

**Representative Wayne A. Harper** proposes the following substitute bill:

**SALES AND USE TAX - TAXABILITY OF**

**PARTS AND LABOR**

2002 GENERAL SESSION

STATE OF UTAH

**Sponsor: Wayne A. Harper**

**This act amends the Sales and Use Tax Act to exempt from sales and use tax sales of certain parts. The act also exempts from sales and use tax certain amounts paid or charged for services for repairs or renovations of tangible personal property or to install tangible personal property in connection with other tangible personal property, and makes technical changes. The act takes effect on July 1, 2002.**

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

AMENDS:

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

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

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

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

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

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

As used in this chapter:

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

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

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

(3) "Authorized carrier" means:

(a) in the case of vehicles operated over public highways, the holder of credentials



26 indicating that the vehicle is or will be operated pursuant to both the International Registration  
27 Plan and the International Fuel Tax Agreement;

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

30 (c) in the case of locomotives, freight cars, railroad work equipment, or other rolling stock,  
31 the holder of a certificate issued by the United States [~~Interstate Commerce Commission~~] Surface  
32 Transportation Board.

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

35 (i) a coin-operated amusement, skill, or ride device;

36 (ii) that is not controlled through vendor-assisted, over-the-counter, sales of tokens; and

37 (iii) includes a music machine, pinball machine, billiard machine, video game machine,  
38 arcade machine, and a mechanical or electronic skill game or ride.

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

41 (i) accepts and registers multiple denominations of coins; and

42 (ii) allows the vendor to collect the sales and use tax at the time an amusement device is  
43 activated and operated by a person inserting coins into the device.

44 (5) "Commercial use" means the use of gas, electricity, heat, coal, fuel oil, or other fuels  
45 that does not constitute industrial use under Subsection (13) or residential use under Subsection  
46 (22).

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

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

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

55 (7) "Component part" includes:

56 (a) poultry, dairy, and other livestock feed, and their components;

- 57 (b) baling ties and twine used in the baling of hay and straw;
- 58 (c) fuel used for providing temperature control of orchards and commercial greenhouses  
59 doing a majority of their business in wholesale sales, and for providing power for off-highway type  
60 farm machinery; and
- 61 (d) feed, seeds, and seedlings.
- 62 (8) "Construction materials" means any tangible personal property that will be converted  
63 into real property.
- 64 (9) (a) "Fundraising sales" means sales:
- 65 (i) (A) made by a school; or  
66 (B) made by a school student;
- 67 (ii) that are for the purpose of raising funds for the school to purchase equipment,  
68 materials, or provide transportation; and
- 69 (iii) that are part of an officially sanctioned school activity.
- 70 (b) For purposes of Subsection (9)(a)(iii), "officially sanctioned school activity" means a  
71 school activity:
- 72 (i) that is conducted in accordance with a formal policy adopted by the school or school  
73 district governing the authorization and supervision of fundraising activities;
- 74 (ii) that does not directly or indirectly compensate an individual teacher or other  
75 educational personnel by direct payment, commissions, or payment in kind; and
- 76 (iii) the net or gross revenues from which are deposited in a dedicated account controlled  
77 by the school or school district.
- 78 (10) (a) "Hearing aid" means:
- 79 (i) an instrument or device having an electronic component that is designed to:
- 80 (A) (I) improve impaired human hearing; or  
81 (II) correct impaired human hearing; and
- 82 (B) (I) be worn in the human ear; or  
83 (II) affixed behind the human ear;
- 84 (ii) an instrument or device that is surgically implanted into the cochlea; or  
85 (iii) a telephone amplifying device.
- 86 (b) "Hearing aid" does not include:
- 87 (i) except as provided in Subsection (10)(a)(i)(B) or (10)(a)(ii), an instrument or device

- 88 having an electronic component that is designed to be worn on the body;
- 89 (ii) except as provided in Subsection (10)(a)(iii), an assistive listening device or system
- 90 designed to be used by one individual, including:
- 91 (A) a personal amplifying system;
- 92 (B) a personal FM system;
- 93 (C) a television listening system; or
- 94 (D) a device or system similar to a device or system described in Subsections (10)
- 95 (b)(ii)(A) through (C); or
- 96 (iii) an assistive listening device or system designed to be used by more than one
- 97 individual, including:
- 98 (A) a device or system installed in:
- 99 (I) an auditorium;
- 100 (II) a church;
- 101 (III) a conference room;
- 102 (IV) a synagogue; or
- 103 (V) a theater; or
- 104 (B) a device or system similar to a device or system described in Subsections (10)
- 105 (b)(iii)(A)(I) through (V).
- 106 (11) (a) "Hearing aid accessory" means a hearing aid:
- 107 (i) component;
- 108 (ii) attachment; or
- 109 (iii) accessory.
- 110 (b) "Hearing aid accessory" includes:
- 111 (i) a hearing aid neck loop;
- 112 (ii) a hearing aid cord;
- 113 (iii) a hearing aid ear mold;
- 114 (iv) hearing aid tubing;
- 115 (v) a hearing aid ear hook; or
- 116 (vi) a hearing aid remote control.
- 117 (c) "Hearing aid accessory" does not include:
- 118 (i) a component, attachment, or accessory designed to be used only with an:

- 119 (A) instrument or device described in Subsection (10)(b)(i); or  
 120 (B) assistive listening device or system described in Subsection (10)(b)(ii) or (iii); or  
 121 (ii) a hearing aid battery.
- 122 (12) (a) [~~Home~~] Except as provided in Subsection (12)(c), "home medical equipment  
 123 [and] or supplies" means equipment [~~and~~] or supplies that:
- 124 (i) a licensed physician prescribes or authorizes in writing as necessary;  
 125 (A) for the treatment of a medical illness or injury; or [as necessary]  
 126 (B) to mitigate an impairment resulting from illness or injury;  
 127 (ii) are used exclusively by the person for whom they are prescribed to serve a medical  
 128 purpose; and
- 129 (iii) are listed as eligible for payment under;  
 130 (A) Title XVIII of the federal Social Security Act; or [under]  
 131 (B) the state plan for medical assistance under Title XIX of the federal Social Security Act.  
 132 (b) "Home medical equipment or supplies" includes parts used in the repairs or renovations  
 133 of equipment or supplies described in Subsection (12)(a).
- 134 [~~(b) "Home~~] (c) Notwithstanding Subsection (12)(a), "home medical equipment [and] or  
 135 supplies" does not include:
- 136 (i) equipment [~~and~~] or supplies purchased by, for, or on behalf of any;  
 137 (A) health care facility, as defined in Subsection (12)[~~(c)~~](d); or  
 138 (B) one or more of the following for use in a professional practice:  
 139 (I) a doctor[;];  
 140 (II) a nurse[;] or [other]  
 141 (III) another health care provider [for use in their professional practice];  
 142 (ii) eyeglasses, contact lenses, or equipment to correct impaired vision; or  
 143 (iii) hearing aids or hearing aid accessories.
- 144 [~~(c)~~] (d) For purposes of Subsection (12)[~~(b)~~](c)(i), "health care facility" includes:  
 145 (i) a clinic;  
 146 (ii) a doctor's office; [~~and~~] or  
 147 (iii) a health care facility as defined in Section 26-21-2.
- 148 (13) "Industrial use" means the use of natural gas, electricity, heat, coal, fuel oil, or other  
 149 fuels:

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

- 181 (b) a scrap recycler if:
- 182 (i) from a fixed location, the scrap recycler utilizes machinery or equipment to process one
- 183 or more of the following items into prepared grades of processed materials for use in new products:
- 184 (A) iron;
- 185 (B) steel;
- 186 (C) nonferrous metal;
- 187 (D) paper;
- 188 (E) glass;
- 189 (F) plastic;
- 190 (G) textile; or
- 191 (H) rubber; and
- 192 (ii) the new products under Subsection (15)(b)(i) would otherwise be made with
- 193 nonrecycled materials.
- 194 (16) (a) "Medicine" means:
- 195 (i) insulin, syringes, and any medicine prescribed for the treatment of human ailments by
- 196 a person authorized to prescribe treatments and dispensed on prescription filled by a registered
- 197 pharmacist, or supplied to patients by a physician, surgeon, or podiatric physician;
- 198 (ii) any medicine dispensed to patients in a county or other licensed hospital if prescribed
- 199 for that patient and dispensed by a registered pharmacist or administered under the direction of a
- 200 physician; and
- 201 (iii) any oxygen or stoma supplies prescribed by a physician or administered under the
- 202 direction of a physician or paramedic.
- 203 (b) "Medicine" does not include:
- 204 (i) any auditory, prosthetic, ophthalmic, or ocular device or appliance; or
- 205 (ii) any alcoholic beverage.
- 206 (17) "Olympic merchandise" means tangible personal property bearing an Olympic
- 207 designation, emblem, insignia, mark, logo, service mark, symbol, terminology, trademark, or other
- 208 copyrighted or protected material, including:
- 209 (a) one or more of the following terms:
- 210 (i) "Olympic";
- 211 (ii) "Olympiad"; or

- 212 (iii) "Citius Altius Fortius";
- 213 (b) the symbol of the International Olympic Committee, consisting of five interlocking  
214 rings;
- 215 (c) the emblem of the International Olympic Committee Corporation;
- 216 (d) a United States Olympic Committee designation, emblem, insignia, mark, logo, service  
217 mark, symbol, terminology, trademark, or other copyrighted or protected material;
- 218 (e) any emblem of the Olympic Winter Games of 2002 that is officially designated by the  
219 Salt Lake Organizing Committee of the Olympic Winter Games of 2002; or
- 220 (f) the mascot of the Olympic Winter Games of 2002.
- 221 (18) (a) "Other fuels" means products that burn independently to produce heat or energy.
- 222 (b) "Other fuels" includes oxygen when it is used in the manufacturing of tangible personal  
223 property.
- 224 (19) "Person" includes any individual, firm, partnership, joint venture, association,  
225 corporation, estate, trust, business trust, receiver, syndicate, this state, any county, city,  
226 municipality, district, or other local governmental entity of the state, or any group or combination  
227 acting as a unit.
- 228 (20) "Purchase price" means the amount paid or charged for tangible personal property or  
229 any other taxable transaction under Subsection 59-12-103(1), excluding only cash discounts taken  
230 or any excise tax imposed on the purchase price by the federal government.
- 231 (21) "Regularly rented" means:
- 232 (a) rented to a guest for value three or more times during a calendar year; and
- 233 (b) advertised or held out to the public as a place that is regularly rented to guests for  
234 value.
- 235 (22) "Residential use" means the use in or around a home, apartment building, sleeping  
236 quarters, and similar facilities or accommodations.
- 237 (23) (a) "Retail sale" means any sale within the state of tangible personal property or any  
238 other taxable transaction under Subsection 59-12-103(1), other than resale of such property, item,  
239 or service by a retailer or wholesaler to a user or consumer.
- 240 (b) "Retail sale" includes sales by any farmer or other agricultural producer of poultry,  
241 eggs, or dairy products to consumers if the sales have an average monthly sales value of \$125 or  
242 more.



