

Senator Curtis S. Bramble proposes the following substitute bill:

SALES AND USE TAX REVISIONS

2019 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Curtis S. Bramble

House Sponsor: Jon Hawkins

Cosponsor: Wayne A. Harper

LONG TITLE

General Description:

This bill modifies the sales and use tax act.

Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ provides the circumstances under which a marketplace facilitator or a marketplace seller is subject to the payment or collection and remittance requirements of the sales and use tax act; and
- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

AMENDS:

59-12-102, as last amended by Laws of Utah 2018, Chapters 25, 281, 415, 424, and 472



25 **59-12-107**, as last amended by Laws of Utah 2018, Second Special Session, Chapter 6

26 ENACTS:

27 **59-12-107.6**, Utah Code Annotated 1953

28

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

30 Section 1. Section **59-12-102** is amended to read:

31 **59-12-102. Definitions.**

32 As used in this chapter:

33 (1) "800 service" means a telecommunications service that:

34 (a) allows a caller to dial a toll-free number without incurring a charge for the call; and

35 (b) is typically marketed:

36 (i) under the name 800 toll-free calling;

37 (ii) under the name 855 toll-free calling;

38 (iii) under the name 866 toll-free calling;

39 (iv) under the name 877 toll-free calling;

40 (v) under the name 888 toll-free calling; or

41 (vi) under a name similar to Subsections (1)(b)(i) through (v) as designated by the

42 Federal Communications Commission.

43 (2) (a) "900 service" means an inbound toll telecommunications service that:

44 (i) a subscriber purchases;

45 (ii) allows a customer of the subscriber described in Subsection (2)(a)(i) to call in to

46 the subscriber's:

47 (A) prerecorded announcement; or

48 (B) live service; and

49 (iii) is typically marketed:

50 (A) under the name 900 service; or

51 (B) under a name similar to Subsection (2)(a)(iii)(A) as designated by the Federal

52 Communications Commission.

53 (b) "900 service" does not include a charge for:

54 (i) a collection service a seller of a telecommunications service provides to a

55 subscriber; or

56 (ii) the following a subscriber sells to the subscriber's customer:

57 (A) a product; or

58 (B) a service.

59 (3) (a) "Admission or user fees" includes season passes.

60 (b) "Admission or user fees" does not include annual membership dues to private
61 organizations.

62 (4) "Affiliate" or "affiliated person" means a person that, with respect to another
63 person:

64 (a) has an ownership interest of more than 5%, whether direct or indirect, in that other
65 person; or

66 (b) is related to the other person because a third person, or a group of third persons who
67 are affiliated persons with respect to each other, holds an ownership interest of more than 5%,
68 whether direct or indirect, in the related persons.

69 [~~4~~] (5) "Agreement" means the Streamlined Sales and Use Tax Agreement adopted
70 on November 12, 2002, including amendments made to the Streamlined Sales and Use Tax
71 Agreement after November 12, 2002.

72 [~~5~~] (6) "Agreement combined tax rate" means the sum of the tax rates:

73 (a) listed under Subsection [~~6~~] (7); and

74 (b) that are imposed within a local taxing jurisdiction.

75 [~~6~~] (7) "Agreement sales and use tax" means a tax imposed under:

76 (a) Subsection 59-12-103(2)(a)(i)(A);

77 (b) Subsection 59-12-103(2)(b)(i);

78 (c) Subsection 59-12-103(2)(c)(i);

79 (d) Subsection 59-12-103(2)(d)(i)(A)(I);

80 (e) Section 59-12-204;

81 (f) Section 59-12-401;

82 (g) Section 59-12-402;

83 (h) Section 59-12-402.1;

84 (i) Section 59-12-703;

85 (j) Section 59-12-802;

86 (k) Section 59-12-804;

- 87 (l) Section 59-12-1102;
- 88 (m) Section 59-12-1302;
- 89 (n) Section 59-12-1402;
- 90 (o) Section 59-12-1802;
- 91 (p) Section 59-12-2003;
- 92 (q) Section 59-12-2103;
- 93 (r) Section 59-12-2213;
- 94 (s) Section 59-12-2214;
- 95 (t) Section 59-12-2215;
- 96 (u) Section 59-12-2216;
- 97 (v) Section 59-12-2217;
- 98 (w) Section 59-12-2218;
- 99 (x) Section 59-12-2219; or
- 100 (y) Section 59-12-2220.

101 [~~(7)~~] (8) "Aircraft" means the same as that term is defined in Section 72-10-102.

102 [~~(8)~~] (9) "Aircraft maintenance, repair, and overhaul provider" means a business entity:

103 (a) except for:

104 (i) an airline as defined in Section 59-2-102; or

105 (ii) an affiliated group, as defined in Section 59-7-101, except that "affiliated group"

106 includes a corporation that is qualified to do business but is not otherwise doing business in the
107 state, of an airline; and

108 (b) that has the workers, expertise, and facilities to perform the following, regardless of
109 whether the business entity performs the following in this state:

110 (i) check, diagnose, overhaul, and repair:

111 (A) an onboard system of a fixed wing turbine powered aircraft; and

112 (B) the parts that comprise an onboard system of a fixed wing turbine powered aircraft;

113 (ii) assemble, change, dismantle, inspect, and test a fixed wing turbine powered aircraft
114 engine;

115 (iii) perform at least the following maintenance on a fixed wing turbine powered
116 aircraft:

117 (A) an inspection;

- 118 (B) a repair, including a structural repair or modification;
- 119 (C) changing landing gear; and
- 120 (D) addressing issues related to an aging fixed wing turbine powered aircraft;
- 121 (iv) completely remove the existing paint of a fixed wing turbine powered aircraft and
- 122 completely apply new paint to the fixed wing turbine powered aircraft; and
- 123 (v) refurbish the interior of a fixed wing turbine powered aircraft in a manner that
- 124 results in a change in the fixed wing turbine powered aircraft's certification requirements by the
- 125 authority that certifies the fixed wing turbine powered aircraft.

126 [~~9~~] (10) "Alcoholic beverage" means a beverage that:

- 127 (a) is suitable for human consumption; and
- 128 (b) contains .5% or more alcohol by volume.

129 [~~10~~] (11) "Alternative energy" means:

- 130 (a) biomass energy;
- 131 (b) geothermal energy;
- 132 (c) hydroelectric energy;
- 133 (d) solar energy;
- 134 (e) wind energy; or
- 135 (f) energy that is derived from:
 - 136 (i) coal-to-liquids;
 - 137 (ii) nuclear fuel;
 - 138 (iii) oil-impregnated diatomaceous earth;
 - 139 (iv) oil sands;
 - 140 (v) oil shale;
 - 141 (vi) petroleum coke; or
 - 142 (vii) waste heat from:
 - 143 (A) an industrial facility; or
 - 144 (B) a power station in which an electric generator is driven through a process in which
 - 145 water is heated, turns into steam, and spins a steam turbine.

