

Senator Wayne A. Harper proposes the following substitute bill:

EMERGENCY MANAGEMENT ACT AMENDMENTS

2014 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Wayne A. Harper

House Sponsor: Ryan D. Wilcox

LONG TITLE

General Description:

This bill modifies the Emergency Management Act regarding out-of-state businesses that provide recovery services in the state during a declared disaster or emergency.

Highlighted Provisions:

This bill:

► provides that an out-of-state business that enters the state during a declared disaster or emergency to conduct work related to the disaster or emergency is exempt from:

- licensing or registration requirements as provided;
- income taxation related to an out-of-state employee as provided; and
- sales and use taxation of a transaction during a disaster period;

► provides that any out-of-state business or out-of-state employee that remains in the state after the disaster period is subject to the state's normal standards for establishing presence or residency, or doing business in the state; and

► requires any out-of-state business that enters the state for disaster- or emergency-related work to provide the Division of Occupational and Professional Licensing a statement about the purpose of its business in the state, upon request.

Money Appropriated in this Bill:

None



26 **Other Special Clauses:**

27 This bill provides an effective date.

28 This bill provides retrospective operation for a taxable year beginning on or after
29 January 1, 2014.

30 **Utah Code Sections Affected:**

31 AMENDS:

32 **59-7-102**, as last amended by Laws of Utah 2012, Chapter 369

33 **59-7-404.5**, as last amended by Laws of Utah 2011, Chapter 69

34 **59-10-403**, as renumbered and amended by Laws of Utah 1987, Chapter 2

35 **59-12-104**, as last amended by Laws of Utah 2013, Chapters 82, 223, 229, 234, and 441

36 ENACTS:

37 **53-2a-1201**, Utah Code Annotated 1953

38 **53-2a-1202**, Utah Code Annotated 1953

39 **53-2a-1203**, Utah Code Annotated 1953

40 **53-2a-1204**, Utah Code Annotated 1953

41 **53-2a-1205**, Utah Code Annotated 1953

42 **59-10-116.1**, Utah Code Annotated 1953



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

45 Section 1. Section **53-2a-1201** is enacted to read:

46 **Part 12. Facilitating Business Rapid Response to State Declared Disasters Act**

47 **53-2a-1201. Title.**

48 This part is known as the "Facilitating Business Rapid Response to State Declared
49 Disasters Act."

50 Section 2. Section **53-2a-1202** is enacted to read:

51 **53-2a-1202. Definitions.**

52 As used in this part:

53 (1) "Declared state disaster or emergency" means a declared disaster as defined in
54 Section 53-2a-602.

55 (2) "Disaster- or emergency-related work" means repairing, renovating, installing,
56 building, rendering services, or other business activities that relate to infrastructure that has

57 been damaged, impaired, or destroyed by a declared state disaster or emergency.

58 (3) "Disaster period" means a period that begins within 10 days after the first day of a
59 declared state disaster or emergency and that extends for a period of 60 calendar days after the
60 end of the declared state disaster or emergency.

61 (4) "Infrastructure" means property and equipment owned or used by communications
62 networks, electric generation systems, transmission and distribution systems, gas distribution
63 systems, water pipelines, and related support facilities that serve multiple customers or citizens,
64 including real and personal property, such as buildings, offices, power and communication
65 lines and poles, pipes, structures, and equipment.

66 (5) "Out-of-state business" means a business entity that:

67 (a) has no presence in the state, other than any prior disaster or emergency related
68 work, and conducts no business in the state, and whose services are requested by a registered
69 business or by a state or local government for purposes of performing disaster- or
70 emergency-related work in the state; and

71 (b) has no registration or tax filings or presence sufficient to require the collection or
72 payment of a tax in the state prior to the declared state disaster or emergency.

73 (6) "Out-of-state employee" means an employee who does not work in the state, except
74 for disaster- or emergency-related work during the disaster period.

75 (7) "Registered business" means a business entity that is currently registered to do
76 business in the state prior to the declared state disaster or emergency.

77 Section 3. Section **53-2a-1203** is enacted to read:

78 **53-2a-1203. Business and employee status during disaster period.**

79 (1) Notwithstanding any other provision, an out-of-state business that conducts
80 operations within the state for purposes of performing work or services related to a declared
81 state disaster or emergency during the disaster period:

82 (a) is not considered to have established a level of presence that would require that
83 business to be subject to any state licensing or registration requirements, provided that the
84 out-of-state business is in substantial compliance with all applicable regulatory and licensing
85 requirements in its state of domicile, including:

86 (i) unemployment insurance;

87 (ii) state or local occupational licensing fees;

88 (iii) public service commission regulation; or
89 (iv) state or local licensing or regulatory requirements; and
90 (b) is exempt from the registration requirements under Title 16, Corporations, Title 42,
91 Names, and Title 48, Partnership; and

92 (c) shall confirm that it is in compliance with Section [34A-2-406](#).

93 (2) Notwithstanding any other provision, an out-of-state employee who performs
94 disaster or emergency related work specific to a declared state disaster or emergency during the
95 disaster period is not subject to any state licensing or registration requirements provided that
96 the out-of-state employee is in substantial compliance with all applicable regulatory and
97 licensing requirements in the employee's state of residence or state of employment.

98 (3) (a) Income taxation related to an out-of-state employee or an out-of-state business
99 is as provided in:

100 (i) Title 59, Chapter 7, Corporate Franchise and Income Taxes; and

101 (ii) Title 59, Chapter 10, Individual Income Tax Act.

102 (b) Sales and use taxation during a disaster period is as provided in Title 59, Chapter
103 12, Sales and Use Tax Act.

104 (c) Any property brought into the state temporarily during the disaster period is not
105 subject to any state or local ad valorem taxes under Title 59, Chapter 2, Property Tax Act.

106 Section 4. Section **53-2a-1204** is enacted to read:

107 **53-2a-1204. Business or employee activity after disaster period.**

108 Any out-of-state business or out-of-state employee that remains in the state after the
109 disaster period will become subject to the state's normal standards for establishing presence or
110 residency, or doing business in the state.

111 Section 5. Section **53-2a-1205** is enacted to read:

112 **53-2a-1205. Administration -- Notification and procedures.**

113 (1) Any out-of-state business that enters the state shall, within a reasonable time after
114 entry, not to exceed 30 days, provide to the Division of Occupational and Professional
115 Licensing a statement that it is in the state for purposes of responding to the disaster or
116 emergency, which statement shall include the business's:

117 (a) name;

118 (b) state of domicile;

- 119 (c) principal business address;
- 120 (d) federal tax identification number;
- 121 (e) date of entry;
- 122 (f) contact information; and
- 123 (g) evidence of compliance with the regulatory or licensing requirements in Section
- 124 53-2a-1203, such as a copy of applicable permits or license.

