this chapter:

17 (1) (a) "Admission or user fees" includes season passes.

18 (b) "Admission or user fees" does not include annual membership dues to private
19 organizations.

20 (2) "Area agency on aging" is as defined in Section 62A-3-101.

21 (3) "Authorized carrier" means:

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

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

27 (c) in the case of locomotives, freight cars, railroad work equipment, or other rolling stock,



28 the holder of a certificate issued by the United States [~~Interstate Commerce Commission~~] Surface
29 Transportation Board.

30 (4) (a) For purposes of Subsection 59-12-104(43), "coin-operated amusement device"
31 means:

- 32 (i) a coin-operated amusement, skill, or ride device;
- 33 (ii) that is not controlled through vendor-assisted, over-the-counter, sales of tokens; and
- 34 (iii) includes a music machine, pinball machine, billiard machine, video game machine,
35 arcade machine, and a mechanical or electronic skill game or ride.

36 (b) For purposes of Subsection 59-12-104(43), "coin-operated amusement device" does
37 not mean a coin-operated amusement device possessing a coinage mechanism that:

- 38 (i) accepts and registers multiple denominations of coins; and
- 39 (ii) allows the vendor to collect the sales and use tax at the time an amusement device is
40 activated and operated by a person inserting coins into the device.

41 (5) "Commercial use" means the use of gas, electricity, heat, coal, fuel oil, or other fuels
42 that does not constitute industrial use under Subsection (13) or residential use under Subsection
43 (22).

44 (6) (a) "Common carrier" means a person engaged in or transacting the business of
45 transporting passengers, freight, merchandise, or other property for hire within this state.

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

49 (ii) For purposes of Subsection (6)(b)(i), in accordance with Title 63, Chapter 46a, Utah
50 Administrative Rulemaking Act, the commission may make rules defining what constitutes a
51 person's place of employment.

52 (7) "Component part" includes:

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

59 (8) "Construction materials" means any tangible personal property that will be converted
60 into real property.

61 (9) (a) "Fundraising sales" means sales:

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

63 (B) made by a school student;

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

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

67 (b) For purposes of Subsection (9)(a)(iii), "officially sanctioned school activity" means a
68 school activity:

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

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

73 (iii) the net or gross revenues from which are deposited in a dedicated account controlled
74 by the school or school district.

75 (10) (a) "Hearing aid" means:

76 (i) an instrument or device having an electronic component that is designed to:

77 (A) (I) improve impaired human hearing; or

78 (II) correct impaired human hearing; and

79 (B) (I) be worn in the human ear; or

80 (II) affixed behind the human ear;

81 (ii) an instrument or device that is surgically implanted into the cochlea; or

82 (iii) a telephone amplifying device.

83 (b) "Hearing aid" does not include:

84 (i) except as provided in Subsection (10)(a)(i)(B) or (10)(a)(ii), an instrument or device
85 having an electronic component that is designed to be worn on the body;

86 (ii) except as provided in Subsection (10)(a)(iii), an assistive listening device or system
87 designed to be used by one individual, including:

88 (A) a personal amplifying system;

89 (B) a personal FM system;

90 (C) a television listening system; or
91 (D) a device or system similar to a device or system described in Subsections (10)

92 (b)(ii)(A) through (C); or

93 (iii) an assistive listening device or system designed to be used by more than one
94 individual, including:

95 (A) a device or system installed in:

96 (I) an auditorium;

97 (II) a church;

98 (III) a conference room;

99 (IV) a synagogue; or

100 (V) a theater; or

101 (B) a device or system similar to a device or system described in Subsections (10)

102 (b)(iii)(A)(I) through (V).

103 (11) (a) "Hearing aid accessory" means a hearing aid:

104 (i) component;

105 (ii) attachment; or

106 (iii) accessory.

107 (b) "Hearing aid accessory" includes:

108 (i) a hearing aid neck loop;

109 (ii) a hearing aid cord;

110 (iii) a hearing aid ear mold;

111 (iv) hearing aid tubing;

112 (v) a hearing aid ear hook; or

113 (vi) a hearing aid remote control.

114 (c) "Hearing aid accessory" does not include:

115 (i) a component, attachment, or accessory designed to be used only with an:

116 (A) instrument or device described in Subsection (10)(b)(i); or

117 (B) assistive listening device or system described in Subsection (10)(b)(ii) or (iii); or

118 (ii) a hearing aid battery.

119 (12) (a) [~~"Home~~] Except as provided in Subsection (12)(c), "home medical equipment

120 [~~and~~] or supplies" means equipment [~~and~~] or supplies that:

- 121 (i) a licensed physician prescribes or authorizes in writing as necessary;
122 (A) for the treatment of a medical illness or injury; or ~~[as necessary]~~
123 (B) to mitigate an impairment resulting from illness or injury;
- 124 (ii) are used exclusively by the person for whom they are prescribed to serve a medical
125 purpose; and
- 126 (iii) are listed as eligible for payment under;
127 (A) Title XVIII of the federal Social Security Act; or ~~[under]~~
128 (B) the state plan for medical assistance under Title XIX of the federal Social Security Act.
- 129 (b) "Home medical equipment or supplies" includes a part used in the repair or
130 replacement of equipment or supplies described in Subsection (12)(a).
- 131 ~~[(b) "Home]~~ (c) Notwithstanding Subsection (12)(a), "home medical equipment [and] or
132 supplies" does not include:
- 133 (i) equipment ~~[and]~~ or supplies purchased by, for, or on behalf of any;
134 (A) health care facility, as defined in Subsection (12)~~[(c)];~~(d); or
135 (B) one or more of the following for use in a professional practice:
- 136 (I) a doctor[;];
137 (II) a nurse[;] or [other]
138 (III) another health care provider [for use in their professional practice];
- 139 (ii) eyeglasses, contact lenses, or equipment to correct impaired vision; or
140 (iii) hearing aids or hearing aid accessories.
- 141 ~~[(c)]~~ (d) For purposes of Subsection (12)~~[(b)]~~(c)(i), "health care facility" includes:
142 (i) a clinic;
143 (ii) a doctor's office; ~~[and]~~ or
144 (iii) a health care facility as defined in Section 26-21-2.
- 145 (13) "Industrial use" means the use of natural gas, electricity, heat, coal, fuel oil, or other
146 fuels:
- 147 (a) in mining or extraction of minerals;
148 (b) in agricultural operations to produce an agricultural product up to the time of harvest
149 or placing the agricultural product into a storage facility, including:
150 (i) commercial greenhouses;
151 (ii) irrigation pumps;