146 [~~11~~] (12) (a) Subject to Subsection [~~11~~] (12)(b), "alternative energy electricity

147 production facility" means a facility that:

- 148 (i) uses alternative energy to produce electricity; and

149 (ii) has a production capacity of two megawatts or greater.

150 (b) A facility is an alternative energy electricity production facility regardless of
151 whether the facility is:

152 (i) connected to an electric grid; or

153 (ii) located on the premises of an electricity consumer.

154 ~~[(12)]~~ (13) (a) "Ancillary service" means a service associated with, or incidental to, the
155 provision of telecommunications service.

156 (b) "Ancillary service" includes:

157 (i) a conference bridging service;

158 (ii) a detailed communications billing service;

159 (iii) directory assistance;

160 (iv) a vertical service; or

161 (v) a voice mail service.

162 ~~[(13)]~~ (14) "Area agency on aging" means the same as that term is defined in Section
163 [62A-3-101](#).

164 ~~[(14)]~~ (15) "Assisted amusement device" means an amusement device, skill device, or
165 ride device that is started and stopped by an individual:

166 (a) who is not the purchaser or renter of the right to use or operate the amusement
167 device, skill device, or ride device; and

168 (b) at the direction of the seller of the right to use the amusement device, skill device,
169 or ride device.

170 ~~[(15)]~~ (16) "Assisted cleaning or washing of tangible personal property" means
171 cleaning or washing of tangible personal property if the cleaning or washing labor is primarily
172 performed by an individual:

173 (a) who is not the purchaser of the cleaning or washing of the tangible personal
174 property; and

175 (b) at the direction of the seller of the cleaning or washing of the tangible personal
176 property.

177 ~~[(16)]~~ (17) "Authorized carrier" means:

178 (a) in the case of vehicles operated over public highways, the holder of credentials
179 indicating that the vehicle is or will be operated pursuant to both the International Registration

180 Plan and the International Fuel Tax Agreement;

181 (b) in the case of aircraft, the holder of a Federal Aviation Administration operating
182 certificate or air carrier's operating certificate; or

183 (c) in the case of locomotives, freight cars, railroad work equipment, or other rolling
184 stock, a person who uses locomotives, freight cars, railroad work equipment, or other rolling
185 stock in more than one state.

186 ~~[(17)]~~ (18) (a) Except as provided in Subsection ~~[(17)]~~ (18)(b), "biomass energy"
187 means any of the following that is used as the primary source of energy to produce fuel or
188 electricity:

189 (i) material from a plant or tree; or

190 (ii) other organic matter that is available on a renewable basis, including:

191 (A) slash and brush from forests and woodlands;

192 (B) animal waste;

193 (C) waste vegetable oil;

194 (D) methane or synthetic gas produced at a landfill, as a byproduct of the treatment of
195 wastewater residuals, or through the conversion of a waste material through a nonincineration,
196 thermal conversion process;

197 (E) aquatic plants; and

198 (F) agricultural products.

199 (b) "Biomass energy" does not include:

200 (i) black liquor; or

201 (ii) treated woods.

202 ~~[(18)]~~ (19) (a) "Bundled transaction" means the sale of two or more items of tangible
203 personal property, products, or services if the tangible personal property, products, or services
204 are:

205 (i) distinct and identifiable; and

206 (ii) sold for one nonitemized price.

207 (b) "Bundled transaction" does not include:

208 (i) the sale of tangible personal property if the sales price varies, or is negotiable, on
209 the basis of the selection by the purchaser of the items of tangible personal property included in
210 the transaction;

- 211 (ii) the sale of real property;
- 212 (iii) the sale of services to real property;
- 213 (iv) the retail sale of tangible personal property and a service if:
 - 214 (A) the tangible personal property:
 - 215 (I) is essential to the use of the service; and
 - 216 (II) is provided exclusively in connection with the service; and
 - 217 (B) the service is the true object of the transaction;
- 218 (v) the retail sale of two services if:
 - 219 (A) one service is provided that is essential to the use or receipt of a second service;
 - 220 (B) the first service is provided exclusively in connection with the second service; and
 - 221 (C) the second service is the true object of the transaction;
- 222 (vi) a transaction that includes tangible personal property or a product subject to
223 taxation under this chapter and tangible personal property or a product that is not subject to
224 taxation under this chapter if the:
 - 225 (A) seller's purchase price of the tangible personal property or product subject to
226 taxation under this chapter is de minimis; or
 - 227 (B) seller's sales price of the tangible personal property or product subject to taxation
228 under this chapter is de minimis; and
- 229 (vii) the retail sale of tangible personal property that is not subject to taxation under
230 this chapter and tangible personal property that is subject to taxation under this chapter if:
 - 231 (A) that retail sale includes:
 - 232 (I) food and food ingredients;
 - 233 (II) a drug;
 - 234 (III) durable medical equipment;
 - 235 (IV) mobility enhancing equipment;
 - 236 (V) an over-the-counter drug;
 - 237 (VI) a prosthetic device; or
 - 238 (VII) a medical supply; and
 - 239 (B) subject to Subsection [~~(+8)~~] (19)(f):
 - 240 (I) the seller's purchase price of the tangible personal property subject to taxation under
241 this chapter is 50% or less of the seller's total purchase price of that retail sale; or

242 (II) the seller's sales price of the tangible personal property subject to taxation under
243 this chapter is 50% or less of the seller's total sales price of that retail sale.

244 (c) (i) For purposes of Subsection [~~(18)~~] (19)(a)(i), tangible personal property, a
245 product, or a service that is distinct and identifiable does not include:

246 (A) packaging that:

247 (I) accompanies the sale of the tangible personal property, product, or service; and

248 (II) is incidental or immaterial to the sale of the tangible personal property, product, or
249 service;

250 (B) tangible personal property, a product, or a service provided free of charge with the
251 purchase of another item of tangible personal property, a product, or a service; or

252 (C) an item of tangible personal property, a product, or a service included in the
253 definition of "purchase price."

254 (ii) For purposes of Subsection [~~(18)~~] (19)(c)(i)(B), an item of tangible personal
255 property, a product, or a service is provided free of charge with the purchase of another item of
256 tangible personal property, a product, or a service if the sales price of the purchased item of
257 tangible personal property, product, or service does not vary depending on the inclusion of the
258 tangible personal property, product, or service provided free of charge.

