

1                   **AMENDMENTS TO SALES AND USE TAX EXEMPTIONS**  
2                   **FOR CERTAIN VEHICLES, BOATS, BOAT TRAILERS,**  
3                   **AND OUTBOARD MOTORS**

4                                   2006 GENERAL SESSION

5                                   STATE OF UTAH

6                                   **Chief Sponsor: Howard A. Stephenson**

7                                   House Sponsor: Patrick Painter

---

---

8  
9                   **LONG TITLE**

10                   **General Description:**

11                               This bill amends the Sales and Use Tax Act relating to sales and use tax exemptions.

12                   **Highlighted Provisions:**

13                               This bill:

14                               ▶ amends sales and use tax exemptions to provide that sales of a vehicle or boat  
15 required to be registered in this state, or a boat trailer or outboard motor are exempt  
16 if the vehicle, boat, boat trailer, or outboard motor is both not:

- 17                               • registered in this state; and  
18                               • used in this state except as necessary for transportation to the borders of this  
19 state; and

20                               ▶ makes technical changes.

21                   **Monies Appropriated in this Bill:**

22                               None

23                   **Other Special Clauses:**

24                               This bill takes effect on July 1, 2006.

25                   **Utah Code Sections Affected:**

26                   AMENDS:

27                               **59-12-104**, as last amended by Chapters 158, 203, 209, 240 and 246, Laws of Utah



28 2005

29 

---

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

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

32 **59-12-104. Exemptions.**

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

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

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

38 (a) construction materials except:

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

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

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

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

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

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

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

54 (i) food and food ingredients; or

55 (ii) prepared food;

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

57 (a) food and food ingredients;

58 (b) prepared food; or

- 59 (c) services related to Subsection (4)(a) or (b);
- 60 (5) sales of parts and equipment for installation in aircraft operated by common carriers  
61 in interstate or foreign commerce;
- 62 (6) sales of commercials, motion picture films, prerecorded audio program tapes or  
63 records, and prerecorded video tapes by a producer, distributor, or studio to a motion picture  
64 exhibitor, distributor, or commercial television or radio broadcaster;
- 65 (7) sales of cleaning or washing of tangible personal property by a coin-operated  
66 laundry or dry cleaning machine;
- 67 (8) sales made to or by religious or charitable institutions in the conduct of their regular  
68 religious or charitable functions and activities, if the requirements of Section 59-12-104.1 are  
69 fulfilled;
- 70 (9) sales of ~~vehicles~~ a vehicle of a type required to be registered under the motor  
71 vehicle laws of this state ~~[which are made to bona fide nonresidents of this state and are not~~  
72 ~~afterwards]~~ if the vehicle is both not:
- 73 (a) registered ~~[or]~~ in this state; and
- 74 (b) used in this state except as necessary to transport ~~[them]~~ the vehicle to the borders  
75 of this state;
- 76 (10) (a) amounts paid for an item described in Subsection (10)(b) if:
- 77 (i) the item is intended for human use; and
- 78 (ii) (A) a prescription was issued for the item; or
- 79 (B) the item was purchased by a hospital or other medical facility; and
- 80 (b) (i) Subsection (10)(a) applies to:
- 81 (A) a drug;
- 82 (B) a syringe; or
- 83 (C) a stoma supply; and
- 84 (ii) in accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the  
85 commission may by rule define the terms:
- 86 (A) "syringe"; or
- 87 (B) "stoma supply";
- 88 (11) sales or use of property, materials, or services used in the construction of or  
89 incorporated in pollution control facilities allowed by Sections 19-2-123 through 19-2-127;