- 152 (iii) farm machinery;
- 153 (iv) implements of husbandry as defined in Subsection 41-1a-102(23) that are not
- 154 registered under Title 41, Chapter 1a, Part 2, Registration; and
- 155 (v) other farming activities;
- 156 (c) in manufacturing tangible personal property at an establishment described in SIC Codes
- 157 2000 to 3999 of the 1987 Standard Industrial Classification Manual of the federal Executive Office
- 158 of the President, Office of Management and Budget; or
- 159 (d) by a scrap recycler if:
- 160 (i) from a fixed location, the scrap recycler utilizes machinery or equipment to process one
- 161 or more of the following items into prepared grades of processed materials for use in new products:
- 162 (A) iron;
- 163 (B) steel;
- 164 (C) nonferrous metal;
- 165 (D) paper;
- 166 (E) glass;
- 167 (F) plastic;
- 168 (G) textile; or
- 169 (H) rubber; and
- 170 (ii) the new products under Subsection (13)(d)(i) would otherwise be made with
- 171 nonrecycled materials.
- 172 (14) "Manufactured home" means any manufactured home or mobile home as defined in
- 173 Title 58, Chapter 56, Utah Uniform Building Standards Act.
- 174 (15) For purposes of Subsection 59-12-104(14), "manufacturing facility" means:
- 175 (a) an establishment described in SIC Codes 2000 to 3999 of the 1987 Standard Industrial
- 176 Classification Manual of the federal Executive Office of the President, Office of Management and
- 177 Budget; or
- 178 (b) a scrap recycler if:
- 179 (i) from a fixed location, the scrap recycler utilizes machinery or equipment to process one
- 180 or more of the following items into prepared grades of processed materials for use in new products:
- 181 (A) iron;
- 182 (B) steel;

- 183 (C) nonferrous metal;
- 184 (D) paper;
- 185 (E) glass;
- 186 (F) plastic;
- 187 (G) textile; or
- 188 (H) rubber; and

189 (ii) the new products under Subsection (15)(b)(i) would otherwise be made with
190 nonrecycled materials.

191 (16) (a) "Medicine" means:

192 (i) insulin, syringes, and any medicine prescribed for the treatment of human ailments by
193 a person authorized to prescribe treatments and dispensed on prescription filled by a registered
194 pharmacist, or supplied to patients by a physician, surgeon, or podiatric physician;

195 (ii) any medicine dispensed to patients in a county or other licensed hospital if prescribed
196 for that patient and dispensed by a registered pharmacist or administered under the direction of a
197 physician; and

198 (iii) any oxygen or stoma supplies prescribed by a physician or administered under the
199 direction of a physician or paramedic.

200 (b) "Medicine" does not include:

- 201 (i) any auditory, prosthetic, ophthalmic, or ocular device or appliance; or
- 202 (ii) any alcoholic beverage.

203 (17) "Olympic merchandise" means tangible personal property bearing an Olympic
204 designation, emblem, insignia, mark, logo, service mark, symbol, terminology, trademark, or other
205 copyrighted or protected material, including:

206 (a) one or more of the following terms:

- 207 (i) "Olympic";
- 208 (ii) "Olympiad"; or
- 209 (iii) "Citius Altius Fortius";

210 (b) the symbol of the International Olympic Committee, consisting of five interlocking
211 rings;

212 (c) the emblem of the International Olympic Committee Corporation;

213 (d) a United States Olympic Committee designation, emblem, insignia, mark, logo, service

214 mark, symbol, terminology, trademark, or other copyrighted or protected material;

215 (e) any emblem of the Olympic Winter Games of 2002 that is officially designated by the
216 Salt Lake Organizing Committee of the Olympic Winter Games of 2002; or

217 (f) the mascot of the Olympic Winter Games of 2002.

218 (18) (a) "Other fuels" means products that burn independently to produce heat or energy.

219 (b) "Other fuels" includes oxygen when it is used in the manufacturing of tangible personal
220 property.

221 (19) "Person" includes any individual, firm, partnership, joint venture, association,
222 corporation, estate, trust, business trust, receiver, syndicate, this state, any county, city,
223 municipality, district, or other local governmental entity of the state, or any group or combination
224 acting as a unit.

225 (20) "Purchase price" means the amount paid or charged for tangible personal property or
226 any other taxable transaction under Subsection 59-12-103(1), excluding only cash discounts taken
227 or any excise tax imposed on the purchase price by the federal government.

228 (21) "Regularly rented" means:

229 (a) rented to a guest for value three or more times during a calendar year; and

230 (b) advertised or held out to the public as a place that is regularly rented to guests for
231 value.

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

234 (23) (a) "Retail sale" means any sale within the state of tangible personal property or any
235 other taxable transaction under Subsection 59-12-103(1), other than resale of such property, item,
236 or service by a retailer or wholesaler to a user or consumer.

237 (b) "Retail sale" includes sales by any farmer or other agricultural producer of poultry,
238 eggs, or dairy products to consumers if the sales have an average monthly sales value of \$125 or
239 more.

240 (c) "Retail sale" does not include, and no additional sales or use tax shall be assessed
241 against, those transactions where a purchaser of tangible personal property pays applicable sales
242 or use taxes on its initial nonexempt purchases of property and then enters into a sale-leaseback
243 transaction by which title to such property is transferred by the purchaser-lessee to a lessor for
244 consideration, provided:

245 (i) the transaction is intended as a form of financing for the property to the
246 purchaser-lessee; and

247 (ii) pursuant to generally accepted accounting principles, the purchaser-lessee is required
248 to capitalize the subject property for financial reporting purposes, and account for the lease
249 payments as payments made under a financing arrangement.

250 (24) (a) "Retailer" means any person engaged in a regularly organized retail business in
251 tangible personal property or any other taxable transaction under Subsection 59-12-103(1), and
252 who is selling to the user or consumer and not for resale.

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

255 (c) "Retailer" does not include farmers, gardeners, stockmen, poultrymen, or other growers
256 or agricultural producers producing and doing business on their own premises, except those who
257 are regularly engaged in the business of buying or selling for a profit.

258 (d) For purposes of this chapter the commission may regard as retailers the following if
259 they determine it is necessary for the efficient administration of this chapter: salesmen,
260 representatives, peddlers, or canvassers as the agents of the dealers, distributors, supervisors, or
261 employers under whom they operate or from whom they obtain the tangible personal property sold
262 by them, irrespective of whether they are making sales on their own behalf or on behalf of these
263 dealers, distributors, supervisors, or employers, except that:

264 (i) a printer's facility with which a retailer has contracted for printing shall not be
265 considered to be a salesman, representative, peddler, canvasser, or agent of the retailer; and

266 (ii) the ownership of property that is located at the premises of a printer's facility with
267 which the retailer has contracted for printing and that consists of the final printed product, property
268 that becomes a part of the final printed product, or copy from which the printed product is
269 produced, shall not result in the retailer being deemed to have or maintain an office, distribution
270 house, sales house, warehouse, service enterprise, or other place of business, or to maintain a stock
271 of goods, within this state.

272 (25) "Sale" means any transfer of title, exchange, or barter, conditional or otherwise, in any
273 manner, of tangible personal property or any other taxable transaction under Subsection
274 59-12-103(1), for consideration. It includes:

275 (a) installment and credit sales;

- 276 (b) any closed transaction constituting a sale;
- 277 (c) any sale of electrical energy, gas, services, or entertainment taxable under this chapter;
- 278 (d) any transaction if the possession of property is transferred but the seller retains the title
- 279 as security for the payment of the price; and
- 280 (e) any transaction under which right to possession, operation, or use of any article of
- 281 tangible personal property is granted under a lease or contract and the transfer of possession would
- 282 be taxable if an outright sale were made.

283 (26) (a) "Sales relating to schools" means the following sales by, amounts paid to, or

284 amounts charged by a school:

285 (i) sales that are directly related to the school's educational functions or activities

286 including:

287 (A) the sale of:

288 (I) textbooks;

289 (II) textbook fees;

290 (III) laboratory fees;

291 (IV) laboratory supplies; or

292 (V) safety equipment;

293 (B) the sale of clothing that:

294 (I) a student is specifically required to wear as a condition of participation in a

295 school-related event or school-related activity; and

296 (II) is not readily adaptable to general or continued usage to the extent that it takes the

297 place of ordinary clothing;

298 (C) sales of food if the net or gross revenues generated by the food sales are deposited into

299 a school district fund or school fund dedicated to school meals; or

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

301 (ii) amounts paid to or amounts charged by a school for admission to a school-related

302 event or school-related activity.

