

**MILITARY INSTALLATION DEVELOPMENT AUTHORITY**

**AMENDMENTS**

2018 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Jerry W. Stevenson**

House Sponsor: \_\_\_\_\_

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**LONG TITLE**

**General Description:**

This bill amends provisions of the Military Installation Development Authority Act.

**Highlighted Provisions:**

This bill:

- ▶ defines terms;
- ▶ creates the Military Installation Development Authority lodging establishment tax;
- ▶ amends provisions related to sales and use tax;
- ▶ amends provisions related to the governing board of the Military Installation Development Authority;
- ▶ amends provisions related to property tax within a project area;
- ▶ permits the Military Installation Development Authority to charge a fee on certain improvements;
- ▶ amends provisions related to allowable uses of funds; and
- ▶ makes technical and conforming changes.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

None

**Utah Code Sections Affected:**





28 AMENDS:

29 **59-12-104**, as last amended by Laws of Utah 2017, Chapters 264, 268, and 429

30 **63H-1-102**, as last amended by Laws of Utah 2017, Chapter 216

31 **63H-1-302**, as last amended by Laws of Utah 2013, Chapter 362

32 **63H-1-501**, as last amended by Laws of Utah 2015, Chapter 377

33 **63H-1-502**, as last amended by Laws of Utah 2015, Chapter 377

34 ENACTS:

35 **59-28-108**, Utah Code Annotated 1953

36 **63H-1-205**, Utah Code Annotated 1953



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

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

40 **59-12-104. Exemptions.**

41 Exemptions from the taxes imposed by this chapter are as follows:

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

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

46 (a) construction materials except:

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

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

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

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

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

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

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

62 (i) food and food ingredients; or

63 (ii) prepared food;

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

65 (i) alcoholic beverages;

66 (ii) food and food ingredients; or

67 (iii) prepared food;

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

69 (i) to a passenger;

70 (ii) by a commercial airline carrier; and

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

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

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

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

78 (II) for:

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

81 (Bb) renovation of an aircraft; or

82 (Cc) repair of an aircraft; or

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

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

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

- 90 (i) if the sale is made on or after July 1, 2008, but on or before September 30, 2008;
- 91 (ii) as if Subsection (5)(a)(i)(B) were in effect on the day on which the sale is made;
- 92 (iii) if the person did not claim the exemption allowed by Subsection (5)(a)(i)(B) for  
93 the sale prior to filing for the refund;
- 94 (iv) for sales and use taxes paid under this chapter on the sale;
- 95 (v) in accordance with Section 59-1-1410; and
- 96 (vi) subject to any extension allowed for filing for a refund under Section 59-1-1410, if  
97 the person files for the refund on or before September 30, 2011;
- 98 (6) sales of commercials, motion picture films, prerecorded audio program tapes or  
99 records, and prerecorded video tapes by a producer, distributor, or studio to a motion picture  
100 exhibitor, distributor, or commercial television or radio broadcaster;
- 101 (7) (a) except as provided in Subsection (88) and subject to Subsection (7)(b), sales of  
102 cleaning or washing of tangible personal property if the cleaning or washing of the tangible  
103 personal property is not assisted cleaning or washing of tangible personal property;
- 104 (b) if a seller that sells at the same business location assisted cleaning or washing of  
105 tangible personal property and cleaning or washing of tangible personal property that is not  
106 assisted cleaning or washing of tangible personal property, the exemption described in  
107 Subsection (7)(a) applies if the seller separately accounts for the sales of the assisted cleaning  
108 or washing of the tangible personal property; and
- 109 (c) for purposes of Subsection (7)(b) and in accordance with Title 63G, Chapter 3,  
110 Utah Administrative Rulemaking Act, the commission may make rules:
- 111 (i) governing the circumstances under which sales are at the same business location;  
112 and
- 113 (ii) establishing the procedures and requirements for a seller to separately account for  
114 sales of assisted cleaning or washing of tangible personal property;
- 115 (8) sales made to or by religious or charitable institutions in the conduct of their regular  
116 religious or charitable functions and activities, if the requirements of Section 59-12-104.1 are  
117 fulfilled;
- 118 (9) sales of a vehicle of a type required to be registered under the motor vehicle laws of  
119 this state if the vehicle is:
- 120 (a) not registered in this state; and

- 121 (b) (i) not used in this state; or
- 122 (ii) used in this state:
- 123 (A) if the vehicle is not used to conduct business, for a time period that does not
- 124 exceed the longer of:
- 125 (I) 30 days in any calendar year; or
- 126 (II) the time period necessary to transport the vehicle to the borders of this state; or
- 127 (B) if the vehicle is used to conduct business, for the time period necessary to transport
- 128 the vehicle to the borders of this state;
- 129 (10) (a) amounts paid for an item described in Subsection (10)(b) if:
- 130 (i) the item is intended for human use; and
- 131 (ii) (A) a prescription was issued for the item; or
- 132 (B) the item was purchased by a hospital or other medical facility; and
- 133 (b) (i) Subsection (10)(a) applies to:
- 134 (A) a drug;
- 135 (B) a syringe; or
- 136 (C) a stoma supply; and
- 137 (ii) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
- 138 commission may by rule define the terms:
- 139 (A) "syringe"; or
- 140 (B) "stoma supply";
- 141 (11) purchases or leases exempt under Section [19-12-201](#);
- 142 (12) (a) sales of an item described in Subsection (12)(c) served by:
- 143 (i) the following if the item described in Subsection (12)(c) is not available to the
- 144 general public:
- 145 (A) a church; or
- 146 (B) a charitable institution;
- 147 (ii) an institution of higher education if:
- 148 (A) the item described in Subsection (12)(c) is not available to the general public; or
- 149 (B) the item described in Subsection (12)(c) is prepaid as part of a student meal plan
- 150 offered by the institution of higher education; or
- 151 (b) sales of an item described in Subsection (12)(c) provided for a patient by:

- 152 (i) a medical facility; or
- 153 (ii) a nursing facility; and
- 154 (c) Subsections (12)(a) and (b) apply to:
  - 155 (i) food and food ingredients;
  - 156 (ii) prepared food; or
  - 157 (iii) alcoholic beverages;
- 158 (13) (a) except as provided in Subsection (13)(b), the sale of tangible personal property
- 159 or a product transferred electronically by a person:
  - 160 (i) regardless of the number of transactions involving the sale of that tangible personal
  - 161 property or product transferred electronically by that person; and
  - 162 (ii) not regularly engaged in the business of selling that type of tangible personal
  - 163 property or product transferred electronically;
- 164 (b) this Subsection (13) does not apply if:
  - 165 (i) the sale is one of a series of sales of a character to indicate that the person is
  - 166 regularly engaged in the business of selling that type of tangible personal property or product
  - 167 transferred electronically;
  - 168 (ii) the person holds that person out as regularly engaged in the business of selling that
  - 169 type of tangible personal property or product transferred electronically;
  - 170 (iii) the person sells an item of tangible personal property or product transferred
  - 171 electronically that the person purchased as a sale that is exempt under Subsection (25); or
  - 172 (iv) the sale is of a vehicle or vessel required to be titled or registered under the laws of
  - 173 this state in which case the tax is based upon:
    - 174 (A) the bill of sale or other written evidence of value of the vehicle or vessel being
    - 175 sold; or
    - 176 (B) in the absence of a bill of sale or other written evidence of value, the fair market
    - 177 value of the vehicle or vessel being sold at the time of the sale as determined by the
    - 178 commission; and
  - 179 (c) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
  - 180 commission shall make rules establishing the circumstances under which:
    - 181 (i) a person is regularly engaged in the business of selling a type of tangible personal
    - 182 property or product transferred electronically;