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

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

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

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

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

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

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

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

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

274 of goods, within this state.

275 (25) "Sale" means any transfer of title, exchange, or barter, conditional or otherwise, in any  
276 manner, of tangible personal property or any other taxable transaction under Subsection  
277 59-12-103(1), for consideration. It includes:

278 (a) installment and credit sales;

279 (b) any closed transaction constituting a sale;

280 (c) any sale of electrical energy, gas, services, or entertainment taxable under this chapter;

281 (d) any transaction if the possession of property is transferred but the seller retains the title  
282 as security for the payment of the price; and

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

286 (26) (a) "Sales relating to schools" means the following sales by, amounts paid to, or  
287 amounts charged by a school:

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

290 (A) the sale of:

291 (I) textbooks;

292 (II) textbook fees;

293 (III) laboratory fees;

294 (IV) laboratory supplies; or

295 (V) safety equipment;

296 (B) the sale of clothing that:

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

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

301 (C) sales of food if the net or gross revenues generated by the food sales are deposited into  
302 a school district fund or school fund dedicated to school meals; or

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

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

305 event or school-related activity.

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

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

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

309 (iii) amounts paid to or amounts charged by a school for admission to a school-related  
310 event or school-related activity if the amounts paid or charged are passed through to a person:

311 (A) other than a:

312 (I) school;

313 (II) nonprofit organization authorized by a school board or a governing body of a private  
314 school to organize and direct a competitive secondary school activity; or

315 (III) nonprofit association authorized by a school board or a governing body of a private  
316 school to organize and direct a competitive secondary school activity; and

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

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

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

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

322 (i) is a:

323 (A) public school; or

324 (B) private school; and

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

326 (b) a public school district.

327 (28) (a) "Semiconductor fabricating or processing materials" means tangible personal  
328 property:

329 (i) used primarily in the process of:

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

331 (II) fabricating a semiconductor; or

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

333 (ii) consumed primarily in the process of:

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

335 (II) fabricating a semiconductor; or

- 336 (B) maintaining an environment suitable for a semiconductor.
- 337 (b) "Semiconductor fabricating or processing materials" includes:
- 338 (i) parts used in the repairs or renovations of tangible personal property described in
- 339 Subsection (28)(a); or
- 340 (ii) a chemical, catalyst, or other material used to:
- 341 [(†)] (A) produce or induce in a semiconductor a:
- 342 [~~A~~] (I) chemical change; or
- 343 [~~B~~] (II) physical change;
- 344 [(††)] (B) remove impurities from a semiconductor; or
- 345 [(†††)] (C) improve the marketable condition of a semiconductor.
- 346 (29) "Senior citizen center" means a facility having the primary purpose of providing
- 347 services to the aged as defined in Section 62A-3-101.
- 348 (30) "State" means the state of Utah, its departments, and agencies.
- 349 (31) "Storage" means any keeping or retention of tangible personal property or any other
- 350 taxable transaction under Subsection 59-12-103(1), in this state for any purpose except sale in the
- 351 regular course of business.
- 352 (32) (a) "Tangible personal property" means:
- 353 (i) all goods, wares, merchandise, produce, and commodities;
- 354 (ii) all tangible or corporeal things and substances which are dealt in or capable of being
- 355 possessed or exchanged;
- 356 (iii) water in bottles, tanks, or other containers; and
- 357 (iv) all other physically existing articles or things, including property severed from real
- 358 estate.
- 359 (b) "Tangible personal property" does not include:
- 360 (i) real estate or any interest or improvements in real estate;
- 361 (ii) bank accounts, stocks, bonds, mortgages, notes, and other evidence of debt;
- 362 (iii) insurance certificates or policies;
- 363 (iv) personal or governmental licenses;
- 364 (v) water in pipes, conduits, ditches, or reservoirs;
- 365 (vi) currency and coinage constituting legal tender of the United States or of a foreign
- 366 nation; and

367 (vii) all gold, silver, or platinum ingots, bars, medallions, or decorative coins, not  
368 constituting legal tender of any nation, with a gold, silver, or platinum content of not less than  
369 80%.

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

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

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

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

376 (i) the corporation; or

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

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

380 (i) by:

381 (A) wire;

382 (B) radio;

383 (C) lightwave; or

384 (D) other electromagnetic means; and

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

386 (A) a sign;

387 (B) a signal;

388 (C) writing;

389 (D) an image;

390 (E) sound;

391 (F) a message;

392 (G) data; or

393 (H) other information of any nature.

394 (b) "Telephone service" includes:

395 (i) cellular telephone service;

396 (ii) private communications service; or

397 (iii) automated digital telephone answering service.