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

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

305 (ii) except as provided in Subsection (26)(a)(i)(B), clothing; or

306 (iii) amounts paid to or amounts charged by a school for admission to a school-related

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

308 (A) other than a:

309 (I) school;

310 (II) nonprofit organization authorized by a school board or a governing body of a private

311 school to organize and direct a competitive secondary school activity; or

312 (III) nonprofit association authorized by a school board or a governing body of a private

313 school to organize and direct a competitive secondary school activity; and

314 (B) that is required to collect sales and use taxes under this chapter.

315 (c) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the
316 commission may make rules defining the term "passed through."

317 (27) For purposes of this section and Section 59-12-104, "school" means:

318 (a) an elementary school or a secondary school that:

319 (i) is a:

320 (A) public school; or

321 (B) private school; and

322 (ii) provides instruction for one or more grades kindergarten through 12; or

323 (b) a public school district.

324 (28) (a) "Semiconductor fabricating or processing materials" means tangible personal
325 property:

326 (i) used primarily in the process of:

327 (A) (I) manufacturing a semiconductor; or

328 (II) fabricating a semiconductor; or

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

330 (ii) consumed primarily in the process of:

331 (A) (I) manufacturing a semiconductor; or

332 (II) fabricating a semiconductor; or

333 (B) maintaining an environment suitable for a semiconductor.

334 (b) "Semiconductor fabricating or processing materials" includes:

335 (i) a part used in the repair or replacement of tangible personal property described in

336 Subsection (28)(a); or

337 (ii) a chemical, catalyst, or other material used to:

- 338 [~~(i)~~] (A) produce or induce in a semiconductor a:
- 339 [~~(A)~~] (I) chemical change; or
- 340 [~~(B)~~] (II) physical change;
- 341 [~~(ii)~~] (B) remove impurities from a semiconductor; or
- 342 [~~(iii)~~] (C) improve the marketable condition of a semiconductor.

343 (29) "Senior citizen center" means a facility having the primary purpose of providing
344 services to the aged as defined in Section 62A-3-101.

345 (30) "State" means the state of Utah, its departments, and agencies.

346 (31) "Storage" means any keeping or retention of tangible personal property or any other
347 taxable transaction under Subsection 59-12-103(1), in this state for any purpose except sale in the
348 regular course of business.

349 (32) (a) "Tangible personal property" means:

350 (i) all goods, wares, merchandise, produce, and commodities;

351 (ii) all tangible or corporeal things and substances which are dealt in or capable of being
352 possessed or exchanged;

353 (iii) water in bottles, tanks, or other containers; and

354 (iv) all other physically existing articles or things, including property severed from real
355 estate.

356 (b) "Tangible personal property" does not include:

357 (i) real estate or any interest or improvements in real estate;

358 (ii) bank accounts, stocks, bonds, mortgages, notes, and other evidence of debt;

359 (iii) insurance certificates or policies;

360 (iv) personal or governmental licenses;

361 (v) water in pipes, conduits, ditches, or reservoirs;

362 (vi) currency and coinage constituting legal tender of the United States or of a foreign
363 nation; and

364 (vii) all gold, silver, or platinum ingots, bars, medallions, or decorative coins, not
365 constituting legal tender of any nation, with a gold, silver, or platinum content of not less than
366 80%.

367 (33) (a) "Telephone corporation" means a corporation that:

368 (i) owns, controls, operates, or manages a telephone service; and

369 (ii) engages in an activity described in Subsection (33)(a)(i) for the shared use with or
370 resale to any person of the telephone service.

371 (b) A corporation described in Subsection (33)(a) is a telephone corporation whether or
372 not the Public Service Commission of Utah regulates:

373 (i) the corporation; or

374 (ii) the telephone service that the corporation owns, controls, operates, or manages.

375 (34) (a) For purposes of Subsection (33) and Section 59-12-103, "telephone service"
376 means a two-way transmission:

377 (i) by:

378 (A) wire;

379 (B) radio;

380 (C) lightwave; or

381 (D) other electromagnetic means; and

382 (ii) of one or more of the following:

383 (A) a sign;

384 (B) a signal;

385 (C) writing;

386 (D) an image;

387 (E) sound;

388 (F) a message;

389 (G) data; or

390 (H) other information of any nature.

391 (b) "Telephone service" includes:

392 (i) cellular telephone service;

393 (ii) private communications service; or

394 (iii) automated digital telephone answering service.

395 (c) "Telephone service" does not include a service or a transaction that a state or a political
396 subdivision of a state is prohibited from taxing as of July 1, 2001, under the Internet Tax Freedom
397 Act, Pub. L. No. 105-277.

398 (35) (a) "Use" means the exercise of any right or power over tangible personal property
399 under Subsection 59-12-103(1), incident to the ownership or the leasing of that property, item, or

400 service.

401 (b) "Use" does not include the sale, display, demonstration, or trial of that property in the
402 regular course of business and held for resale.

403 (36) "Vehicle" means any aircraft, as defined in Section 72-10-102; any vehicle, as defined
404 in Section 41-1a-102; any off-highway vehicle, as defined in Section 41-22-2; and any vessel, as
405 defined in Section 41-1a-102; that is required to be titled, registered, or both. "Vehicle," for
406 purposes of Subsection 59-12-104(36) only, also includes any locomotive, freight car, railroad
407 work equipment, or other railroad rolling stock.

408 (37) "Vehicle dealer" means a person engaged in the business of buying, selling, or
409 exchanging vehicles as defined in Subsection (36).

410 (38) (a) "Vendor" means any person receiving any payment or consideration upon a sale
411 of tangible personal property or any other taxable transaction under Subsection 59-12-103(1), or
412 to whom the payment or consideration is payable.

413 (b) "Vendor" does not mean a printer's facility described in Subsection (24)(d).

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

415 **59-12-103. Sales and use tax base -- Rate -- Use of sales and use tax revenues.**

416 (1) A tax is imposed on the purchaser as provided in this part for amounts paid or charged
417 for the following transactions:

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

419 (b) amounts paid to common carriers or to telephone corporations or telegraph
420 corporations, whether the corporations are municipally or privately owned, for:

421 (i) all transportation;

422 (ii) intrastate telephone service; or

423 (iii) telegraph service;

424 (c) sales of the following for commercial use:

425 (i) gas;

426 (ii) electricity;

427 (iii) heat;

428 (iv) coal;

429 (v) fuel oil; or

430 (vi) other fuels;