125 (2) Any affiliate of a registered business in the state and any out-of-state business that
126 is registered as a public utility in another state and that is providing assistance under the terms
127 of a utility multistate mutual aid agreement shall not be required to provide the information
128 required in Subsection (1), unless requested by the Division of Occupational and Professional
129 Licensing within a reasonable period of time.

130 (3) An out-of-state business or an out-of-state employee that remains in the state after
131 the disaster period shall complete state and local registration, licensing, and filing requirements
132 that establish the requisite business presence or residency in the state.

133 (4) The Division of Occupational and Professional Licensing shall:

- 134 (a) make rules necessary to implement Subsection (3);
- 135 (b) develop and provide forms or online processes; and
- 136 (c) maintain and make available an annual report of any designations made pursuant to
- 137 this section.

138 Section 6. Section **59-7-102** is amended to read:

139 **59-7-102. Exemptions.**

140 (1) Except as provided in this section, the following are exempt from a tax under this
141 chapter:

- 142 (a) an organization exempt under Section 501, Internal Revenue Code;
- 143 (b) an organization exempt under Section 528, Internal Revenue Code;
- 144 (c) an insurance company that is otherwise taxed on the insurance company's premiums
145 under Chapter 9, Taxation of Admitted Insurers;
- 146 (d) a local building authority as defined in Section **17D-2-102**;
- 147 (e) a farmers' cooperative; or
- 148 (f) a public agency, as defined in Section **11-13-103**, with respect to or as a result of an
149 ownership interest in:

- 150 (i) a project, as defined in Section 11-13-103; or
- 151 (ii) facilities providing additional project capacity, as defined in Section 11-13-103.
- 152 (2) A corporation is exempt from a tax under this chapter:
- 153 (a) if the corporation is an out-of-state business as defined in Section 53-2a-1202; and
- 154 (b) for income earned:
- 155 (i) during a disaster period as defined in Section 53-2a-1202; and
- 156 (ii) for the purpose of responding to a declared state disaster or emergency as defined
- 157 in Section 53-2a-1202.

158 [~~2~~] (3) Notwithstanding any other provision in this chapter or Chapter 8, Gross
 159 Receipts Tax on Certain Corporations Not Required to Pay Corporate Franchise or Income Tax
 160 Act, a person not otherwise subject to the tax imposed by this chapter or Chapter 8 is not
 161 subject to a tax imposed by Section 59-7-104, 59-7-201, 59-7-701, or 59-8-104, because of:

- 162 (a) that person's ownership of tangible personal property located at the premises of a
- 163 printer's facility in this state with which the person has contracted for printing; or
- 164 (b) the activities of the person's employees or agents who are:
- 165 (i) located solely at the premises of a printer's facility; and
- 166 (ii) performing services:
- 167 (A) related to:
- 168 (I) quality control;
- 169 (II) distribution; or
- 170 (III) printing services; and
- 171 (B) performed by the printer's facility in this state with which the person has contracted
- 172 for printing.

173 [~~3~~] (4) Notwithstanding Subsection (1), an organization, company, authority, farmers'
 174 cooperative, or public agency exempt from this chapter under Subsection (1) is subject to Part
 175 8, Unrelated Business Income, to the extent provided in Part 8.

176 [~~4~~] (5) Notwithstanding Subsection (1)(b), to the extent the income of an
 177 organization described in Subsection (1)(b) is taxable for federal tax purposes under Section
 178 528, Internal Revenue Code, the organization's income is also taxable under this chapter.

179 Section 7. Section 59-7-404.5 is amended to read:

180 **59-7-404.5. Adjustment to apportionment factors for corporations in a combined**

181 **report -- Sales factor -- Property factor.**

182 For purposes of apportionment under Part 3, Allocation and Apportionment of Income -
183 Utah UDITPA Provisions:

184 (1) corporations filing a combined report under Section [59-7-402](#) or [59-7-403](#) may not
185 include intercompany sales or other intercompany transactions between the corporations
186 included in the combined report in determining the sales factor; [~~and~~]

187 (2) corporations filing a combined report under Section [59-7-402](#) or [59-7-403](#) may not
188 include intercompany rents or other intercompany transactions between the corporations
189 included in the combined report in determining the property factor[~~-~~]; and

190 (3) the amounts of the numerators in this state of the property, payroll, and sales factors
191 of an out-of-state business, as defined in Section [53-2a-1202](#), that are directly related to
192 disaster- or emergency-related work, as defined in Section [53-2a-1202](#), during a disaster period,
193 as defined in Section [53-2a-1202](#), may not be included in the apportionment fraction of the
194 combined group.

195 Section 8. Section **59-10-116.1** is enacted to read:

196 **59-10-116.1. Exemption for out-of-state-employee.**

197 (1) As used in this section:

198 (a) "Declared state disaster or emergency" is as defined in Section [53-2a-1202](#).

199 (b) "Disaster period" is as defined in Section [53-2a-1202](#).

200 (c) "Out-of-state business" is as defined in Section [53-2a-1202](#).

201 (d) "Out-of-state employee" is as defined in Section [53-2a-1202](#).

202 (2) An out-of-state employee, including a pass-through entity taxpayer who is an
203 out-of-state employee, is exempt from a tax under this chapter for income earned or passed
204 through:

205 (a) from an out-of-state business;

206 (b) during a disaster period; and

207 (c) as a result of the out-of-state business responding to a declared state disaster or
208 emergency.

209 Section 9. Section **59-10-403** is amended to read:

210 **59-10-403. Circumstances under which an employer is not required to deduct**
211 **and withhold a tax.**

212 (1) Notwithstanding any other provision of this chapter, an employer is not required to
213 deduct and withhold any tax under this chapter upon a payment of wages to an employee;

214 (a) if there is in effect with respect to ~~[such]~~ the payment a withholding exemption
215 certificate ~~[(in such form and containing such other information as the commission may~~
216 ~~prescribe)]~~ furnished to the employer by the employee, certifying that the employee:

217 ~~[(a)]~~ (i) incurred no liability for ~~[income]~~ a tax imposed under this chapter for ~~[his]~~ the
218 employee's immediately preceding taxable year; and

219 ~~[(b) anticipates that he will incur no liability for income]~~

220 (ii) expects that the employee will not incur liability for a tax imposed under this
221 chapter for ~~[his]~~ the employee's current taxable year~~[-]; or~~

222 (b) if the employer:

223 (i) is an out-of-state business as defined in Section 53-2a-1202; and

224 (ii) pays the wages as compensation for services performed in response to a declared
225 state disaster or emergency as defined in Section 53-2a-1202.

226 (2) ~~[The commission shall by rule]~~ In accordance with Title 63G, Chapter 3, Utah
227 Administrative Rulemaking Act, the commission shall provide for the coordination of ~~[the~~
228 ~~provisions of]~~ this section with ~~[the provisions of]~~ Section 59-10-402.