259 (d) (i) For purposes of Subsection [~~(18)~~] (19)(a)(ii), property sold for one nonitemized
260 price does not include a price that is separately identified by tangible personal property,
261 product, or service on the following, regardless of whether the following is in paper format or
262 electronic format:

263 (A) a binding sales document; or

264 (B) another supporting sales-related document that is available to a purchaser.

265 (ii) For purposes of Subsection [~~(18)~~] (19)(d)(i), a binding sales document or another
266 supporting sales-related document that is available to a purchaser includes:

267 (A) a bill of sale;

268 (B) a contract;

269 (C) an invoice;

270 (D) a lease agreement;

271 (E) a periodic notice of rates and services;

272 (F) a price list;

273 (G) a rate card;

274 (H) a receipt; or

275 (I) a service agreement.

276 (e) (i) For purposes of Subsection [~~(18)~~] (19)(b)(vi), the sales price of tangible personal
277 property or a product subject to taxation under this chapter is de minimis if:

278 (A) the seller's purchase price of the tangible personal property or product is 10% or
279 less of the seller's total purchase price of the bundled transaction; or

280 (B) the seller's sales price of the tangible personal property or product is 10% or less of
281 the seller's total sales price of the bundled transaction.

282 (ii) For purposes of Subsection [~~(18)~~] (19)(b)(vi), a seller:

283 (A) shall use the seller's purchase price or the seller's sales price to determine if the
284 purchase price or sales price of the tangible personal property or product subject to taxation
285 under this chapter is de minimis; and

286 (B) may not use a combination of the seller's purchase price and the seller's sales price
287 to determine if the purchase price or sales price of the tangible personal property or product
288 subject to taxation under this chapter is de minimis.

289 (iii) For purposes of Subsection [~~(18)~~] (19)(b)(vi), a seller shall use the full term of a
290 service contract to determine if the sales price of tangible personal property or a product is de
291 minimis.

292 (f) For purposes of Subsection [~~(18)~~] (19)(b)(vii)(B), a seller may not use a
293 combination of the seller's purchase price and the seller's sales price to determine if tangible
294 personal property subject to taxation under this chapter is 50% or less of the seller's total
295 purchase price or sales price of that retail sale.

296 [~~(19)~~] (20) "Certified automated system" means software certified by the governing
297 board of the agreement that:

298 (a) calculates the agreement sales and use tax imposed within a local taxing
299 jurisdiction:

300 (i) on a transaction; and

301 (ii) in the states that are members of the agreement;

302 (b) determines the amount of agreement sales and use tax to remit to a state that is a
303 member of the agreement; and

304 (c) maintains a record of the transaction described in Subsection [~~(19)~~] (20)(a)(i).

305 [~~(20)~~] (21) "Certified service provider" means an agent certified:

306 (a) by the governing board of the agreement; and

307 (b) to perform all of a seller's sales and use tax functions for an agreement sales and
308 use tax other than the seller's obligation under Section 59-12-124 to remit a tax on the seller's
309 own purchases.

310 [~~(21)~~] (22) (a) Subject to Subsection [~~(21)~~] (22)(b), "clothing" means all human
311 wearing apparel suitable for general use.

312 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
313 commission shall make rules:

314 (i) listing the items that constitute "clothing"; and

315 (ii) that are consistent with the list of items that constitute "clothing" under the
316 agreement.

317 [~~(22)~~] (23) "Coal-to-liquid" means the process of converting coal into a liquid synthetic
318 fuel.

319 [~~(23)~~] (24) "Commercial use" means the use of gas, electricity, heat, coal, fuel oil, or
320 other fuels that does not constitute industrial use under Subsection [~~(56)~~] (57) or residential use
321 under Subsection [~~(106)~~] (111).

322 [~~(24)~~] (25) (a) "Common carrier" means a person engaged in or transacting the
323 business of transporting passengers, freight, merchandise, or other property for hire within this
324 state.

325 (b) (i) "Common carrier" does not include a person [~~who~~] that, at the time the person is
326 traveling to or from that person's place of employment, transports a passenger to or from the
327 passenger's place of employment.

328 (ii) For purposes of Subsection [~~(24)~~] (25)(b)(i), in accordance with Title 63G, Chapter
329 3, Utah Administrative Rulemaking Act, the commission may make rules defining what
330 constitutes a person's place of employment.

331 (c) "Common carrier" does not include a person that provides transportation network
332 services, as defined in Section 13-51-102.

333 [~~(25)~~] (26) "Component part" includes:

334 (a) poultry, dairy, and other livestock feed, and their components;

335 (b) baling ties and twine used in the baling of hay and straw;
336 (c) fuel used for providing temperature control of orchards and commercial
337 greenhouses doing a majority of their business in wholesale sales, and for providing power for
338 off-highway type farm machinery; and

339 (d) feed, seeds, and seedlings.

340 ~~[(26)]~~ (27) "Computer" means an electronic device that accepts information:

341 (a) (i) in digital form; or

342 (ii) in a form similar to digital form; and

343 (b) manipulates that information for a result based on a sequence of instructions.

344 ~~[(27)]~~ (28) "Computer software" means a set of coded instructions designed to cause:

345 (a) a computer to perform a task; or

346 (b) automatic data processing equipment to perform a task.

347 ~~[(28)]~~ (29) "Computer software maintenance contract" means a contract that obligates a
348 seller of computer software to provide a customer with:

349 (a) future updates or upgrades to computer software;

350 (b) support services with respect to computer software; or

351 (c) a combination of Subsections ~~[(28)]~~ (29)(a) and (b).

352 ~~[(29)]~~ (30) (a) "Conference bridging service" means an ancillary service that links two
353 or more participants of an audio conference call or video conference call.

354 (b) "Conference bridging service" may include providing a telephone number as part of
355 the ancillary service described in Subsection ~~[(29)]~~ (30)(a).

356 (c) "Conference bridging service" does not include a telecommunications service used
357 to reach the ancillary service described in Subsection ~~[(29)]~~ (30)(a).

358 ~~[(30)]~~ (31) "Construction materials" means any tangible personal property that will be
359 converted into real property.

360 ~~[(31)]~~ (32) "Delivered electronically" means delivered to a purchaser by means other
361 than tangible storage media.

362 ~~[(32)]~~ (33) (a) "Delivery charge" means a charge:

363 (i) by a seller of:

364 (A) tangible personal property;

365 (B) a product transferred electronically; or

366 (C) [~~services~~] a service; and
367 (ii) for preparation and delivery of the tangible personal property, product transferred
368 electronically, or services described in Subsection [~~(32)~~] (33)(a)(i) to a location designated by
369 the purchaser.

