

**SALES AND USE TAX EXEMPTION FOR
ITEMS RELATING TO DIRECT MAIL**

2005 GENERAL SESSION

STATE OF UTAH

Sponsor: Howard A. Stephenson

LONG TITLE

General Description:

This bill amends the Sales and Use Tax Act to provide a sales and use tax exemption.

Highlighted Provisions:

This bill:

- ▶ provides a sales and use tax exemption for purchases of items relating to direct mail; and
- ▶ makes technical changes.

Monies Appropriated in this Bill:

None

Other Special Clauses:

This bill takes effect on July 1, 2005.

Utah Code Sections Affected:

AMENDS:

59-12-104, as last amended by Chapters 1, 156, 255, 298 and 320, Laws of Utah 2004

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

Section 1. Section **59-12-104** is amended to read:

59-12-104. Exemptions.

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

- (1) sales of aviation fuel, motor fuel, and special fuel subject to a Utah state excise tax



28 under Chapter 13, Motor and Special Fuel Tax Act;

29 (2) sales to the state, its institutions, and its political subdivisions; however, this
30 exemption does not apply to sales of:

31 (a) construction materials except:

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

36 (ii) construction materials purchased by the state, its institutions, or its political
37 subdivisions which are installed or converted to real property by employees of the state, its
38 institutions, or its political subdivisions; or

39 (b) tangible personal property in connection with the construction, operation,
40 maintenance, repair, or replacement of a project, as defined in Section 11-13-103, or facilities
41 providing additional project capacity, as defined in Section 11-13-103;

42 (3) (a) sales of an item described in Subsection (3)(b) from a vending machine if:

43 (i) the proceeds of each sale do not exceed \$1; and

44 (ii) the seller or operator of the vending machine reports an amount equal to 150% of
45 the cost of the item described in Subsection (3)~~(a)~~ (b) as goods consumed; and

46 (b) Subsection (3)(a) applies to:

47 (i) food and food ingredients; or

48 (ii) prepared food;

49 (4) sales of the following to a commercial airline carrier for in-flight consumption:

50 (a) food and food ingredients;

51 (b) prepared food; or

52 (c) services related to Subsection (4)(a) or (b);

53 (5) sales of parts and equipment for installation in aircraft operated by common carriers
54 in interstate or foreign commerce;

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

58 (7) sales of cleaning or washing of tangible personal property by a coin-operated

59 laundry or dry cleaning machine;

60 (8) sales made to or by religious or charitable institutions in the conduct of their regular
61 religious or charitable functions and activities, if the requirements of Section 59-12-104.1 are
62 fulfilled;

63 (9) sales of vehicles of a type required to be registered under the motor vehicle laws of
64 this state which are made to bona fide nonresidents of this state and are not afterwards
65 registered or used in this state except as necessary to transport them to the borders of this state;

66 (10) (a) amounts paid for an item described in Subsection (10)(b) if:

67 (i) the item is intended for human use; and

68 (ii) (A) a prescription was issued for the item; or

69 (B) the item was purchased by a hospital or other medical facility; and

70 (b) (i) Subsection (10)(a) applies to:

71 (A) a drug;

72 (B) a syringe; or

73 (C) a stoma supply; and

74 (ii) in accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the
75 commission may by rule define the terms:

76 (A) "syringe"; or

77 (B) "stoma supply";

78 (11) sales or use of property, materials, or services used in the construction of or
79 incorporated in pollution control facilities allowed by Sections 19-2-123 through 19-2-127;

80 (12) (a) sales of an item described in Subsection (12)(c) served by:

81 (i) the following if the item described in Subsection (12)(c) is not available to the
82 general public:

83 (A) a church; or

84 (B) a charitable institution;

85 (ii) an institution of higher education if:

86 (A) the item described in Subsection (12)(c) is not available to the general public; or

87 (B) the item described in Subsection (12)(c) is prepaid as part of a student meal plan
88 offered by the institution of higher education; or

89 (b) sales of an item described in Subsection (12)(c) provided at:

90 (i) a medical facility; or
91 (ii) a nursing facility; and
92 (c) Subsections (12)(a) and (b) apply to:
93 (i) food and food ingredients;
94 (ii) prepared food; or
95 (iii) alcoholic beverages;
96 (13) isolated or occasional sales by persons not regularly engaged in business, except
97 the sale of vehicles or vessels required to be titled or registered under the laws of this state in
98 which case the tax is based upon:
99 (a) the bill of sale or other written evidence of value of the vehicle or vessel being sold;
100 or
101 (b) in the absence of a bill of sale or other written evidence of value, the then existing
102 fair market value of the vehicle or vessel being sold as determined by the commission;
103 (14) (a) the following purchases or leases by a manufacturer on or after July 1, 1995:
104 (i) machinery and equipment:
105 (A) used in the manufacturing process;
106 (B) having an economic life of three or more years; and
107 (C) used:
108 (I) to manufacture an item sold as tangible personal property; and
109 (II) in new or expanding operations in a manufacturing facility in the state; and
110 (ii) subject to the provisions of Subsection (14)(b), normal operating replacements that:
111 (A) have an economic life of three or more years;
112 (B) are used in the manufacturing process in a manufacturing facility in the state;
113 (C) are used to replace or adapt an existing machine to extend the normal estimated
114 useful life of the machine; and
115 (D) do not include repairs and maintenance;
116 (b) the rates for the exemption under Subsection (14)(a)(ii) are as follows:
117 (i) beginning July 1, 1996, through June 30, 1997, 30% of the sale or lease described in
118 Subsection (14)(a)(ii) is exempt;
119 (ii) beginning July 1, 1997, through June 30, 1998, 60% of the sale or lease described
120 in Subsection (14)(a)(ii) is exempt; and

- 121 (iii) beginning July 1, 1998, 100% of the sale or lease described in Subsection
- 122 (14)(a)(ii) is exempt;
- 123 (c) for purposes of this Subsection (14), the commission shall by rule define the terms
- 124 "new or expanding operations" and "establishment"; and
- 125 (d) on or before October 1, 1991, and every five years after October 1, 1991, the
- 126 commission shall:
 - 127 (i) review the exemptions described in Subsection (14)(a) and make recommendations
 - 128 to the Revenue and Taxation Interim Committee concerning whether the exemptions should be
 - 129 continued, modified, or repealed; and
 - 130 (ii) include in its report:
 - 131 (A) the cost of the exemptions;
 - 132 (B) the purpose and effectiveness of the exemptions; and
 - 133 (C) the benefits of the exemptions to the state;
- 134 (15) (a) sales of the following if the requirements of Subsection (15)(b) are met:
 - 135 (i) tooling;
 - 136 (ii) special tooling;
 - 137 (iii) support equipment;
 - 138 (iv) special test equipment; or
 - 139 (v) parts used in the repairs or renovations of tooling or equipment described in
 - 140 Subsections (15)(a)(i) through (iv); and
 - 141 (b) sales of tooling, equipment, or parts described in Subsection (15)(a) are exempt if:
 - 142 (i) the tooling, equipment, or parts are used or consumed exclusively in the
 - 143 performance of any aerospace or electronics industry contract with the United States
 - 144 government or any subcontract under that contract; and
 - 145 (ii) under the terms of the contract or subcontract described in Subsection (15)(b)(i),
 - 146 title to the tooling, equipment, or parts is vested in the United States government as evidenced
 - 147 by:
 - 148 (A) a government identification tag placed on the tooling, equipment, or parts; or
 - 149 (B) listing on a government-approved property record if placing a government
 - 150 identification tag on the tooling, equipment, or parts is impractical;
 - 151 (16) intrastate movements of:

- 152 (a) freight by common carriers; or
- 153 (b) passengers:
 - 154 (i) by taxicabs as described in SIC Code 4121 of the 1987 Standard Industrial
 - 155 Classification Manual of the federal Executive Office of the President, Office of Management
 - 156 and Budget;
 - 157 (ii) transported by an establishment described in SIC Code 4111 of the 1987 Standard
 - 158 Industrial Classification Manual of the federal Executive Office of the President, Office of
 - 159 Management and Budget, if the transportation originates and terminates within a county of the
 - 160 first, second, or third class; or
 - 161 (iii) transported by the following described in SIC Code 4789 of the 1987 Standard
 - 162 Industrial Classification Manual of the federal Executive Office of the President, Office of
 - 163 Management and Budget:
 - 164 (A) a horse-drawn cab; or
 - 165 (B) a horse-drawn carriage;
 - 166 (17) sales of newspapers or newspaper subscriptions;
 - 167 (18) (a) except as provided in Subsection (18)(b), tangible personal property traded in
 - 168 as full or part payment of the purchase price, except that for purposes of calculating sales or use
 - 169 tax upon vehicles not sold by a vehicle dealer, trade-ins are limited to other vehicles only, and
 - 170 the tax is based upon:
 - 171 (i) the bill of sale or other written evidence of value of the vehicle being sold and the
 - 172 vehicle being traded in; or
 - 173 (ii) in the absence of a bill of sale or other written evidence of value, the then existing
 - 174 fair market value of the vehicle being sold and the vehicle being traded in, as determined by the
 - 175 commission; and
 - 176 (b) notwithstanding Subsection (18)(a), Subsection (18)(a) does not apply to the
 - 177 following items of tangible personal property traded in as full or part payment of the purchase
 - 178 price:
 - 179 (i) money;
 - 180 (ii) electricity;
 - 181 (iii) water;
 - 182 (iv) gas; or

- 183 (v) steam;
- 184 (19) sprays and insecticides used to control insects, diseases, and weeds for
- 185 commercial production of fruits, vegetables, feeds, seeds, and animal products, but not those
- 186 sprays and insecticides used in the processing of the products;
- 187 (20) (a) (i) sales of tangible personal property used or consumed primarily and directly
- 188 in farming operations, including sales of irrigation equipment and supplies used for agricultural
- 189 production purposes, whether or not they become part of real estate and whether or not
- 190 installed by farmer, contractor, or subcontractor, but not sales of:
 - 191 (A) machinery, equipment, materials, and supplies used in a manner that is incidental
 - 192 to farming, such as hand tools and maintenance and janitorial equipment and supplies;
 - 193 (B) tangible personal property used in any activities other than farming, such as office
 - 194 equipment and supplies, equipment and supplies used in sales or distribution of farm products,
 - 195 in research, or in transportation; or
 - 196 (C) any vehicle required to be registered by the laws of this state, without regard to the
 - 197 use to which the vehicle is put; or
 - 198 (ii) sales of parts used in the repairs or renovations of tangible personal property if the
 - 199 tangible personal property is exempt under Subsection (20)(a); or
 - 200 (b) sales of hay;
 - 201 (21) exclusive sale of locally grown seasonal crops, seedling plants, or garden, farm, or
 - 202 other agricultural produce if sold by a producer during the harvest season;
 - 203 (22) purchases made using a coupon as defined in 7 U.S.C. Sec. 2012 that is issued
 - 204 under the Food Stamp Program, 7 U.S.C. Sec. 2011 et seq.;
 - 205 (23) sales of nonreturnable containers, nonreturnable labels, nonreturnable bags,
 - 206 nonreturnable shipping cases, and nonreturnable casings to a manufacturer, processor,
 - 207 wholesaler, or retailer for use in packaging tangible personal property to be sold by that
 - 208 manufacturer, processor, wholesaler, or retailer;
 - 209 (24) property stored in the state for resale;
 - 210 (25) property brought into the state by a nonresident for his or her own personal use or
 - 211 enjoyment while within the state, except property purchased for use in Utah by a nonresident
 - 212 living and working in Utah at the time of purchase;
 - 213 (26) property purchased for resale in this state, in the regular course of business, either

214 in its original form or as an ingredient or component part of a manufactured or compounded
215 product;

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

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

223 (29) purchases made in accordance with the special supplemental nutrition program for
224 women, infants, and children established in 42 U.S.C. Sec. 1786;

225 (30) beginning on July 1, 1999, through June 30, 2014, sales or leases of rolls, rollers,
226 refractory brick, electric motors, or other replacement parts used in the furnaces, mills, or ovens
227 of a steel mill described in SIC Code 3312 of the 1987 Standard Industrial Classification
228 Manual of the federal Executive Office of the President, Office of Management and Budget;

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

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

235 (33) amounts paid for the purchase of telephone service for purposes of providing
236 telephone service;

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

239 (35) sales or leases of vehicles to, or use of vehicles by an authorized carrier;

240 (36) (a) 45% of the sales price of any new manufactured home; and

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

242 (37) sales relating to schools and fundraising sales;

243 (38) sales or rentals of durable medical equipment if a person presents a prescription
244 for the durable medical equipment;