- 431 (d) sales of the following for residential use:
- 432 (i) gas;
- 433 (ii) electricity;
- 434 (iii) heat;
- 435 (iv) coal;
- 436 (v) fuel oil; or
- 437 (vi) other fuels;
- 438 (e) sales of meals;
- 439 (f) except as provided in Section 59-12-104, amounts paid or charged as admission or user
- 440 fees for theaters, movies, operas, museums, planetariums, shows of any type or nature, exhibitions,
- 441 concerts, carnivals, amusement parks, amusement rides, circuses, menageries, fairs, races, contests,
- 442 sporting events, dances, boxing matches, wrestling matches, closed circuit television broadcasts,
- 443 billiard parlors, pool parlors, bowling lanes, golf, miniature golf, golf driving ranges, batting cages,
- 444 skating rinks, ski lifts, ski runs, ski trails, snowmobile trails, tennis courts, swimming pools, water
- 445 slides, river runs, jeep tours, boat tours, scenic cruises, horseback rides, sports activities, or any
- 446 other amusement, entertainment, recreation, exhibition, cultural, or athletic activity;
- 447 (g) amounts paid or charged for services:
- 448 (i) for repairs or renovations of tangible personal property, unless the sales of the tangible
- 449 personal property are exempt from sales and use tax under Section 59-12-104; or
- 450 (ii) to install tangible personal property in connection with other tangible personal
- 451 property, unless the sales of the tangible personal property installed in connection with other
- 452 tangible personal property are exempt from sales and use tax under Section 59-12-104;
- 453 (h) except as provided in Subsection 59-12-104(7), amounts paid or charged for cleaning
- 454 or washing of tangible personal property;
- 455 (i) amounts paid or charged for tourist home, hotel, motel, or trailer court accommodations
- 456 and services that are regularly rented for less than 30 consecutive days;
- 457 (j) amounts paid or charged for laundry or dry cleaning services;
- 458 (k) amounts paid or charged for leases or rentals of tangible personal property if:
- 459 (i) the tangible personal property's situs is in this state;
- 460 (ii) the lessee took possession of the tangible personal property in this state; or
- 461 (iii) within this state the tangible personal property is:

- 462 (A) stored;
- 463 (B) used; or
- 464 (C) otherwise consumed;

465 (l) amounts paid or charged for tangible personal property if within this state the tangible
466 personal property is:

- 467 (i) stored;
- 468 (ii) used; or
- 469 (iii) consumed; and
- 470 (m) amounts paid or charged for prepaid telephone calling cards.

471 (2) (a) Except as provided in Subsections (2)(b) and (c), beginning on July 1, 2001, a state
472 tax and a local tax is imposed on a transaction described in Subsection (1) equal to the sum of:

- 473 (i) a state tax imposed on the transaction at a rate of 4.75%; and
- 474 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the
475 transaction under this chapter other than this part.

476 (b) Notwithstanding Subsection (2)(a), beginning on July 1, 2001, a state tax and a local
477 tax is imposed on a transaction described in Subsection (1)(d) equal to the sum of:

- 478 (i) a state tax imposed on the transaction at a rate of 2%; and
- 479 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the
480 transaction under this chapter other than this part.

481 (c) Notwithstanding Subsections (2)(a) and (b), beginning on July 1, 2001, if a vendor
482 collects a tax under Subsection 59-12-107(1)(b) on a transaction described in Subsection (1), a
483 state tax and a local tax is imposed on the transaction equal to the sum of:

- 484 (i) a state tax imposed on the transaction at a rate of:
 - 485 (A) 4.75% for a transaction other than a transaction described in Subsection (1)(d); or
 - 486 (B) 2% for a transaction described in Subsection (1)(d); and
- 487 (ii) except as provided in Subsection (2)(d), a local tax imposed on the transaction at a rate
488 equal to the sum of the following tax rates:

489 (A) (I) the lowest tax rate imposed by a county, city, or town under Section 59-12-204, but
490 only if all of the counties, cities, and towns in the state impose the tax under Section 59-12-204;

491 or

492 (II) the lowest tax rate imposed by a county, city, or town under Section 59-12-205, but

493 only if all of the counties, cities, and towns in the state impose the tax under Section 59-12-205;
494 and

495 (B) the tax rate authorized by Section 59-12-1102, but only if all of the counties in the state
496 impose the tax under Section 59-12-1102.

497 (d) Tax rates authorized under the following do not apply to Subsection (2)(c)(ii):

498 (i) Subsection (2)(a)(i);

499 (ii) Subsection (2)(b)(i);

500 (iii) Subsection (2)(c)(i);

501 (iv) Section 59-12-301;

502 (v) Section 59-12-352;

503 (vi) Section 59-12-353;

504 (vii) Section 59-12-401;

505 (viii) Section 59-12-402;

506 (ix) Section 59-12-501;

507 (x) Section 59-12-502;

508 (xi) Section 59-12-603;

509 (xii) Section 59-12-703;

510 (xiii) Section 59-12-802;

511 (xiv) Section 59-12-804;

512 (xv) Section 59-12-1001;

513 (xvi) Section 59-12-1201; or

514 (xvii) Section 59-12-1302.

515 (3) (a) Except as provided in Subsections (4) through (9), the state taxes described in
516 Subsections (2)(a)(i), (2)(b)(i), and (2)(c)(i) shall be deposited into the General Fund.

517 (b) The local taxes described in Subsections (2)(a)(ii) and (2)(b)(ii) shall be distributed to
518 a county, city, or town as provided in this chapter.

519 (c) (i) Notwithstanding any provision of this chapter, each county, city, or town in the state
520 shall receive the county's, city's, or town's proportionate share of the revenues generated by the
521 local tax described in Subsection (2)(c)(ii) as provided in Subsection (3)(c)(ii).

522 (ii) The commission shall determine a county's, city's, or town's proportionate share of the
523 revenues under Subsection (3)(c)(i) by:

524 (A) calculating an amount equal to:
525 (I) the population of the county, city, or town; divided by
526 (II) the total population of the state; and
527 (B) multiplying the amount determined under Subsection (3)(c)(ii)(A) by the total amount
528 of revenues generated by the local tax under Subsection (2)(c)(ii) for all counties, cities, and towns.
529 (iii) (A) Except as provided in Subsection (3)(c)(iii)(B), population figures for purposes
530 of this section shall be derived from the most recent official census or census estimate of the
531 United States Census Bureau.
532 (B) Notwithstanding Subsection (3)(c)(iii)(A), if a needed population estimate is not
533 available from the United States Census Bureau, population figures shall be derived from the
534 estimate from the Utah Population Estimates Committee created by executive order of the
535 governor.
536 (C) For purposes of this section, the population of a county may only include the
537 population of the unincorporated areas of the county.
538 (4) (a) Notwithstanding Subsection (3)(a), there shall be deposited in an Olympics special
539 revenue fund or funds as determined by the Division of Finance under Section 51-5-4, for the use
540 of the Utah Sports Authority created under Title 63A, Chapter 7, Utah Sports Authority Act:
541 (i) from January 1, 1990, through December 31, 1999, the amount of sales and use tax
542 generated by a 1/64% tax rate on the taxable transactions under Subsection (1);
543 (ii) from January 1, 1990, through June 30, 1999, the amount of revenue generated by a
544 1/64% tax rate under Section 59-12-204 or Section 59-12-205 on the taxable transactions under
545 Subsection (1); and
546 (iii) interest earned on the amounts under Subsections (4)(a)(i) and (ii).
547 (b) These funds shall be used:
548 (i) by the Utah Sports Authority as follows:
549 (A) to the extent funds are available, to transfer directly to a debt service fund or to
550 otherwise reimburse to the state any amount expended on debt service or any other cost of any
551 bonds issued by the state to construct any public sports facility as defined in Section 63A-7-103;
552 (B) to pay for the actual and necessary operating, administrative, legal, and other expenses
553 of the Utah Sports Authority, but not including protocol expenses for seeking and obtaining the
554 right to host the Winter Olympic Games;