- 90 (12) (a) sales of an item described in Subsection (12)(c) served by:
- 91 (i) the following if the item described in Subsection (12)(c) is not available to the
- 92 general public:
  - 93 (A) a church; or
  - 94 (B) a charitable institution;
  - 95 (ii) an institution of higher education if:
    - 96 (A) the item described in Subsection (12)(c) is not available to the general public; or
    - 97 (B) the item described in Subsection (12)(c) is prepaid as part of a student meal plan
    - 98 offered by the institution of higher education; or
  - 99 (b) sales of an item described in Subsection (12)(c) provided for a patient by:
    - 100 (i) a medical facility; or
    - 101 (ii) a nursing facility; and
    - 102 (c) Subsections (12)(a) and (b) apply to:
      - 103 (i) food and food ingredients;
      - 104 (ii) prepared food; or
      - 105 (iii) alcoholic beverages;
    - 106 (13) isolated or occasional sales by persons not regularly engaged in business, except
    - 107 the sale of vehicles or vessels required to be titled or registered under the laws of this state in
    - 108 which case the tax is based upon:
      - 109 (a) the bill of sale or other written evidence of value of the vehicle or vessel being sold;
      - 110 or
      - 111 (b) in the absence of a bill of sale or other written evidence of value, the then existing
      - 112 fair market value of the vehicle or vessel being sold as determined by the commission;
      - 113 (14) (a) the following purchases or leases by a manufacturer on or after July 1, 1995:
        - 114 (i) machinery and equipment:
          - 115 (A) used in the manufacturing process;
          - 116 (B) having an economic life of three or more years; and
          - 117 (C) used:
            - 118 (I) to manufacture an item sold as tangible personal property; and
            - 119 (II) in new or expanding operations in a manufacturing facility in the state; and
          - 120 (ii) subject to the provisions of Subsection (14)(b), normal operating replacements that:

- 121 (A) have an economic life of three or more years;
- 122 (B) are used in the manufacturing process in a manufacturing facility in the state;
- 123 (C) are used to replace or adapt an existing machine to extend the normal estimated  
124 useful life of the machine; and
- 125 (D) do not include repairs and maintenance;
- 126 (b) the rates for the exemption under Subsection (14)(a)(ii) are as follows:
- 127 (i) beginning July 1, 1996, through June 30, 1997, 30% of the sale or lease described in  
128 Subsection (14)(a)(ii) is exempt;
- 129 (ii) beginning July 1, 1997, through June 30, 1998, 60% of the sale or lease described  
130 in Subsection (14)(a)(ii) is exempt; and
- 131 (iii) beginning July 1, 1998, 100% of the sale or lease described in Subsection  
132 (14)(a)(ii) is exempt;
- 133 (c) for purposes of this Subsection (14), the commission shall by rule define the terms  
134 "new or expanding operations" and "establishment"; and
- 135 (d) on or before October 1, 1991, and every five years after October 1, 1991, the  
136 commission shall:
- 137 (i) review the exemptions described in Subsection (14)(a) and make recommendations  
138 to the Revenue and Taxation Interim Committee concerning whether the exemptions should be  
139 continued, modified, or repealed; and
- 140 (ii) include in its report:
- 141 (A) the cost of the exemptions;
- 142 (B) the purpose and effectiveness of the exemptions; and
- 143 (C) the benefits of the exemptions to the state;
- 144 (15) (a) sales of the following if the requirements of Subsection (15)(b) are met:
- 145 (i) tooling;
- 146 (ii) special tooling;
- 147 (iii) support equipment;
- 148 (iv) special test equipment; or
- 149 (v) parts used in the repairs or renovations of tooling or equipment described in  
150 Subsections (15)(a)(i) through (iv); and
- 151 (b) sales of tooling, equipment, or parts described in Subsection (15)(a) are exempt if:

152 (i) the tooling, equipment, or parts are used or consumed exclusively in the  
153 performance of any aerospace or electronics industry contract with the United States  
154 government or any subcontract under that contract; and  
155 (ii) under the terms of the contract or subcontract described in Subsection (15)(b)(i),  
156 title to the tooling, equipment, or parts is vested in the United States government as evidenced  
157 by:  
158 (A) a government identification tag placed on the tooling, equipment, or parts; or  
159 (B) listing on a government-approved property record if placing a government  
160 identification tag on the tooling, equipment, or parts is impractical;  
161 (16) intrastate movements of:  
162 (a) freight by common carriers; or  
163 (b) passengers:  
164 (i) by taxicabs as described in SIC Code 4121 of the 1987 Standard Industrial  
165 Classification Manual of the federal Executive Office of the President, Office of Management  
166 and Budget;  
167 (ii) transported by an establishment described in SIC Code 4111 of the 1987 Standard  
168 Industrial Classification Manual of the federal Executive Office of the President, Office of  
169 Management and Budget, if the transportation originates and terminates within a county of the  
170 first, second, or third class; or  
171 (iii) transported by the following described in SIC Code 4789 of the 1987 Standard  
172 Industrial Classification Manual of the federal Executive Office of the President, Office of  
173 Management and Budget:  
174 (A) a horse-drawn cab; or  
175 (B) a horse-drawn carriage;  
176 (17) sales of newspapers or newspaper subscriptions;  
177 (18) (a) except as provided in Subsection (18)(b), tangible personal property traded in  
178 as full or part payment of the purchase price, except that for purposes of calculating sales or use  
179 tax upon vehicles not sold by a vehicle dealer, trade-ins are limited to other vehicles only, and  
180 the tax is based upon:  
181 (i) the bill of sale or other written evidence of value of the vehicle being sold and the  
182 vehicle being traded in; or