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

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

188 (14) amounts paid or charged for a purchase or lease of machinery, equipment, or  
189 normal operating repair or replacement parts with an economic life of three or more years by:

190 (a) a manufacturing facility, except as provided in Subsection (86), that:

191 (i) is located in the state; and

192 (ii) uses the machinery, equipment, or normal operating repair or replacement parts:

193 (A) in the manufacturing process to manufacture an item sold as tangible personal  
194 property, as the commission may define that phrase in accordance with Title 63G, Chapter 3,  
195 Utah Administrative Rulemaking Act; or

196 (B) for a scrap recycler, to process an item sold as tangible personal property, as the  
197 commission may define that phrase in accordance with Title 63G, Chapter 3, Utah  
198 Administrative Rulemaking Act;

199 (b) an establishment, as the commission defines that term in accordance with Title 63G,  
200 Chapter 3, Utah Administrative Rulemaking Act, that:

201 (i) is described in NAICS Subsector 212, Mining (except Oil and Gas), or NAICS  
202 Code 213113, Support Activities for Coal Mining, 213114, Support Activities for Metal  
203 Mining, or 213115, Support Activities for Nonmetallic Minerals (except Fuels) Mining, of the  
204 2002 North American Industry Classification System of the federal Executive Office of the  
205 President, Office of Management and Budget;

206 (ii) is located in the state; and

207 (iii) uses the machinery, equipment, or normal operating repair or replacement parts in:

208 (A) the production process to produce an item sold as tangible personal property, as the  
209 commission may define that phrase in accordance with Title 63G, Chapter 3, Utah  
210 Administrative Rulemaking Act;

211 (B) research and development, as the commission may define that phrase in accordance  
212 with Title 63G, Chapter 3, Utah Administrative Rulemaking Act;

213 (C) transporting, storing, or managing tailings, overburden, or similar waste materials



214 produced from mining;

215 (D) developing or maintaining a road, tunnel, excavation, or similar feature used in  
216 mining; or

217 (E) preventing, controlling, or reducing dust or other pollutants from mining; or

218 (c) an establishment, as the commission defines that term in accordance with Title 63G,  
219 Chapter 3, Utah Administrative Rulemaking Act, that:

220 (i) is described in NAICS Code 518112, Web Search Portals, of the 2002 North  
221 American Industry Classification System of the federal Executive Office of the President,  
222 Office of Management and Budget;

223 (ii) is located in the state; and

224 (iii) uses the machinery, equipment, or normal operating repair or replacement parts in  
225 the operation of the web search portal;

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

227 (i) tooling;

228 (ii) special tooling;

229 (iii) support equipment;

230 (iv) special test equipment; or

231 (v) parts used in the repairs or renovations of tooling or equipment described in  
232 Subsections (15)(a)(i) through (iv); and

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

234 (i) the tooling, equipment, or parts are used or consumed exclusively in the  
235 performance of any aerospace or electronics industry contract with the United States  
236 government or any subcontract under that contract; and

237 (ii) under the terms of the contract or subcontract described in Subsection (15)(b)(i),  
238 title to the tooling, equipment, or parts is vested in the United States government as evidenced  
239 by:

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

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

243 (16) sales of newspapers or newspaper subscriptions;

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

245 product transferred electronically traded in as full or part payment of the purchase price, except  
246 that for purposes of calculating sales or use tax upon vehicles not sold by a vehicle dealer,  
247 trade-ins are limited to other vehicles only, and the tax is based upon:

248 (i) the bill of sale or other written evidence of value of the vehicle being sold and the  
249 vehicle being traded in; or

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

253 (b) Subsection (17)(a) does not apply to the following items of tangible personal  
254 property or products transferred electronically traded in as full or part payment of the purchase  
255 price:

256 (i) money;

257 (ii) electricity;

258 (iii) water;

259 (iv) gas; or

260 (v) steam;

261 (18) (a) (i) except as provided in Subsection (18)(b), sales of tangible personal property  
262 or a product transferred electronically used or consumed primarily and directly in farming  
263 operations, regardless of whether the tangible personal property or product transferred  
264 electronically:

265 (A) becomes part of real estate; or

266 (B) is installed by a:

267 (I) farmer;

268 (II) contractor; or

269 (III) subcontractor; or

270 (ii) sales of parts used in the repairs or renovations of tangible personal property or a  
271 product transferred electronically if the tangible personal property or product transferred  
272 electronically is exempt under Subsection (18)(a)(i); and

273 (b) amounts paid or charged for the following are subject to the taxes imposed by this  
274 chapter:

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

276 incidental to farming:

277 (I) machinery;

278 (II) equipment;

279 (III) materials; or

280 (IV) supplies; and

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

282 incidental to farming includes:

283 (I) hand tools; or

284 (II) maintenance and janitorial equipment and supplies;

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

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

287 is used in an activity other than farming; and

288 (B) tangible personal property or a product transferred electronically that is considered

289 to be used in an activity other than farming includes:

290 (I) office equipment and supplies; or

291 (II) equipment and supplies used in:

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

293 (Bb) research; or

294 (Cc) transportation; or

295 (iii) a vehicle required to be registered by the laws of this state during the period

296 ending two years after the date of the vehicle's purchase;

297 (19) sales of hay;

298 (20) exclusive sale during the harvest season of seasonal crops, seedling plants, or

299 garden, farm, or other agricultural produce if the seasonal crops are, seedling plants are, or

300 garden, farm, or other agricultural produce is sold by:

301 (a) the producer of the seasonal crops, seedling plants, or garden, farm, or other

302 agricultural produce;

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

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

305 (21) purchases made using a coupon as defined in 7 U.S.C. Sec. 2012 that is issued

306 under the Food Stamp Program, 7 U.S.C. Sec. 2011 et seq.;

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

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

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

313 (i) the product is:

314 (A) purchased outside of this state;

315 (B) brought into this state:

316 (I) at any time after the purchase described in Subsection (24)(a)(i)(A); and

317 (II) by a nonresident person who is not living or working in this state at the time of the  
318 purchase;

319 (C) used for the personal use or enjoyment of the nonresident person described in  
320 Subsection (24)(a)(i)(B)(II) while that nonresident person is within the state; and

321 (D) not used in conducting business in this state; and

322 (ii) for:

323 (A) a product other than a boat described in Subsection (24)(a)(ii)(B), the first use of  
324 the product for a purpose for which the product is designed occurs outside of this state;

325 (B) a boat, the boat is registered outside of this state; or

326 (C) a vehicle other than a vehicle sold to an authorized carrier, the vehicle is registered  
327 outside of this state;

328 (b) the exemption provided for in Subsection (24)(a) does not apply to:

329 (i) a lease or rental of a product; or

330 (ii) a sale of a vehicle exempt under Subsection (33); and

331 (c) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, for  
332 purposes of Subsection (24)(a), the commission may by rule define what constitutes the  
333 following:

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

336 (ii) the first use of a product if that phrase has the same meaning in this Subsection (24)  
337 as in Subsection (63); or

338 (iii) a purpose for which a product is designed if that phrase has the same meaning in  
339 this Subsection (24) as in Subsection (63);

340 (25) a product purchased for resale in this state, in the regular course of business, either  
341 in its original form or as an ingredient or component part of a manufactured or compounded  
342 product;