229 Section 01. Section 59-12-104 is amended to read:

230 **59-12-104. Exemptions.**

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

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

234 (2) subject to Section 59-12-104.6, sales to the state, its institutions, and its political
235 subdivisions; however, this exemption does not apply to sales of:

236 (a) construction materials except:

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

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

243 institutions, or its political subdivisions; or

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

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

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

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

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

252 (i) food and food ingredients; or

253 (ii) prepared food;

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

255 (i) alcoholic beverages;

256 (ii) food and food ingredients; or

257 (iii) prepared food;

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

259 (i) to a passenger;

260 (ii) by a commercial airline carrier; and

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

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

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

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

268 (II) for:

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

271 (Bb) renovation of an aircraft; or

272 (Cc) repair of an aircraft; or

273 (B) for installation in an aircraft operated by a common carrier in interstate or foreign

274 commerce; or

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

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

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

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

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

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

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

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

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

291 (7) (a) subject to Subsection (7)(b), sales of cleaning or washing of tangible personal
292 property if the cleaning or washing of the tangible personal property is not assisted cleaning or
293 washing of tangible personal property;

294 (b) if a seller that sells at the same business location assisted cleaning or washing of
295 tangible personal property and cleaning or washing of tangible personal property that is not
296 assisted cleaning or washing of tangible personal property, the exemption described in
297 Subsection (7)(a) applies if the seller separately accounts for the sales of the assisted cleaning
298 or washing of the tangible personal property; and

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

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

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

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

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

310 (a) not registered in this state; and

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

312 (ii) used in this state:

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

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

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

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

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

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

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

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

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

324 (A) a drug;

325 (B) a syringe; or

326 (C) a stoma supply; and

327 (ii) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
328 commission may by rule define the terms:

329 (A) "syringe"; or

330 (B) "stoma supply";

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

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

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

- 336 (A) a church; or
- 337 (B) a charitable institution;
- 338 (ii) an institution of higher education if:
- 339 (A) the item described in Subsection (12)(c) is not available to the general public; or
- 340 (B) the item described in Subsection (12)(c) is prepaid as part of a student meal plan
- 341 offered by the institution of higher education; or
- 342 (b) sales of an item described in Subsection (12)(c) provided for a patient by:
- 343 (i) a medical facility; or
- 344 (ii) a nursing facility; and
- 345 (c) Subsections (12)(a) and (b) apply to:
- 346 (i) food and food ingredients;
- 347 (ii) prepared food; or
- 348 (iii) alcoholic beverages;
- 349 (13) (a) except as provided in Subsection (13)(b), the sale of tangible personal property
- 350 or a product transferred electronically by a person:
- 351 (i) regardless of the number of transactions involving the sale of that tangible personal
- 352 property or product transferred electronically by that person; and
- 353 (ii) not regularly engaged in the business of selling that type of tangible personal
- 354 property or product transferred electronically;
- 355 (b) this Subsection (13) does not apply if:
- 356 (i) the sale is one of a series of sales of a character to indicate that the person is
- 357 regularly engaged in the business of selling that type of tangible personal property or product
- 358 transferred electronically;
- 359 (ii) the person holds that person out as regularly engaged in the business of selling that
- 360 type of tangible personal property or product transferred electronically;
- 361 (iii) the person sells an item of tangible personal property or product transferred
- 362 electronically that the person purchased as a sale that is exempt under Subsection (25); or
- 363 (iv) the sale is of a vehicle or vessel required to be titled or registered under the laws of
- 364 this state in which case the tax is based upon:
- 365 (A) the bill of sale or other written evidence of value of the vehicle or vessel being
- 366 sold; or

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

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

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

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

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

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

382 (i) machinery and equipment that:

383 (A) are used:

384 (I) for a manufacturing facility except for a manufacturing facility that is a scrap
385 recycler described in Subsection 59-12-102(64)(b):

386 (Aa) in the manufacturing process;

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

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

390 (II) for a manufacturing facility that is a scrap recycler described in Subsection
391 59-12-102(64)(b):

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

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

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

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

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

398 (B) are used:
399 (I) for a manufacturing facility except for a manufacturing facility that is a scrap
400 recycler described in Subsection 59-12-102(64)(b):
401 (Aa) in the manufacturing process; and
402 (Bb) in a manufacturing facility described in this Subsection (14)(a)(ii)(B)(I) in the
403 state; or
404 (II) for a manufacturing facility that is a scrap recycler described in Subsection
405 59-12-102(64)(b):
406 (Aa) to process an item sold as tangible personal property; and
407 (Bb) in a manufacturing facility described in this Subsection (14)(a)(ii)(B)(II) in the
408 state;
409 (b) amounts paid or charged on or after July 1, 2005, for a purchase or lease by a
410 manufacturing facility that is a cogeneration facility placed in service on or after May 1, 2006,
411 of the following:
412 (i) machinery and equipment that:
413 (A) are used:
414 (I) in the manufacturing process;
415 (II) to manufacture an item sold as tangible personal property; and
416 (III) beginning on July 1, 2009, in a manufacturing facility described in this Subsection
417 (14)(b) in the state; and
418 (B) have an economic life of three or more years; and
419 (ii) normal operating repair or replacement parts that:
420 (A) are used:
421 (I) in the manufacturing process; and
422 (II) in a manufacturing facility described in this Subsection (14)(b) in the state; and
423 (B) have an economic life of three or more years;
424 (c) amounts paid or charged for a purchase or lease made on or after January 1, 2008,
425 by an establishment described in NAICS Subsector 212, Mining (except Oil and Gas), or
426 NAICS Code 213113, Support Activities for Coal Mining, 213114, Support Activities for
427 Metal Mining, or 213115, Support Activities for Nonmetallic Minerals (except Fuels) Mining,
428 of the 2002 North American Industry Classification System of the federal Executive Office of

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

430 (i) machinery and equipment that:

431 (A) are used:

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

433 (Bb) in research and development; and

434 (II) beginning on July 1, 2009, in an establishment described in this Subsection (14)(c)

435 in the state; and

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

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

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

439 (B) are used in:

440 (I) (Aa) the production process, except for the production of real property; and

441 (Bb) an establishment described in this Subsection (14)(c) in the state; or

442 (II) (Aa) research and development; and

443 (Bb) in an establishment described in this Subsection (14)(c) in the state;

444 (d) (i) amounts paid or charged for a purchase or lease made on or after July 1, 2010,

445 but on or before June 30, 2014, by an establishment described in NAICS Code 518112, Web

446 Search Portals, of the 2002 North American Industry Classification System of the federal

447 Executive Office of the President, Office of Management and Budget, of the following:

448 (A) machinery and equipment that:

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

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

451 (III) are used in a new or expanding establishment described in this Subsection (14)(d)