183 (ii) in the absence of a bill of sale or other written evidence of value, the then existing  
184 fair market value of the vehicle being sold and the vehicle being traded in, as determined by the  
185 commission; and

186 (b) notwithstanding Subsection (18)(a), Subsection (18)(a) does not apply to the  
187 following items of tangible personal property traded in as full or part payment of the purchase  
188 price:

189 (i) money;

190 (ii) electricity;

191 (iii) water;

192 (iv) gas; or

193 (v) steam;

194 (19) (a) (i) except as provided in Subsection (19)(b), sales of tangible personal property  
195 used or consumed primarily and directly in farming operations, regardless of whether the  
196 tangible personal property:

197 (A) becomes part of real estate; or

198 (B) is installed by a:

199 (I) farmer;

200 (II) contractor; or

201 (III) subcontractor; or

202 (ii) sales of parts used in the repairs or renovations of tangible personal property if the  
203 tangible personal property is exempt under Subsection (19)(a)(i); and

204 (b) notwithstanding Subsection (19)(a), amounts paid or charged for the following  
205 tangible personal property are subject to the taxes imposed by this chapter:

206 (i) (A) subject to Subsection (19)(b)(i)(B), the following tangible personal property if  
207 the tangible personal property is used in a manner that is incidental to farming:

208 (I) machinery;

209 (II) equipment;

210 (III) materials; or

211 (IV) supplies; and

212 (B) tangible personal property that is considered to be used in a manner that is  
213 incidental to farming includes:

- 214 (I) hand tools; or
- 215 (II) maintenance and janitorial equipment and supplies;
- 216 (ii) (A) subject to Subsection (19)(b)(ii)(B), tangible personal property if the tangible
- 217 personal property is used in an activity other than farming; and
- 218 (B) tangible personal property that is considered to be used in an activity other than
- 219 farming includes:
  - 220 (I) office equipment and supplies; or
  - 221 (II) equipment and supplies used in:
    - 222 (Aa) the sale or distribution of farm products;
    - 223 (Bb) research; or
    - 224 (Cc) transportation; or
    - 225 (iii) a vehicle required to be registered by the laws of this state during the period ending
    - 226 two years after the date of the vehicle's purchase;
    - 227 (20) sales of hay;
    - 228 (21) exclusive sale of locally grown seasonal crops, seedling plants, or garden, farm, or
    - 229 other agricultural produce if sold by a producer during the harvest season;
    - 230 (22) purchases made using a coupon as defined in 7 U.S.C. Sec. 2012 that is issued
    - 231 under the Food Stamp Program, 7 U.S.C. Sec. 2011 et seq.;
    - 232 (23) sales of nonreturnable containers, nonreturnable labels, nonreturnable bags,
    - 233 nonreturnable shipping cases, and nonreturnable casings to a manufacturer, processor,
    - 234 wholesaler, or retailer for use in packaging tangible personal property to be sold by that
    - 235 manufacturer, processor, wholesaler, or retailer;
    - 236 (24) property stored in the state for resale;
    - 237 (25) property brought into the state by a nonresident for his or her own personal use or
    - 238 enjoyment while within the state, except property purchased for use in Utah by a nonresident
    - 239 living and working in Utah at the time of purchase;
    - 240 (26) property purchased for resale in this state, in the regular course of business, either
    - 241 in its original form or as an ingredient or component part of a manufactured or compounded
    - 242 product;
    - 243 (27) property upon which a sales or use tax was paid to some other state, or one of its
    - 244 subdivisions, except that the state shall be paid any difference between the tax paid and the tax



245 imposed by this part and Part 2, Local Sales and Use Tax Act, and no adjustment is allowed if  
246 the tax paid was greater than the tax imposed by this part and Part 2, Local Sales and Use Tax  
247 Act;