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

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

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

352 (29) sales or leases of rolls, rollers, refractory brick, electric motors, or other  
353 replacement parts used in the furnaces, mills, or ovens of a steel mill described in SIC Code  
354 3312 of the 1987 Standard Industrial Classification Manual of the federal Executive Office of  
355 the President, Office of Management and Budget;

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

358 (a) not registered in this state; and

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

360 (ii) used in this state:

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

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

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

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

- 369 (31) sales of aircraft manufactured in Utah;
- 370 (32) amounts paid for the purchase of telecommunications service for purposes of
- 371 providing telecommunications service;
- 372 (33) sales, leases, or uses of the following:
- 373 (a) a vehicle by an authorized carrier; or
- 374 (b) tangible personal property that is installed on a vehicle:
- 375 (i) sold or leased to or used by an authorized carrier; and
- 376 (ii) before the vehicle is placed in service for the first time;
- 377 (34) (a) 45% of the sales price of any new manufactured home; and
- 378 (b) 100% of the sales price of any used manufactured home;
- 379 (35) sales relating to schools and fundraising sales;
- 380 (36) sales or rentals of durable medical equipment if:
- 381 (a) a person presents a prescription for the durable medical equipment; and
- 382 (b) the durable medical equipment is used for home use only;
- 383 (37) (a) sales to a ski resort of electricity to operate a passenger ropeway as defined in
- 384 Section [72-11-102](#); and
- 385 (b) the commission shall by rule determine the method for calculating sales exempt
- 386 under Subsection (37)(a) that are not separately metered and accounted for in utility billings;
- 387 (38) sales to a ski resort of:
- 388 (a) snowmaking equipment;
- 389 (b) ski slope grooming equipment;
- 390 (c) passenger ropeways as defined in Section [72-11-102](#); or
- 391 (d) parts used in the repairs or renovations of equipment or passenger ropeways
- 392 described in Subsections (38)(a) through (c);
- 393 (39) sales of natural gas, electricity, heat, coal, fuel oil, or other fuels for industrial use;
- 394 (40) (a) subject to Subsection (40)(b), sales or rentals of the right to use or operate for
- 395 amusement, entertainment, or recreation an unassisted amusement device as defined in Section
- 396 [59-12-102](#);
- 397 (b) if a seller that sells or rents at the same business location the right to use or operate
- 398 for amusement, entertainment, or recreation one or more unassisted amusement devices and
- 399 one or more assisted amusement devices, the exemption described in Subsection (40)(a)

400 applies if the seller separately accounts for the sales or rentals of the right to use or operate for  
401 amusement, entertainment, or recreation for the assisted amusement devices; and

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

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

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

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

410 (i) a governmental entity; or

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

412 (A) a school; or

413 (B) the State Board of Education; or

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

415 (42) amounts paid for admission to an athletic event at an institution of higher  
416 education that is subject to the provisions of Title IX of the Education Amendments of 1972,  
417 20 U.S.C. Sec. 1681 et seq.;

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

419 (i) an area agency on aging; or

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

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

422 (44) sales or leases of semiconductor fabricating, processing, research, or development  
423 materials regardless of whether the semiconductor fabricating, processing, research, or  
424 development materials:

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

426 (b) ultimately become incorporated into real property;

427 (45) an amount paid by or charged to a purchaser for accommodations and services  
428 described in Subsection [59-12-103\(1\)\(i\)](#) to the extent the amount is exempt under Section  
429 [59-12-104.2](#);

430 (46) beginning on September 1, 2001, the lease or use of a vehicle issued a temporary

431 sports event registration certificate in accordance with Section 41-3-306 for the event period  
432 specified on the temporary sports event registration certificate;

433 (47) (a) sales or uses of electricity, if the sales or uses are made under a retail tariff  
434 adopted by the Public Service Commission only for purchase of electricity produced from a  
435 new alternative energy source built after January 1, 2016, as designated in the tariff by the  
436 Public Service Commission;

437 (b) for a residential use customer only, the exemption under Subsection (47)(a) applies  
438 only to the portion of the tariff rate a customer pays under the tariff described in Subsection  
439 (47)(a) that exceeds the tariff rate under the tariff described in Subsection (47)(a) that the  
440 customer would have paid absent the tariff;

441 (48) sales or rentals of mobility enhancing equipment if a person presents a  
442 prescription for the mobility enhancing equipment;

443 (49) sales of water in a:

- 444 (a) pipe;
- 445 (b) conduit;
- 446 (c) ditch; or
- 447 (d) reservoir;

448 (50) sales of currency or coins that constitute legal tender of a state, the United States,  
449 or a foreign nation;

450 (51) (a) sales of an item described in Subsection (51)(b) if the item:

- 451 (i) does not constitute legal tender of a state, the United States, or a foreign nation; and
- 452 (ii) has a gold, silver, or platinum content of 50% or more; and

453 (b) Subsection (51)(a) applies to a gold, silver, or platinum:

- 454 (i) ingot;
- 455 (ii) bar;
- 456 (iii) medallion; or
- 457 (iv) decorative coin;

458 (52) amounts paid on a sale-leaseback transaction;

459 (53) sales of a prosthetic device:

- 460 (a) for use on or in a human; and
- 461 (b) (i) for which a prescription is required; or



462 (ii) if the prosthetic device is purchased by a hospital or other medical facility;  
463 (54) (a) except as provided in Subsection (54)(b), purchases, leases, or rentals of  
464 machinery or equipment by an establishment described in Subsection (54)(c) if the machinery  
465 or equipment is primarily used in the production or postproduction of the following media for  
466 commercial distribution:

- 467 (i) a motion picture;
- 468 (ii) a television program;
- 469 (iii) a movie made for television;
- 470 (iv) a music video;
- 471 (v) a commercial;
- 472 (vi) a documentary; or
- 473 (vii) a medium similar to Subsections (54)(a)(i) through (vi) as determined by the  
474 commission by administrative rule made in accordance with Subsection (54)(d); or

475 (b) purchases, leases, or rentals of machinery or equipment by an establishment  
476 described in Subsection (54)(c) that is used for the production or postproduction of the  
477 following are subject to the taxes imposed by this chapter:

- 478 (i) a live musical performance;
- 479 (ii) a live news program; or
- 480 (iii) a live sporting event;
- 481 (c) the following establishments listed in the 1997 North American Industry  
482 Classification System of the federal Executive Office of the President, Office of Management  
483 and Budget, apply to Subsections (54)(a) and (b):

- 484 (i) NAICS Code 512110; or
- 485 (ii) NAICS Code 51219; and
- 486 (d) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
487 commission may by rule:

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

489 or

- 490 (ii) define:
  - 491 (A) "commercial distribution";
  - 492 (B) "live musical performance";

