

1 **AMENDMENTS TO CERTAIN LOCAL GOVERNMENT**

2 **TAXES AND FEES**

3 2011 GENERAL SESSION

4 STATE OF UTAH

5 **Chief Sponsor: Dennis E. Stowell**

6 House Sponsor: Michael E. Noel

8 **LONG TITLE**

9 **General Description:**

10 This bill makes changes related to certain local government taxes and fees.

11 **Highlighted Provisions:**

12 This bill:

- 13 ▶ changes provisions related to a municipal tax or fee imposed for the municipality to
- 14 provide an enhanced level of municipal services;
- 15 ▶ enacts a sales and use tax exemption for a municipal tax or fee imposed for the
- 16 municipality to provide an enhanced level of municipal services; and
- 17 ▶ makes technical and conforming changes.

18 **Money Appropriated in this Bill:**

19 None

20 **Other Special Clauses:**

21 This bill takes effect on July 1, 2011.

22 **Utah Code Sections Affected:**

23 AMENDS:

24 **10-1-203**, as last amended by Laws of Utah 2009, Chapter 189

25 **59-12-104**, as last amended by Laws of Utah 2010, Chapters 88, 209, and 364

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

28 Section 1. Section **10-1-203** is amended to read:

29 **10-1-203. License fees and taxes -- Disproportionate rental fee -- Application**

30 **information to be transmitted to the county assessor.**

31 (1) As used in this section:

32 (a) "Business" means any enterprise carried on for the purpose of gain or economic
33 profit, except that the acts of employees rendering services to employers are not included in
34 this definition.

35 (b) "Telecommunications provider" is as defined in Section 10-1-402.

36 (c) "Telecommunications tax or fee" is as defined in Section 10-1-402.

37 (2) Except as provided in Subsections (3) through (5), the legislative body of a
38 municipality may license for the purpose of regulation and revenue any business within the
39 limits of the municipality and may regulate that business by ordinance.

40 (3) (a) The legislative body of a municipality may raise revenue by levying and
41 collecting a municipal energy sales or use tax as provided in Part 3, Municipal Energy Sales
42 and Use Tax Act, except a municipality may not levy or collect a franchise tax or fee on an
43 energy supplier other than the municipal energy sales and use tax provided in Part 3, Municipal
44 Energy Sales and Use Tax Act.

45 (b) (i) Subsection (3)(a) does not affect the validity of a franchise agreement as defined
46 in Subsection 10-1-303(6), that is in effect on July 1, 1997, or a future franchise.

47 (ii) A franchise agreement as defined in Subsection 10-1-303(6) in effect on January 1,
48 1997, or a future franchise shall remain in full force and effect.

49 (c) A municipality that collects a contractual franchise fee pursuant to a franchise
50 agreement as defined in Subsection 10-1-303(6) with an energy supplier that is in effect on July
51 1, 1997, may continue to collect that fee as provided in Subsection 10-1-310(2).

52 (d) (i) Subject to the requirements of Subsection (3)(d)(ii), a franchise agreement as
53 defined in Subsection 10-1-303(6) between a municipality and an energy supplier may contain
54 a provision that:

55 (A) requires the energy supplier by agreement to pay a contractual franchise fee that is
56 otherwise prohibited under Part 3, Municipal Energy Sales and Use Tax Act; and

57 (B) imposes the contractual franchise fee on or after the day on which Part 3,

58 Municipal Energy Sales and Use Tax is:

59 (I) repealed, invalidated, or the maximum allowable rate provided in Section 10-1-305
60 is reduced; and

61 (II) is not superseded by a law imposing a substantially equivalent tax.

62 (ii) A municipality may not charge a contractual franchise fee under the provisions
63 permitted by Subsection (3)(b)(i) unless the municipality charges an equal contractual franchise
64 fee or a tax on all energy suppliers.

65 (4) (a) Subject to Subsection (4)(b), beginning July 1, 2004, the legislative body of a
66 municipality may raise revenue by levying and providing for the collection of a municipal
67 telecommunications license tax as provided in Part 4, Municipal Telecommunications License
68 Tax Act.

69 (b) A municipality may not levy or collect a telecommunications tax or fee on a
70 telecommunications provider except as provided in Part 4, Municipal Telecommunications
71 License Tax Act.

72 (5) (a) (i) The legislative body of a municipality may by ordinance raise revenue by
73 levying and collecting a license fee or tax on:

74 (A) a parking service business in an amount that is less than or equal to:

75 (I) \$1 per vehicle that parks at the parking service business; or

76 (II) 2% of the gross receipts of the parking service business;

77 (B) a public assembly or other related facility in an amount that is less than or equal to
78 \$5 per ticket purchased from the public assembly or other related facility; and

79 (C) subject to the limitations of Subsections (5)(c), (d), and (e)[~~a business~~]:

80 (I) a business that causes disproportionate costs of municipal services; or

81 (II) a purchaser from a business for which the municipality provides an enhanced level
82 of municipal services.

83 (ii) Nothing in this Subsection (5)(a) may be construed to authorize a municipality to
84 levy or collect a license fee or tax on a public assembly or other related facility owned and
85 operated by another political subdivision other than a community development and renewal

86 agency without the written consent of the other political subdivision.

87 (b) As used in this Subsection (5):

88 (i) "Municipal services" includes:

89 (A) public utilities; and

90 (B) services for:

91 (I) police;

92 (II) fire;

93 (III) storm water runoff;

94 (IV) traffic control;

95 (V) parking;

96 (VI) transportation;

97 (VII) beautification; or

98 (VIII) snow removal.

99 (ii) "Parking service business" means a business:

100 (A) that primarily provides off-street parking services for a public facility that is

101 wholly or partially funded by public money;

102 (B) that provides parking for one or more vehicles; and

103 (C) that charges a fee for parking.

104 (iii) "Public assembly or other related facility" means an assembly facility that:

105 (A) is wholly or partially funded by public money;

106 (B) is operated by a business; and

107 (C) requires a person attending an event at the assembly facility to purchase a ticket.

108 (c) (i) Before the legislative body of a municipality imposes a license fee on a business

109 that causes disproportionate costs of municipal services under Subsection (5)(a)(i)(C)(I), the

110 legislative body of the municipality shall adopt an ordinance defining for purposes of the tax

111 under Subsection (5)(a)(i)(C)(I):

112 (A) the costs that constitute disproportionate costs; and

113 (B) the amounts that are reasonably related to the costs of the municipal services

114 provided by the municipality.