370 (b) "Delivery charge" includes a charge for the following:

- 371 (i) transportation;
- 372 (ii) shipping;
- 373 (iii) postage;
- 374 (iv) handling;
- 375 (v) crating; or
- 376 (vi) packing.

377 [~~(33)~~] (34) "Detailed telecommunications billing service" means an ancillary service of
378 separately stating information pertaining to individual calls on a customer's billing statement.

379 [~~(34)~~] (35) "Dietary supplement" means a product, other than tobacco, that:

- 380 (a) is intended to supplement the diet;
- 381 (b) contains one or more of the following dietary ingredients:
 - 382 (i) a vitamin;
 - 383 (ii) a mineral;
 - 384 (iii) an herb or other botanical;
 - 385 (iv) an amino acid;
 - 386 (v) a dietary substance for use by humans to supplement the diet by increasing the total
387 dietary intake; or
 - 388 (vi) a concentrate, metabolite, constituent, extract, or combination of any ingredient
389 described in Subsections [~~(34)~~] (35)(b)(i) through (v);

390 (c) (i) except as provided in Subsection [~~(34)~~] (35)(c)(ii), is intended for ingestion in:

- 391 (A) tablet form;
- 392 (B) capsule form;
- 393 (C) powder form;
- 394 (D) softgel form;
- 395 (E) gelcap form; or
- 396 (F) liquid form; or

397 (ii) if the product is not intended for ingestion in a form described in Subsections [~~(34)~~
398 (35)(c)(i)(A) through (F), is not represented:

399 (A) as conventional food; and

400 (B) for use as a sole item of:

401 (I) a meal; or

402 (II) the diet; and

403 (d) is required to be labeled as a dietary supplement:

404 (i) identifiable by the "Supplemental Facts" box found on the label; and

405 (ii) as required by 21 C.F.R. Sec. 101.36.

406 [~~(35) "Digital audio-visual work" means a series of related images which, when shown
407 in succession, imparts an impression of motion, together with accompanying sounds, if any.]~~

408 (36) (a) "Digital audio work" means a work that results from the fixation of a series of
409 musical, spoken, or other sounds.

410 (b) "Digital audio work" includes a ringtone.

411 (37) "Digital audio-visual work" means a series of related images which, when shown
412 in succession, imparts an impression of motion, together with accompanying sounds, if any.

413 [~~(37)~~] (38) "Digital book" means a work that is generally recognized in the ordinary
414 and usual sense as a book.

415 [~~(38)~~] (39) (a) "Direct mail" means printed material delivered or distributed by United
416 States mail or other delivery service:

417 (i) to:

418 (A) a mass audience; or

419 (B) addressees on a mailing list provided:

420 (I) by a purchaser of the mailing list; or

421 (II) at the discretion of the purchaser of the mailing list; and

422 (ii) if the cost of the printed material is not billed directly to the recipients.

423 (b) "Direct mail" includes tangible personal property supplied directly or indirectly by a
424 purchaser to a seller of direct mail for inclusion in a package containing the printed material.

425 (c) "Direct mail" does not include multiple items of printed material delivered to a
426 single address.

427 [~~(39)~~] (40) "Directory assistance" means an ancillary service of providing:

- 428 (a) address information; or
429 (b) telephone number information.
430 ~~[(40)]~~ (41) (a) "Disposable home medical equipment or supplies" means medical
431 equipment or supplies that:
432 (i) cannot withstand repeated use; and
433 (ii) are purchased by, for, or on behalf of a person other than:
434 (A) a health care facility as defined in Section 26-21-2;
435 (B) a health care provider as defined in Section 78B-3-403;
436 (C) an office of a health care provider described in Subsection ~~[(40)]~~ (41)(a)(ii)(B); or
437 (D) a person similar to a person described in Subsections ~~[(40)]~~ (41)(a)(ii)(A) through
438 (C).
439 (b) "Disposable home medical equipment or supplies" does not include:
440 (i) a drug;
441 (ii) durable medical equipment;
442 (iii) a hearing aid;
443 (iv) a hearing aid accessory;
444 (v) mobility enhancing equipment; or
445 (vi) tangible personal property used to correct impaired vision, including:
446 (A) eyeglasses; or
447 (B) contact lenses.
448 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
449 commission may by rule define what constitutes medical equipment or supplies.
450 ~~[(41)]~~ (42) "Drilling equipment manufacturer" means a facility:
451 (a) located in the state;
452 (b) with respect to which 51% or more of the manufacturing activities of the facility
453 consist of manufacturing component parts of drilling equipment;
454 (c) that uses pressure of 800,000 or more pounds per square inch as part of the
455 manufacturing process; and
456 (d) that uses a temperature of 2,000 or more degrees Fahrenheit as part of the
457 manufacturing process.
458 ~~[(42)]~~ (43) (a) "Drug" means a compound, substance, or preparation, or a component of

459 a compound, substance, or preparation that is:

460 (i) recognized in:

461 (A) the official United States Pharmacopoeia;

462 (B) the official Homeopathic Pharmacopoeia of the United States;

463 (C) the official National Formulary; or

464 (D) a supplement to a publication listed in Subsections [~~(42)~~] (43)(a)(i)(A) through

465 (C);

466 (ii) intended for use in the:

467 (A) diagnosis of disease;

468 (B) cure of disease;

469 (C) mitigation of disease;

470 (D) treatment of disease; or

471 (E) prevention of disease; or

472 (iii) intended to affect:

473 (A) the structure of the body; or

474 (B) any function of the body.

475 (b) "Drug" does not include:

476 (i) food and food ingredients;

477 (ii) a dietary supplement;

478 (iii) an alcoholic beverage; or

479 (iv) a prosthetic device.

480 [~~(43)~~] (44) (a) Except as provided in Subsection [~~(43)~~] (44)(c), "durable medical

481 equipment" means equipment that:

482 (i) can withstand repeated use;

483 (ii) is primarily and customarily used to serve a medical purpose;

484 (iii) generally is not useful to a person in the absence of illness or injury; and

485 (iv) is not worn in or on the body.

486 (b) "Durable medical equipment" includes parts used in the repair or replacement of the

487 equipment described in Subsection [~~(43)~~] (44)(a).

488 (c) "Durable medical equipment" does not include mobility enhancing equipment.