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

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

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

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

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

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

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

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

418 **59-12-103. Sales and use tax base -- Rate -- Use of sales and use tax revenues.**

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

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

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

424 (i) all transportation;

425 (ii) intrastate telephone service; or

426 (iii) telegraph service;

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

428 (i) gas;

- 429 (ii) electricity;
- 430 (iii) heat;
- 431 (iv) coal;
- 432 (v) fuel oil; or
- 433 (vi) other fuels;
- 434 (d) sales of the following for residential use:
- 435 (i) gas;
- 436 (ii) electricity;
- 437 (iii) heat;
- 438 (iv) coal;
- 439 (v) fuel oil; or
- 440 (vi) other fuels;
- 441 (e) sales of meals;
- 442 (f) except as provided in Section 59-12-104, amounts paid or charged as admission or user
- 443 fees for theaters, movies, operas, museums, planetariums, shows of any type or nature, exhibitions,
- 444 concerts, carnivals, amusement parks, amusement rides, circuses, menageries, fairs, races, contests,
- 445 sporting events, dances, boxing matches, wrestling matches, closed circuit television broadcasts,
- 446 billiard parlors, pool parlors, bowling lanes, golf, miniature golf, golf driving ranges, batting cages,
- 447 skating rinks, ski lifts, ski runs, ski trails, snowmobile trails, tennis courts, swimming pools, water
- 448 slides, river runs, jeep tours, boat tours, scenic cruises, horseback rides, sports activities, or any
- 449 other amusement, entertainment, recreation, exhibition, cultural, or athletic activity;
- 450 (g) amounts paid or charged for services:
- 451 (i) for repairs or renovations of tangible personal property, unless Section 59-12-104
- 452 provides for an exemption from sales and use tax for:
- 453 (A) the tangible personal property; and
- 454 (B) parts used in the repairs or renovations of the tangible personal property described in
- 455 Subsection (1)(g)(i)(A), whether or not any parts are actually used in the repairs or renovations of
- 456 that tangible personal property; or
- 457 (ii) to install tangible personal property in connection with other tangible personal
- 458 property, unless the tangible personal property being installed is exempt from sales and use tax
- 459 under Section 59-12-104;

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

462 (i) amounts paid or charged for tourist home, hotel, motel, or trailer court accommodations  
463 and services that are regularly rented for less than 30 consecutive days;

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

465 (k) amounts paid or charged for leases or rentals of tangible personal property if:

466 (i) the tangible personal property's situs is in this state;

467 (ii) the lessee took possession of the tangible personal property in this state; or

468 (iii) within this state the tangible personal property is:

469 (A) stored;

470 (B) used; or

471 (C) otherwise consumed;

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

474 (i) stored;

475 (ii) used; or

476 (iii) consumed; and

477 (m) amounts paid or charged for prepaid telephone calling cards.

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

480 (i) a state tax imposed on the transaction at a rate of 4.75%; and

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

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

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

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

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



- 491 (i) a state tax imposed on the transaction at a rate of:  
492 (A) 4.75% for a transaction other than a transaction described in Subsection (1)(d); or  
493 (B) 2% for a transaction described in Subsection (1)(d); and  
494 (ii) except as provided in Subsection (2)(d), a local tax imposed on the transaction at a rate  
495 equal to the sum of the following tax rates:  
496 (A) (I) the lowest tax rate imposed by a county, city, or town under Section 59-12-204, but  
497 only if all of the counties, cities, and towns in the state impose the tax under Section 59-12-204;  
498 or  
499 (II) the lowest tax rate imposed by a county, city, or town under Section 59-12-205, but  
500 only if all of the counties, cities, and towns in the state impose the tax under Section 59-12-205;  
501 and  
502 (B) the tax rate authorized by Section 59-12-1102, but only if all of the counties in the state  
503 impose the tax under Section 59-12-1102.  
504 (d) Tax rates authorized under the following do not apply to Subsection (2)(c)(ii):  
505 (i) Subsection (2)(a)(i);  
506 (ii) Subsection (2)(b)(i);  
507 (iii) Subsection (2)(c)(i);  
508 (iv) Section 59-12-301;  
509 (v) Section 59-12-352;  
510 (vi) Section 59-12-353;  
511 (vii) Section 59-12-401;  
512 (viii) Section 59-12-402;  
513 (ix) Section 59-12-501;  
514 (x) Section 59-12-502;  
515 (xi) Section 59-12-603;  
516 (xii) Section 59-12-703;  
517 (xiii) Section 59-12-802;  
518 (xiv) Section 59-12-804;  
519 (xv) Section 59-12-1001;  
520 (xvi) Section 59-12-1201; or  
521 (xvii) Section 59-12-1302.

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

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

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

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

531 (A) calculating an amount equal to:

532 (I) the population of the county, city, or town; divided by

533 (II) the total population of the state; and

534 (B) multiplying the amount determined under Subsection (3)(c)(ii)(A) by the total amount  
535 of revenues generated by the local tax under Subsection (2)(c)(ii) for all counties, cities, and towns.

536 (iii) (A) Except as provided in Subsection (3)(c)(iii)(B), population figures for purposes  
537 of this section shall be derived from the most recent official census or census estimate of the  
538 United States Census Bureau.

539 (B) Notwithstanding Subsection (3)(c)(iii)(A), if a needed population estimate is not  
540 available from the United States Census Bureau, population figures shall be derived from the  
541 estimate from the Utah Population Estimates Committee created by executive order of the  
542 governor.

543 (C) For purposes of this section, the population of a county may only include the  
544 population of the unincorporated areas of the county.