- 555 (C) as otherwise appropriated by the Legislature; and
- 556 (D) unless the Legislature appropriates additional funds from the Olympics Special
557 Revenue Fund to the Utah Sports Authority, the Utah Sports Authority may not expend, loan, or
558 pledge in the aggregate more than:
- 559 (I) \$59,000,000 of sales and use tax deposited into the Olympics Special Revenue Fund
560 under Subsection (4)(a);
- 561 (II) the interest earned on the amount described in Subsection (4)(b)(i)(D)(I); and
- 562 (III) the revenues deposited into the Olympics Special Revenue Fund that are not sales and
563 use taxes deposited under Subsection (4)(a) or interest on the sales and use taxes;
- 564 (ii) to pay salary, benefits, or administrative costs associated with the State Olympic
565 Officer under Subsection 63A-10-103(3), except that the salary, benefits, or administrative costs
566 may not be paid from the sales and use tax revenues generated by municipalities or counties and
567 deposited under Subsection (4)(a)(ii).
- 568 (c) A payment of salary, benefits, or administrative costs under Subsection 63A-10-103(3)
569 is not considered an expenditure of the Utah Sports Authority.
- 570 (d) If the Legislature appropriates additional funds under Subsection (4)(b)(i)(D), the
571 authority may not expend, loan, pledge, or enter into any agreement to expend, loan, or pledge the
572 appropriated funds unless the authority:
- 573 (i) contracts in writing for the full reimbursement of the monies to the Olympics Special
574 Revenue Fund by a public sports entity or other person benefitting from the expenditure; and
- 575 (ii) obtains a security interest that secures payment or performance of the obligation to
576 reimburse.
- 577 (e) A contract or agreement entered into in violation of Subsection (4)(d) is void.
- 578 (5) (a) Notwithstanding Subsection (3)(a), beginning on July 1, 2001, the amount of sales
579 and use tax generated annually by a 1/16% tax rate on the taxable transactions under Subsection
580 (1) shall be used as provided in Subsections (5)(b) through (g).
- 581 (b) (i) Beginning on July 1, 2001, \$2,300,000 each year shall be transferred as dedicated
582 credits to the Department of Natural Resources to:
- 583 (A) implement the measures described in Subsections 63-34-14(4)(a) through (d) to protect
584 sensitive plant and animal species; or
- 585 (B) award grants, up to the amount authorized by the Legislature in an appropriations act,

586 to political subdivisions of the state to implement the measures described in Subsections
587 63-34-14(4)(a) through (d) to protect sensitive plant and animal species.

588 (ii) Money transferred to the Department of Natural Resources under Subsection (5)(b)(i)
589 may not be used to assist the United States Fish and Wildlife Service or any other person to list or
590 attempt to have listed a species as threatened or endangered under the Endangered Species Act of
591 1973, 16 U.S.C. Sec. 1531 et seq.

592 (iii) At the end of each fiscal year:

593 (A) 50% of any unexpended dedicated credits shall lapse to the Water Resources
594 Conservation and Development Fund created in Section 73-10-24;

595 (B) 25% of any unexpended dedicated credits shall lapse to the Utah Wastewater Loan
596 Program subaccount created in Section 73-10c-5; and

597 (C) 25% of any unexpended dedicated credits shall lapse to the Drinking Water Loan
598 Program subaccount created in Section 73-10c-5.

599 (c) Five hundred thousand dollars each year shall be deposited in the Agriculture Resource
600 Development Fund created in Section 4-18-6.

601 (d) (i) One hundred thousand dollars each year shall be transferred as dedicated credits to
602 the Division of Water Rights to cover the costs incurred in hiring legal and technical staff for the
603 adjudication of water rights.

604 (ii) At the end of each fiscal year:

605 (A) 50% of any unexpended dedicated credits shall lapse to the Water Resources
606 Conservation and Development Fund created in Section 73-10-24;

607 (B) 25% of any unexpended dedicated credits shall lapse to the Utah Wastewater Loan
608 Program subaccount created in Section 73-10c-5; and

609 (C) 25% of any unexpended dedicated credits shall lapse to the Drinking Water Loan
610 Program subaccount created in Section 73-10c-5.

611 (e) Fifty percent of the remaining amount generated by the 1/16% tax rate shall be
612 deposited in the Water Resources Conservation and Development Fund created in Section
613 73-10-24 for use by the Division of Water Resources. In addition to the uses allowed of the fund
614 under Section 73-10-24, the fund may also be used to:

615 (i) provide a portion of the local cost share, not to exceed in any fiscal year 50% of the
616 funds made available to the Division of Water Resources under this section, of potential project

617 features of the Central Utah Project;

618 (ii) conduct hydrologic and geotechnical investigations by the Department of Natural
619 Resources in a cooperative effort with other state, federal, or local entities, for the purpose of
620 quantifying surface and ground water resources and describing the hydrologic systems of an area
621 in sufficient detail so as to enable local and state resource managers to plan for and accommodate
622 growth in water use without jeopardizing the resource;

623 (iii) fund state required dam safety improvements; and

624 (iv) protect the state's interest in interstate water compact allocations, including the hiring
625 of technical and legal staff.

626 (f) Twenty-five percent of the remaining amount generated by the 1/16% tax rate shall be
627 deposited in the Utah Wastewater Loan Program subaccount created in Section 73-10c-5 for use
628 by the Water Quality Board to fund wastewater projects.

629 (g) Twenty-five percent of the remaining amount generated by the 1/16% tax rate shall be
630 deposited in the Drinking Water Loan Program subaccount created in Section 73-10c-5 for use by
631 the Division of Drinking Water to:

632 (i) provide for the installation and repair of collection, treatment, storage, and distribution
633 facilities for any public water system, as defined in Section 19-4-102;

634 (ii) develop underground sources of water, including springs and wells; and

635 (iii) develop surface water sources.

636 (6) (a) Notwithstanding Subsection (3)(a), beginning on July 1, 2001, the amount of sales
637 and use tax generated annually by a 1/16% tax rate on the taxable transactions under Subsection
638 (1) shall be used as provided in Subsections (6)(b) through (d).

639 (b) (i) Five hundred thousand dollars each year shall be deposited in the Transportation
640 Corridor Preservation Revolving Loan Fund created in Section 72-2-117.

641 (ii) At least 50% of the money deposited in the Transportation Corridor Preservation
642 Revolving Loan Fund under Subsection (6)(b)(i) shall be used to fund loan applications made by
643 the Department of Transportation at the request of local governments.

644 (c) From July 1, 1997, through June 30, 2006, \$500,000 each year shall be transferred as
645 nonlapsing dedicated credits to the Department of Transportation for the State Park Access
646 Highways Improvement Program created in Section 72-3-207.

647 (d) The remaining amount generated by the 1/16% tax rate shall be deposited in the class

648 B and class C roads account to be expended as provided in Title 72, Chapter 2, Transportation
649 Finances Act, for the use of class B and C roads.

650 (7) (a) Notwithstanding Subsection (3)(a), beginning on January 1, 2000, the Division of
651 Finance shall deposit into the Centennial Highway Fund created in Section 72-2-118 a portion of
652 the state sales and use tax under Subsection (2) equal to the revenues generated by a 1/64% tax rate
653 on the taxable transactions under Subsection (1).