489 [~~(44)~~] (45) "Electronic" means:

- 490 (a) relating to technology; and
- 491 (b) having:
 - 492 (i) electrical capabilities;
 - 493 (ii) digital capabilities;
 - 494 (iii) magnetic capabilities;
 - 495 (iv) wireless capabilities;
 - 496 (v) optical capabilities;
 - 497 (vi) electromagnetic capabilities; or
 - 498 (vii) capabilities similar to Subsections [~~(44)~~] (45)(b)(i) through (vi).
- 499 [~~(45)~~] (46) "Electronic financial payment service" means an establishment:
 - 500 (a) within NAICS Code 522320, Financial Transactions Processing, Reserve, and
 - 501 Clearinghouse Activities, of the 2012 North American Industry Classification System of the
 - 502 federal Executive Office of the President, Office of Management and Budget; and
 - 503 (b) that performs electronic financial payment services.
- 504 [~~(46)~~] (47) "Employee" means the same as that term is defined in Section 59-10-401.
- 505 [~~(47)~~] (48) "Fixed guideway" means a public transit facility that uses and occupies:
 - 506 (a) rail for the use of public transit; or
 - 507 (b) a separate right-of-way for the use of public transit.
- 508 [~~(48)~~] (49) "Fixed wing turbine powered aircraft" means an aircraft that:
 - 509 (a) is powered by turbine engines;
 - 510 (b) operates on jet fuel; and
 - 511 (c) has wings that are permanently attached to the fuselage of the aircraft.
- 512 [~~(49)~~] (50) "Fixed wireless service" means a telecommunications service that provides
- 513 radio communication between fixed points.
- 514 [~~(50)~~] (51) (a) "Food and food ingredients" means substances:
 - 515 (i) regardless of whether the substances are in:
 - 516 (A) liquid form;
 - 517 (B) concentrated form;
 - 518 (C) solid form;
 - 519 (D) frozen form;
 - 520 (E) dried form; or

- 521 (F) dehydrated form; and
- 522 (ii) that are:
- 523 (A) sold for:
- 524 (I) ingestion by humans; or
- 525 (II) chewing by humans; and
- 526 (B) consumed for the substance's:
- 527 (I) taste; or
- 528 (II) nutritional value.
- 529 (b) "Food and food ingredients" includes an item described in Subsection [~~(91)~~
- 530 (95)(b)(iii).
- 531 (c) "Food and food ingredients" does not include:
- 532 (i) an alcoholic beverage;
- 533 (ii) tobacco; or
- 534 (iii) prepared food.
- 535 [~~(51)~~] (52) (a) "Fundraising sales" means sales:
- 536 (i) (A) made by a school; or
- 537 (B) made by a school student;
- 538 (ii) that are for the purpose of raising funds for the school to purchase equipment,
- 539 materials, or provide transportation; and
- 540 (iii) that are part of an officially sanctioned school activity.
- 541 (b) For purposes of Subsection [~~(51)~~] (52)(a)(iii), "officially sanctioned school activity"
- 542 means a school activity:
- 543 (i) that is conducted in accordance with a formal policy adopted by the school or school
- 544 district governing the authorization and supervision of fundraising activities;
- 545 (ii) that does not directly or indirectly compensate an individual teacher or other
- 546 educational personnel by direct payment, commissions, or payment in kind; and
- 547 (iii) the net or gross revenues from which are deposited in a dedicated account
- 548 controlled by the school or school district.
- 549 [~~(52)~~] (53) "Geothermal energy" means energy contained in heat that continuously
- 550 flows outward from the earth that is used as the sole source of energy to produce electricity.
- 551 [~~(53)~~] (54) "Governing board of the agreement" means the governing board of the

552 agreement that is:

553 (a) authorized to administer the agreement; and

554 (b) established in accordance with the agreement.

555 [~~54~~] (55) (a) For purposes of Subsection 59-12-104(41), "governmental entity"

556 means:

557 (i) the executive branch of the state, including all departments, institutions, boards,
558 divisions, bureaus, offices, commissions, and committees;

559 (ii) the judicial branch of the state, including the courts, the Judicial Council, the
560 Administrative Office of the Courts, and similar administrative units in the judicial branch;

561 (iii) the legislative branch of the state, including the House of Representatives, the
562 Senate, the Legislative Printing Office, the Office of Legislative Research and General
563 Counsel, the Office of the Legislative Auditor General, and the Office of the Legislative Fiscal
564 Analyst;

565 (iv) the National Guard;

566 (v) an independent entity as defined in Section 63E-1-102; or

567 (vi) a political subdivision as defined in Section 17B-1-102.

568 (b) "Governmental entity" does not include the state systems of public and higher
569 education, including:

570 (i) a school;

571 (ii) the State Board of Education;

572 (iii) the State Board of Regents; or

573 (iv) an institution of higher education described in Section 53B-1-102.

574 [~~55~~] (56) "Hydroelectric energy" means water used as the sole source of energy to
575 produce electricity.

576 [~~56~~] (57) "Industrial use" means the use of natural gas, electricity, heat, coal, fuel oil,
577 or other fuels:

578 (a) in mining or extraction of minerals;

579 (b) in agricultural operations to produce an agricultural product up to the time of
580 harvest or placing the agricultural product into a storage facility, including:

581 (i) commercial greenhouses;

582 (ii) irrigation pumps;

- 583 (iii) farm machinery;
- 584 (iv) implements of husbandry as defined in Section 41-1a-102 that are not registered
585 under Title 41, Chapter 1a, Part 2, Registration; and
- 586 (v) other farming activities;
- 587 (c) in manufacturing tangible personal property at an establishment described in:
- 588 (i) SIC Codes 2000 to 3999 of the 1987 Standard Industrial Classification Manual of
589 the federal Executive Office of the President, Office of Management and Budget; or
- 590 (ii) a NAICS code within NAICS Sector 31-33, Manufacturing, of the 2017 North
591 American Industry Classification System of the federal Executive Office of the President,
592 Office of Management and Budget;
- 593 (d) by a scrap recycler if:
- 594 (i) from a fixed location, the scrap recycler utilizes machinery or equipment to process
595 one or more of the following items into prepared grades of processed materials for use in new
596 products:
- 597 (A) iron;
- 598 (B) steel;
- 599 (C) nonferrous metal;
- 600 (D) paper;
- 601 (E) glass;
- 602 (F) plastic;
- 603 (G) textile; or
- 604 (H) rubber; and
- 605 (ii) the new products under Subsection [~~(56)~~] (57)(d)(i) would otherwise be made with
606 nonrecycled materials; or
- 607 (e) in producing a form of energy or steam described in Subsection 54-2-1(3)(a) by a
608 cogeneration facility as defined in Section 54-2-1.
- 609 [~~(57)~~] (58) (a) Except as provided in Subsection [~~(57)~~] (58)(b), "installation charge"
610 means a charge for installing:
- 611 (i) tangible personal property; or
- 612 (ii) a product transferred electronically.
- 613 (b) "Installation charge" does not include a charge for:

- 614 (i) repairs or renovations of:
- 615 (A) tangible personal property; or
- 616 (B) a product transferred electronically; or
- 617 (ii) attaching tangible personal property or a product transferred electronically:
- 618 (A) to other tangible personal property; and
- 619 (B) as part of a manufacturing or fabrication process.
- 620 [~~58~~] (59) "Institution of higher education" means an institution of higher education
- 621 listed in Section 53B-2-101.
- 622 [~~59~~] (60) (a) "Lease" or "rental" means a transfer of possession or control of tangible
- 623 personal property or a product transferred electronically for:
- 624 (i) (A) a fixed term; or
- 625 (B) an indeterminate term; and
- 626 (ii) consideration.
- 627 (b) "Lease" or "rental" includes an agreement covering a motor vehicle and trailer if the
- 628 amount of consideration may be increased or decreased by reference to the amount realized
- 629 upon sale or disposition of the property as defined in Section 7701(h)(1), Internal Revenue
- 630 Code.
- 631 (c) "Lease" or "rental" does not include:
- 632 (i) a transfer of possession or control of property under a security agreement or
- 633 deferred payment plan that requires the transfer of title upon completion of the required
- 634 payments;
- 635 (ii) a transfer of possession or control of property under an agreement that requires the
- 636 transfer of title:
- 637 (A) upon completion of required payments; and
- 638 (B) if the payment of an option price does not exceed the greater of:
- 639 (I) \$100; or
- 640 (II) 1% of the total required payments; or
- 641 (iii) providing tangible personal property along with an operator for a fixed period of
- 642 time or an indeterminate period of time if the operator is necessary for equipment to perform as
- 643 designed.
- 644 (d) For purposes of Subsection [~~59~~] (60)(c)(iii), an operator is necessary for

645 equipment to perform as designed if the operator's duties exceed the:

- 646 (i) set-up of tangible personal property;
- 647 (ii) maintenance of tangible personal property; or
- 648 (iii) inspection of tangible personal property.

649 ~~[(60)]~~ (61) "Life science establishment" means an establishment in this state that is
650 classified under the following NAICS codes of the 2007 North American Industry
651 Classification System of the federal Executive Office of the President, Office of Management
652 and Budget:

- 653 (a) NAICS Code 33911, Medical Equipment and Supplies Manufacturing;
- 654 (b) NAICS Code 334510, Electromedical and Electrotherapeutic Apparatus
655 Manufacturing; or
- 656 (c) NAICS Code 334517, Irradiation Apparatus Manufacturing.

657 ~~[(61)]~~ (62) "Life science research and development facility" means a facility owned,
658 leased, or rented by a life science establishment if research and development is performed in
659 51% or more of the total area of the facility.

660 ~~[(62)]~~ (63) "Load and leave" means delivery to a purchaser by use of a tangible storage
661 media if the tangible storage media is not physically transferred to the purchaser.

662 ~~[(63)]~~ (64) "Local taxing jurisdiction" means a:

- 663 (a) county that is authorized to impose an agreement sales and use tax;
- 664 (b) city that is authorized to impose an agreement sales and use tax; or
- 665 (c) town that is authorized to impose an agreement sales and use tax.

666 ~~[(64)]~~ (65) "Manufactured home" means the same as that term is defined in Section
667 [15A-1-302](#).

668 ~~[(65)]~~ (66) "Manufacturing facility" means:

- 669 (a) an establishment described in:
 - 670 (i) SIC Codes 2000 to 3999 of the 1987 Standard Industrial Classification Manual of
671 the federal Executive Office of the President, Office of Management and Budget; or
 - 672 (ii) a NAICS code within NAICS Sector 31-33, Manufacturing, of the 2017 North
673 American Industry Classification System of the federal Executive Office of the President,
674 Office of Management and Budget;
- 675 (b) a scrap recycler if:

676 (i) from a fixed location, the scrap recycler utilizes machinery or equipment to process
677 one or more of the following items into prepared grades of processed materials for use in new
678 products:

- 679 (A) iron;
- 680 (B) steel;
- 681 (C) nonferrous metal;
- 682 (D) paper;
- 683 (E) glass;
- 684 (F) plastic;
- 685 (G) textile; or
- 686 (H) rubber; and

687 (ii) the new products under Subsection [~~(65)~~] (66)(b)(i) would otherwise be made with
688 nonrecycled materials; or

689 (c) a cogeneration facility as defined in Section 54-2-1 if the cogeneration facility is
690 placed in service on or after May 1, 2006.

691 (67) (a) "Marketplace" means a physical or electronic place, platform, or forum where
692 tangible personal property, a product transferred electronically, or a service is offered for sale.

693 (b) "Marketplace" includes a store, a booth, an Internet website, a catalog, or a
694 dedicated sales software application.

695 (68) (a) "Marketplace facilitator" means a person, including an affiliate of the person,
696 that enters into a contract, an agreement, or otherwise with sellers, for consideration, to
697 facilitate the sale of a seller's product through a marketplace that the person owns, operates, or
698 controls and that directly or indirectly:

699 (i) does any of the following:

700 (A) lists, makes available, or advertises tangible personal property, a product
701 transferred electronically, or a service for sale by a marketplace seller on a marketplace that the
702 person owns, operates, or controls;

703 (B) facilitates the sale of a marketplace seller's tangible personal property, product
704 transferred electronically, or service by transmitting or otherwise communicating an offer or
705 acceptance of a retail sale between the marketplace seller and a purchaser using the
706 marketplace;

707 (C) owns, rents, licenses, makes available, or operates any electronic or physical
708 infrastructure or any property, process, method, copyright, trademark, or patent that connects a
709 marketplace seller to a purchaser for the purpose of making a retail sale of tangible personal
710 property, a product transferred electronically, or a service;

711 (D) provides a marketplace for making, or otherwise facilitates, a retail sale of tangible
712 personal property, a product transferred electronically, or a service, regardless of ownership or
713 control of the tangible personal property, the product transferred electronically, or the service
714 that is the subject of the retail sale;

715 (E) provides software development or research and development activities related to
716 any activity described in this Subsection (68)(a)(i), if the software development or research and
717 development activity is directly related to the person's marketplace;

718 (F) provides or offers fulfillment or storage services for a marketplace seller;