493 (C) "live news program"; or  
494 (D) "live sporting event";  
495 (55) (a) leases of seven or more years or purchases made on or after July 1, 2004, but  
496 on or before June 30, 2027, of tangible personal property that:  
497 (i) is leased or purchased for or by a facility that:  
498 (A) is an alternative energy electricity production facility;  
499 (B) is located in the state; and  
500 (C) (I) becomes operational on or after July 1, 2004; or  
501 (II) has its generation capacity increased by one or more megawatts on or after July 1,  
502 2004, as a result of the use of the tangible personal property;  
503 (ii) has an economic life of five or more years; and  
504 (iii) is used to make the facility or the increase in capacity of the facility described in  
505 Subsection (55)(a)(i) operational up to the point of interconnection with an existing  
506 transmission grid including:  
507 (A) a wind turbine;  
508 (B) generating equipment;  
509 (C) a control and monitoring system;  
510 (D) a power line;  
511 (E) substation equipment;  
512 (F) lighting;  
513 (G) fencing;  
514 (H) pipes; or  
515 (I) other equipment used for locating a power line or pole; and  
516 (b) this Subsection (55) does not apply to:  
517 (i) tangible personal property used in construction of:  
518 (A) a new alternative energy electricity production facility; or  
519 (B) the increase in the capacity of an alternative energy electricity production facility;  
520 (ii) contracted services required for construction and routine maintenance activities;  
521 and  
522 (iii) unless the tangible personal property is used or acquired for an increase in capacity  
523 of the facility described in Subsection (55)(a)(i)(C)(II), tangible personal property used or

524 acquired after:

525 (A) the alternative energy electricity production facility described in Subsection  
526 (55)(a)(i) is operational as described in Subsection (55)(a)(iii); or

527 (B) the increased capacity described in Subsection (55)(a)(i) is operational as described  
528 in Subsection (55)(a)(iii);

529 (56) (a) leases of seven or more years or purchases made on or after July 1, 2004, but  
530 on or before June 30, 2027, of tangible personal property that:

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

532 (A) is a waste energy production facility;

533 (B) is located in the state; and

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

535 (II) has its generation capacity increased by one or more megawatts on or after July 1,  
536 2004, as a result of the use of the tangible personal property;

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

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

539 Subsection (56)(a)(i) operational up to the point of interconnection with an existing  
540 transmission grid including:

541 (A) generating equipment;

542 (B) a control and monitoring system;

543 (C) a power line;

544 (D) substation equipment;

545 (E) lighting;

546 (F) fencing;

547 (G) pipes; or

548 (H) other equipment used for locating a power line or pole; and

549 (b) this Subsection (56) does not apply to:

550 (i) tangible personal property used in construction of:

551 (A) a new waste energy facility; or

552 (B) the increase in the capacity of a waste energy facility;

553 (ii) contracted services required for construction and routine maintenance activities;

554 and

555 (iii) unless the tangible personal property is used or acquired for an increase in capacity  
556 described in Subsection (56)(a)(i)(C)(II), tangible personal property used or acquired after:

557 (A) the waste energy facility described in Subsection (56)(a)(i) is operational as  
558 described in Subsection (56)(a)(iii); or

559 (B) the increased capacity described in Subsection (56)(a)(i) is operational as described  
560 in Subsection (56)(a)(iii);

561 (57) (a) leases of five or more years or purchases made on or after July 1, 2004, but on  
562 or before June 30, 2027, of tangible personal property that:

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

564 (A) is located in the state;

565 (B) produces fuel from alternative energy, including:

566 (I) methanol; or

567 (II) ethanol; and

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

569 (II) has its capacity to produce fuel increase by 25% or more on or after July 1, 2004, as  
570 a result of the installation of the tangible personal property;

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

572 (iii) is installed on the facility described in Subsection (57)(a)(i);

573 (b) this Subsection (57) does not apply to:

574 (i) tangible personal property used in construction of:

575 (A) a new facility described in Subsection (57)(a)(i); or

576 (B) the increase in capacity of the facility described in Subsection (57)(a)(i); or

577 (ii) contracted services required for construction and routine maintenance activities;

578 and

579 (iii) unless the tangible personal property is used or acquired for an increase in capacity  
580 described in Subsection (57)(a)(i)(C)(II), tangible personal property used or acquired after:

581 (A) the facility described in Subsection (57)(a)(i) is operational; or

582 (B) the increased capacity described in Subsection (57)(a)(i) is operational;

583 (58) (a) subject to Subsection (58)(b) or (c), sales of tangible personal property or a  
584 product transferred electronically to a person within this state if that tangible personal property  
585 or product transferred electronically is subsequently shipped outside the state and incorporated

586 pursuant to contract into and becomes a part of real property located outside of this state;

587 (b) the exemption under Subsection (58)(a) is not allowed to the extent that the other  
588 state or political entity to which the tangible personal property is shipped imposes a sales, use,  
589 gross receipts, or other similar transaction excise tax on the transaction against which the other  
590 state or political entity allows a credit for sales and use taxes imposed by this chapter; and

591 (c) notwithstanding the time period of Subsection 59-1-1410(8) for filing for a refund,  
592 a person may claim the exemption allowed by this Subsection (58) for a sale by filing for a  
593 refund:

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

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

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

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

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

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

603 (59) purchases:

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

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

606 (A) names; or

607 (B) addresses; or

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

609 (A) names; or

610 (B) addresses; and

611 (b) used to send direct mail;

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

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

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

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

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

618 and

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

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

621 (i) telecommunications enabling or facilitating equipment, machinery, or software;

622 (ii) telecommunications equipment, machinery, or software required for 911 service;

623 (iii) telecommunications maintenance or repair equipment, machinery, or software;

624 (iv) telecommunications switching or routing equipment, machinery, or software; or

625 (v) telecommunications transmission equipment, machinery, or software;

626 (62) (a) beginning on July 1, 2006, and ending on June 30, 2027, purchases of tangible

627 personal property or a product transferred electronically that are used in the research and

628 development of alternative energy technology; and

629 (b) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the

630 commission may, for purposes of Subsection (62)(a), make rules defining what constitutes

631 purchases of tangible personal property or a product transferred electronically that are used in

632 the research and development of alternative energy technology;

633 (63) (a) purchases of tangible personal property or a product transferred electronically

634 if:

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

636 (A) purchased outside of this state;

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

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

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

640 (ii) for:

641 (A) tangible personal property or a product transferred electronically other than the

642 tangible personal property described in Subsection (63)(a)(ii)(B), the first use of the property

643 for a purpose for which the property is designed occurs outside of this state; or

644 (B) a vehicle other than a vehicle sold to an authorized carrier, the vehicle is registered

645 outside of this state;

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

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

648 or

649 (ii) a sale of a vehicle exempt under Subsection (33); and

650 (c) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, for  
651 purposes of Subsection (63)(a), the commission may by rule define what constitutes the  
652 following:

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

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

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

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

661 (a) a person presents a prescription for the disposable home medical equipment or  
662 supplies;

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

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

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

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

669 (65) sales:

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

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

674 (i) clearly identified; and

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

676 (66) sales of construction materials:

677 (a) purchased on or after July 1, 2010;

678 (b) purchased by, on behalf of, or for the benefit of an international airport:

- 679 (i) located within a county of the first class; and
- 680 (ii) that has a United States customs office on its premises; and
- 681 (c) if the construction materials are:
  - 682 (i) clearly identified;
  - 683 (ii) segregated; and
  - 684 (iii) installed or converted to real property:
    - 685 (A) owned or operated by the international airport described in Subsection (66)(b); and
    - 686 (B) located at the international airport described in Subsection (66)(b);
- 687 (67) sales of construction materials:
  - 688 (a) purchased on or after July 1, 2008;
  - 689 (b) purchased by, on behalf of, or for the benefit of a new airport:
    - 690 (i) located within a county of the second class; and
    - 691 (ii) that is owned or operated by a city in which an airline as defined in Section
    - 692 [59-2-102](#) is headquartered; and
  - 693 (c) if the construction materials are:
    - 694 (i) clearly identified;
    - 695 (ii) segregated; and
    - 696 (iii) installed or converted to real property:
      - 697 (A) owned or operated by the new airport described in Subsection (67)(b);
      - 698 (B) located at the new airport described in Subsection (67)(b); and
      - 699 (C) as part of the construction of the new airport described in Subsection (67)(b);
- 700 (68) sales of fuel to a common carrier that is a railroad for use in a locomotive engine;
- 701 (69) purchases and sales described in Section [63H-4-111](#);
- 702 (70) (a) sales of tangible personal property to an aircraft maintenance, repair, and
- 703 overhaul provider for use in the maintenance, repair, overhaul, or refurbishment in this state of
- 704 a fixed wing turbine powered aircraft if that fixed wing turbine powered aircraft's registration
- 705 lists a state or country other than this state as the location of registry of the fixed wing turbine
- 706 powered aircraft; or
- 707 (b) sales of tangible personal property by an aircraft maintenance, repair, and overhaul
- 708 provider in connection with the maintenance, repair, overhaul, or refurbishment in this state of
- 709 a fixed wing turbine powered aircraft if that fixed wing turbine powered aircraft's registration



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

712 (71) subject to Section 59-12-104.4, sales of a textbook for a higher education course:

713 (a) to a person admitted to an institution of higher education; and

714 (b) by a seller, other than a bookstore owned by an institution of higher education, if

715 51% or more of that seller's sales revenue for the previous calendar quarter are sales of a

716 textbook for a higher education course;

717 (72) a license fee or tax a municipality imposes in accordance with Subsection

718 10-1-203(5) on a purchaser from a business for which the municipality provides an enhanced

719 level of municipal services;

720 (73) amounts paid or charged for construction materials used in the construction of a

721 new or expanding life science research and development facility in the state, if the construction

722 materials are:

723 (a) clearly identified;

724 (b) segregated; and

725 (c) installed or converted to real property;

726 (74) amounts paid or charged for:

727 (a) a purchase or lease of machinery and equipment that:

728 (i) are used in performing qualified research:

729 (A) as defined in Section 41(d), Internal Revenue Code; and

730 (B) in the state; and

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

732 (b) normal operating repair or replacement parts:

733 (i) for the machinery and equipment described in Subsection (74)(a); and

734 (ii) that have an economic life of three or more years;

735 (75) a sale or lease of tangible personal property used in the preparation of prepared

736 food if:

737 (a) for a sale:

738 (i) the ownership of the seller and the ownership of the purchaser are identical; and

739 (ii) the seller or the purchaser paid a tax under this chapter on the purchase of that

740 tangible personal property prior to making the sale; or

- 741 (b) for a lease:
- 742 (i) the ownership of the lessor and the ownership of the lessee are identical; and
- 743 (ii) the lessor or the lessee paid a tax under this chapter on the purchase of that tangible
- 744 personal property prior to making the lease;
- 745 (76) (a) purchases of machinery or equipment if:
- 746 (i) the purchaser is an establishment described in NAICS Subsector 713, Amusement,
- 747 Gambling, and Recreation Industries, of the 2012 North American Industry Classification
- 748 System of the federal Executive Office of the President, Office of Management and Budget;
- 749 (ii) the machinery or equipment:
- 750 (A) has an economic life of three or more years; and
- 751 (B) is used by one or more persons who pay admission or user fees described in
- 752 Subsection 59-12-103(1)(f) to the purchaser of the machinery and equipment; and
- 753 (iii) 51% or more of the purchaser's sales revenue for the previous calendar quarter is:
- 754 (A) amounts paid or charged as admission or user fees described in Subsection
- 755 59-12-103(1)(f); and
- 756 (B) subject to taxation under this chapter; and
- 757 (b) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
- 758 commission may make rules for verifying that 51% of a purchaser's sales revenue for the
- 759 previous calendar quarter is:
- 760 (i) amounts paid or charged as admission or user fees described in Subsection
- 761 59-12-103(1)(f); and
- 762 (ii) subject to taxation under this chapter;
- 763 (77) purchases of a short-term lodging consumable by a business that provides
- 764 accommodations and services described in Subsection 59-12-103(1)(i);
- 765 (78) amounts paid or charged to access a database:
- 766 (a) if the primary purpose for accessing the database is to view or retrieve information
- 767 from the database; and
- 768 (b) not including amounts paid or charged for a:
- 769 (i) digital audiowork;
- 770 (ii) digital audio-visual work; or
- 771 (iii) digital book;

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

774 (a) machinery and equipment that:

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

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

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

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

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

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

781 (81) amounts paid or charged for a purchase or lease of tangible personal property or a  
782 product transferred electronically if the tangible personal property or product transferred  
783 electronically:

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

785 (b) is temporarily brought into the state from another state:

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

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

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

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

790 (82) sales of goods and services at a morale, welfare, and recreation facility, as defined  
791 in Section [39-9-102](#), made pursuant to Title 39, Chapter 9, State Morale, Welfare, and  
792 Recreation Program;

793 (83) amounts paid or charged for a purchase or lease of molten magnesium;

794 (84) (a) except as provided in Subsection (84)(b), amounts paid or charged for a  
795 purchase or lease made by a drilling equipment manufacturer of machinery, equipment,  
796 materials, or normal operating repair or replacement parts:

797 (i) that are used or consumed exclusively in the drilling equipment manufacturer's  
798 manufacturing process; and

799 (ii) except for office:

800 (A) equipment; or

801 (B) supplies; and

802 (b) beginning on July 1, 2015, and ending on June 30, 2017, a person may claim an

803 exemption described in Subsection (84)(a) only by filing for a refund:

804 (i) of 50% of the tax paid on the amounts paid or charged; and

805 (ii) in accordance with Section 59-1-1410;

806 (85) amounts paid or charged for a purchase or lease made by a qualifying enterprise  
807 data center of machinery, equipment, or normal operating repair or replacement parts, if the  
808 machinery, equipment, or normal operating repair or replacement parts:

809 (a) are used in the operation of the establishment; and

810 (b) have an economic life of one or more years; and

811 (86) amounts paid or charged for a purchase or lease of machinery, equipment, or  
812 normal operating repair or replacement parts by a manufacturing facility that:

813 (a) is an establishment, as the commission defines that term in accordance with Title  
814 63G, Chapter 3, Utah Administrative Rulemaking Act;

815 (b) is described in NAICS Code 336111, Automobile Manufacturing, of the 2002  
816 North American Industry Classification System of the federal Executive Office of the  
817 President, Office of Management and Budget;

818 (c) is located in the state; and

819 (d) uses the machinery, equipment, or normal operating repair or replacement parts in  
820 the manufacturing process to manufacture an item sold as tangible personal property, as the  
821 commission may define that phrase in accordance with Title 63G, Chapter 3, Utah  
822 Administrative Rulemaking Act;

823 (87) amounts paid or charged for a purchase or lease of equipment or normal operating  
824 repair or replacement parts with an economic life of less than three years by a manufacturing  
825 facility that:

826 (a) is an establishment, as the commission defines that term in accordance with Title  
827 63G, Chapter 3, Utah Administrative Rulemaking Act;

828 (b) is described in NAICS Code 325120, Industrial Gas Manufacturing, of the 2002  
829 North American Industry Classification System of the federal Executive Office of the  
830 President, Office of Management and Budget;

831 (c) is located in the state; and

832 (d) uses the equipment or normal operating repair or replacement parts to manufacture  
833 hydrogen;