452 in the state; and

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

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

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

456 (III) are used in a new or expanding establishment described in this Subsection (14)(d)

457 in the state; or

458 (ii) amounts paid or charged for a purchase or lease made on or after July 1, 2014, by

459 an establishment described in NAICS Code 518112, Web Search Portals, of the 2002 North

460 American Industry Classification System of the federal Executive Office of the President,
461 Office of Management and Budget, of the following:

462 (A) machinery and equipment that:

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

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

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

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

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

468 (e) for purposes of this Subsection (14) and in accordance with Title 63G, Chapter 3,
469 Utah Administrative Rulemaking Act, the commission:

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

471 (ii) may by rule define what constitutes:

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

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

474 (C) research and development; or

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

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

477 commission shall:

478 (i) review the exemptions described in this Subsection (14) and make
479 recommendations to the Revenue and Taxation Interim Committee concerning whether the
480 exemptions should be continued, modified, or repealed; and

481 (ii) include in its report:

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

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

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

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

486 (i) tooling;

487 (ii) special tooling;

488 (iii) support equipment;

489 (iv) special test equipment; or

490 (v) parts used in the repairs or renovations of tooling or equipment described in

491 Subsections (15)(a)(i) through (iv); and

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

493 (i) the tooling, equipment, or parts are used or consumed exclusively in the

494 performance of any aerospace or electronics industry contract with the United States

495 government or any subcontract under that contract; and

496 (ii) under the terms of the contract or subcontract described in Subsection (15)(b)(i),

497 title to the tooling, equipment, or parts is vested in the United States government as evidenced

498 by:

499 (A) a government identification tag placed on the tooling, equipment, or parts; or

500 (B) listing on a government-approved property record if placing a government

501 identification tag on the tooling, equipment, or parts is impractical;

502 (16) sales of newspapers or newspaper subscriptions;

503 (17) (a) except as provided in Subsection (17)(b), tangible personal property or a

504 product transferred electronically traded in as full or part payment of the purchase price, except

505 that for purposes of calculating sales or use tax upon vehicles not sold by a vehicle dealer,

506 trade-ins are limited to other vehicles only, and the tax is based upon:

507 (i) the bill of sale or other written evidence of value of the vehicle being sold and the

508 vehicle being traded in; or

509 (ii) in the absence of a bill of sale or other written evidence of value, the then existing

510 fair market value of the vehicle being sold and the vehicle being traded in, as determined by the

511 commission; and

512 (b) Subsection (17)(a) does not apply to the following items of tangible personal

513 property or products transferred electronically traded in as full or part payment of the purchase

514 price:

515 (i) money;

516 (ii) electricity;

517 (iii) water;

518 (iv) gas; or

519 (v) steam;

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

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

522 operations, regardless of whether the tangible personal property or product transferred
523 electronically:

- 524 (A) becomes part of real estate; or
- 525 (B) is installed by a:
 - 526 (I) farmer;
 - 527 (II) contractor; or
 - 528 (III) subcontractor; or
- 529 (ii) sales of parts used in the repairs or renovations of tangible personal property or a
530 product transferred electronically if the tangible personal property or product transferred
531 electronically is exempt under Subsection (18)(a)(i); and
- 532 (b) amounts paid or charged for the following are subject to the taxes imposed by this
533 chapter:
 - 534 (i) (A) subject to Subsection (18)(b)(i)(B), the following if used in a manner that is
535 incidental to farming:
 - 536 (I) machinery;
 - 537 (II) equipment;
 - 538 (III) materials; or
 - 539 (IV) supplies; and
 - 540 (B) tangible personal property that is considered to be used in a manner that is
541 incidental to farming includes:
 - 542 (I) hand tools; or
 - 543 (II) maintenance and janitorial equipment and supplies;
 - 544 (ii) (A) subject to Subsection (18)(b)(ii)(B), tangible personal property or a product
545 transferred electronically if the tangible personal property or product transferred electronically
546 is used in an activity other than farming; and
 - 547 (B) tangible personal property or a product transferred electronically that is considered
548 to be used in an activity other than farming includes:
 - 549 (I) office equipment and supplies; or
 - 550 (II) equipment and supplies used in:
 - 551 (Aa) the sale or distribution of farm products;
 - 552 (Bb) research; or

553 (Cc) transportation; or
554 (iii) a vehicle required to be registered by the laws of this state during the period
555 ending two years after the date of the vehicle's purchase;
556 (19) sales of hay;
557 (20) exclusive sale during the harvest season of seasonal crops, seedling plants, or
558 garden, farm, or other agricultural produce if the seasonal crops are, seedling plants are, or
559 garden, farm, or other agricultural produce is sold by:
560 (a) the producer of the seasonal crops, seedling plants, or garden, farm, or other
561 agricultural produce;
562 (b) an employee of the producer described in Subsection (20)(a); or
563 (c) a member of the immediate family of the producer described in Subsection (20)(a);
564 (21) purchases made using a coupon as defined in 7 U.S.C. Sec. 2012 that is issued
565 under the Food Stamp Program, 7 U.S.C. Sec. 2011 et seq.;;
566 (22) sales of nonreturnable containers, nonreturnable labels, nonreturnable bags,
567 nonreturnable shipping cases, and nonreturnable casings to a manufacturer, processor,
568 wholesaler, or retailer for use in packaging tangible personal property to be sold by that
569 manufacturer, processor, wholesaler, or retailer;
570 (23) a product stored in the state for resale;
571 (24) (a) purchases of a product if:
572 (i) the product is:
573 (A) purchased outside of this state;
574 (B) brought into this state:
575 (I) at any time after the purchase described in Subsection (24)(a)(i)(A); and
576 (II) by a nonresident person who is not living or working in this state at the time of the
577 purchase;
578 (C) used for the personal use or enjoyment of the nonresident person described in
579 Subsection (24)(a)(i)(B)(II) while that nonresident person is within the state; and
580 (D) not used in conducting business in this state; and
581 (ii) for:
582 (A) a product other than a boat described in Subsection (24)(a)(ii)(B), the first use of
583 the product for a purpose for which the product is designed occurs outside of this state;

584 (B) a boat, the boat is registered outside of this state; or
585 (C) a vehicle other than a vehicle sold to an authorized carrier, the vehicle is registered
586 outside of this state;

587 (b) the exemption provided for in Subsection (24)(a) does not apply to:
588 (i) a lease or rental of a product; or
589 (ii) a sale of a vehicle exempt under Subsection (33); and
590 (c) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, for
591 purposes of Subsection (24)(a), the commission may by rule define what constitutes the
592 following:

593 (i) conducting business in this state if that phrase has the same meaning in this
594 Subsection (24) as in Subsection (63);
595 (ii) the first use of a product if that phrase has the same meaning in this Subsection (24)
596 as in Subsection (63); or
597 (iii) a purpose for which a product is designed if that phrase has the same meaning in
598 this Subsection (24) as in Subsection (63);
599 (25) a product purchased for resale in this state, in the regular course of business, either
600 in its original form or as an ingredient or component part of a manufactured or compounded
601 product;
602 (26) a product upon which a sales or use tax was paid to some other state, or one of its
603 subdivisions, except that the state shall be paid any difference between the tax paid and the tax
604 imposed by this part and Part 2, Local Sales and Use Tax Act, and no adjustment is allowed if
605 the tax paid was greater than the tax imposed by this part and Part 2, Local Sales and Use Tax
606 Act;
607 (27) any sale of a service described in Subsections 59-12-103(1)(b), (c), and (d) to a
608 person for use in compounding a service taxable under the subsections;
609 (28) purchases made in accordance with the special supplemental nutrition program for
610 women, infants, and children established in 42 U.S.C. Sec. 1786;
611 (29) beginning on July 1, 1999, through June 30, 2014, sales or leases of rolls, rollers,
612 refractory brick, electric motors, or other replacement parts used in the furnaces, mills, or ovens
613 of a steel mill described in SIC Code 3312 of the 1987 Standard Industrial Classification
614 Manual of the federal Executive Office of the President, Office of Management and Budget;

- 615 (30) sales of a boat of a type required to be registered under Title 73, Chapter 18, State
616 Boating Act, a boat trailer, or an outboard motor if the boat, boat trailer, or outboard motor is:
617 (a) not registered in this state; and
618 (b) (i) not used in this state; or
619 (ii) used in this state:
620 (A) if the boat, boat trailer, or outboard motor is not used to conduct business, for a
621 time period that does not exceed the longer of:
622 (I) 30 days in any calendar year; or
623 (II) the time period necessary to transport the boat, boat trailer, or outboard motor to
624 the borders of this state; or
625 (B) if the boat, boat trailer, or outboard motor is used to conduct business, for the time
626 period necessary to transport the boat, boat trailer, or outboard motor to the borders of this
627 state;
- 628 (31) sales of aircraft manufactured in Utah;
- 629 (32) amounts paid for the purchase of telecommunications service for purposes of
630 providing telecommunications service;
- 631 (33) sales, leases, or uses of the following:
632 (a) a vehicle by an authorized carrier; or
633 (b) tangible personal property that is installed on a vehicle:
634 (i) sold or leased to or used by an authorized carrier; and
635 (ii) before the vehicle is placed in service for the first time;
- 636 (34) (a) 45% of the sales price of any new manufactured home; and
637 (b) 100% of the sales price of any used manufactured home;
- 638 (35) sales relating to schools and fundraising sales;
- 639 (36) sales or rentals of durable medical equipment if:
640 (a) a person presents a prescription for the durable medical equipment; and
641 (b) the durable medical equipment is used for home use only;
- 642 (37) (a) sales to a ski resort of electricity to operate a passenger ropeway as defined in
643 Section [72-11-102](#); and
644 (b) the commission shall by rule determine the method for calculating sales exempt
645 under Subsection (37)(a) that are not separately metered and accounted for in utility billings;

646 (38) sales to a ski resort of:
647 (a) snowmaking equipment;
648 (b) ski slope grooming equipment;
649 (c) passenger ropeways as defined in Section 72-11-102; or
650 (d) parts used in the repairs or renovations of equipment or passenger ropeways
651 described in Subsections (38)(a) through (c);
652 (39) sales of natural gas, electricity, heat, coal, fuel oil, or other fuels for industrial use;
653 (40) (a) subject to Subsection (40)(b), sales or rentals of the right to use or operate for
654 amusement, entertainment, or recreation an unassisted amusement device as defined in Section
655 59-12-102;
656 (b) if a seller that sells or rents at the same business location the right to use or operate
657 for amusement, entertainment, or recreation one or more unassisted amusement devices and
658 one or more assisted amusement devices, the exemption described in Subsection (40)(a)
659 applies if the seller separately accounts for the sales or rentals of the right to use or operate for
660 amusement, entertainment, or recreation for the assisted amusement devices; and
661 (c) for purposes of Subsection (40)(b) and in accordance with Title 63G, Chapter 3,
662 Utah Administrative Rulemaking Act, the commission may make rules:
663 (i) governing the circumstances under which sales are at the same business location;
664 and
665 (ii) establishing the procedures and requirements for a seller to separately account for
666 the sales or rentals of the right to use or operate for amusement, entertainment, or recreation for
667 assisted amusement devices;
668 (41) (a) sales of photocopies by:
669 (i) a governmental entity; or
670 (ii) an entity within the state system of public education, including:
671 (A) a school; or
672 (B) the State Board of Education; or
673 (b) sales of publications by a governmental entity;
674 (42) amounts paid for admission to an athletic event at an institution of higher
675 education that is subject to the provisions of Title IX of the Education Amendments of 1972,
676 20 U.S.C. Sec. 1681 et seq.;

- 677 (43) (a) sales made to or by:
678 (i) an area agency on aging; or
679 (ii) a senior citizen center owned by a county, city, or town; or
680 (b) sales made by a senior citizen center that contracts with an area agency on aging;
681 (44) sales or leases of semiconductor fabricating, processing, research, or development
682 materials regardless of whether the semiconductor fabricating, processing, research, or
683 development materials:
684 (a) actually come into contact with a semiconductor; or
685 (b) ultimately become incorporated into real property;
686 (45) an amount paid by or charged to a purchaser for accommodations and services
687 described in Subsection 59-12-103(1)(i) to the extent the amount is exempt under Section
688 59-12-104.2;
689 (46) beginning on September 1, 2001, the lease or use of a vehicle issued a temporary
690 sports event registration certificate in accordance with Section 41-3-306 for the event period
691 specified on the temporary sports event registration certificate;
692 (47) (a) sales or uses of electricity, if the sales or uses are made under a tariff adopted
693 by the Public Service Commission of Utah only for purchase of electricity produced from a
694 new alternative energy source, as designated in the tariff by the Public Service Commission of
695 Utah; and
696 (b) the exemption under Subsection (47)(a) applies to the portion of the tariff rate a
697 customer pays under the tariff described in Subsection (47)(a) that exceeds the tariff rate under
698 the tariff described in Subsection (47)(a) that the customer would have paid absent the tariff;
699 (48) sales or rentals of mobility enhancing equipment if a person presents a
700 prescription for the mobility enhancing equipment;
701 (49) sales of water in a:
702 (a) pipe;
703 (b) conduit;
704 (c) ditch; or
705 (d) reservoir;
706 (50) sales of currency or coins that constitute legal tender of a state, the United States,
707 or a foreign nation;