545 (4) (a) Notwithstanding Subsection (3)(a), there shall be deposited in an Olympics special  
546 revenue fund or funds as determined by the Division of Finance under Section 51-5-4, for the use  
547 of the Utah Sports Authority created under Title 63A, Chapter 7, Utah Sports Authority Act:

548 (i) from January 1, 1990, through December 31, 1999, the amount of sales and use tax  
549 generated by a 1/64% tax rate on the taxable transactions under Subsection (1);

550 (ii) from January 1, 1990, through June 30, 1999, the amount of revenue generated by a  
551 1/64% tax rate under Section 59-12-204 or Section 59-12-205 on the taxable transactions under  
552 Subsection (1); and

553 (iii) interest earned on the amounts under Subsections (4)(a)(i) and (ii).  
554 (b) These funds shall be used:  
555 (i) by the Utah Sports Authority as follows:  
556 (A) to the extent funds are available, to transfer directly to a debt service fund or to  
557 otherwise reimburse to the state any amount expended on debt service or any other cost of any  
558 bonds issued by the state to construct any public sports facility as defined in Section 63A-7-103;  
559 (B) to pay for the actual and necessary operating, administrative, legal, and other expenses  
560 of the Utah Sports Authority, but not including protocol expenses for seeking and obtaining the  
561 right to host the Winter Olympic Games;  
562 (C) as otherwise appropriated by the Legislature; and  
563 (D) unless the Legislature appropriates additional funds from the Olympics Special  
564 Revenue Fund to the Utah Sports Authority, the Utah Sports Authority may not expend, loan, or  
565 pledge in the aggregate more than:  
566 (I) \$59,000,000 of sales and use tax deposited into the Olympics Special Revenue Fund  
567 under Subsection (4)(a);  
568 (II) the interest earned on the amount described in Subsection (4)(b)(i)(D)(I); and  
569 (III) the revenues deposited into the Olympics Special Revenue Fund that are not sales and  
570 use taxes deposited under Subsection (4)(a) or interest on the sales and use taxes;  
571 (ii) to pay salary, benefits, or administrative costs associated with the State Olympic  
572 Officer under Subsection 63A-10-103(3), except that the salary, benefits, or administrative costs  
573 may not be paid from the sales and use tax revenues generated by municipalities or counties and  
574 deposited under Subsection (4)(a)(ii).  
575 (c) A payment of salary, benefits, or administrative costs under Subsection 63A-10-103(3)  
576 is not considered an expenditure of the Utah Sports Authority.  
577 (d) If the Legislature appropriates additional funds under Subsection (4)(b)(i)(D), the  
578 authority may not expend, loan, pledge, or enter into any agreement to expend, loan, or pledge the  
579 appropriated funds unless the authority:  
580 (i) contracts in writing for the full reimbursement of the monies to the Olympics Special  
581 Revenue Fund by a public sports entity or other person benefitting from the expenditure; and  
582 (ii) obtains a security interest that secures payment or performance of the obligation to  
583 reimburse.

584 (e) A contract or agreement entered into in violation of Subsection (4)(d) is void.

585 (5) (a) Notwithstanding Subsection (3)(a), beginning on July 1, 2001, the amount of sales  
586 and use tax generated annually by a 1/16% tax rate on the taxable transactions under Subsection  
587 (1) shall be used as provided in Subsections (5)(b) through (g).

588 (b) (i) Beginning on July 1, 2001, \$2,300,000 each year shall be transferred as dedicated  
589 credits to the Department of Natural Resources to:

590 (A) implement the measures described in Subsections 63-34-14(4)(a) through (d) to protect  
591 sensitive plant and animal species; or

592 (B) award grants, up to the amount authorized by the Legislature in an appropriations act,  
593 to political subdivisions of the state to implement the measures described in Subsections  
594 63-34-14(4)(a) through (d) to protect sensitive plant and animal species.

595 (ii) Money transferred to the Department of Natural Resources under Subsection (5)(b)(i)  
596 may not be used to assist the United States Fish and Wildlife Service or any other person to list or  
597 attempt to have listed a species as threatened or endangered under the Endangered Species Act of  
598 1973, 16 U.S.C. Sec. 1531 et seq.

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

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

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

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

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

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

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

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

614 (B) 25% of any unexpended dedicated credits shall lapse to the Utah Wastewater Loan

615 Program subaccount created in Section 73-10c-5; and

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

618 (e) Fifty percent of the remaining amount generated by the 1/16% tax rate shall be  
619 deposited in the Water Resources Conservation and Development Fund created in Section  
620 73-10-24 for use by the Division of Water Resources. In addition to the uses allowed of the fund  
621 under Section 73-10-24, the fund may also be used to:

622 (i) provide a portion of the local cost share, not to exceed in any fiscal year 50% of the  
623 funds made available to the Division of Water Resources under this section, of potential project  
624 features of the Central Utah Project;

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

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

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

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

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

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

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

642 (iii) develop surface water sources.

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

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

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

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

654 (d) The remaining amount generated by the 1/16% tax rate shall be deposited in the class  
655 B and class C roads account to be expended as provided in Title 72, Chapter 2, Transportation  
656 Finances Act, for the use of class B and C roads.

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

661 (b) Except for sales and use taxes deposited under Subsection (8), beginning on July 1,  
662 1999, the revenues generated by the 1/64% tax rate:

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

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

667 (8) Notwithstanding Subsection (3)(a), beginning on July 1, 1999, the commission shall  
668 deposit into the Airport to University of Utah Light Rail Restricted Account created in Section  
669 17A-2-1064 the portion of the sales and use tax under Sections 59-12-204 and 59-12-205 that is:

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

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

675 (9) (a) Notwithstanding Subsection (3)(a), for fiscal years beginning on or after fiscal year  
676 2002-03, the commission shall on or before September 30 of each year deposit the difference

677 described in Subsection (9)(b) into the Remote Sales Restricted Account created in Section  
678 59-12-103.2 if that difference is greater than \$0.