115 (ii) The amount of a fee under Subsection (5)(a)(i)(C)(I) shall be reasonably related to
116 the costs of the municipal services provided by the municipality.

117 (d) (i) Before the legislative body of a municipality imposes a license fee on a
118 purchaser from a business for which it provides an enhanced level of municipal services under
119 Subsection (5)(a)(i)(C)(II), the legislative body of the municipality shall adopt an ordinance
120 defining for purposes of the fee under Subsection (5)(a)(i)(C)(II):

121 (A) the level of municipal services that constitutes the basic level of municipal services
122 in the municipality; and

123 (B) the amounts that are reasonably related to the costs of providing an enhanced level
124 of municipal services in the municipality.

125 (ii) The amount of a fee under Subsection (5)(a)(i)(C)(II) shall be reasonably related to
126 the costs of providing an enhanced level of the municipal services.

127 (e) (i) As used in this Subsection (5)(e):

128 (A) "Disproportionate rental fee" means a license fee on rental housing based on the
129 disproportionate costs of municipal services caused by the rental housing or on an enhanced
130 level of municipal services provided to the rental housing.

131 (B) "Disproportionate rental fee reduction" means a reduction of a disproportionate
132 rental fee as a condition of complying with the requirements of a good landlord program.

133 (C) "Good landlord program" means a program established by a municipality that
134 provides a reduction in a disproportionate rental fee for a landlord who:

135 (I) completes a landlord training program approved by the municipality;

136 (II) implements measures to reduce crime in rental housing as specified in municipal
137 ordinances; and

138 (III) operates and manages rental housing in accordance with applicable municipal
139 ordinances.

140 (D) "Municipal services study" means a study, or an updated study, conducted by a
141 municipality of the cost of all municipal services that the municipality provides to the

142 applicable rental housing.

143 (E) "Rental housing cost" means the municipality's cost:

144 (I) of providing municipal services to the rental housing;

145 (II) that is reasonably attributable to the rental housing; and

146 (III) that would not have occurred in the absence of the rental housing.

147 (ii) A municipality may impose and collect a disproportionate rental fee if:

148 (A) the municipality:

149 (I) adopts the ordinances required under Subsections (5)(c) and (d), as applicable;

150 (II) conducts a municipal services study;

151 (III) updates the municipal services study:

152 (Aa) before increasing the amount of the disproportionate rental fee; and

153 (Bb) before decreasing the amount of the disproportionate rental fee reduction; and

154 (IV) establishes a good landlord program; and

155 (B) the disproportionate rental fee does not exceed the rental housing cost, as

156 determined by the municipal services study.

157 (iii) (A) The requirement under Subsection (5)(e)(ii)(A)(IV) to establish a good

158 landlord program does not apply to a municipality that imposed and collected a

159 disproportionate rental fee on January 1, 2009.

160 (B) A municipality claiming an exemption under Subsection (5)(e)(iii)(A) shall

161 conduct an updated municipal services study at least every four years.

162 (iv) The requirement under Subsection (5)(e)(ii)(A)(II) to conduct a municipal services

163 study does not apply to a municipality that:

164 (A) imposed and collected a disproportionate rental fee on May 2, 2005, of \$17 or less

165 per unit per year[+];

166 (B) does not increase the amount of its disproportionate rental fee; and

167 (C) does not decrease the amount of its disproportionate rental fee reduction.

168 (v) The fee limitation under Subsection (5)(e)(ii)(B) does not apply to a municipality

169 that:

170 (A) imposed and collected a disproportionate rental fee on May 2, 2005, that was \$17
171 or less per unit per year;

172 (B) does not increase the amount of its disproportionate rental fee; and

173 (C) does not decrease the amount of its disproportionate rental fee reduction.

174 (vi) Until May 2, 2012, the requirement under Subsection (5)(e)(ii)(A)(II) to conduct a
175 municipal services study before imposing and collecting a disproportionate rental fee, does not
176 apply to a municipality that:

177 (A) on May 2, 2005, imposed and collected a disproportionate rental fee that exceeds
178 \$17 per unit per year;

179 (B) had implemented, before January 1, 2005, a good landlord program;

180 (C) does not decrease the amount of the disproportionate rental fee reduction; and

181 (D) does not increase the amount of its disproportionate rental fee.

182 (6) All license fees and taxes shall be uniform in respect to the class upon which they
183 are imposed.

184 (7) The municipality shall transmit the information from each approved business
185 license application to the county assessor within 60 days following the approval of the
186 application.

187 (8) If challenged in court, an ordinance enacted by a municipality before January 1,
188 1994, imposing a business license fee on rental dwellings under this section shall be upheld
189 unless the business license fee is found to impose an unreasonable burden on the fee payer.

190 Section 2. Section **59-12-104** is amended to read:

191 **59-12-104. Exemptions.**

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

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

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

197 (a) construction materials except:

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

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

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

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

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

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

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

213 (i) food and food ingredients; or

214 (ii) prepared food;

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

216 (i) alcoholic beverages;

217 (ii) food and food ingredients; or

218 (iii) prepared food;

219 (b) sales of tangible personal property or a product transferred electronically:

220 (i) to a passenger;

221 (ii) by a commercial airline carrier; and

222 (iii) during a flight for in-flight consumption or in-flight use by the passenger; or

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

224 (5) (a) (i) beginning on July 1, 2008, and ending on September 30, 2008, sales of parts
225 and equipment:

226 (A) (I) by an establishment described in NAICS Code 336411 or 336412 of the 2002
227 North American Industry Classification System of the federal Executive Office of the
228 President, Office of Management and Budget; and

229 (II) for:

230 (Aa) installation in an aircraft, including services relating to the installation of parts or
231 equipment in the aircraft;

232 (Bb) renovation of an aircraft; or

233 (Cc) repair of an aircraft; or

234 (B) for installation in an aircraft operated by a common carrier in interstate or foreign
235 commerce; or

236 (ii) beginning on October 1, 2008, sales of parts and equipment for installation in an
237 aircraft operated by a common carrier in interstate or foreign commerce; and

238 (b) notwithstanding the time period of Subsection 59-1-1410(8) for filing for a refund,
239 a person may claim the exemption allowed by Subsection (5)(a)(i)(B) for a sale by filing for a
240 refund:

241 (i) if the sale is made on or after July 1, 2008, but on or before September 30, 2008;

242 (ii) as if Subsection (5)(a)(i)(B) were in effect on the day on which the sale is made;

243 (iii) if the person did not claim the exemption allowed by Subsection (5)(a)(i)(B) for
244 the sale prior to filing for the refund;

245 (iv) for sales and use taxes paid under this chapter on the sale;

246 (v) in accordance with Section 59-1-1410; and

247 (vi) subject to any extension allowed for filing for a refund under Section 59-1-1410, if
248 the person files for the refund on or before September 30, 2011;

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

252 (7) (a) subject to Subsection (7)(b), sales of cleaning or washing of tangible personal
253 property if the cleaning or washing of the tangible personal property is not assisted cleaning or

254 washing of tangible personal property;

255 (b) if a seller that sells at the same business location assisted cleaning or washing of
256 tangible personal property and cleaning or washing of tangible personal property that is not
257 assisted cleaning or washing of tangible personal property, the exemption described in
258 Subsection (7)(a) applies if the seller separately accounts for the sales of the assisted cleaning
259 or washing of the tangible personal property; and

260 (c) for purposes of Subsection (7)(b) and in accordance with Title 63G, Chapter 3,
261 Utah Administrative Rulemaking Act, the commission may make rules:

262 (i) governing the circumstances under which sales are at the same business location;
263 and

264 (ii) establishing the procedures and requirements for a seller to separately account for
265 sales of assisted cleaning or washing of tangible personal property;

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

269 (9) sales of a vehicle of a type required to be registered under the motor vehicle laws of
270 this state if the vehicle is:

271 (a) not registered in this state; and

272 (b) (i) not used in this state; or

273 (ii) used in this state:

274 (A) if the vehicle is not used to conduct business, for a time period that does not
275 exceed the longer of:

276 (I) 30 days in any calendar year; or

277 (II) the time period necessary to transport the vehicle to the borders of this state; or

278 (B) if the vehicle is used to conduct business, for the time period necessary to transport
279 the vehicle to the borders of this state;

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

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

282 (ii) (A) a prescription was issued for the item; or
283 (B) the item was purchased by a hospital or other medical facility; and
284 (b) (i) Subsection (10)(a) applies to:
285 (A) a drug;
286 (B) a syringe; or
287 (C) a stoma supply; and
288 (ii) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
289 commission may by rule define the terms:
290 (A) "syringe"; or
291 (B) "stoma supply";
292 (11) sales or use of property, materials, or services used in the construction of or
293 incorporated in pollution control facilities allowed by Sections 19-2-123 through 19-2-127;
294 (12) (a) sales of an item described in Subsection (12)(c) served by:
295 (i) the following if the item described in Subsection (12)(c) is not available to the
296 general public:
297 (A) a church; or
298 (B) a charitable institution;
299 (ii) an institution of higher education if:
300 (A) the item described in Subsection (12)(c) is not available to the general public; or
301 (B) the item described in Subsection (12)(c) is prepaid as part of a student meal plan
302 offered by the institution of higher education; or
303 (b) sales of an item described in Subsection (12)(c) provided for a patient by:
304 (i) a medical facility; or
305 (ii) a nursing facility; and
306 (c) Subsections (12)(a) and (b) apply to:
307 (i) food and food ingredients;
308 (ii) prepared food; or
309 (iii) alcoholic beverages;

310 (13) (a) except as provided in Subsection (13)(b), the sale of tangible personal property
311 or a product transferred electronically by a person:

312 (i) regardless of the number of transactions involving the sale of that tangible personal
313 property or product transferred electronically by that person; and

314 (ii) not regularly engaged in the business of selling that type of tangible personal
315 property or product transferred electronically;

316 (b) this Subsection (13) does not apply if:

317 (i) the sale is one of a series of sales of a character to indicate that the person is
318 regularly engaged in the business of selling that type of tangible personal property or product
319 transferred electronically;

320 (ii) the person holds that person out as regularly engaged in the business of selling that
321 type of tangible personal property or product transferred electronically;

322 (iii) the person sells an item of tangible personal property or product transferred
323 electronically that the person purchased as a sale that is exempt under Subsection (25); or

324 (iv) the sale is of a vehicle or vessel required to be titled or registered under the laws of
325 this state in which case the tax is based upon:

326 (A) the bill of sale or other written evidence of value of the vehicle or vessel being
327 sold; or

328 (B) in the absence of a bill of sale or other written evidence of value, the fair market
329 value of the vehicle or vessel being sold at the time of the sale as determined by the
330 commission; and

331 (c) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
332 commission shall make rules establishing the circumstances under which:

333 (i) a person is regularly engaged in the business of selling a type of tangible personal
334 property or product transferred electronically;

335 (ii) a sale of tangible personal property or a product transferred electronically is one of
336 a series of sales of a character to indicate that a person is regularly engaged in the business of
337 selling that type of tangible personal property or product transferred electronically; or

338 (iii) a person holds that person out as regularly engaged in the business of selling a type
339 of tangible personal property or product transferred electronically;

340 (14) (a) except as provided in Subsection (14)(b), amounts paid or charged on or after
341 July 1, 2006, for a purchase or lease by a manufacturing facility except for a cogeneration
342 facility, of the following:

343 (i) machinery and equipment that:

344 (A) are used:

345 (I) for a manufacturing facility except for a manufacturing facility that is a scrap
346 recycler described in Subsection 59-12-102(54)(b):

347 (Aa) in the manufacturing process;

348 (Bb) to manufacture an item sold as tangible personal property; and

349 (Cc) beginning on July 1, 2009, in a manufacturing facility described in this Subsection
350 (14)(a)(i)(A)(I) in the state; or

351 (II) for a manufacturing facility that is a scrap recycler described in Subsection
352 59-12-102(54)(b):

353 (Aa) to process an item sold as tangible personal property; and

354 (Bb) beginning on July 1, 2009, in a manufacturing facility described in this Subsection
355 (14)(a)(i)(A)(II) in the state; and

356 (B) have an economic life of three or more years; and

357 (ii) normal operating repair or replacement parts that:

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

359 (B) are used:

360 (I) for a manufacturing facility except for a manufacturing facility that is a scrap
361 recycler described in Subsection 59-12-102(54)(b):