245 (39) (a) sales to a ski resort of electricity to operate a passenger ropeway as defined in
246 Section 72-11-102; and

247 (b) the commission shall by rule determine the method for calculating sales exempt
248 under Subsection (39)(a) that are not separately metered and accounted for in utility billings;

249 (40) sales to a ski resort of:

250 (a) snowmaking equipment;

251 (b) ski slope grooming equipment;

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

253 (d) parts used in the repairs or renovations of equipment or passenger ropeways
254 described in Subsections (40)(a) through (c);

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

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

258 (43) sales of cleaning or washing of tangible personal property by a coin-operated car
259 wash machine;

260 (44) sales by the state or a political subdivision of the state, except state institutions of
261 higher education as defined in Section 53B-3-102, of:

262 (a) photocopies; or

263 (b) other copies of records held or maintained by the state or a political subdivision of
264 the state;

265 (45) (a) amounts paid:

266 (i) to a person providing intrastate transportation to an employer's employee to or from
267 the employee's primary place of employment;

268 (ii) by an:

269 (A) employee; or

270 (B) employer; and

271 (iii) pursuant to a written contract between:

272 (A) the employer; and

273 (B) (I) the employee; or

274 (II) a person providing transportation to the employer's employee; and

275 (b) in accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the

276 commission may for purposes of Subsection (45)(a) make rules defining what constitutes an
277 employee's primary place of employment;

278 (46) amounts paid for admission to an athletic event at an institution of higher
279 education that is subject to the provisions of Title IX of the Education Amendments of 1972,
280 20 U.S.C. Sec. 1681 et seq.;

281 (47) sales of telephone service charged to a prepaid telephone calling card;

282 (48) (a) sales of:

283 (i) hearing aids;

284 (ii) hearing aid accessories; or

285 (iii) except as provided in Subsection (48)(b), parts used in the repairs or renovations
286 of hearing aids or hearing aid accessories; and

287 (b) for purposes of this Subsection (48), notwithstanding Subsection (48)(a)(iii),

288 "parts" does not include batteries;

289 (49) (a) sales made to or by:

290 (i) an area agency on aging; or

291 (ii) a senior citizen center owned by a county, city, or town; or

292 (b) sales made by a senior citizen center that contracts with an area agency on aging;

293 (50) (a) beginning on July 1, 2001, through June 30, 2007, and subject to Subsection
294 (50)(b), a sale or lease of semiconductor fabricating or processing materials regardless of
295 whether the semiconductor fabricating or processing materials:

296 (i) actually come into contact with a semiconductor; or

297 (ii) ultimately become incorporated into real property;

298 (b) (i) beginning on July 1, 2001, through June 30, 2002, 10% of the sale or lease
299 described in Subsection (50)(a) is exempt;

300 (ii) beginning on July 1, 2002, through June 30, 2003, 50% of the sale or lease
301 described in Subsection (50)(a) is exempt; and

302 (iii) beginning on July 1, 2003, through June 30, 2007, the entire amount of the sale or
303 lease described in Subsection (50)(a) is exempt; and

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

306 (i) review the exemption described in this Subsection (50) and make recommendations

307 concerning whether the exemption should be continued, modified, or repealed; and
308 (ii) include in the review under this Subsection (50)(c):
309 (A) the cost of the exemption;
310 (B) the purpose and effectiveness of the exemption; and
311 (C) the benefits of the exemption to the state;
312 (51) an amount paid by or charged to a purchaser for accommodations and services
313 described in Subsection 59-12-103(1)(i) to the extent the amount is exempt under Section
314 59-12-104.2;
315 (52) beginning on September 1, 2001, the lease or use of a vehicle issued a temporary
316 sports event registration certificate in accordance with Section 41-3-306 for the event period
317 specified on the temporary sports event registration certificate;
318 (53) sales or uses of electricity, if the sales or uses are:
319 (a) made under a tariff adopted by the Public Service Commission of Utah only for
320 purchase of electricity produced from a new wind, geothermal, biomass, or solar power energy
321 source, as designated in the tariff by the Public Service Commission of Utah; and
322 (b) for an amount of electricity that is:
323 (i) unrelated to the amount of electricity used by the person purchasing the electricity
324 under the tariff described in Subsection (53)(a); and
325 (ii) equivalent to the number of kilowatthours specified in the tariff described in
326 Subsection (53)(a) that may be purchased under the tariff described in Subsection (53)(a);
327 (54) sales or rentals of mobility enhancing equipment if a person presents a
328 prescription for the mobility enhancing equipment;
329 (55) sales of water in a:
330 (a) pipe;
331 (b) conduit;
332 (c) ditch; or
333 (d) reservoir;
334 (56) sales of currency or coinage that constitute legal tender of the United States or of a
335 foreign nation;
336 (57) (a) sales of an item described in Subsection (57)(b) if the item:
337 (i) does not constitute legal tender of any nation; and