- 708 (51) (a) sales of an item described in Subsection (51)(b) if the item:
709 (i) does not constitute legal tender of a state, the United States, or a foreign nation; and
710 (ii) has a gold, silver, or platinum content of 50% or more; and
711 (b) Subsection (51)(a) applies to a gold, silver, or platinum:
712 (i) ingot;
713 (ii) bar;
714 (iii) medallion; or
715 (iv) decorative coin;
716 (52) amounts paid on a sale-leaseback transaction;
717 (53) sales of a prosthetic device:
718 (a) for use on or in a human; and
719 (b) (i) for which a prescription is required; or
720 (ii) if the prosthetic device is purchased by a hospital or other medical facility;
721 (54) (a) except as provided in Subsection (54)(b), purchases, leases, or rentals of
722 machinery or equipment by an establishment described in Subsection (54)(c) if the machinery
723 or equipment is primarily used in the production or postproduction of the following media for
724 commercial distribution:
725 (i) a motion picture;
726 (ii) a television program;
727 (iii) a movie made for television;
728 (iv) a music video;
729 (v) a commercial;
730 (vi) a documentary; or
731 (vii) a medium similar to Subsections (54)(a)(i) through (vi) as determined by the
732 commission by administrative rule made in accordance with Subsection (54)(d); or
733 (b) purchases, leases, or rentals of machinery or equipment by an establishment
734 described in Subsection (54)(c) that is used for the production or postproduction of the
735 following are subject to the taxes imposed by this chapter:
736 (i) a live musical performance;
737 (ii) a live news program; or
738 (iii) a live sporting event;

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

- 742 (i) NAICS Code 512110; or
- 743 (ii) NAICS Code 51219; and
- 744 (d) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
745 commission may by rule:
 - 746 (i) prescribe what constitutes a medium similar to Subsections (54)(a)(i) through (vi);
 - 747 or
 - 748 (ii) define:
 - 749 (A) "commercial distribution";
 - 750 (B) "live musical performance";
 - 751 (C) "live news program"; or
 - 752 (D) "live sporting event";
- 753 (55) (a) leases of seven or more years or purchases made on or after July 1, 2004, but
754 on or before June 30, 2027, of tangible personal property that:
 - 755 (i) is leased or purchased for or by a facility that:
 - 756 (A) is an alternative energy electricity production facility;
 - 757 (B) is located in the state; and
 - 758 (C) (I) becomes operational on or after July 1, 2004; or
 - 759 (II) has its generation capacity increased by one or more megawatts on or after July 1,
760 2004, as a result of the use of the tangible personal property;
 - 761 (ii) has an economic life of five or more years; and
 - 762 (iii) is used to make the facility or the increase in capacity of the facility described in
763 Subsection (55)(a)(i) operational up to the point of interconnection with an existing
764 transmission grid including:
 - 765 (A) a wind turbine;
 - 766 (B) generating equipment;
 - 767 (C) a control and monitoring system;
 - 768 (D) a power line;
 - 769 (E) substation equipment;

770 (F) lighting;
771 (G) fencing;
772 (H) pipes; or
773 (I) other equipment used for locating a power line or pole; and
774 (b) this Subsection (55) does not apply to:
775 (i) tangible personal property used in construction of:
776 (A) a new alternative energy electricity production facility; or
777 (B) the increase in the capacity of an alternative energy electricity production facility;
778 (ii) contracted services required for construction and routine maintenance activities;
779 and
780 (iii) unless the tangible personal property is used or acquired for an increase in capacity
781 of the facility described in Subsection (55)(a)(i)(C)(II), tangible personal property used or
782 acquired after:
783 (A) the alternative energy electricity production facility described in Subsection
784 (55)(a)(i) is operational as described in Subsection (55)(a)(iii); or
785 (B) the increased capacity described in Subsection (55)(a)(i) is operational as described
786 in Subsection (55)(a)(iii);
787 (56) (a) leases of seven or more years or purchases made on or after July 1, 2004, but
788 on or before June 30, 2027, of tangible personal property that:
789 (i) is leased or purchased for or by a facility that:
790 (A) is a waste energy production facility;
791 (B) is located in the state; and
792 (C) (I) becomes operational on or after July 1, 2004; or
793 (II) has its generation capacity increased by one or more megawatts on or after July 1,
794 2004, as a result of the use of the tangible personal property;
795 (ii) has an economic life of five or more years; and
796 (iii) is used to make the facility or the increase in capacity of the facility described in
797 Subsection (56)(a)(i) operational up to the point of interconnection with an existing
798 transmission grid including:
799 (A) generating equipment;
800 (B) a control and monitoring system;

- 801 (C) a power line;
- 802 (D) substation equipment;
- 803 (E) lighting;
- 804 (F) fencing;
- 805 (G) pipes; or
- 806 (H) other equipment used for locating a power line or pole; and
- 807 (b) this Subsection (56) does not apply to:
- 808 (i) tangible personal property used in construction of:
- 809 (A) a new waste energy facility; or
- 810 (B) the increase in the capacity of a waste energy facility;
- 811 (ii) contracted services required for construction and routine maintenance activities;
- 812 and
- 813 (iii) unless the tangible personal property is used or acquired for an increase in capacity
- 814 described in Subsection (56)(a)(i)(C)(II), tangible personal property used or acquired after:
- 815 (A) the waste energy facility described in Subsection (56)(a)(i) is operational as
- 816 described in Subsection (56)(a)(iii); or
- 817 (B) the increased capacity described in Subsection (56)(a)(i) is operational as described
- 818 in Subsection (56)(a)(iii);
- 819 (57) (a) leases of five or more years or purchases made on or after July 1, 2004 but on
- 820 or before June 30, 2027, of tangible personal property that:
- 821 (i) is leased or purchased for or by a facility that:
- 822 (A) is located in the state;
- 823 (B) produces fuel from alternative energy, including:
- 824 (I) methanol; or
- 825 (II) ethanol; and
- 826 (C) (I) becomes operational on or after July 1, 2004; or
- 827 (II) has its capacity to produce fuel increase by 25% or more on or after July 1, 2004, as
- 828 a result of the installation of the tangible personal property;
- 829 (ii) has an economic life of five or more years; and
- 830 (iii) is installed on the facility described in Subsection (57)(a)(i);
- 831 (b) this Subsection (57) does not apply to:

- 832 (i) tangible personal property used in construction of:
833 (A) a new facility described in Subsection (57)(a)(i); or
834 (B) the increase in capacity of the facility described in Subsection (57)(a)(i); or
835 (ii) contracted services required for construction and routine maintenance activities;
836 and
837 (iii) unless the tangible personal property is used or acquired for an increase in capacity
838 described in Subsection (57)(a)(i)(C)(II), tangible personal property used or acquired after:
839 (A) the facility described in Subsection (57)(a)(i) is operational; or
840 (B) the increased capacity described in Subsection (57)(a)(i) is operational;
841 (58) (a) subject to Subsection (58)(b) or (c), sales of tangible personal property or a
842 product transferred electronically to a person within this state if that tangible personal property
843 or product transferred electronically is subsequently shipped outside the state and incorporated
844 pursuant to contract into and becomes a part of real property located outside of this state;
845 (b) the exemption under Subsection (58)(a) is not allowed to the extent that the other
846 state or political entity to which the tangible personal property is shipped imposes a sales, use,
847 gross receipts, or other similar transaction excise tax on the transaction against which the other
848 state or political entity allows a credit for sales and use taxes imposed by this chapter; and
849 (c) notwithstanding the time period of Subsection 59-1-1410(8) for filing for a refund,
850 a person may claim the exemption allowed by this Subsection (58) for a sale by filing for a
851 refund:
852 (i) if the sale is made on or after July 1, 2004, but on or before June 30, 2008;
853 (ii) as if this Subsection (58) as in effect on July 1, 2008, were in effect on the day on
854 which the sale is made;
855 (iii) if the person did not claim the exemption allowed by this Subsection (58) for the
856 sale prior to filing for the refund;
857 (iv) for sales and use taxes paid under this chapter on the sale;
858 (v) in accordance with Section 59-1-1410; and
859 (vi) subject to any extension allowed for filing for a refund under Section 59-1-1410, if
860 the person files for the refund on or before June 30, 2011;
861 (59) purchases:
862 (a) of one or more of the following items in printed or electronic format:

- 863 (i) a list containing information that includes one or more:
 - 864 (A) names; or
 - 865 (B) addresses; or
- 866 (ii) a database containing information that includes one or more:
 - 867 (A) names; or
 - 868 (B) addresses; and
- 869 (b) used to send direct mail;
- 870 (60) redemptions or repurchases of a product by a person if that product was:
 - 871 (a) delivered to a pawnbroker as part of a pawn transaction; and
 - 872 (b) redeemed or repurchased within the time period established in a written agreement
- 873 between the person and the pawnbroker for redeeming or repurchasing the product;
- 874 (61) (a) purchases or leases of an item described in Subsection (61)(b) if the item:
 - 875 (i) is purchased or leased by, or on behalf of, a telecommunications service provider;
 - 876 and
 - 877 (ii) has a useful economic life of one or more years; and
 - 878 (b) the following apply to Subsection (61)(a):
 - 879 (i) telecommunications enabling or facilitating equipment, machinery, or software;
 - 880 (ii) telecommunications equipment, machinery, or software required for 911 service;
 - 881 (iii) telecommunications maintenance or repair equipment, machinery, or software;
 - 882 (iv) telecommunications switching or routing equipment, machinery, or software; or
 - 883 (v) telecommunications transmission equipment, machinery, or software;
- 884 (62) (a) beginning on July 1, 2006, and ending on June 30, 2027, purchases of tangible
- 885 personal property or a product transferred electronically that are used in the research and
- 886 development of alternative energy technology; and
- 887 (b) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
- 888 commission may, for purposes of Subsection (62)(a), make rules defining what constitutes
- 889 purchases of tangible personal property or a product transferred electronically that are used in
- 890 the research and development of alternative energy technology;
- 891 (63) (a) purchases of tangible personal property or a product transferred electronically
- 892 if:
 - 893 (i) the tangible personal property or product transferred electronically is:

- 894 (A) purchased outside of this state;
- 895 (B) brought into this state at any time after the purchase described in Subsection
- 896 (63)(a)(i)(A); and
- 897 (C) used in conducting business in this state; and
- 898 (ii) for:
 - 899 (A) tangible personal property or a product transferred electronically other than the
 - 900 tangible personal property described in Subsection (63)(a)(ii)(B), the first use of the property
 - 901 for a purpose for which the property is designed occurs outside of this state; or
 - 902 (B) a vehicle other than a vehicle sold to an authorized carrier, the vehicle is registered
 - 903 outside of this state;
 - 904 (b) the exemption provided for in Subsection (63)(a) does not apply to:
 - 905 (i) a lease or rental of tangible personal property or a product transferred electronically;
 - 906 or
 - 907 (ii) a sale of a vehicle exempt under Subsection (33); and
 - 908 (c) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, for
 - 909 purposes of Subsection (63)(a), the commission may by rule define what constitutes the
 - 910 following:
 - 911 (i) conducting business in this state if that phrase has the same meaning in this
 - 912 Subsection (63) as in Subsection (24);
 - 913 (ii) the first use of tangible personal property or a product transferred electronically if
 - 914 that phrase has the same meaning in this Subsection (63) as in Subsection (24); or
 - 915 (iii) a purpose for which tangible personal property or a product transferred
 - 916 electronically is designed if that phrase has the same meaning in this Subsection (63) as in
 - 917 Subsection (24);
 - 918 (64) sales of disposable home medical equipment or supplies if:
 - 919 (a) a person presents a prescription for the disposable home medical equipment or
 - 920 supplies;
 - 921 (b) the disposable home medical equipment or supplies are used exclusively by the
 - 922 person to whom the prescription described in Subsection (64)(a) is issued; and
 - 923 (c) the disposable home medical equipment and supplies are listed as eligible for
 - 924 payment under:

- 925 (i) Title XVIII, federal Social Security Act; or
- 926 (ii) the state plan for medical assistance under Title XIX, federal Social Security Act;
- 927 (65) sales:
- 928 (a) to a public transit district under Title 17B, Chapter 2a, Part 8, Public Transit
- 929 District Act; or
- 930 (b) of tangible personal property to a subcontractor of a public transit district, if the
- 931 tangible personal property is:
- 932 (i) clearly identified; and
- 933 (ii) installed or converted to real property owned by the public transit district;
- 934 (66) sales of construction materials:
- 935 (a) purchased on or after July 1, 2010;
- 936 (b) purchased by, on behalf of, or for the benefit of an international airport:
- 937 (i) located within a county of the first class; and
- 938 (ii) that has a United States customs office on its premises; and
- 939 (c) if the construction materials are:
- 940 (i) clearly identified;
- 941 (ii) segregated; and
- 942 (iii) installed or converted to real property:
- 943 (A) owned or operated by the international airport described in Subsection (66)(b); and
- 944 (B) located at the international airport described in Subsection (66)(b);
- 945 (67) sales of construction materials:
- 946 (a) purchased on or after July 1, 2008;
- 947 (b) purchased by, on behalf of, or for the benefit of a new airport:
- 948 (i) located within a county of the second class; and
- 949 (ii) that is owned or operated by a city in which an airline as defined in Section
- 950 [59-2-102](#) is headquartered; and
- 951 (c) if the construction materials are:
- 952 (i) clearly identified;
- 953 (ii) segregated; and
- 954 (iii) installed or converted to real property:
- 955 (A) owned or operated by the new airport described in Subsection (67)(b);