362 (Aa) in the manufacturing process; and

363 (Bb) in a manufacturing facility described in this Subsection (14)(a)(ii)(B)(I) in the
364 state; or

365 (II) for a manufacturing facility that is a scrap recycler described in Subsection

366 59-12-102(54)(b):

367 (Aa) to process an item sold as tangible personal property; and

368 (Bb) in a manufacturing facility described in this Subsection (14)(a)(ii)(B)(II) in the
369 state;

370 (b) amounts paid or charged on or after July 1, 2005, for a purchase or lease by a
371 manufacturing facility that is a cogeneration facility placed in service on or after May 1, 2006,
372 of the following:

373 (i) machinery and equipment that:

374 (A) are used:

375 (I) in the manufacturing process;

376 (II) to manufacture an item sold as tangible personal property; and

377 (III) beginning on July 1, 2009, in a manufacturing facility described in this Subsection
378 (14)(b) in the state; and

379 (B) have an economic life of three or more years; and

380 (ii) normal operating repair or replacement parts that:

381 (A) are used:

382 (I) in the manufacturing process; and

383 (II) in a manufacturing facility described in this Subsection (14)(b) in the state; and

384 (B) have an economic life of three or more years;

385 (c) amounts paid or charged for a purchase or lease made on or after January 1, 2008,

386 by an establishment described in NAICS Subsector 212, Mining (except Oil and Gas), or

387 NAICS Code 213113, Support Activities for Coal Mining, 213114, Support Activities for

388 Metal Mining, or 213115, Support Activities for Nonmetallic Minerals (except Fuels) Mining,

389 of the 2002 North American Industry Classification System of the federal Executive Office of

390 the President, Office of Management and Budget, of the following:

391 (i) machinery and equipment that:

392 (A) are used:

393 (I) (Aa) in the production process, other than the production of real property; or

394 (Bb) in research and development; and
395 (II) beginning on July 1, 2009, in an establishment described in this Subsection (14)(c)
396 in the state; and
397 (B) have an economic life of three or more years; and
398 (ii) normal operating repair or replacement parts that:
399 (A) have an economic life of three or more years; and
400 (B) are used in:
401 (I) (Aa) the production process, except for the production of real property; and
402 (Bb) an establishment described in this Subsection (14)(c) in the state; or
403 (II) (Aa) research and development; and
404 (Bb) in an establishment described in this Subsection (14)(c) in the state;
405 (d) (i) amounts paid or charged for a purchase or lease made on or after July 1, 2010,
406 but on or before June 30, 2014, by an establishment described in NAICS Code 518112, Web
407 Search Portals, of the 2002 North American Industry Classification System of the federal
408 Executive Office of the President, Office of Management and Budget, of the following:
409 (A) machinery and equipment that:
410 (I) are used in the operation of the web search portal;
411 (II) have an economic life of three or more years; and
412 (III) are used in a new or expanding establishment described in this Subsection (14)(d)
413 in the state; and
414 (B) normal operating repair or replacement parts that:
415 (I) are used in the operation of the web search portal;
416 (II) have an economic life of three or more years; and
417 (III) are used in a new or expanding establishment described in this Subsection (14)(d)
418 in the state; or
419 (ii) amounts paid or charged for a purchase or lease made on or after July 1, 2014, by
420 an establishment described in NAICS Code 518112, Web Search Portals, of the 2002 North
421 American Industry Classification System of the federal Executive Office of the President,

422 Office of Management and Budget, of the following:

423 (A) machinery and equipment that:

424 (I) are used in the operation of the web search portal; and

425 (II) have an economic life of three or more years; and

426 (B) normal operating repair or replacement parts that:

427 (I) are used in the operation of the web search portal; and

428 (II) have an economic life of three or more years;

429 (e) for purposes of this Subsection (14) and in accordance with Title 63G, Chapter 3,

430 Utah Administrative Rulemaking Act, the commission:

431 (i) shall by rule define the term "establishment"; and

432 (ii) may by rule define what constitutes:

433 (A) processing an item sold as tangible personal property;

434 (B) the production process, except for the production of real property;

435 (C) research and development; or

436 (D) a new or expanding establishment described in Subsection (14)(d) in the state; and

437 (f) on or before October 1, 2011, and every five years after October 1, 2011, the

438 commission shall:

439 (i) review the exemptions described in this Subsection (14) and make

440 recommendations to the Revenue and Taxation Interim Committee concerning whether the

441 exemptions should be continued, modified, or repealed; and

442 (ii) include in its report:

443 (A) an estimate of the cost of the exemptions;

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

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

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

447 (i) tooling;

448 (ii) special tooling;

449 (iii) support equipment;

450 (iv) special test equipment; or
451 (v) parts used in the repairs or renovations of tooling or equipment described in
452 Subsections (15)(a)(i) through (iv); and
453 (b) sales of tooling, equipment, or parts described in Subsection (15)(a) are exempt if:
454 (i) the tooling, equipment, or parts are used or consumed exclusively in the
455 performance of any aerospace or electronics industry contract with the United States
456 government or any subcontract under that contract; and
457 (ii) under the terms of the contract or subcontract described in Subsection (15)(b)(i),
458 title to the tooling, equipment, or parts is vested in the United States government as evidenced
459 by:
460 (A) a government identification tag placed on the tooling, equipment, or parts; or
461 (B) listing on a government-approved property record if placing a government
462 identification tag on the tooling, equipment, or parts is impractical;
463 (16) sales of newspapers or newspaper subscriptions;
464 (17) (a) except as provided in Subsection (17)(b), tangible personal property or a
465 product transferred electronically traded in as full or part payment of the purchase price, except
466 that for purposes of calculating sales or use tax upon vehicles not sold by a vehicle dealer,
467 trade-ins are limited to other vehicles only, and the tax is based upon:
468 (i) the bill of sale or other written evidence of value of the vehicle being sold and the
469 vehicle being traded in; or
470 (ii) in the absence of a bill of sale or other written evidence of value, the then existing
471 fair market value of the vehicle being sold and the vehicle being traded in, as determined by the
472 commission; and
473 (b) notwithstanding Subsection (17)(a), Subsection (17)(a) does not apply to the
474 following items of tangible personal property or products transferred electronically traded in as
475 full or part payment of the purchase price:
476 (i) money;
477 (ii) electricity;