719 (G) sets prices for the sale of tangible personal property, a product transferred
720 electronically, or a service by a marketplace seller;

721 (H) provides or offers customer service to a marketplace seller or a marketplace seller's
722 purchaser or accepts or assists with taking orders, returns, or exchanges of tangible personal
723 property, a product transferred electronically, or a service sold by a marketplace seller on the
724 person's marketplace; or

725 (I) brands or otherwise identifies sales as those of the person; and

726 (ii) does any of the following:

727 (A) collects the sales price or purchase price of a retail sale of tangible personal
728 property, a product transferred electronically, or a service;

729 (B) provides payment processing services for a retail sale of tangible personal property,
730 a product transferred electronically, or a service;

731 (C) charges, collects, or otherwise receives a selling fee, listing fee, referral fee, closing
732 fee, a fee for inserting or making available tangible personal property, a product transferred
733 electronically, or a service on the person's marketplace, or other consideration for the
734 facilitation of a retail sale of tangible personal property, a product transferred electronically, or
735 a service, regardless of ownership or control of the tangible personal property, the product
736 transferred electronically, or the service that is the subject of the retail sale;

737 (D) through terms and conditions, an agreement, or another arrangement with a third

738 person, collects payment from a purchase for a retail sale of tangible personal property, a
739 product transferred electronically, or a service and transmits that payment to the marketplace
740 seller, regardless of whether the third person receives compensation or other consideration in
741 exchange for the service; or

742 (E) provides a virtual currency for a purchaser to use to purchase tangible personal
743 property, a product transferred electronically, or service offered for sale.

744 (b) "Marketplace facilitator" does not include a person that only provides payment
745 processing services.

746 (69) "Marketplace seller" means a seller that makes one or more retail sales through a
747 marketplace that a marketplace facilitator owns, operates, or controls, regardless of whether the
748 seller is required to be registered to collect and remit the tax under this part.

749 ~~[(66)]~~ (70) "Member of the immediate family of the producer" means a person who is
750 related to a producer described in Subsection 59-12-104(20)(a) as a:

751 (a) child or stepchild, regardless of whether the child or stepchild is:

752 (i) an adopted child or adopted stepchild; or

753 (ii) a foster child or foster stepchild;

754 (b) grandchild or stepgrandchild;

755 (c) grandparent or stepgrandparent;

756 (d) nephew or stepnephew;

757 (e) niece or stepniece;

758 (f) parent or stepparent;

759 (g) sibling or stepsibling;

760 (h) spouse;

761 (i) person who is the spouse of a person described in Subsections ~~[(66)]~~ (70)(a) through
762 (g); or

763 (j) person similar to a person described in Subsections ~~[(66)]~~ (70)(a) through (i) as
764 determined by the commission by rule made in accordance with Title 63G, Chapter 3, Utah
765 Administrative Rulemaking Act.

766 ~~[(67)]~~ (71) "Mobile home" means the same as that term is defined in Section
767 15A-1-302.

768 ~~[(68)]~~ (72) "Mobile telecommunications service" means the same as that term is

769 defined in the Mobile Telecommunications Sourcing Act, 4 U.S.C. Sec. 124.

770 ~~[(69)]~~ (73) (a) "Mobile wireless service" means a telecommunications service,

771 regardless of the technology used, if:

772 (i) the origination point of the conveyance, routing, or transmission is not fixed;

773 (ii) the termination point of the conveyance, routing, or transmission is not fixed; or

774 (iii) the origination point described in Subsection ~~[(69)]~~ (73)(a)(i) and the termination

775 point described in Subsection ~~[(69)]~~ (73)(a)(ii) are not fixed.

776 (b) "Mobile wireless service" includes a telecommunications service that is provided

777 by a commercial mobile radio service provider.

778 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the

779 commission may by rule define "commercial mobile radio service provider."

780 ~~[(70)]~~ (74) (a) Except as provided in Subsection ~~[(70)]~~ (74)(c), "mobility enhancing

781 equipment" means equipment that is:

782 (i) primarily and customarily used to provide or increase the ability to move from one

783 place to another;

784 (ii) appropriate for use in a:

785 (A) home; or

786 (B) motor vehicle; and

787 (iii) not generally used by persons with normal mobility.

788 (b) "Mobility enhancing equipment" includes parts used in the repair or replacement of

789 the equipment described in Subsection ~~[(70)]~~ (74)(a).

790 (c) "Mobility enhancing equipment" does not include:

791 (i) a motor vehicle;

792 (ii) equipment on a motor vehicle if that equipment is normally provided by the motor

793 vehicle manufacturer;

794 (iii) durable medical equipment; or

795 (iv) a prosthetic device.

796 ~~[(71)]~~ (75) "Model 1 seller" means a seller registered under the agreement that has

797 selected a certified service provider as the seller's agent to perform all of the seller's sales and

798 use tax functions for agreement sales and use taxes other than the seller's obligation under

799 Section [59-12-124](#) to remit a tax on the seller's own purchases.

800 ~~[(72)]~~ (76) "Model 2 seller" means a seller registered under the agreement that:

801 (a) except as provided in Subsection ~~[(72)]~~ (76)(b), has selected a certified automated
802 system to perform the seller's sales tax functions for agreement sales and use taxes; and

803 (b) retains responsibility for remitting all of the sales tax:

804 (i) collected by the seller; and

805 (ii) to the appropriate local taxing jurisdiction.

806 ~~[(73)]~~ (77) (a) Subject to Subsection ~~[(73)]~~ (77)(b), "model 3 seller" means a seller
807 registered under the agreement that has:

808 (i) sales in at least five states that are members of the agreement;

809 (ii) total annual sales revenues of at least \$500,000,000;

810 (iii) a proprietary system that calculates the amount of tax:

811 (A) for an agreement sales and use tax; and

812 (B) due to each local taxing jurisdiction; and

813 (iv) entered into a performance agreement with the governing board of the agreement.

814 (b) For purposes of Subsection ~~[(73)]~~ (77)(a), "model 3 seller" includes an affiliated
815 group of sellers using the same proprietary system.

816 ~~[(74)]~~ (78) "Model 4 seller" means a seller that is registered under the agreement and is
817 not a model 1 seller, model 2 seller, or model 3 seller.

818 ~~[(75)]~~ (79) "Modular home" means a modular unit as defined in Section [15A-1-302](#).

819 ~~[(76)]~~ (80) "Motor vehicle" means the same as that term is defined in Section
820 [41-1a-102](#).