- 956 (B) located at the new airport described in Subsection (67)(b); and
- 957 (C) as part of the construction of the new airport described in Subsection (67)(b);
- 958 (68) sales of fuel to a common carrier that is a railroad for use in a locomotive engine;
- 959 (69) purchases and sales described in Section [63H-4-111](#);
- 960 (70) (a) sales of tangible personal property to an aircraft maintenance, repair, and
- 961 overhaul provider for use in the maintenance, repair, overhaul, or refurbishment in this state of
- 962 a fixed wing turbine powered aircraft if that fixed wing turbine powered aircraft's registration
- 963 lists a state or country other than this state as the location of registry of the fixed wing turbine
- 964 powered aircraft; or
- 965 (b) sales of tangible personal property by an aircraft maintenance, repair, and overhaul
- 966 provider in connection with the maintenance, repair, overhaul, or refurbishment in this state of
- 967 a fixed wing turbine powered aircraft if that fixed wing turbine powered aircraft's registration
- 968 lists a state or country other than this state as the location of registry of the fixed wing turbine
- 969 powered aircraft;
- 970 (71) subject to Section [59-12-104.4](#), sales of a textbook for a higher education course:
- 971 (a) to a person admitted to an institution of higher education; and
- 972 (b) by a seller, other than a bookstore owned by an institution of higher education, if
- 973 51% or more of that seller's sales revenue for the previous calendar quarter are sales of a
- 974 textbook for a higher education course;
- 975 (72) a license fee or tax a municipality imposes in accordance with Subsection
- 976 [10-1-203\(5\)](#) on a purchaser from a business for which the municipality provides an enhanced
- 977 level of municipal services;
- 978 (73) amounts paid or charged for construction materials used in the construction of a
- 979 new or expanding life science research and development facility in the state, if the construction
- 980 materials are:
- 981 (a) clearly identified;
- 982 (b) segregated; and
- 983 (c) installed or converted to real property;
- 984 (74) amounts paid or charged for:
- 985 (a) a purchase or lease of machinery and equipment that:
- 986 (i) are used in performing qualified research:

- 987 (A) as defined in Section 59-7-612;
- 988 (B) in the state; and
- 989 (C) with respect to which the purchaser pays or incurs a qualified research expense as
- 990 defined in Section 59-7-612; and
- 991 (ii) have an economic life of three or more years; and
- 992 (b) normal operating repair or replacement parts:
- 993 (i) for the machinery and equipment described in Subsection (74)(a); and
- 994 (ii) that have an economic life of three or more years;
- 995 (75) a sale or lease of tangible personal property used in the preparation of prepared
- 996 food if:
- 997 (a) for a sale:
- 998 (i) the ownership of the seller and the ownership of the purchaser are identical; and
- 999 (ii) the seller or the purchaser paid a tax under this chapter on the purchase of that
- 1000 tangible personal property prior to making the sale; or
- 1001 (b) for a lease:
- 1002 (i) the ownership of the lessor and the ownership of the lessee are identical; and
- 1003 (ii) the lessor or the lessee paid a tax under this chapter on the purchase of that tangible
- 1004 personal property prior to making the lease;
- 1005 (76) (a) purchases of machinery or equipment if:
- 1006 (i) the purchaser is an establishment described in NAICS Subsector 713, Amusement,
- 1007 Gambling, and Recreation Industries, of the 2012 North American Industry Classification
- 1008 System of the federal Executive Office of the President, Office of Management and Budget;
- 1009 (ii) the machinery or equipment:
- 1010 (A) has an economic life of three or more years; and
- 1011 (B) is used by one or more persons who pay admission or user fees described in
- 1012 Subsection 59-12-103(1)(f) to the purchaser of the machinery and equipment; and
- 1013 (iii) 51% or more of the purchaser's sales revenue for the previous calendar quarter is:
- 1014 (A) amounts paid or charged as admission or user fees described in Subsection
- 1015 59-12-103(1)(f); and
- 1016 (B) subject to taxation under this chapter;
- 1017 (b) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the

1018 commission may make rules for verifying that 51% of a purchaser's sales revenue for the
1019 previous calendar quarter is:

1020 (i) amounts paid or charged as admission or user fees described in Subsection
1021 59-12-103(1)(f); and

1022 (ii) subject to taxation under this chapter; and

1023 (c) on or before the November 2018 interim meeting, and every five years after the
1024 November 2018 interim meeting, the commission shall review the exemption provided in this
1025 Subsection (76) and report to the Revenue and Taxation Interim Committee on:

1026 (i) the revenue lost to the state and local taxing jurisdictions as a result of the
1027 exemption;

1028 (ii) the purpose and effectiveness of the exemption; and

1029 (iii) whether the exemption benefits the state;

1030 (77) purchases of a short-term lodging consumable by a business that provides
1031 accommodations and services described in Subsection 59-12-103(1)(i);

1032 (78) amounts paid or charged to access a database:

1033 (a) if the primary purpose for accessing the database is to view or retrieve information
1034 from the database; and

1035 (b) not including amounts paid or charged for a:

1036 (i) digital audiowork;

1037 (ii) digital audio-visual work; or

1038 (iii) digital book;

1039 (79) amounts paid or charged for a purchase or lease made by an electronic financial
1040 payment service, of:

1041 (a) machinery and equipment that:

1042 (i) are used in the operation of the electronic financial payment service; and

1043 (ii) have an economic life of three or more years; and

1044 (b) normal operating repair or replacement parts that:

1045 (i) are used in the operation of the electronic financial payment service; and

1046 (ii) have an economic life of three or more years; [~~and~~]

1047 (80) beginning on April 1, 2013, sales of a fuel cell as defined in Section 54-15-102[.];

1048 and

1049 (81) amounts paid or charged for a purchase or lease of tangible personal property or a
1050 product transferred electronically if the tangible personal property or product transferred
1051 electronically:

1052 (a) is stored, used, or consumed in the state; and

1053 (b) is temporarily brought into the state from another state;

1054 (i) during a disaster period as defined in Section [53-2a-1202](#);

1055 (ii) by an out-of-state business as defined in Section [53-2a-1202](#);

1056 (iii) for a declared state disaster or emergency as defined in Section [53-2a-1202](#); and

1057 (iv) for disaster- or emergency-related work as defined in Section [53-2a-1202](#).

1058 Section 11. **Effective date.**

1059 (1) Except as provided in Subsection (2), this bill takes effect on May 13, 2014.

1060 (2) The actions affecting Section [59-12-104](#) take effect on July 1, 2014.

1061 Section 21. **Retrospective operation.**

1062 The actions affecting the following sections have retrospective operation for a taxable
1063 year beginning on or after January 1, 2014:

1064 (1) Section [59-7-102](#);

1065 (2) Section [59-10-104](#); and

1066 (3) Section [59-10-403](#).