478 (iii) water;

479 (iv) gas; or

480 (v) steam;

481 (18) (a) (i) except as provided in Subsection (18)(b), sales of tangible personal property

482 or a product transferred electronically used or consumed primarily and directly in farming

483 operations, regardless of whether the tangible personal property or product transferred

484 electronically:

485 (A) becomes part of real estate; or

486 (B) is installed by a:

487 (I) farmer;

488 (II) contractor; or

489 (III) subcontractor; or

490 (ii) sales of parts used in the repairs or renovations of tangible personal property or a

491 product transferred electronically if the tangible personal property or product transferred

492 electronically is exempt under Subsection (18)(a)(i); and

493 (b) notwithstanding Subsection (18)(a), amounts paid or charged for the following are

494 subject to the taxes imposed by this chapter:

495 (i) (A) subject to Subsection (18)(b)(i)(B), the following if used in a manner that is

496 incidental to farming:

497 (I) machinery;

498 (II) equipment;

499 (III) materials; or

500 (IV) supplies; and

501 (B) tangible personal property that is considered to be used in a manner that is

502 incidental to farming includes:

503 (I) hand tools; or

504 (II) maintenance and janitorial equipment and supplies;

505 (ii) (A) subject to Subsection (18)(b)(ii)(B), tangible personal property or a product

506 transferred electronically if the tangible personal property or product transferred electronically
507 is used in an activity other than farming; and

508 (B) tangible personal property or a product transferred electronically that is considered
509 to be used in an activity other than farming includes:

510 (I) office equipment and supplies; or

511 (II) equipment and supplies used in:

512 (Aa) the sale or distribution of farm products;

513 (Bb) research; or

514 (Cc) transportation; or

515 (iii) a vehicle required to be registered by the laws of this state during the period
516 ending two years after the date of the vehicle's purchase;

517 (19) sales of hay;

518 (20) exclusive sale during the harvest season of seasonal crops, seedling plants, or
519 garden, farm, or other agricultural produce if the seasonal crops are, seedling plants are, or
520 garden, farm, or other agricultural produce is sold by:

521 (a) the producer of the seasonal crops, seedling plants, or garden, farm, or other
522 agricultural produce;

523 (b) an employee of the producer described in Subsection (20)(a); or

524 (c) a member of the immediate family of the producer described in Subsection (20)(a);

525 (21) purchases made using a coupon as defined in 7 U.S.C. Sec. 2012 that is issued
526 under the Food Stamp Program, 7 U.S.C. Sec. 2011 et seq.;

527 (22) sales of nonreturnable containers, nonreturnable labels, nonreturnable bags,
528 nonreturnable shipping cases, and nonreturnable casings to a manufacturer, processor,
529 wholesaler, or retailer for use in packaging tangible personal property to be sold by that
530 manufacturer, processor, wholesaler, or retailer;

531 (23) a product stored in the state for resale;

532 (24) (a) purchases of a product if:

533 (i) the product is:

534 (A) purchased outside of this state;
535 (B) brought into this state:
536 (I) at any time after the purchase described in Subsection (24)(a)(i)(A); and
537 (II) by a nonresident person who is not living or working in this state at the time of the
538 purchase;
539 (C) used for the personal use or enjoyment of the nonresident person described in
540 Subsection (24)(a)(i)(B)(II) while that nonresident person is within the state; and
541 (D) not used in conducting business in this state; and
542 (ii) for:
543 (A) a product other than a boat described in Subsection (24)(a)(ii)(B), the first use of
544 the product for a purpose for which the product is designed occurs outside of this state;
545 (B) a boat, the boat is registered outside of this state; or
546 (C) a vehicle other than a vehicle sold to an authorized carrier, the vehicle is registered
547 outside of this state;
548 (b) the exemption provided for in Subsection (24)(a) does not apply to:
549 (i) a lease or rental of a product; or
550 (ii) a sale of a vehicle exempt under Subsection (33); and
551 (c) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, for
552 purposes of Subsection (24)(a), the commission may by rule define what constitutes the
553 following:
554 (i) conducting business in this state if that phrase has the same meaning in this
555 Subsection (24) as in Subsection (63);
556 (ii) the first use of a product if that phrase has the same meaning in this Subsection (24)
557 as in Subsection (63); or
558 (iii) a purpose for which a product is designed if that phrase has the same meaning in
559 this Subsection (24) as in Subsection (63);
560 (25) a product purchased for resale in this state, in the regular course of business, either
561 in its original form or as an ingredient or component part of a manufactured or compounded

562 product;

563 (26) a product upon which a sales or use tax was paid to some other state, or one of its
564 subdivisions, except that the state shall be paid any difference between the tax paid and the tax
565 imposed by this part and Part 2, Local Sales and Use Tax Act, and no adjustment is allowed if
566 the tax paid was greater than the tax imposed by this part and Part 2, Local Sales and Use Tax
567 Act;

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

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

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

576 (30) sales of a boat of a type required to be registered under Title 73, Chapter 18, State
577 Boating Act, a boat trailer, or an outboard motor if the boat, boat trailer, or outboard motor is:

578 (a) not registered in this state; and

579 (b) (i) not used in this state; or

580 (ii) used in this state:

581 (A) if the boat, boat trailer, or outboard motor is not used to conduct business, for a
582 time period that does not exceed the longer of:

583 (I) 30 days in any calendar year; or

584 (II) the time period necessary to transport the boat, boat trailer, or outboard motor to
585 the borders of this state; or

586 (B) if the boat, boat trailer, or outboard motor is used to conduct business, for the time
587 period necessary to transport the boat, boat trailer, or outboard motor to the borders of this
588 state;

589 (31) sales of aircraft manufactured in Utah;