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

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

683 (ii) the total amount of revenues under Subsection (2)(c)(i) the commission estimates that  
684 the commission received from vendors described in Subsection 59-12-107(1)(b) for fiscal year  
685 2000-01.

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

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

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

696 **59-12-104. Exemptions.**

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

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

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

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

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

708 institutions, or its political subdivisions;

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

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

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

716 (6) sales of commercials, motion picture films, prerecorded audio program tapes or  
717 records, and prerecorded video tapes by a producer, distributor, or studio to a motion picture  
718 exhibitor, distributor, or commercial television or radio broadcaster;

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

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

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

728 (i) retail sales of Olympic merchandise;

729 (ii) except as provided in Subsection (51), admissions or user fees described in Subsection  
730 59-12-103(1)(f);

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

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

735 (B) exclusively used by:

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

738 (II) a volunteer supervised by the Salt Lake Organizing Committee for the Olympic Winter



739 Games of 2002; and  
740 (C) for which the Salt Lake Organizing Committee for the Olympic Winter Games of 2002  
741 does not receive reimbursement; or  
742 (iv) a lease or rental of a vehicle as defined in Section 41-1a-102, except for a lease or  
743 rental of a vehicle:  
744 (A) paid for in full by the Salt Lake Organizing Committee for the Olympic Winter Games  
745 of 2002;  
746 (B) exclusively used by:  
747 (I) an officer, a trustee, or an employee of the Salt Lake Organizing Committee for the  
748 Olympic Winter Games of 2002; or  
749 (II) a volunteer supervised by the Salt Lake Organizing Committee for the Olympic Winter  
750 Games of 2002; and  
751 (C) for which the Salt Lake Organizing Committee for the Olympic Winter Games of 2002  
752 does not receive reimbursement;  
753 (9) sales of vehicles of a type required to be registered under the motor vehicle laws of this  
754 state which are made to bona fide nonresidents of this state and are not afterwards registered or  
755 used in this state except as necessary to transport them to the borders of this state;  
756 (10) sales of medicine;  
757 (11) sales or use of property, materials, or services used in the construction of or  
758 incorporated in pollution control facilities allowed by Sections 19-2-123 through 19-2-127;  
759 (12) (a) sales of meals served by:  
760 (i) the following if the meals are not available to the general public:  
761 (A) a church; or  
762 (B) a charitable institution;  
763 (ii) an institution of higher education if:  
764 (A) the meals are not available to the general public; or  
765 (B) the meals are prepaid as part of a student meal plan offered by the institution of higher  
766 education; or  
767 (b) inpatient meals provided at:  
768 (i) a medical facility; or  
769 (ii) a nursing facility;

770 (13) isolated or occasional sales by persons not regularly engaged in business, except the  
771 sale of vehicles or vessels required to be titled or registered under the laws of this state in which  
772 case the tax is based upon:

773 (a) the bill of sale or other written evidence of value of the vehicle or vessel being sold;

774 or

775 (b) in the absence of a bill of sale or other written evidence of value, the then existing fair  
776 market value of the vehicle or vessel being sold as determined by the commission;

777 (14) (a) the following purchases or leases by a manufacturer on or after July 1, 1995:

778 (i) machinery and equipment:

779 (A) used in the manufacturing process;

780 (B) having an economic life of three or more years; and

781 (C) used:

782 (I) to manufacture an item sold as tangible personal property; and

783 (II) in new or expanding operations in a manufacturing facility in the state; and

784 (ii) subject to the provisions of Subsection (14)(b), normal operating replacements that:

785 (A) have an economic life of three or more years;

786 (B) are used in the manufacturing process in a manufacturing facility in the state;

787 (C) are used to replace or adapt an existing machine to extend the normal estimated useful  
788 life of the machine; and

789 (D) do not include repairs and maintenance;

790 (b) the rates for the exemption under Subsection (14)(a)(ii) are as follows:

791 (i) beginning July 1, 1996, through June 30, 1997, 30% of the sale or lease described in  
792 Subsection (14)(a)(ii) is exempt;

793 (ii) beginning July 1, 1997, through June 30, 1998, 60% of the sale or lease described in  
794 Subsection (14)(a)(ii) is exempt; and

795 (iii) beginning July 1, 1998, 100% of the sale or lease described in Subsection (14)(a)(ii)  
796 is exempt;

797 (c) for purposes of this Subsection (14), the commission shall by rule define the terms  
798 "new or expanding operations" and "establishment"; and

799 (d) on or before October 1, 1991, and every five years after October 1, 1991, the  
800 commission shall:

801 (i) review the exemptions described in Subsection (14)(a) and make recommendations to  
802 the Revenue and Taxation Interim Committee concerning whether the exemptions should be  
803 continued, modified, or repealed; and

804 (ii) include in its report:

805 (A) the cost of the exemptions;

806 (B) the purpose and effectiveness of the exemptions; and

807 (C) the benefits of the exemptions to the state;

808 (15) (a) sales of the following if the requirements of Subsection (15)(b) are met:

809 (i) tooling[-];

810 (ii) special tooling[-];

811 (iii) support equipment[-and];

812 (iv) special test equipment; or

813 (v) parts used in the repairs or renovations of tooling or equipment described in Subsection  
814 (15)(a)(i) through (iv); and