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

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

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

256 (31) sales of ~~[boats]~~ a boat of a type required to be registered under Title 73, Chapter  
257 18, State Boating Act, a boat [trailers, and] trailer, or an outboard [motors which are made to  
258 ~~bona fide nonresidents of this state and are not thereafter]~~ motor if the boat, trailer, or outboard  
259 motor is both not:

260 (a) registered ~~[or]~~ in this state; and

261 (b) used in this state except as necessary to transport ~~[them]~~ the boat, boat trailer, or  
262 outboard motor to the borders of this state;

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

265 (33) amounts paid for the purchase of telephone service for purposes of providing  
266 telephone service;

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

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

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

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

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

273 (38) sales or rentals of durable medical equipment if:

274 (a) a person presents a prescription for the durable medical equipment; and

275 (b) the durable medical equipment is used for home use only;

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

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

280 (40) sales to a ski resort of:

281 (a) snowmaking equipment;

282 (b) ski slope grooming equipment;

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

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

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

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

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

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

293 (a) photocopies; or

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

296 (45) (a) amounts paid:

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

299 (ii) by an:

300 (A) employee; or

301 (B) employer; and

302 (iii) pursuant to a written contract between:

303 (A) the employer; and

304 (B) (I) the employee; or

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

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

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

309 (46) amounts paid for admission to an athletic event at an institution of higher  
310 education that is subject to the provisions of Title IX of the Education Amendments of 1972,  
311 20 U.S.C. Sec. 1681 et seq.;

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

313 (48) (a) sales of:

314 (i) hearing aids;

315 (ii) hearing aid accessories; or

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

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

319 "parts" does not include batteries;

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

321 (i) an area agency on aging; or

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

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

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

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

328 (ii) ultimately become incorporated into real property;

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

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

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

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

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

338 concerning whether the exemption should be continued, modified, or repealed; and  
339 (ii) include in the review under this Subsection (50)(c):  
340 (A) the cost of the exemption;  
341 (B) the purpose and effectiveness of the exemption; and  
342 (C) the benefits of the exemption to the state;  
343 (51) an amount paid by or charged to a purchaser for accommodations and services  
344 described in Subsection 59-12-103(1)(i) to the extent the amount is exempt under Section  
345 59-12-104.2;  
346 (52) beginning on September 1, 2001, the lease or use of a vehicle issued a temporary  
347 sports event registration certificate in accordance with Section 41-3-306 for the event period  
348 specified on the temporary sports event registration certificate;  
349 (53) sales or uses of electricity, if the sales or uses are:  
350 (a) made under a tariff adopted by the Public Service Commission of Utah only for  
351 purchase of electricity produced from a new wind, geothermal, biomass, or solar power energy  
352 source, as designated in the tariff by the Public Service Commission of Utah; and  
353 (b) for an amount of electricity that is:  
354 (i) unrelated to the amount of electricity used by the person purchasing the electricity  
355 under the tariff described in Subsection (53)(a); and  
356 (ii) equivalent to the number of kilowatthours specified in the tariff described in  
357 Subsection (53)(a) that may be purchased under the tariff described in Subsection (53)(a);  
358 (54) sales or rentals of mobility enhancing equipment if a person presents a  
359 prescription for the mobility enhancing equipment;  
360 (55) sales of water in a:  
361 (a) pipe;  
362 (b) conduit;  
363 (c) ditch; or  
364 (d) reservoir;  
365 (56) sales of currency or coinage that constitute legal tender of the United States or of a  
366 foreign nation;  
367 (57) (a) sales of an item described in Subsection (57)(b) if the item:  
368 (i) does not constitute legal tender of any nation; and