834 (88) sales of cleaning or washing of a vehicle, except for cleaning or washing of a  
835 vehicle that includes cleaning or washing of the interior of the vehicle; ~~and~~

836 (89) amounts paid or charged for a purchase or lease of machinery, equipment, normal  
837 operating repair or replacement parts, catalysts, chemicals, reagents, solutions, or supplies used  
838 or consumed:

839 (a) by a refiner who owns, leases, operates, controls, or supervises a refinery as defined  
840 in Section [63M-4-701](#) located in the state;

841 (b) if the machinery, equipment, normal operating repair or replacement parts,  
842 catalysts, chemicals, reagents, solutions, or supplies are used or consumed in:

843 (i) the production process to produce gasoline or diesel fuel, or at which blendstock is  
844 added to gasoline or diesel fuel;

845 (ii) research and development;

846 (iii) transporting, storing, or managing raw materials, work in process, finished  
847 products, and waste materials produced from refining gasoline or diesel fuel, or adding  
848 blendstock to gasoline or diesel fuel;

849 (iv) developing or maintaining a road, tunnel, excavation, or similar feature used in  
850 refining; or

851 (v) preventing, controlling, or reducing pollutants from refining; and

852 (c) beginning on July 1, 2021, if the person has obtained a form certified by the Office  
853 of Energy Development under Subsection [63M-4-702\(2\)](#)~~[-]~~; and

854 (90) amounts paid or charged for a hotel accommodation at a lodging establishment, as  
855 defined in Section [29-2-102](#), that is subject to the MIDA lodging establishment tax levied in  
856 accordance with Section [63H-1-205](#).

857 Section 2. Section **59-28-108** is enacted to read:

858 **59-28-108. Military installation development authority exemption.**

859 Amounts paid or charged for a hotel accommodation at a lodging establishment, as  
860 defined in Section [29-2-102](#), are exempt from the tax described in Section [59-28-103](#), if the  
861 lodging establishment is subject to the MIDA lodging establishment tax levied in accordance  
862 with Section [63H-1-205](#).

863 Section 3. Section **63H-1-102** is amended to read:

864 **63H-1-102. Definitions.**

865 As used in this chapter:

866 (1) "Authority" means the Military Installation Development Authority, created under  
867 Section [63H-1-201](#).

868 (2) "Base taxable value" means:

869 (a) for military land or other land that was exempt from a property tax at the time that a  
870 project area was created that included the military land or other land, a taxable value of zero; or

871 (b) for private property that is included in a project area, the taxable value of the  
872 property within any portion of the project area, as designated by board resolution, from which  
873 the property tax allocation will be collected, as shown upon the assessment roll last equalized  
874 before the year in which the authority [~~issues a building permit for a building within that~~  
875 ~~portion of~~] creates the project area.

876 (3) "Board" means the governing body of the authority created under Section  
877 [63H-1-301](#).

878 (4) (a) "Dedicated tax collections" means the property tax that remains after the  
879 authority is paid the property tax allocation [~~it~~] the authority is entitled to receive under  
880 Subsection [63H-1-501](#)(1), for a property tax levied by:

881 (i) a county, including a district the county has established under Subsection [17-34-3](#)(2)  
882 to levy a property tax under Title 17, Chapter 34, Municipal-Type Services to Unincorporated  
883 Areas; or

884 (ii) an included municipality.

885 (b) "Dedicated tax collections" does not include a county additional property tax or  
886 multicounty assessing and collecting levy imposed in accordance with Section [59-2-1602](#).

887 (5) (a) "Development" means an activity occurring:

888 (i) on land within a project area that is owned or operated by the military, the authority,  
889 another public entity, or a private entity; or [~~an activity occurring~~]

890 (ii) on military land associated with a project area.

891 (b) "Development" includes the demolition, construction, reconstruction, modification,  
892 expansion, or improvement of a building, facility, utility, landscape, parking lot, park, trail, or  
893 recreational amenity.

894 (6) "Development project" means a project to develop land within a project area.

895 (7) "Elected member" means a member of the authority board who:

- 896 (a) is a mayor or member of a legislative body appointed under Subsection  
897 [63H-1-302](#)(2)(b); or
- 898 (b) (i) is appointed to the authority board under Subsection [63H-1-302](#)(2)(a) or (3); and  
899 (ii) concurrently serves in an elected state, county, or municipal office.
- 900 (8) "Included municipality" means a municipality, some or all of which is included  
901 within a project area.
- 902 (9) "Lodging establishment" means the same as that term is defined in Section  
903 [29-2-102](#).
- 904 (10) "Master plan approval" means approval of the development by the authority or a  
905 jurisdictional land-use authority to which the authority has contractually granted land-use  
906 authority.
- 907 [~~9~~] (11) (a) "Military" means a branch of the armed forces of the United States,  
908 including the Utah National Guard.
- 909 (b) "Military" includes, in relation to property, property that is occupied by the military  
910 and is owned by the government of the United States or the state.
- 911 [~~10~~] (12) "Military Installation Development Authority energy tax" or "MIDA energy  
912 tax" means the tax levied under Section [63H-1-204](#).
- 913 (13) "Military Installation Development Authority lodging establishment tax" or  
914 "MIDA lodging establishment tax" means the tax levied under Section [63H-1-205](#).
- 915 [~~11~~] (14) "Military land" means land or a facility, including leased land or a leased  
916 facility, that is part of or affiliated with a base, camp, post, station, yard, center, or installation  
917 under the jurisdiction of the United States Department of Defense or the Utah National Guard.
- 918 [~~12~~] (15) "Municipal energy tax" means a municipal energy sales and use tax under  
919 Title 10, Chapter 1, Part 3, Municipal Energy Sales and Use Tax Act.
- 920 [~~13~~] (16) "Municipal services revenue" means revenue that the authority:
- 921 (a) collects from the authority's:
- 922 (i) levy of a municipal energy tax;
- 923 (ii) levy of a MIDA energy tax;
- 924 (iii) levy of a telecommunications tax;
- 925 (iv) imposition of a transient room tax; and
- 926 (v) imposition of a resort communities tax;

927 (b) receives under Subsection 59-12-205(2)(b)(ii); and

928 (c) receives as dedicated tax collections.

929 [(14)] (17) "Municipal tax" means a municipal energy tax, MIDA energy tax, MIDA  
930 lodging establishment tax, telecommunications tax, transient room tax, or resort communities  
931 tax.

932 [(15)] (18) "Project area" means the land, including military land, whether consisting  
933 of a single contiguous area or multiple noncontiguous areas, described in a project area plan or  
934 draft project area plan, where the development project set forth in the project area plan or draft  
935 project area plan takes place or is proposed to take place.

936 [(16)] (19) "Project area budget" means a multiyear projection of annual or cumulative  
937 revenues and expenses and other fiscal matters pertaining to a project area that includes:

938 (a) the base taxable value of property in the project area;

939 (b) the projected property tax allocation expected to be generated within the project  
940 area;

941 (c) the amount of the property tax allocation expected to be shared with other taxing  
942 entities;

943 (d) the amount of the property tax allocation expected to be used to implement the  
944 project area plan, including the estimated amount of the property tax allocation to be used for  
945 land acquisition, public improvements, infrastructure improvements, and loans, grants, or other  
946 incentives to private and public entities;

947 (e) the property tax allocation expected to be used to cover the cost of administering  
948 the project area plan;

949 (f) if the property tax allocation is to be collected at different times or from different  
950 portions of the project area, or both:

951 (i) (A) the tax identification numbers of the parcels from which the property tax  
952 allocation will be collected; or

953 (B) a legal description of the portion of the project area from which the property tax  
954 allocation will be collected; and

955 (ii) an estimate of when other portions of the project area will become subject to  
956 collection of the property tax allocation; and

957 (g) for property that the authority owns or leases and expects to sell or sublease, the



958 expected total cost of the property to the authority and the expected selling price or lease  
959 payments.