815 (b) sales of tooling, equipment, or parts described in Subsection (15)(a) are exempt if:

816 (i) the tooling, equipment, or parts are used or consumed exclusively in the performance  
817 of any aerospace or electronics industry contract with the United States government or any  
818 subcontract under that contract[-but only if-]; and

819 (ii) under the terms of [that] the contract or subcontract described in Subsection (15)(b)(i),  
820 title to the tooling [and], equipment, or parts is vested in the United States government as  
821 evidenced by:

822 (A) a government identification tag placed on the tooling [and], equipment, or parts; or  
823 [by]

824 (B) listing on a government-approved property record if [a] placing a government  
825 identification tag on the tooling, equipment, or parts is impractical;

826 (16) intrastate movements of:

827 (a) freight by common carriers; and

828 (b) passengers:

829 (i) by taxicabs as described in SIC Code 4121 of the 1987 Standard Industrial  
830 Classification Manual of the federal Executive Office of the President, Office of Management and  
831 Budget; or

832 (ii) transported by an establishment described in SIC Code 4111 of the 1987 Standard  
833 Industrial Classification Manual of the federal Executive Office of the President, Office of  
834 Management and Budget, if the transportation originates and terminates within a county of the  
835 first, second, or third class;

836 (17) sales of newspapers or newspaper subscriptions;

837 (18) tangible personal property, other than money, traded in as full or part payment of the  
838 purchase price, except that for purposes of calculating sales or use tax upon vehicles not sold by  
839 a vehicle dealer, trade-ins are limited to other vehicles only, and the tax is based upon:

840 (a) the bill of sale or other written evidence of value of the vehicle being sold and the  
841 vehicle being traded in; or

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

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

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

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

855 [(i)] (B) tangible personal property used in any activities other than farming, such as office  
856 equipment and supplies, equipment and supplies used in sales or distribution of farm products, in  
857 research, or in transportation; or

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

860 (ii) sales of parts used in the repairs or renovations of tangible personal property if the  
861 tangible personal property is exempt under Subsection (20)(a); or

862 (b) sales of hay;

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

865 (22) purchases of food as defined in 7 U.S.C. Sec. 2012(g) under the Food Stamp Program,  
866 7 U.S.C. Sec. 2011 et seq.;

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

871 (24) property stored in the state for resale;

872 (25) property brought into the state by a nonresident for his or her own personal use or  
873 enjoyment while within the state, except property purchased for use in Utah by a nonresident living  
874 and working in Utah at the time of purchase;

875 (26) property purchased for resale in this state, in the regular course of business, either in  
876 its original form or as an ingredient or component part of a manufactured or compounded product;

877 (27) property upon which a sales or use tax was paid to some other state, or one of its  
878 subdivisions, except that the state shall be paid any difference between the tax paid and the tax  
879 imposed by this part and Part 2, Local Sales and Use Tax Act, and no adjustment is allowed if the  
880 tax paid was greater than the tax imposed by this part and Part 2, Local Sales and Use Tax Act;

881 (28) any sale of a service described in Subsections 59-12-103(1)(b), (c), and (d) to a person  
882 for use in compounding a service taxable under the subsections;

883 (29) purchases of supplemental foods as defined in 42 U.S.C. Sec. 1786(b)(14) under the  
884 special supplemental nutrition program for women, infants, and children established in 42 U.S.C.  
885 Sec. 1786;

886 (30) beginning on July 1, 1999, through June 30, 2004, sales or leases of rolls, rollers,  
887 refractory brick, electric motors, or other replacement parts used in the furnaces, mills, or ovens  
888 of a steel mill described in SIC Code 3312 of the 1987 Standard Industrial Classification Manual  
889 of the federal Executive Office of the President, Office of Management and Budget;

890 (31) sales of boats of a type required to be registered under Title 73, Chapter 18, State  
891 Boating Act, boat trailers, and outboard motors which are made to bona fide nonresidents of this  
892 state and are not thereafter registered or used in this state except as necessary to transport them to  
893 the borders of this state;

894 (32) sales of tangible personal property to persons within this state that is subsequently  
895 shipped outside the state and incorporated pursuant to contract into and becomes a part of real  
896 property located outside of this state, except to the extent that the other state or political entity  
897 imposes a sales, use, gross receipts, or other similar transaction excise tax on it against which the  
898 other state or political entity allows a credit for taxes imposed by this chapter;

899 (33) sales of aircraft manufactured in Utah if sold for delivery and use outside Utah where  
900 a sales or use tax is not imposed, even if the title is passed in Utah;

901 (34) amounts paid for the purchase of telephone service for purposes of providing  
902 telephone service;

903 (35) fares charged to persons transported directly by a public transit district created under  
904 the authority of Title 17A, Chapter 2, Part 10, Utah Public Transit District Act;

905 (36) sales or leases of vehicles to, or use of vehicles by an authorized carrier;

906 (37) (a) 45% of the sales price of any new manufactured home; and

907 (b) 100% of the sales price of any used manufactured home;

908 (38) sales relating to schools and fundraising sales;

909 (39) sales or rentals of home medical equipment [~~and~~] or supplies;

910 (40) (a) sales to a ski resort of electricity to operate a passenger ropeway as defined in  
911 Section 72-11-102; and

912 (b) the commission shall by rule determine the method for calculating sales exempt under  
913 Subsection (40)(a) that are not separately metered and accounted for in utility billings;

914 (41) sales to a ski resort of:

915 (a) snowmaking equipment;

916 (b) ski slope grooming equipment; [~~and~~]