654 (b) Except for sales and use taxes deposited under Subsection (8), beginning on July 1,
655 1999, the revenues generated by the 1/64% tax rate:

656 (i) retained under Subsection 59-12-204(7)(a) shall be retained by the counties, cities, or
657 towns as provided in Section 59-12-204; and

658 (ii) retained under Subsection 59-12-205(4)(a) shall be distributed to each county, city, and
659 town as provided in Section 59-12-205.

660 (8) Notwithstanding Subsection (3)(a), beginning on July 1, 1999, the commission shall
661 deposit into the Airport to University of Utah Light Rail Restricted Account created in Section
662 17A-2-1064 the portion of the sales and use tax under Sections 59-12-204 and 59-12-205 that is:

663 (a) generated by a city or town that will have constructed within its boundaries the Airport
664 to University of Utah Light Rail described in the Transportation Equity Act for the 21st Century,
665 Pub. L. No. 105-178, Sec. 3030(c)(2)(B)(i)(II), 112 Stat. 107; and

666 (b) equal to the revenues generated by a 1/64% tax rate on the taxable items and services
667 under Subsection (1).

668 (9) (a) Notwithstanding Subsection (3)(a), for fiscal years beginning on or after fiscal year
669 2002-03, the commission shall on or before September 30 of each year deposit the difference
670 described in Subsection (9)(b) into the Remote Sales Restricted Account created in Section
671 59-12-103.2 if that difference is greater than \$0.

672 (b) The difference described in Subsection (9)(a) is equal to the difference between:

673 (i) the total amount of revenues under Subsection (2)(c)(i) the commission received from
674 vendors collecting a tax under Subsection 59-12-107(1)(b) for the fiscal year immediately
675 preceding the September 30 described in Subsection (9)(a); and

676 (ii) the total amount of revenues under Subsection (2)(c)(i) the commission estimates that
677 the commission received from vendors described in Subsection 59-12-107(1)(b) for fiscal year
678 2000-01.

679 (10) (a) For purposes of amounts paid or charged as admission or user fees relating to the
680 Olympic Winter Games of 2002, the amounts are considered to be paid or charged on the day on
681 which the Salt Lake Organizing Committee for the Olympic Winter Games of 2002 or a person
682 designated by the Salt Lake Organizing Committee for the Olympic Winter Games of 2002 sends
683 a purchaser confirmation of the purchase of an admission or user fee described in Subsection
684 (1)(f).

685 (b) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the
686 commission shall make rules defining what constitutes sending a purchaser confirmation under
687 Subsection (10)(a).

688 Section 3. Section **59-12-104** is amended to read:

689 **59-12-104. Exemptions.**

690 The following sales and uses are exempt from the taxes imposed by this chapter:

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

693 (2) sales to the state, its institutions, and its political subdivisions; however, this exemption
694 does not apply to sales of construction materials except:

695 (a) construction materials purchased by or on behalf of institutions of the public education
696 system as defined in Utah Constitution Article X, Section 2, provided the construction materials
697 are clearly identified and segregated and installed or converted to real property which is owned by
698 institutions of the public education system; and

699 (b) construction materials purchased by the state, its institutions, or its political
700 subdivisions which are installed or converted to real property by employees of the state, its
701 institutions, or its political subdivisions;

702 (3) sales of food, beverage, and dairy products from vending machines in which the
703 proceeds of each sale do not exceed \$1 if the vendor or operator of the vending machine reports
704 an amount equal to 150% of the cost of items as goods consumed;

705 (4) sales of food, beverage, dairy products, similar confections, and related services to
706 commercial airline carriers for in-flight consumption;

707 (5) sales of parts and equipment [~~installed~~] for installation in aircraft operated by common
708 carriers in interstate or foreign commerce;

709 (6) sales of commercials, motion picture films, prerecorded audio program tapes or

710 records, and prerecorded video tapes by a producer, distributor, or studio to a motion picture
711 exhibitor, distributor, or commercial television or radio broadcaster;

712 (7) sales of cleaning or washing of tangible personal property by a coin-operated laundry
713 or dry cleaning machine;

714 (8) (a) except as provided in Subsection (8)(b), sales made to or by religious or charitable
715 institutions in the conduct of their regular religious or charitable functions and activities, if the
716 requirements of Section 59-12-104.1 are fulfilled;

717 (b) the exemption provided for in Subsection (8)(a) does not apply to the following sales,
718 uses, leases, or rentals relating to the Olympic Winter Games of 2002 made to or by an
719 organization exempt from federal income taxation under Section 501(c)(3), Internal Revenue
720 Code:

721 (i) retail sales of Olympic merchandise;

722 (ii) except as provided in Subsection (51), admissions or user fees described in Subsection
723 59-12-103(1)(f);

724 (iii) sales of accommodations and services as provided in Subsection 59-12-103(1)(i),
725 except for accommodations and services:

726 (A) paid for in full by the Salt Lake Organizing Committee for the Olympic Winter Games
727 of 2002;

728 (B) exclusively used by:

729 (I) an officer, a trustee, or an employee of the Salt Lake Organizing Committee for the
730 Olympic Winter Games of 2002; or

731 (II) a volunteer supervised by the Salt Lake Organizing Committee for the Olympic Winter
732 Games of 2002; and

733 (C) for which the Salt Lake Organizing Committee for the Olympic Winter Games of 2002
734 does not receive reimbursement; or

735 (iv) a lease or rental of a vehicle as defined in Section 41-1a-102, except for a lease or
736 rental of a vehicle:

737 (A) paid for in full by the Salt Lake Organizing Committee for the Olympic Winter Games
738 of 2002;

739 (B) exclusively used by:

740 (I) an officer, a trustee, or an employee of the Salt Lake Organizing Committee for the

- 741 Olympic Winter Games of 2002; or
- 742 (II) a volunteer supervised by the Salt Lake Organizing Committee for the Olympic Winter
743 Games of 2002; and
- 744 (C) for which the Salt Lake Organizing Committee for the Olympic Winter Games of 2002
745 does not receive reimbursement;
- 746 (9) sales of vehicles of a type required to be registered under the motor vehicle laws of this
747 state which are made to bona fide nonresidents of this state and are not afterwards registered or
748 used in this state except as necessary to transport them to the borders of this state;
- 749 (10) sales of medicine;
- 750 (11) sales or use of property, materials, or services used in the construction of or
751 incorporated in pollution control facilities allowed by Sections 19-2-123 through 19-2-127;
- 752 (12) (a) sales of meals served by:
- 753 (i) the following if the meals are not available to the general public:
- 754 (A) a church; or
- 755 (B) a charitable institution;
- 756 (ii) an institution of higher education if:
- 757 (A) the meals are not available to the general public; or
- 758 (B) the meals are prepaid as part of a student meal plan offered by the institution of higher
759 education; or
- 760 (b) inpatient meals provided at:
- 761 (i) a medical facility; or
- 762 (ii) a nursing facility;
- 763 (13) isolated or occasional sales by persons not regularly engaged in business, except the
764 sale of vehicles or vessels required to be titled or registered under the laws of this state in which
765 case the tax is based upon:
- 766 (a) the bill of sale or other written evidence of value of the vehicle or vessel being sold;
767 or
- 768 (b) in the absence of a bill of sale or other written evidence of value, the then existing fair
769 market value of the vehicle or vessel being sold as determined by the commission;
- 770 (14) (a) the following purchases or leases by a manufacturer on or after July 1, 1995:
- 771 (i) machinery and equipment:

772 (A) used in the manufacturing process;
773 (B) having an economic life of three or more years; and
774 (C) used:
775 (I) to manufacture an item sold as tangible personal property; and
776 (II) in new or expanding operations in a manufacturing facility in the state; and
777 (ii) subject to the provisions of Subsection (14)(b), normal operating replacements that:
778 (A) have an economic life of three or more years;
779 (B) are used in the manufacturing process in a manufacturing facility in the state;
780 (C) are used to replace or adapt an existing machine to extend the normal estimated useful
781 life of the machine; and
782 (D) do not include repairs and maintenance;
783 (b) the rates for the exemption under Subsection (14)(a)(ii) are as follows:
784 (i) beginning July 1, 1996, through June 30, 1997, 30% of the sale or lease described in
785 Subsection (14)(a)(ii) is exempt;
786 (ii) beginning July 1, 1997, through June 30, 1998, 60% of the sale or lease described in
787 Subsection (14)(a)(ii) is exempt; and
788 (iii) beginning July 1, 1998, 100% of the sale or lease described in Subsection (14)(a)(ii)
789 is exempt;
790 (c) for purposes of this Subsection (14), the commission shall by rule define the terms
791 "new or expanding operations" and "establishment"; and
792 (d) on or before October 1, 1991, and every five years after October 1, 1991, the
793 commission shall:
794 (i) review the exemptions described in Subsection (14)(a) and make recommendations to
795 the Revenue and Taxation Interim Committee concerning whether the exemptions should be
796 continued, modified, or repealed; and
797 (ii) include in its report:
798 (A) the cost of the exemptions;
799 (B) the purpose and effectiveness of the exemptions; and
800 (C) the benefits of the exemptions to the state;
801 (15) (a) sales of the following if the requirements of Subsection (15)(b) are met:
802 (i) tooling[-];

803 (ii) special tooling[;];
804 (iii) support equipment[~~;~~and];
805 (iv) special test equipment; or
806 (v) parts used in the repair or replacement of tooling or equipment described in Subsection
807 (15)(a)(i) through (iv); and
808 (b) sales of tooling, equipment, or parts described in Subsection (15)(a) are exempt if:
809 (i) the tooling, equipment, or parts are used or consumed exclusively in the performance
810 of any aerospace or electronics industry contract with the United States government or any
811 subcontract under that contract[~~;~~but only if;]; and
812 (ii) under the terms of [~~that~~] the contract or subcontract described in Subsection (15)(b)(i),
813 title to the tooling [and], equipment, or parts is vested in the United States government as
814 evidenced by:
815 (A) a government identification tag placed on the tooling [~~and~~], equipment, or parts; or
816 [by]
817 (B) listing on a government-approved property record if [a] placing a government
818 identification tag on the tooling, equipment, or parts is impractical;
819 (16) intrastate movements of:
820 (a) freight by common carriers; and
821 (b) passengers:
822 (i) by taxicabs as described in SIC Code 4121 of the 1987 Standard Industrial
823 Classification Manual of the federal Executive Office of the President, Office of Management and
824 Budget; or
825 (ii) transported by an establishment described in SIC Code 4111 of the 1987 Standard
826 Industrial Classification Manual of the federal Executive Office of the President, Office of
827 Management and Budget, if the transportation originates and terminates within a county of the
828 first, second, or third class;
829 (17) sales of newspapers or newspaper subscriptions;
830 (18) tangible personal property, other than money, traded in as full or part payment of the
831 purchase price, except that for purposes of calculating sales or use tax upon vehicles not sold by
832 a vehicle dealer, trade-ins are limited to other vehicles only, and the tax is based upon:
833 (a) the bill of sale or other written evidence of value of the vehicle being sold and the

834 vehicle being traded in; or

835 (b) in the absence of a bill of sale or other written evidence of value, the then existing fair
836 market value of the vehicle being sold and the vehicle being traded in, as determined by the
837 commission;

838 (19) sprays and insecticides used to control insects, diseases, and weeds for commercial
839 production of fruits, vegetables, feeds, seeds, and animal products, but not those sprays and
840 insecticides used in the processing of the products;

841 (20) (a) (i) sales of tangible personal property used or consumed primarily and directly in
842 farming operations, including sales of irrigation equipment and supplies used for agricultural
843 production purposes, whether or not they become part of real estate and whether or not installed
844 by farmer, contractor, or subcontractor, but not sales of:

845 [(†)] (A) machinery, equipment, materials, and supplies used in a manner that is incidental
846 to farming, such as hand tools with a unit purchase price not in excess of \$250, and maintenance
847 and janitorial equipment and supplies;

848 [(†)] (B) tangible personal property used in any activities other than farming, such as office
849 equipment and supplies, equipment and supplies used in sales or distribution of farm products, in
850 research, or in transportation; or

851 [(†)] (C) any vehicle required to be registered by the laws of this state, without regard to
852 the use to which the vehicle is put; or

853 (ii) sales of parts used in the repair or replacement of tangible personal property that are:

854 (A) used or consumed primarily and directly in farming operations; and

855 (B) exempt under Subsection (20)(a); or

856 (b) sales of hay;

857 (21) exclusive sale of locally grown seasonal crops, seedling plants, or garden, farm, or
858 other agricultural produce if sold by a producer during the harvest season;

859 (22) purchases of food as defined in 7 U.S.C. Sec. 2012(g) under the Food Stamp Program,
860 7 U.S.C. Sec. 2011 et seq.;

861 (23) sales of nonreturnable containers, nonreturnable labels, nonreturnable bags,
862 nonreturnable shipping cases, and nonreturnable casings to a manufacturer, processor, wholesaler,
863 or retailer for use in packaging tangible personal property to be sold by that manufacturer,
864 processor, wholesaler, or retailer;

- 865 (24) property stored in the state for resale;
- 866 (25) property brought into the state by a nonresident for his or her own personal use or
867 enjoyment while within the state, except property purchased for use in Utah by a nonresident living
868 and working in Utah at the time of purchase;
- 869 (26) property purchased for resale in this state, in the regular course of business, either in
870 its original form or as an ingredient or component part of a manufactured or compounded product;
- 871 (27) property upon which a sales or use tax was paid to some other state, or one of its
872 subdivisions, except that the state shall be paid any difference between the tax paid and the tax
873 imposed by this part and Part 2, Local Sales and Use Tax Act, and no adjustment is allowed if the
874 tax paid was greater than the tax imposed by this part and Part 2, Local Sales and Use Tax Act;
- 875 (28) any sale of a service described in Subsections 59-12-103(1)(b), (c), and (d) to a person
876 for use in compounding a service taxable under the subsections;
- 877 (29) purchases of supplemental foods as defined in 42 U.S.C. Sec. 1786(b)(14) under the
878 special supplemental nutrition program for women, infants, and children established in 42 U.S.C.
879 Sec. 1786;
- 880 (30) beginning on July 1, 1999, through June 30, 2004, sales or leases of rolls, rollers,
881 refractory brick, electric motors, or other replacement parts used in the furnaces, mills, or ovens
882 of a steel mill described in SIC Code 3312 of the 1987 Standard Industrial Classification Manual
883 of the federal Executive Office of the President, Office of Management and Budget;
- 884 (31) sales of boats of a type required to be registered under Title 73, Chapter 18, State
885 Boating Act, boat trailers, and outboard motors which are made to bona fide nonresidents of this
886 state and are not thereafter registered or used in this state except as necessary to transport them to
887 the borders of this state;
- 888 (32) sales of tangible personal property to persons within this state that is subsequently
889 shipped outside the state and incorporated pursuant to contract into and becomes a part of real
890 property located outside of this state, except to the extent that the other state or political entity
891 imposes a sales, use, gross receipts, or other similar transaction excise tax on it against which the
892 other state or political entity allows a credit for taxes imposed by this chapter;
- 893 (33) sales of aircraft manufactured in Utah if sold for delivery and use outside Utah where
894 a sales or use tax is not imposed, even if the title is passed in Utah;
- 895 (34) amounts paid for the purchase of telephone service for purposes of providing