- 369 (ii) has a gold, silver, or platinum content of 80% or more; and  
370 (b) Subsection (57)(a) applies to a gold, silver, or platinum:  
371 (i) ingot;  
372 (ii) bar;  
373 (iii) medallion; or  
374 (iv) decorative coin;  
375 (58) amounts paid on a sale-leaseback transaction;  
376 (59) sales of a prosthetic device:  
377 (a) for use on or in a human;  
378 (b) for which a prescription is issued; and  
379 (c) to a person that presents a prescription for the prosthetic device;  
380 (60) (a) except as provided in Subsection (60)(b), purchases, leases, or rentals of  
381 machinery or equipment by an establishment described in Subsection (60)(c) if the machinery  
382 or equipment is primarily used in the production or postproduction of the following media for  
383 commercial distribution:  
384 (i) a motion picture;  
385 (ii) a television program;  
386 (iii) a movie made for television;  
387 (iv) a music video;  
388 (v) a commercial;  
389 (vi) a documentary; or  
390 (vii) a medium similar to Subsections (60)(a)(i) through (vi) as determined by the  
391 commission by administrative rule made in accordance with Subsection (60)(d); or  
392 (b) notwithstanding Subsection (60)(a), purchases, leases, or rentals of machinery or  
393 equipment by an establishment described in Subsection (60)(c) that is used for the production  
394 or postproduction of the following are subject to the taxes imposed by this chapter:  
395 (i) a live musical performance;  
396 (ii) a live news program; or  
397 (iii) a live sporting event;  
398 (c) the following establishments listed in the 1997 North American Industry  
399 Classification System of the federal Executive Office of the President, Office of Management

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

401 (i) NAICS Code 512110; or

402 (ii) NAICS Code 51219; and

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

404 commission may by rule:

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

406 or

407 (ii) define:

408 (A) "commercial distribution";

409 (B) "live musical performance";

410 (C) "live news program"; or

411 (D) "live sporting event";

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

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

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

415 (A) is a renewable energy production facility;

416 (B) is located in the state; and

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

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

419 2004 as a result of the use of the machinery or equipment;

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

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

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

423 transmission grid including:

424 (A) a wind turbine;

425 (B) generating equipment;

426 (C) a control and monitoring system;

427 (D) a power line;

428 (E) substation equipment;

429 (F) lighting;

430 (G) fencing;

- 431 (H) pipes; or
- 432 (I) other equipment used for locating a power line or pole; and
- 433 (b) this Subsection (61) does not apply to:
- 434 (i) machinery or equipment used in construction of:
- 435 (A) a new renewable energy production facility; or
- 436 (B) the increase in the capacity of a renewable energy production facility;
- 437 (ii) contracted services required for construction and routine maintenance activities;
- 438 and
- 439 (iii) unless the machinery or equipment is used or acquired for an increase in capacity
- 440 of the facility described in Subsection (61)(a)(i)(C)(II), machinery or equipment used or
- 441 acquired after:
- 442 (A) the renewable energy production facility described in Subsection (61)(a)(i) is
- 443 operational as described in Subsection (61)(a)(iii); or
- 444 (B) the increased capacity described in Subsection (61)(a)(i) is operational as described
- 445 in Subsection (61)(a)(iii);
- 446 (62) (a) leases of seven or more years or purchases made on or after July 1, 2004 but on
- 447 or before June 30, 2009, of machinery or equipment that:
- 448 (i) is leased or purchased for or by a facility that:
- 449 (A) is a waste energy production facility;
- 450 (B) is located in the state; and
- 451 (C) (I) becomes operational on or after July 1, 2004; or
- 452 (II) has its generation capacity increased by one or more megawatts on or after July 1,
- 453 2004 as a result of the use of the machinery or equipment;
- 454 (ii) has an economic life of five or more years; and
- 455 (iii) is used to make the facility or the increase in capacity of the facility described in
- 456 Subsection (62)(a)(i) operational up to the point of interconnection with an existing
- 457 transmission grid including:
- 458 (A) generating equipment;
- 459 (B) a control and monitoring system;
- 460 (C) a power line;
- 461 (D) substation equipment;