338 (ii) has a gold, silver, or platinum content of 80% or more; and
339 (b) Subsection (57)(a) applies to a gold, silver, or platinum:
340 (i) ingot;
341 (ii) bar;
342 (iii) medallion; or
343 (iv) decorative coin;
344 (58) amounts paid on a sale-leaseback transaction;
345 (59) sales of a prosthetic device:
346 (a) for use on or in a human;
347 (b) for which a prescription is issued; and
348 (c) to a person that presents a prescription for the prosthetic device;
349 (60) (a) except as provided in Subsection (60)(b), purchases, leases, or rentals of
350 machinery or equipment by an establishment described in Subsection (60)(c) if the machinery
351 or equipment is primarily used in the production or postproduction of the following media for
352 commercial distribution:
353 (i) a motion picture;
354 (ii) a television program;
355 (iii) a movie made for television;
356 (iv) a music video;
357 (v) a commercial;
358 (vi) a documentary; or
359 (vii) a medium similar to Subsections (60)(a)(i) through (vi) as determined by the
360 commission by administrative rule made in accordance with Subsection (60)(d); or
361 (b) notwithstanding Subsection (60)(a), purchases, leases, or rentals of machinery or
362 equipment by an establishment described in Subsection (60)(c) that is used for the production
363 or postproduction of the following are subject to the taxes imposed by this chapter:
364 (i) a live musical performance;
365 (ii) a live news program; or
366 (iii) a live sporting event;
367 (c) the following establishments listed in the 1997 North American Industry
368 Classification System of the federal Executive Office of the President, Office of Management

369 and Budget, apply to Subsections (60)(a) and (b):

370 (i) NAICS Code 512110; or

371 (ii) NAICS Code 51219; and

372 (d) in accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the

373 commission may by rule:

374 (i) prescribe what constitutes a medium similar to Subsections (60)(a)(i) through (vi);

375 or

376 (ii) define:

377 (A) "commercial distribution";

378 (B) "live musical performance";

379 (C) "live news program"; or

380 (D) "live sporting event";

381 (61) (a) leases of seven or more years or purchases made on or after July 1, 2004 but on

382 or before June 30, 2009, of machinery or equipment that:

383 (i) is leased or purchased for or by a facility that:

384 (A) is a renewable energy production facility;

385 (B) is located in the state; and

386 (C) (I) becomes operational on or after July 1, 2004; or

387 (II) has its generation capacity increased by one or more megawatts on or after July 1,

388 2004 as a result of the use of the machinery or equipment;

389 (ii) has an economic life of five or more years; and

390 (iii) is used to make the facility or the increase in capacity of the facility described in

391 Subsection (61)(a)(i) operational up to the point of interconnection with an existing

392 transmission grid including:

393 (A) a wind turbine;

394 (B) generating equipment;

395 (C) a control and monitoring system;

396 (D) a power line;

397 (E) substation equipment;

398 (F) lighting;

399 (G) fencing;