917 (c) passenger ropeways as defined in Section 72-11-102; or

918 (d) parts used in the repairs or renovations of equipment or passenger ropeways described  
919 in Subsections (41)(a) through (c);

920 (42) sales of natural gas, electricity, heat, coal, fuel oil, or other fuels for industrial use;

921 (43) sales or rentals of the right to use or operate for amusement, entertainment, or  
922 recreation a coin-operated amusement device as defined in Section 59-12-102;

923 (44) sales of cleaning or washing of tangible personal property by a coin-operated car wash  
924 machine;

- 925 (45) sales by the state or a political subdivision of the state, except state institutions of  
926 higher education as defined in Section 53B-3-102, of:
- 927 (a) photocopies; or  
928 (b) other copies of records held or maintained by the state or a political subdivision of the  
929 state; ~~and~~
- 930 (46) (a) amounts paid:  
931 (i) to a person providing intrastate transportation to an employer's employee to or from the  
932 employee's primary place of employment;  
933 (ii) by an:  
934 (A) employee; or  
935 (B) employer; and  
936 (iii) pursuant to a written contract between:  
937 (A) the employer; and  
938 (B) (I) the employee; or  
939 (II) a person providing transportation to the employer's employee; and  
940 (b) in accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the  
941 commission may for purposes of Subsection (46)(a) make rules defining what constitutes an  
942 employee's primary place of employment;
- 943 (47) amounts paid for admission to an athletic event at an institution of higher education  
944 that is subject to the provisions of Title IX of the Education Amendments of 1972, 20 U.S.C. Sec.  
945 1681 et seq.;
- 946 (48) sales of telephone service charged to a prepaid telephone calling card;  
947 (49) (a) sales of:  
948 (i) hearing aids; ~~and~~  
949 ~~(b)~~ (ii) ~~sales of~~ hearing aid accessories; or  
950 (iii) except as provided in Subsection (49)(b), parts used in the repairs or renovations of  
951 hearing aids or hearing aid accessories; and  
952 (b) for purposes of this Subsection (49), notwithstanding Subsection (49)(a)(iii), "parts"  
953 does not include batteries;
- 954 (50) (a) sales made to or by:  
955 (i) an area agency on aging; or

956 (ii) a senior citizen center owned by a county, city, or town; or  
957 (b) sales made by a senior citizen center that contracts with an area agency on aging;  
958 (51) (a) beginning on July 1, 2000, through June 30, 2002, amounts paid or charged as  
959 admission or user fees described in Subsection 59-12-103(1)(f) relating to the Olympic Winter  
960 Games of 2002 if the amounts paid or charged are established by the Salt Lake Organizing  
961 Committee for the Olympic Winter Games of 2002 in accordance with requirements of the  
962 International Olympic Committee; and  
963 (b) the State Olympic Officer and the Salt Lake Organizing Committee for the Olympic  
964 Winter Games of 2002 shall make at least two reports during the 2000 interim:  
965 (i) to the:  
966 (A) Olympic Coordination Committee; and  
967 (B) Revenue and Taxation Interim Committee; and  
968 (ii) regarding the status of:  
969 (A) agreements relating to the funding of public safety services for the Olympic Winter  
970 Games of 2002;  
971 (B) agreements relating to the funding of services, other than public safety services, for  
972 the Olympic Winter Games of 2002;  
973 (C) other agreements relating to the Olympic Winter Games of 2002 as requested by the  
974 Olympic Coordination Committee or the Revenue and Taxation Interim Committee;  
975 (D) other issues as requested by the Olympic Coordination Committee or the Revenue and  
976 Taxation Interim Committee; or  
977 (E) a combination of Subsections (51)(b)(ii)(A) through (D);  
978 (52) (a) beginning on July 1, 2001, through June 30, 2004, and subject to Subsection  
979 (52)(b), a sale or lease of semiconductor fabricating or processing materials regardless of whether  
980 the semiconductor fabricating or processing materials:  
981 (i) actually come into contact with a semiconductor; or  
982 (ii) ultimately become incorporated into real property;  
983 (b) (i) beginning on July 1, 2001, through June 30, 2002, 10% of the sale or lease  
984 described in Subsection (52)(a) is exempt;  
985 (ii) beginning on July 1, 2002, through June 30, 2003, 50% of the sale or lease described  
986 in Subsection (52)(a) is exempt; and



987 (iii) beginning on July 1, 2003, through June 30, 2004, the entire amount of the sale or  
988 lease described in Subsection (52)(a) is exempt; and

989 (c) each year on or before the November interim meeting, the Revenue and Taxation  
990 Interim Committee shall:

991 (i) review the exemption described in this Subsection (52) and make recommendations  
992 concerning whether the exemption should be continued, modified, or repealed; and

993 (ii) include in the review under this Subsection (52)(c):

994 (A) the cost of the exemption;

995 (B) the purpose and effectiveness of the exemption; and

996 (C) the benefits of the exemption to the state;

997 (53) an amount paid by or charged to a purchaser for accommodations and services  
998 described in Subsection 59-12-103(1)(i) to the extent the amount is exempt under Section  
999 59-12-104.2; or

1000 (54) beginning on September 1, 2001, the lease or use of a vehicle issued a temporary  
1001 sports event registration certificate in accordance with Section 41-3-306 for the event period  
1002 specified on the temporary sports event registration certificate.

1003 **Section 4. Effective date.**

1004 This act takes effect on July 1, 2002.