- 462 (E) lighting;
- 463 (F) fencing;
- 464 (G) pipes; or
- 465 (H) other equipment used for locating a power line or pole; and
- 466 (b) this Subsection (62) does not apply to:
  - 467 (i) machinery or equipment used in construction of:
    - 468 (A) a new waste energy facility; or
    - 469 (B) the increase in the capacity of a waste energy facility;
  - 470 (ii) contracted services required for construction and routine maintenance activities;
  - 471 and
    - 472 (iii) unless the machinery or equipment is used or acquired for an increase in capacity
    - 473 described in Subsection (62)(a)(i)(C)(II), machinery or equipment used or acquired after:
      - 474 (A) the waste energy facility described in Subsection (62)(a)(i) is operational as
      - 475 described in Subsection (62)(a)(iii); or
      - 476 (B) the increased capacity described in Subsection (62)(a)(i) is operational as described
      - 477 in Subsection (62)(a)(iii);
    - 478 (63) (a) leases of five or more years or purchases made on or after July 1, 2004 but on
    - 479 or before June 30, 2009, of machinery or equipment that:
      - 480 (i) is leased or purchased for or by a facility that:
        - 481 (A) is located in the state;
        - 482 (B) produces fuel from biomass energy including:
          - 483 (I) methanol; or
          - 484 (II) ethanol; and
        - 485 (C) (I) becomes operational on or after July 1, 2004; or
        - 486 (II) has its capacity to produce fuel increase by 25% or more on or after July 1, 2004 as
        - 487 a result of the installation of the machinery or equipment;
      - 488 (ii) has an economic life of five or more years; and
      - 489 (iii) is installed on the facility described in Subsection (63)(a)(i);
    - 490 (b) this Subsection (63) does not apply to:
      - 491 (i) machinery or equipment used in construction of:
        - 492 (A) a new facility described in Subsection (63)(a)(i); or



493 (B) the increase in capacity of the facility described in Subsection (63)(a)(i); or  
494 (ii) contracted services required for construction and routine maintenance activities;  
495 and  
496 (iii) unless the machinery or equipment is used or acquired for an increase in capacity  
497 described in Subsection (63)(a)(i)(C)(II), machinery or equipment used or acquired after:  
498 (A) the facility described in Subsection (63)(a)(i) is operational; or  
499 (B) the increased capacity described in Subsection (63)(a)(i) is operational;  
500 (64) amounts paid to a purchaser as a rebate from the manufacturer of a new vehicle  
501 for purchasing the new vehicle;  
502 (65) (a) subject to Subsection (65)(b), sales of tangible personal property to persons  
503 within this state that is subsequently shipped outside the state and incorporated pursuant to  
504 contract into and becomes a part of real property located outside of this state, except to the  
505 extent that the other state or political entity imposes a sales, use, gross receipts, or other similar  
506 transaction excise tax on it against which the other state or political entity allows a credit for  
507 taxes imposed by this chapter; and  
508 (b) the exemption provided for in Subsection (65)(a):  
509 (i) is allowed only if the exemption is applied:  
510 (A) in calculating the purchase price of the tangible personal property; and  
511 (B) to a written contract that is in effect on July 1, 2004; and  
512 (ii) (A) does not apply beginning on the day on which the contract described in  
513 Subsection (65)(b)(i):  
514 (I) is substantially modified; or  
515 (II) terminates; and  
516 (B) in accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act,  
517 the commission may by rule prescribe the circumstances under which a contract is substantially  
518 modified;  
519 (66) purchases:  
520 (a) of one or more of the following items in printed or electronic format:  
521 (i) a list containing information that includes one or more:  
522 (A) names; or  
523 (B) addresses; or

- 524 (ii) a database containing information that includes one or more:
- 525 (A) names; or
- 526 (B) addresses; and
- 527 (b) used to send direct mail; and
- 528 (67) redemptions or repurchases of property by a person if that property was:
- 529 (a) delivered to a pawnbroker as part of a pawn transaction; and
- 530 (b) redeemed or repurchased within the time period established in a written agreement
- 531 between the person and the pawnbroker for redeeming or repurchasing the property.

532 Section 2. **Effective date.**

533 This bill takes effect on July 1, 2006.

---

---

**Legislative Review Note**  
**as of 1-25-06 12:42 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 SB0179**

**Amendments to Sales and Use Tax Exemptions for Certain** 30-Jan-06  
**Vehicles, Boats, Boat Trailers, and Outboard Motors** 11:38 AM

---

---

**State Impact**

Passage of this bill could decrease the General Fund by \$50,000 annually. There is a corresponding loss of local revenue of approximately \$11,400 annually.

	<u>FY 2007</u> <u>Approp.</u>	<u>FY 2008</u> <u>Approp.</u>	<u>FY 2007</u> <u>Revenue</u>	<u>FY 2008</u> <u>Revenue</u>
General Fund	\$0	\$0	(\$50,000)	(\$50,000)
Local Revenue	\$0	\$0	(\$11,400)	(\$11,400)
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$61,400)</b>	<b>(\$61,400)</b>

---

---

**Individual and Business Impact**

Passage of this bill could provide a tax reduction to eligible individuals.

---

---

**Office of the Legislative Fiscal Analyst**