960 ~~[(17)]~~ (20) "Project area plan" means a written plan that, after ~~[its]~~ the plan's effective  
961 date, guides and controls the development within a project area.

962 ~~[(18)]~~ (21) (a) "Property tax" includes a privilege tax, except as described in  
963 Subsection ~~[(18)]~~ (21)(b), and each levy on an ad valorem basis on tangible or intangible  
964 personal or real property.

965 (b) "Property tax" does not include a privilege tax on the taxable value:

966 (i) attributable to a portion of a facility leased to the military for a calendar year when:

967 ~~[(i)]~~ (A) a lessee of military land has constructed a facility on the military land that is  
968 part of a project area;

969 ~~[(ii)]~~ (B) the lessee leases space in the facility to the military for the entire calendar  
970 year; and

971 ~~[(iii)]~~ (C) the lease rate paid by the military for the space is \$1 or less for the entire  
972 calendar year, not including any common charges that are reimbursements for actual  
973 expenses~~[-]~~; or

974 (ii) of a hotel that is owned by the authority, regardless of whether the authority enters  
975 into a long-term operating agreement with a privately owned entity in which the privately  
976 owned entity agrees to operate the hotel.

977 ~~[(19)]~~ (22) "Property tax allocation" means the difference between:

978 (a) the amount of property tax revenues generated each tax year by all taxing entities  
979 from the area within a project area designated in the project area plan as the area from which  
980 the property tax allocation is to be collected, using the current assessed value of the property;  
981 and

982 (b) the amount of property tax revenues that would be generated from that same area  
983 using the base taxable value of the property.

984 ~~[(20)]~~ (23) "Public entity" means:

985 (a) the state, including each department or agency of the state; or

986 (b) a political subdivision of the state, including a county, city, town, school district,  
987 local district, special service district, or interlocal cooperation entity.

988 ~~[(21)]~~ (24) (a) "Publicly owned infrastructure and improvements" means infrastructure,

989 improvements, facilities, or buildings that benefit the public and are:

- 990 (i) publicly owned by the military, the authority, or another public entity;  
 991 (ii) owned by a utility; or  
 992 (iii) publicly maintained or operated by the military, the authority, or another public  
 993 entity.

994 (b) "Publicly owned infrastructure and improvements" includes:

- 995 (i) facilities, lines, or systems that provide water, chilled water, steam, sewer, storm  
 996 drainage, natural gas, electricity, or telecommunications; and  
 997 (ii) streets, roads, curb, gutter, sidewalk, walkways, solid waste facilities, parking  
 998 facilities, and public transportation facilities.

999 ~~[(22)]~~ (25) "Remaining municipal services revenue" means municipal services revenue  
 1000 that the authority has not:

1001 (a) spent during ~~[its]~~ the authority's fiscal year for municipal services as provided in  
 1002 Subsection [63H-1-503\(1\)](#)~~[-];~~ or

1003 (b) redirected to use in accordance with Subsection [63H-1-502\(3\)](#).

1004 ~~[(23)]~~ (26) "Resort communities tax" means a sales and use tax imposed under Section  
 1005 [59-12-401](#).

1006 ~~[(24)]~~ (27) "Taxable value" means the value of property as shown on the last equalized  
 1007 assessment roll as certified by the county assessor.

1008 ~~[(25)]~~ (28) "Taxing entity" means a public entity that levies a tax on property within a  
 1009 project area.

1010 ~~[(26)]~~ (29) "Telecommunications tax" means a telecommunications license tax under  
 1011 Title 10, Chapter 1, Part 4, Municipal Telecommunications License Tax Act.

1012 ~~[(27)]~~ (30) "Transient room tax" means a tax under Section [59-12-352](#).

1013 Section 4. Section **63H-1-205** is enacted to read:

1014 **63H-1-205. MIDA lodging establishment tax.**

1015 (1) By ordinance, the authority board may levy a MIDA lodging establishment tax on  
 1016 an operator of a lodging establishment within a project area, if the lodging establishment is  
 1017 located on authority-owned or other government-owned property.

1018 (2) The maximum rate of the MIDA lodging establishment tax is 15% of the operator's  
 1019 gross receipts received from nightly rentals for lodging, excluding the amount of tax paid on

1020 nightly rentals.

1021 (3) (a) An operator of a lodging establishment may recover an amount equal to the  
1022 MIDA lodging establishment tax from the lodging establishment's customers, if the operator of  
1023 the lodging establishment includes the amount as a separate billing line item.

1024 (b) The MIDA lodging establishment tax levied under this section is in addition to the  
1025 rate the operator of the lodging establishment charges to the customer.

1026 (4) If the authority levies the tax described in this section, neither the authority nor a  
1027 public entity may levy any other tax described in Title 59, Chapter 12, Sales and Use Tax Act,  
1028 on the amounts paid or charged for a hotel accommodation at the lodging establishment.

1029 (5) The MIDA lodging establishment tax is payable by the operator of the lodging  
1030 establishment on a monthly basis as described in the ordinance levying the tax.

1031 Section 5. Section **63H-1-302** is amended to read:

1032 **63H-1-302. Number of board members -- Appointment.**

1033 (1) The authority's board shall consist of seven members.

1034 (2) [Five] The governor shall appoint five members of the board [~~shall be appointed by~~  
1035 ~~the governor~~] as follows:

1036 (a) one member shall be appointed who is interested in supporting military efforts in  
1037 the state;

1038 (b) subject to Subsection (4)(d), three members shall be appointed, each of whom is a  
1039 mayor or member of the legislative body of a municipality or county that is adjacent or in close  
1040 proximity to a project area or proposed project area; and

1041 (c) one member shall be appointed from the executive branch or a state agency that is  
1042 involved with military issues.

1043 (3) The president of the Senate and the speaker of the House of Representatives shall  
1044 each appoint one board member.

1045 (4) (a) Each vacancy shall be filled in the same manner under this section as the  
1046 appointment of the member whose vacancy is being filled.

1047 (b) Each person appointed to fill a vacancy shall serve the remaining unexpired term of  
1048 the member whose vacancy the person is filling.

1049 (c) If a mayor or member of a legislative body appointed under Subsection (2)(b)  
1050 leaves office as mayor or a member of the legislative body, a vacancy on the board occurs and

1051 the governor shall appoint another mayor or member of a legislative body, as provided in  
1052 Subsection (2)(b), to fill the vacancy.

1053 (d) If there are more than three project areas located in different counties or  
1054 municipalities, ~~[at the expiration of a member's term who is appointed under Subsection~~  
1055 ~~(2)(b);]~~ the governor ~~[shall appoint]:~~

1056 ~~[(i) a mayor of a municipality or county that:]~~

1057 ~~[(A) is adjacent to or in close proximity to a project area; and]~~

1058 ~~[(B) is not already represented on the board; or]~~

1059 ~~[(ii) a member of a legislative body of a municipality or county that:]~~

1060 ~~[(A) is adjacent to or in close proximity to a project area; and]~~

1061 ~~[(B) is not already represented on the board.]~~

1062 (i) shall appoint at least one member under Subsection (2)(b) who represents a  
1063 municipality or county that is adjacent to or in close proximity to the highest-value project area,  
1064 as measured by the planned taxable value of the land within the project area to be developed by  
1065 the private sector;

1066 (ii) shall appoint at least one member under Subsection (2)(b) who represents a  
1067 municipality or county that is adjacent to or in close proximity to the second-highest-value  
1068 project area, as measured by the planned taxable value of the land within the project area to be  
1069 developed by the private sector; and

1070 (iii) may appoint one member under Subsection (2)(b) who represents a municipality or  
1071 county that is adjacent to or in close proximity to a project area for which there is no  
1072 representation on the board.