- 590 (32) amounts paid for the purchase of telecommunications service for purposes of
- 591 providing telecommunications service;
- 592 (33) sales, leases, or uses of the following:
- 593 (a) a vehicle by an authorized carrier; or
- 594 (b) tangible personal property that is installed on a vehicle:
- 595 (i) sold or leased to or used by an authorized carrier; and
- 596 (ii) before the vehicle is placed in service for the first time;
- 597 (34) (a) 45% of the sales price of any new manufactured home; and
- 598 (b) 100% of the sales price of any used manufactured home;
- 599 (35) sales relating to schools and fundraising sales;
- 600 (36) sales or rentals of durable medical equipment if:
- 601 (a) a person presents a prescription for the durable medical equipment; and
- 602 (b) the durable medical equipment is used for home use only;
- 603 (37) (a) sales to a ski resort of electricity to operate a passenger ropeway as defined in
- 604 Section 72-11-102; and
- 605 (b) the commission shall by rule determine the method for calculating sales exempt
- 606 under Subsection (37)(a) that are not separately metered and accounted for in utility billings;
- 607 (38) sales to a ski resort of:
- 608 (a) snowmaking equipment;
- 609 (b) ski slope grooming equipment;
- 610 (c) passenger ropeways as defined in Section 72-11-102; or
- 611 (d) parts used in the repairs or renovations of equipment or passenger ropeways
- 612 described in Subsections (38)(a) through (c);
- 613 (39) sales of natural gas, electricity, heat, coal, fuel oil, or other fuels for industrial use;
- 614 (40) (a) subject to Subsection (40)(b), sales or rentals of the right to use or operate for
- 615 amusement, entertainment, or recreation an unassisted amusement device as defined in Section
- 616 59-12-102;
- 617 (b) if a seller that sells or rents at the same business location the right to use or operate

618 for amusement, entertainment, or recreation one or more unassisted amusement devices and
619 one or more assisted amusement devices, the exemption described in Subsection (40)(a)
620 applies if the seller separately accounts for the sales or rentals of the right to use or operate for
621 amusement, entertainment, or recreation for the assisted amusement devices; and

622 (c) for purposes of Subsection (40)(b) and in accordance with Title 63G, Chapter 3,
623 Utah Administrative Rulemaking Act, the commission may make rules:

624 (i) governing the circumstances under which sales are at the same business location;
625 and

626 (ii) establishing the procedures and requirements for a seller to separately account for
627 the sales or rentals of the right to use or operate for amusement, entertainment, or recreation for
628 assisted amusement devices;

629 (41) (a) sales of photocopies by:

630 (i) a governmental entity; or

631 (ii) an entity within the state system of public education, including:

632 (A) a school; or

633 (B) the State Board of Education; or

634 (b) sales of publications by a governmental entity;

635 (42) amounts paid for admission to an athletic event at an institution of higher
636 education that is subject to the provisions of Title IX of the Education Amendments of 1972,
637 20 U.S.C. Sec. 1681 et seq.;

638 (43) (a) sales made to or by:

639 (i) an area agency on aging; or

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

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

642 (44) sales or leases of semiconductor fabricating, processing, research, or development
643 materials regardless of whether the semiconductor fabricating, processing, research, or
644 development materials:

645 (a) actually come into contact with a semiconductor; or

- 646 (b) ultimately become incorporated into real property;
- 647 (45) an amount paid by or charged to a purchaser for accommodations and services
- 648 described in Subsection 59-12-103(1)(i) to the extent the amount is exempt under Section
- 649 59-12-104.2;
- 650 (46) beginning on September 1, 2001, the lease or use of a vehicle issued a temporary
- 651 sports event registration certificate in accordance with Section 41-3-306 for the event period
- 652 specified on the temporary sports event registration certificate;
- 653 (47) sales or uses of electricity, if the sales or uses are:
 - 654 (a) made under a tariff adopted by the Public Service Commission of Utah only for
 - 655 purchase of electricity produced from a new wind, geothermal, biomass, or solar power energy
 - 656 source, as designated in the tariff by the Public Service Commission of Utah; and
 - 657 (b) for an amount of electricity that is:
 - 658 (i) unrelated to the amount of electricity used by the person purchasing the electricity
 - 659 under the tariff described in Subsection (47)(a); and
 - 660 (ii) equivalent to the number of kilowatthours specified in the tariff described in
 - 661 Subsection (47)(a) that may be purchased under the tariff described in Subsection (47)(a);
 - 662 (48) sales or rentals of mobility enhancing equipment if a person presents a
 - 663 prescription for the mobility enhancing equipment;
 - 664 (49) sales of water in a:
 - 665 (a) pipe;
 - 666 (b) conduit;
 - 667 (c) ditch; or
 - 668 (d) reservoir;
 - 669 (50) sales of currency or coinage that constitute legal tender of the United States or of a
 - 670 foreign nation;
 - 671 (51) (a) sales of an item described in Subsection (51)(b) if the item:
 - 672 (i) does not constitute legal tender of any nation; and
 - 673 (ii) has a gold, silver, or platinum content of 80% or more; and

- 674 (b) Subsection (51)(a) applies to a gold, silver, or platinum:
- 675 (i) ingot;
- 676 (ii) bar;
- 677 (iii) medallion; or
- 678 (iv) decorative coin;
- 679 (52) amounts paid on a sale-leaseback transaction;
- 680 (53) sales of a prosthetic device:
- 681 (a) for use on or in a human; and
- 682 (b) (i) for which a prescription is required; or
- 683 (ii) if the prosthetic device is purchased by a hospital or other medical facility;
- 684 (54) (a) except as provided in Subsection (54)(b), purchases, leases, or rentals of
- 685 machinery or equipment by an establishment described in Subsection (54)(c) if the machinery
- 686 or equipment is primarily used in the production or postproduction of the following media for
- 687 commercial distribution:
- 688 (i) a motion picture;
- 689 (ii) a television program;
- 690 (iii) a movie made for television;
- 691 (iv) a music video;
- 692 (v) a commercial;
- 693 (vi) a documentary; or
- 694 (vii) a medium similar to Subsections (54)(a)(i) through (vi) as determined by the
- 695 commission by administrative rule made in accordance with Subsection (54)(d); or
- 696 (b) notwithstanding Subsection (54)(a), purchases, leases, or rentals of machinery or
- 697 equipment by an establishment described in Subsection (54)(c) that is used for the production
- 698 or postproduction of the following are subject to the taxes imposed by this chapter:
- 699 (i) a live musical performance;
- 700 (ii) a live news program; or
- 701 (iii) a live sporting event;

702 (c) the following establishments listed in the 1997 North American Industry
703 Classification System of the federal Executive Office of the President, Office of Management
704 and Budget, apply to Subsections (54)(a) and (b):

705 (i) NAICS Code 512110; or

706 (ii) NAICS Code 51219; and

707 (d) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
708 commission may by rule:

709 (i) prescribe what constitutes a medium similar to Subsections (54)(a)(i) through (vi);