- 400 (H) pipes; or
- 401 (I) other equipment used for locating a power line or pole; and
- 402 (b) this Subsection (61) does not apply to:
 - 403 (i) machinery or equipment used in construction of:
 - 404 (A) a new renewable energy production facility; or
 - 405 (B) the increase in the capacity of a renewable energy production facility;
 - 406 (ii) contracted services required for construction and routine maintenance activities;
- 407 and
 - 408 (iii) unless the machinery or equipment is used or acquired for an increase in capacity
 - 409 of the facility described in Subsection (61)(a)(i)(C)(II), machinery or equipment used or
 - 410 acquired after:
 - 411 (A) the renewable energy production facility described in Subsection (61)(a)(i) is
 - 412 operational as described in Subsection (61)(a)(iii); or
 - 413 (B) the increased capacity described in Subsection (61)(a)(i) is operational as described
 - 414 in Subsection (61)(a)(iii);
 - 415 (62) (a) leases of seven or more years or purchases made on or after July 1, 2004 but on
 - 416 or before June 30, 2009, of machinery or equipment that:
 - 417 (i) is leased or purchased for or by a facility that:
 - 418 (A) is a waste energy production facility;
 - 419 (B) is located in the state; and
 - 420 (C) (I) becomes operational on or after July 1, 2004; or
 - 421 (II) has its generation capacity increased by one or more megawatts on or after July 1,
 - 422 2004 as a result of the use of the machinery or equipment;
 - 423 (ii) has an economic life of five or more years; and
 - 424 (iii) is used to make the facility or the increase in capacity of the facility described in
 - 425 Subsection (62)(a)(i) operational up to the point of interconnection with an existing
 - 426 transmission grid including:
 - 427 (A) generating equipment;
 - 428 (B) a control and monitoring system;
 - 429 (C) a power line;
 - 430 (D) substation equipment;

- 431 (E) lighting;
- 432 (F) fencing;
- 433 (G) pipes; or
- 434 (H) other equipment used for locating a power line or pole; and
- 435 (b) this Subsection (62) does not apply to:
- 436 (i) machinery or equipment used in construction of:
- 437 (A) a new waste energy facility; or
- 438 (B) the increase in the capacity of a waste energy facility;
- 439 (ii) contracted services required for construction and routine maintenance activities;
- 440 and
- 441 (iii) unless the machinery or equipment is used or acquired for an increase in capacity
- 442 described in Subsection (62)(a)(i)(C)(II), machinery or equipment used or acquired after:
- 443 (A) the waste energy facility described in Subsection (62)(a)(i) is operational as
- 444 described in Subsection (62)(a)(iii); or
- 445 (B) the increased capacity described in Subsection (62)(a)(i) is operational as described
- 446 in Subsection (62)(a)(iii); [~~and~~]
- 447 (63) (a) leases of five or more years or purchases made on or after July 1, 2004 but on
- 448 or before June 30, 2009, of machinery or equipment that:
- 449 (i) is leased or purchased for or by a facility that:
- 450 (A) is located in the state;
- 451 (B) produces fuel from biomass energy including:
- 452 (I) methanol; or
- 453 (II) ethanol; and
- 454 (C) (I) becomes operational on or after July 1, 2004; or
- 455 (II) has its capacity to produce fuel increase by 25% or more on or after July 1, 2004 as
- 456 a result of the installation of the machinery or equipment;
- 457 (ii) has an economic life of five or more years; and
- 458 (iii) is installed on the facility described in Subsection (63)(a)(i);
- 459 (b) this Subsection (63) does not apply to:
- 460 (i) machinery or equipment used in construction of:
- 461 (A) a new facility described in Subsection (63)(a)(i); or

462 (B) the increase in capacity of the facility described in Subsection (63)(a)(i); or
463 (ii) contracted services required for construction and routine maintenance activities;
464 and
465 (iii) unless the machinery or equipment is used or acquired for an increase in capacity
466 described in Subsection (63)(a)(i)(C)(II), machinery or equipment used or acquired after:
467 (A) the facility described in Subsection (63)(a)(i) is operational; or
468 (B) the increased capacity described in Subsection (63)(a)(i) is operational[-]; and
469 (64) purchases:
470 (a) of one or more of the following items in printed or electronic format:
471 (i) a list containing information that includes one or more:
472 (A) names; or
473 (B) addresses; or
474 (ii) a database containing information that includes one or more:
475 (A) names; or
476 (B) addresses; and
477 (b) used to send direct mail.
478 **Section 2. Effective date.**
479 This bill takes effect on July 1, 2005.

Legislative Review Note
as of 2-7-05 5:06 PM

Based on a limited legal review, this legislation has not been determined to have a high probability of being held unconstitutional.

Office of Legislative Research and General Counsel

Fiscal Note
Bill Number SB0194

Sales and Use Tax Exemption for Items Relating to Direct Mail

11-Feb-05

3:23 PM

State Impact

Passage of this bill would codify current industry practice and therefore any fiscal impact would be minimal.

Individual and Business Impact

No significant fiscal impact.

Office of the Legislative Fiscal Analyst