1073 (e) A member of the board appointed by the governor, president of the Senate, or  
1074 speaker of the House of Representatives serves at the pleasure of and may be removed and  
1075 replaced at any time, with or without cause, by the governor, president of the Senate, or speaker  
1076 of the House of Representatives, respectively.

1077 (5) The authority may:

1078 (a) appoint nonvoting members of the board, including a member from a municipality  
1079 or county that is adjacent to or in close proximity to a project area for which there is no  
1080 representation on the board under Subsection (2)(b); and

1081 (b) set terms for nonvoting members appointed under Subsection (5)(a).

1082 Section 6. Section **63H-1-501** is amended to read:

1083 **63H-1-501. Authority receipt and use of property tax allocation -- Distribution of**  
1084 **property tax allocation.**

1085 (1) (a) The authority may:

1086 (i) subject to Subsection (1)(b), receive up to 75% of the property tax allocation for up  
1087 to 25 years, as provided in this part; and

1088 (ii) use the property tax allocation during and after the period described in Subsection  
1089 (1)(a)(i).

1090 (b) With respect to a parcel located within a project area, the 25-year period described  
1091 in Subsection (1)(a)(i) shall begin on the day on which the authority receives the first property  
1092 tax allocation from that parcel.

1093 (2) [Improvements] If a project area does not contain private land, improvements on a  
1094 parcel within [a] that project area become subject to property tax on January 1, immediately  
1095 following the day on which the authority or an entity designated by the authority issues a  
1096 certificate of occupancy with respect to those improvements.

1097 (3) If a project area contains private land:

1098 (a) a private parcel within that project area, including any improvements on that parcel,  
1099 becomes subject to property tax above the base taxable value of that parcel on January 1,  
1100 immediately following the day on which the authority or an entity designated by the authority  
1101 issues a certificate of occupancy with respect to that parcel; and

1102 (b) if the authority or an entity designated by the authority has not issued a certificate  
1103 of occupancy, the authority may charge an annual fee to an owner of:

1104 (i) a private parcel, without improvements on the parcel, within that project area in the  
1105 amount of 1.2% of the parcel's land value, determined as described in Subsection (7); and

1106 (ii) improvements under construction on a private parcel within that project area, as  
1107 follows:

1108 (A) the amount described in Subsection (3)(b)(i) plus .3% of the value of the total  
1109 improvements used to calculate the building permit fee for a parcel that only has at-grade or  
1110 below-grade improvements installed on January 1;

1111 (B) the amount described in Subsection (3)(b)(i) plus .6% of the value of the total  
1112 improvements used to calculate the building permit fee for a parcel that has vertical

1113 improvements on January 1; or

1114 (C) the amount described in Subsection (3)(b)(i) plus .9% of the value of the total  
1115 improvements used to calculate the building permit fee for a parcel for which a building  
1116 inspector grants power clearance on or before January 1.

1117 [~~3~~] (4) Each county that collects property tax on property within a project area shall  
1118 pay and distribute to the authority the property tax allocation and dedicated tax collections that  
1119 the authority is entitled to collect under this title, in the manner and at the time provided in  
1120 Section [59-2-1365](#).

1121 [~~4~~] (5) (a) The board shall determine by resolution when the entire project area or an  
1122 individual parcel within a project area is subject to property tax allocation.

1123 (b) The board shall amend the project area budget to reflect whether a parcel within a  
1124 project area is subject to property tax allocation.

1125 (6) The authority may use the revenue from the fee established in Subsection (3)(b) for  
1126 any purpose described in Subsection [63H-1-502](#)(1).

1127 (7) (a) The authority shall determine a parcel's land value under Subsection (3)(b)(i)  
1128 by:

1129 (i) conducting, or hiring a person to conduct, an appraisal of the parcel at the following  
1130 times:

1131 (A) after master plan approval; and

1132 (B) after final subdivision approval; or

1133 (ii) using an appraisal the parcel owner obtained for project financing purposes.

1134 (b) The authority shall, by ordinance, adopt an appeal procedure that provides due  
1135 process of law to a property owner contesting the appraised value of a parcel of land.

1136 Section 7. Section **63H-1-502** is amended to read:

1137 **63H-1-502. Allowable uses of property tax allocation and other funds.**

1138 (1) Other than municipal services revenue, the authority may use the property tax  
1139 allocation and other funds available to the authority:

1140 (a) for any purpose authorized under this chapter;

1141 (b) for administrative, overhead, legal, and other operating expenses of the authority;

1142 (c) to pay for, including financing or refinancing, all or part of the development of land  
1143 within the project area from which the property tax allocation or other funds were collected,

1144 including assisting the ongoing operation of a development or facility within the project area;

1145 (d) to pay the cost of the installation and construction of publicly owned infrastructure  
1146 and improvements within the project area from which the property tax allocation funds were  
1147 collected;

1148 (e) to pay the cost of the installation of publicly owned infrastructure and  
1149 improvements, including a passenger ropeway, as defined in Section [72-11-102](#), outside the  
1150 project area if:

1151 (i) the authority board determines by resolution that the infrastructure and  
1152 improvements are of benefit to the project area; and

1153 (ii) for a passenger ropeway, at least one end of the ropeway is located within the  
1154 project area; ~~and~~

1155 (f) to pay the principal and interest on bonds issued by the authority~~[-]; or~~

1156 (g) to pay for a morale, welfare, and recreation program of a United States Air Force  
1157 base in Utah, affiliated with the project area from which the funds were collected.

1158 (2) The authority may use revenue generated from the operation of publicly owned  
1159 infrastructure operated by the authority or improvements operated by the authority to:

1160 (a) operate and maintain the infrastructure or improvements; and

1161 (b) pay for authority operating expenses, including administrative, overhead, and legal  
1162 expenses.

1163 (3) For purposes of Subsection (1), the authority may use:

1164 (a) tax ~~revenues~~ revenue received under Subsection [59-12-205\(2\)\(b\)\(ii\)](#);

1165 (b) resort communities tax ~~[revenues generated from a project area that contains private~~  
1166 ~~land; and] revenue~~;

1167 (c) MIDA energy tax revenue, received under Section [63H-1-204](#), which does not have  
1168 to be used in the project area where the revenue was generated~~[-];~~

1169 (d) MIDA lodging establishment tax revenue, received under Section [63H-1-205](#);

1170 (e) transient room tax revenue generated from hotels located on authority-owned or  
1171 other public-entity-owned property;

1172 (f) municipal energy tax revenue generated from hotels located on authority-owned or  
1173 other public-entity-owned property; or

1174 (g) fee revenue received under Subsection [63H-1-501\(3\)\(b\)](#).

1175           (4) The determination of the authority board under Subsection (1)(e) regarding benefit  
1176 to the project area is final.

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**Legislative Review Note**  
**Office of Legislative Research and General Counsel**