- 896 telephone service;
- 897 (35) fares charged to persons transported directly by a public transit district created under
- 898 the authority of Title 17A, Chapter 2, Part 10, Utah Public Transit District Act;
- 899 (36) sales or leases of vehicles to, or use of vehicles by an authorized carrier;
- 900 (37) (a) 45% of the sales price of any new manufactured home; and
- 901 (b) 100% of the sales price of any used manufactured home;
- 902 (38) sales relating to schools and fundraising sales;
- 903 (39) sales or rentals of home medical equipment [~~and~~] or supplies;
- 904 (40) (a) sales to a ski resort of electricity to operate a passenger ropeway as defined in
- 905 Section 72-11-102; and
- 906 (b) the commission shall by rule determine the method for calculating sales exempt under
- 907 Subsection (40)(a) that are not separately metered and accounted for in utility billings;
- 908 (41) sales to a ski resort of:
- 909 (a) snowmaking equipment;
- 910 (b) ski slope grooming equipment; [~~and~~]
- 911 (c) passenger ropeways as defined in Section 72-11-102; or
- 912 (d) parts used in the repair or replacement of equipment or passenger ropeways described
- 913 in Subsections (41)(a) through (c);
- 914 (42) sales of natural gas, electricity, heat, coal, fuel oil, or other fuels for industrial use;
- 915 (43) sales or rentals of the right to use or operate for amusement, entertainment, or
- 916 recreation a coin-operated amusement device as defined in Section 59-12-102;
- 917 (44) sales of cleaning or washing of tangible personal property by a coin-operated car wash
- 918 machine;
- 919 (45) sales by the state or a political subdivision of the state, except state institutions of
- 920 higher education as defined in Section 53B-3-102, of:
- 921 (a) photocopies; or
- 922 (b) other copies of records held or maintained by the state or a political subdivision of the
- 923 state; [~~and~~]
- 924 (46) (a) amounts paid:
- 925 (i) to a person providing intrastate transportation to an employer's employee to or from the
- 926 employee's primary place of employment;

- 927 (ii) by an:
- 928 (A) employee; or
- 929 (B) employer; and
- 930 (iii) pursuant to a written contract between:
- 931 (A) the employer; and
- 932 (B) (I) the employee; or
- 933 (II) a person providing transportation to the employer's employee; and
- 934 (b) in accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the
- 935 commission may for purposes of Subsection (46)(a) make rules defining what constitutes an
- 936 employee's primary place of employment;
- 937 (47) amounts paid for admission to an athletic event at an institution of higher education
- 938 that is subject to the provisions of Title IX of the Education Amendments of 1972, 20 U.S.C. Sec.
- 939 1681 et seq.;
- 940 (48) sales of telephone service charged to a prepaid telephone calling card;
- 941 (49) (a) sales of:
- 942 (i) hearing aids; ~~and~~
- 943 ~~(b)~~ (ii) ~~[sales of]~~ hearing aid accessories; or
- 944 (iii) except as provided in Subsection (49)(b), parts used in the repair or replacement of
- 945 hearing aids or hearing aid accessories; and
- 946 (b) for purposes of this Subsection (49), notwithstanding Subsection (49)(a)(iii), "parts"
- 947 does not include batteries;
- 948 (50) (a) sales made to or by:
- 949 (i) an area agency on aging; or
- 950 (ii) a senior citizen center owned by a county, city, or town; or
- 951 (b) sales made by a senior citizen center that contracts with an area agency on aging;
- 952 (51) (a) beginning on July 1, 2000, through June 30, 2002, amounts paid or charged as
- 953 admission or user fees described in Subsection 59-12-103(1)(f) relating to the Olympic Winter
- 954 Games of 2002 if the amounts paid or charged are established by the Salt Lake Organizing
- 955 Committee for the Olympic Winter Games of 2002 in accordance with requirements of the
- 956 International Olympic Committee; and
- 957 (b) the State Olympic Officer and the Salt Lake Organizing Committee for the Olympic

958 Winter Games of 2002 shall make at least two reports during the 2000 interim:
959 (i) to the:
960 (A) Olympic Coordination Committee; and
961 (B) Revenue and Taxation Interim Committee; and
962 (ii) regarding the status of:
963 (A) agreements relating to the funding of public safety services for the Olympic Winter
964 Games of 2002;
965 (B) agreements relating to the funding of services, other than public safety services, for
966 the Olympic Winter Games of 2002;
967 (C) other agreements relating to the Olympic Winter Games of 2002 as requested by the
968 Olympic Coordination Committee or the Revenue and Taxation Interim Committee;
969 (D) other issues as requested by the Olympic Coordination Committee or the Revenue and
970 Taxation Interim Committee; or
971 (E) a combination of Subsections (51)(b)(ii)(A) through (D);
972 (52) (a) beginning on July 1, 2001, through June 30, 2004, and subject to Subsection
973 (52)(b), a sale or lease of semiconductor fabricating or processing materials regardless of whether
974 the semiconductor fabricating or processing materials:
975 (i) actually come into contact with a semiconductor; or
976 (ii) ultimately become incorporated into real property;
977 (b) (i) beginning on July 1, 2001, through June 30, 2002, 10% of the sale or lease
978 described in Subsection (52)(a) is exempt;
979 (ii) beginning on July 1, 2002, through June 30, 2003, 50% of the sale or lease described
980 in Subsection (52)(a) is exempt; and
981 (iii) beginning on July 1, 2003, through June 30, 2004, the entire amount of the sale or
982 lease described in Subsection (52)(a) is exempt; and
983 (c) each year on or before the November interim meeting, the Revenue and Taxation
984 Interim Committee shall:
985 (i) review the exemption described in this Subsection (52) and make recommendations
986 concerning whether the exemption should be continued, modified, or repealed; and
987 (ii) include in the review under this Subsection (52)(c):
988 (A) the cost of the exemption;

989 (B) the purpose and effectiveness of the exemption; and
990 (C) the benefits of the exemption to the state;
991 (53) an amount paid by or charged to a purchaser for accommodations and services
992 described in Subsection 59-12-103(1)(i) to the extent the amount is exempt under Section
993 59-12-104.2; or
994 (54) beginning on September 1, 2001, the lease or use of a vehicle issued a temporary
995 sports event registration certificate in accordance with Section 41-3-306 for the event period
996 specified on the temporary sports event registration certificate.
997 Section 4. **Effective date.**
998 This act takes effect on July 1, 2002.

Legislative Review Note
as of 11-21-01 9:31 AM

A limited legal review of this legislation raises no obvious constitutional or statutory concerns.

Office of Legislative Research and General Counsel

Committee Note

The Revenue and Taxation Interim Committee recommended this bill.