710 or

711 (ii) define:

712 (A) "commercial distribution";

713 (B) "live musical performance";

714 (C) "live news program"; or

715 (D) "live sporting event";

716 (55) (a) leases of seven or more years or purchases made on or after July 1, 2004 but on
717 or before June 30, 2019, of machinery or equipment that:

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

719 (A) is a renewable energy production facility;

720 (B) is located in the state; and

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

722 (II) has its generation capacity increased by one or more megawatts on or after July 1,
723 2004 as a result of the use of the machinery or equipment;

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

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

726 Subsection (55)(a)(i) operational up to the point of interconnection with an existing

727 transmission grid including:

728 (A) a wind turbine;

729 (B) generating equipment;

- 730 (C) a control and monitoring system;
- 731 (D) a power line;
- 732 (E) substation equipment;
- 733 (F) lighting;
- 734 (G) fencing;
- 735 (H) pipes; or
- 736 (I) other equipment used for locating a power line or pole; and
- 737 (b) this Subsection (55) does not apply to:
 - 738 (i) machinery or equipment used in construction of:
 - 739 (A) a new renewable energy production facility; or
 - 740 (B) the increase in the capacity of a renewable energy production facility;
 - 741 (ii) contracted services required for construction and routine maintenance activities;
 - 742 and
 - 743 (iii) unless the machinery or equipment is used or acquired for an increase in capacity
 - 744 of the facility described in Subsection (55)(a)(i)(C)(II), machinery or equipment used or
 - 745 acquired after:
 - 746 (A) the renewable energy production facility described in Subsection (55)(a)(i) is
 - 747 operational as described in Subsection (55)(a)(iii); or
 - 748 (B) the increased capacity described in Subsection (55)(a)(i) is operational as described
 - 749 in Subsection (55)(a)(iii);
- 750 (56) (a) leases of seven or more years or purchases made on or after July 1, 2004 but on
- 751 or before June 30, 2019, of machinery or equipment that:
 - 752 (i) is leased or purchased for or by a facility that:
 - 753 (A) is a waste energy production facility;
 - 754 (B) is located in the state; and
 - 755 (C) (I) becomes operational on or after July 1, 2004; or
 - 756 (II) has its generation capacity increased by one or more megawatts on or after July 1,
 - 757 2004 as a result of the use of the machinery or equipment;

758 (ii) has an economic life of five or more years; and
759 (iii) is used to make the facility or the increase in capacity of the facility described in
760 Subsection (56)(a)(i) operational up to the point of interconnection with an existing
761 transmission grid including:
762 (A) generating equipment;
763 (B) a control and monitoring system;
764 (C) a power line;
765 (D) substation equipment;
766 (E) lighting;
767 (F) fencing;
768 (G) pipes; or
769 (H) other equipment used for locating a power line or pole; and
770 (b) this Subsection (56) does not apply to:
771 (i) machinery or equipment used in construction of:
772 (A) a new waste energy facility; or
773 (B) the increase in the capacity of a waste energy facility;
774 (ii) contracted services required for construction and routine maintenance activities;
775 and
776 (iii) unless the machinery or equipment is used or acquired for an increase in capacity
777 described in Subsection (56)(a)(i)(C)(II), machinery or equipment used or acquired after:
778 (A) the waste energy facility described in Subsection (56)(a)(i) is operational as
779 described in Subsection (56)(a)(iii); or
780 (B) the increased capacity described in Subsection (56)(a)(i) is operational as described
781 in Subsection (56)(a)(iii);
782 (57) (a) leases of five or more years or purchases made on or after July 1, 2004 but on
783 or before June 30, 2019, of machinery or equipment that:
784 (i) is leased or purchased for or by a facility that:
785 (A) is located in the state;

786 (B) produces fuel from biomass energy including:
787 (I) methanol; or
788 (II) ethanol; and
789 (C) (I) becomes operational on or after July 1, 2004; or
790 (II) has its capacity to produce fuel increase by 25% or more on or after July 1, 2004, as
791 a result of the installation of the machinery or equipment;
792 (ii) has an economic life of five or more years; and
793 (iii) is installed on the facility described in Subsection (57)(a)(i);
794 (b) this Subsection (57) does not apply to:
795 (i) machinery or equipment used in construction of:
796 (A) a new facility described in Subsection (57)(a)(i); or
797 (B) the increase in capacity of the facility described in Subsection (57)(a)(i); or
798 (ii) contracted services required for construction and routine maintenance activities;
799 and
800 (iii) unless the machinery or equipment is used or acquired for an increase in capacity
801 described in Subsection (57)(a)(i)(C)(II), machinery or equipment used or acquired after:
802 (A) the facility described in Subsection (57)(a)(i) is operational; or
803 (B) the increased capacity described in Subsection (57)(a)(i) is operational;
804 (58) (a) subject to Subsection (58)(b) or (c), sales of tangible personal property or a
805 product transferred electronically to a person within this state if that tangible personal property
806 or product transferred electronically is subsequently shipped outside the state and incorporated
807 pursuant to contract into and becomes a part of real property located outside of this state;
808 (b) the exemption under Subsection (58)(a) is not allowed to the extent that the other
809 state or political entity to which the tangible personal property is shipped imposes a sales, use,
810 gross receipts, or other similar transaction excise tax on the transaction against which the other
811 state or political entity allows a credit for sales and use taxes imposed by this chapter; and
812 (c) notwithstanding the time period of Subsection 59-1-1410(8) for filing for a refund,
813 a person may claim the exemption allowed by this Subsection (58) for a sale by filing for a

814 refund:

815 (i) if the sale is made on or after July 1, 2004, but on or before June 30, 2008;

816 (ii) as if this Subsection (58) as in effect on July 1, 2008, were in effect on the day on
817 which the sale is made;

818 (iii) if the person did not claim the exemption allowed by this Subsection (58) for the
819 sale prior to filing for the refund;

820 (iv) for sales and use taxes paid under this chapter on the sale;

821 (v) in accordance with Section 59-1-1410; and

822 (vi) subject to any extension allowed for filing for a refund under Section 59-1-1410, if
823 the person files for the refund on or before June 30, 2011;

824 (59) purchases:

825 (a) of one or more of the following items in printed or electronic format:

826 (i) a list containing information that includes one or more:

827 (A) names; or

828 (B) addresses; or

829 (ii) a database containing information that includes one or more:

830 (A) names; or

831 (B) addresses; and

832 (b) used to send direct mail;

833 (60) redemptions or repurchases of a product by a person if that product was:

834 (a) delivered to a pawnbroker as part of a pawn transaction; and

835 (b) redeemed or repurchased within the time period established in a written agreement
836 between the person and the pawnbroker for redeeming or repurchasing the product;

837 (61) (a) purchases or leases of an item described in Subsection (61)(b) if the item:

838 (i) is purchased or leased by, or on behalf of, a telecommunications service provider;

839 and

840 (ii) has a useful economic life of one or more years; and

841 (b) the following apply to Subsection (61)(a):

- 842 (i) telecommunications enabling or facilitating equipment, machinery, or software;
- 843 (ii) telecommunications equipment, machinery, or software required for 911 service;
- 844 (iii) telecommunications maintenance or repair equipment, machinery, or software;
- 845 (iv) telecommunications switching or routing equipment, machinery, or software; or
- 846 (v) telecommunications transmission equipment, machinery, or software;

847 (62) (a) beginning on July 1, 2006, and ending on June 30, 2016, purchases of tangible
848 personal property or a product transferred electronically that are used in the research and
849 development of coal-to-liquids, oil shale, or tar sands technology; and

850 (b) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
851 commission may, for purposes of Subsection (62)(a), make rules defining what constitutes
852 purchases of tangible personal property or a product transferred electronically that are used in
853 the research and development of coal-to-liquids, oil shale, and tar sands technology;

854 (63) (a) purchases of tangible personal property or a product transferred electronically
855 if:

856 (i) the tangible personal property or product transferred electronically is:

857 (A) purchased outside of this state;

858 (B) brought into this state at any time after the purchase described in Subsection

859 (63)(a)(i)(A); and

860 (C) used in conducting business in this state; and

861 (ii) for:

862 (A) tangible personal property or a product transferred electronically other than the
863 tangible personal property described in Subsection (63)(a)(ii)(B), the first use of the property
864 for a purpose for which the property is designed occurs outside of this state; or

865 (B) a vehicle other than a vehicle sold to an authorized carrier, the vehicle is registered
866 outside of this state;

867 (b) the exemption provided for in Subsection (63)(a) does not apply to:

868 (i) a lease or rental of tangible personal property or a product transferred electronically;

869 or

870 (ii) a sale of a vehicle exempt under Subsection (33); and
871 (c) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, for
872 purposes of Subsection (63)(a), the commission may by rule define what constitutes the
873 following:

874 (i) conducting business in this state if that phrase has the same meaning in this
875 Subsection (63) as in Subsection (24);

876 (ii) the first use of tangible personal property or a product transferred electronically if
877 that phrase has the same meaning in this Subsection (63) as in Subsection (24); or

878 (iii) a purpose for which tangible personal property or a product transferred
879 electronically is designed if that phrase has the same meaning in this Subsection (63) as in
880 Subsection (24);

881 (64) sales of disposable home medical equipment or supplies if:

882 (a) a person presents a prescription for the disposable home medical equipment or
883 supplies;

884 (b) the disposable home medical equipment or supplies are used exclusively by the
885 person to whom the prescription described in Subsection (64)(a) is issued; and

886 (c) the disposable home medical equipment and supplies are listed as eligible for
887 payment under:

888 (i) Title XVIII, federal Social Security Act; or

889 (ii) the state plan for medical assistance under Title XIX, federal Social Security Act;

890 (65) sales:

891 (a) to a public transit district under Title 17B, Chapter 2a, Part 8, Public Transit
892 District Act; or

893 (b) of tangible personal property to a subcontractor of a public transit district, if the
894 tangible personal property is:

895 (i) clearly identified; and

896 (ii) installed or converted to real property owned by the public transit district;

897 (66) sales of construction materials:

- 898 (a) purchased on or after July 1, 2010;
- 899 (b) purchased by, on behalf of, or for the benefit of an international airport:
 - 900 (i) located within a county of the first class; and
 - 901 (ii) that has a United States customs office on its premises; and
- 902 (c) if the construction materials are:
 - 903 (i) clearly identified;
 - 904 (ii) segregated; and
 - 905 (iii) installed or converted to real property:
 - 906 (A) owned or operated by the international airport described in Subsection (66)(b); and
 - 907 (B) located at the international airport described in Subsection (66)(b);
- 908 (67) sales of construction materials:
 - 909 (a) purchased on or after July 1, 2008;
 - 910 (b) purchased by, on behalf of, or for the benefit of a new airport:
 - 911 (i) located within a county of the second class; and
 - 912 (ii) that is owned or operated by a city in which an airline as defined in Section
 - 913 59-2-102 is headquartered; and
 - 914 (c) if the construction materials are:
 - 915 (i) clearly identified;
 - 916 (ii) segregated; and
 - 917 (iii) installed or converted to real property:
 - 918 (A) owned or operated by the new airport described in Subsection (67)(b);
 - 919 (B) located at the new airport described in Subsection (67)(b); and
 - 920 (C) as part of the construction of the new airport described in Subsection (67)(b);
- 921 (68) sales of fuel to a common carrier that is a railroad for use in a locomotive engine;
- 922 (69) purchases and sales described in Section 9-3-511; [~~and~~]
- 923 (70) (a) sales of tangible personal property to an aircraft maintenance, repair, and
- 924 overhaul provider for use in the maintenance, repair, overhaul, or refurbishment in this state of
- 925 a fixed wing turbine powered aircraft if that fixed wing turbine powered aircraft's registration

926 lists a state or country other than this state as the location of registry of the fixed wing turbine
927 powered aircraft; or

928 (b) sales of tangible personal property by an aircraft maintenance, repair, and overhaul
929 provider in connection with the maintenance, repair, overhaul, or refurbishment in this state of
930 a fixed wing turbine powered aircraft if that fixed wing turbine powered aircraft's registration
931 lists a state or country other than this state as the location of registry of the fixed wing turbine
932 powered aircraft[-]; and

933 (71) a license fee or tax a municipality imposes in accordance with Subsection
934 10-1-203(5) on a purchaser from a business for which the municipality provides an enhanced
935 level of municipal services.

936 Section 3. **Effective date.**

937 This bill takes effect on July 1, 2011.