821 ~~[(77)]~~ (81) "Oil sands" means impregnated bituminous sands that:

822 (a) contain a heavy, thick form of petroleum that is released when heated, mixed with
823 other hydrocarbons, or otherwise treated;

824 (b) yield mixtures of liquid hydrocarbon; and

825 (c) require further processing other than mechanical blending before becoming finished
826 petroleum products.

827 ~~[(78)]~~ (82) "Oil shale" means a group of fine black to dark brown shales containing
828 kerogen material that yields petroleum upon heating and distillation.

829 ~~[(79)]~~ (83) "Optional computer software maintenance contract" means a computer
830 software maintenance contract that a customer is not obligated to purchase as a condition to the

831 retail sale of computer software.

832 ~~[(80)]~~ (84) (a) "Other fuels" means products that burn independently to produce heat or
833 energy.

834 (b) "Other fuels" includes oxygen when it is used in the manufacturing of tangible
835 personal property.

836 ~~[(81)]~~ (85) (a) "Paging service" means a telecommunications service that provides
837 transmission of a coded radio signal for the purpose of activating a specific pager.

838 (b) For purposes of Subsection ~~[(81)]~~ (85)(a), the transmission of a coded radio signal
839 includes a transmission by message or sound.

840 ~~[(82)]~~ (86) "Pawnbroker" means the same as that term is defined in Section
841 13-32a-102.

842 ~~[(83)]~~ (87) "Pawn transaction" means the same as that term is defined in Section
843 13-32a-102.

844 ~~[(84)]~~ (88) (a) "Permanently attached to real property" means that for tangible personal
845 property attached to real property:

846 (i) the attachment of the tangible personal property to the real property:

847 (A) is essential to the use of the tangible personal property; and

848 (B) suggests that the tangible personal property will remain attached to the real
849 property in the same place over the useful life of the tangible personal property; or

850 (ii) if the tangible personal property is detached from the real property, the detachment
851 would:

852 (A) cause substantial damage to the tangible personal property; or

853 (B) require substantial alteration or repair of the real property to which the tangible
854 personal property is attached.

855 (b) "Permanently attached to real property" includes:

856 (i) the attachment of an accessory to the tangible personal property if the accessory is:

857 (A) essential to the operation of the tangible personal property; and

858 (B) attached only to facilitate the operation of the tangible personal property;

859 (ii) a temporary detachment of tangible personal property from real property for a
860 repair or renovation if the repair or renovation is performed where the tangible personal
861 property and real property are located; or

862 (iii) property attached to oil, gas, or water pipelines, except for the property listed in
863 Subsection [~~(84)~~] (88)(c)(iii) or (iv).

864 (c) "Permanently attached to real property" does not include:

865 (i) the attachment of portable or movable tangible personal property to real property if
866 that portable or movable tangible personal property is attached to real property only for:

867 (A) convenience;

868 (B) stability; or

869 (C) for an obvious temporary purpose;

870 (ii) the detachment of tangible personal property from real property except for the
871 detachment described in Subsection [~~(84)~~] (88)(b)(ii);

872 (iii) an attachment of the following tangible personal property to real property if the
873 attachment to real property is only through a line that supplies water, electricity, gas,
874 telecommunications, cable, or supplies a similar item as determined by the commission by rule
875 made in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act:

876 (A) a computer;

877 (B) a telephone;

878 (C) a television; or

879 (D) tangible personal property similar to Subsections [~~(84)~~] (88)(c)(iii)(A) through (C)
880 as determined by the commission by rule made in accordance with Title 63G, Chapter 3, Utah
881 Administrative Rulemaking Act; or

882 (iv) an item listed in Subsection [~~(125)~~] (129)(c).

883 [~~(85)~~] (89) "Person" includes any individual, firm, partnership, joint venture,
884 association, corporation, estate, trust, business trust, receiver, syndicate, this state, any county,
885 city, municipality, district, or other local governmental entity of the state, or any group or
886 combination acting as a unit.

887 [~~(86)~~] (90) "Place of primary use":

888 (a) for telecommunications service other than mobile telecommunications service,
889 means the street address representative of where the customer's use of the telecommunications
890 service primarily occurs, which shall be:

891 (i) the residential street address of the customer; or

892 (ii) the primary business street address of the customer; or

893 (b) for mobile telecommunications service, means the same as that term is defined in
894 the Mobile Telecommunications Sourcing Act, 4 U.S.C. Sec. 124.

895 ~~[(87)]~~ (91) (a) "Postpaid calling service" means a telecommunications service a person
896 obtains by making a payment on a call-by-call basis:

897 (i) through the use of a:

898 (A) bank card;

899 (B) credit card;

900 (C) debit card; or

901 (D) travel card; or

902 (ii) by a charge made to a telephone number that is not associated with the origination
903 or termination of the telecommunications service.

904 (b) "Postpaid calling service" includes a service, except for a prepaid wireless calling
905 service, that would be a prepaid wireless calling service if the service were exclusively a
906 telecommunications service.

907 ~~[(88)]~~ (92) "Postproduction" means an activity related to the finishing or duplication of
908 a medium described in Subsection [59-12-104\(54\)\(a\)](#).

909 ~~[(89)]~~ (93) "Prepaid calling service" means a telecommunications service:

910 (a) that allows a purchaser access to telecommunications service that is exclusively
911 telecommunications service;

912 (b) that:

913 (i) is paid for in advance; and

914 (ii) enables the origination of a call using an:

915 (A) access number; or

916 (B) authorization code;

917 (c) that is dialed:

918 (i) manually; or

919 (ii) electronically; and

920 (d) sold in predetermined units or dollars that decline:

921 (i) by a known amount; and

922 (ii) with use.

923 ~~[(90)]~~ (94) "Prepaid wireless calling service" means a telecommunications service:

- 924 (a) that provides the right to utilize:
- 925 (i) mobile wireless service; and
- 926 (ii) other service that is not a telecommunications service, including:
- 927 (A) the download of a product transferred electronically;
- 928 (B) a content service; or
- 929 (C) an ancillary service;
- 930 (b) that:
- 931 (i) is paid for in advance; and
- 932 (ii) enables the origination of a call using an:
- 933 (A) access number; or
- 934 (B) authorization code;
- 935 (c) that is dialed:
- 936 (i) manually; or
- 937 (ii) electronically; and
- 938 (d) sold in predetermined units or dollars that decline:
- 939 (i) by a known amount; and
- 940 (ii) with use.
- 941 [~~(91)~~] (95) (a) "Prepared food" means:
- 942 (i) food:
- 943 (A) sold in a heated state; or
- 944 (B) heated by a seller;
- 945 (ii) two or more food ingredients mixed or combined by the seller for sale as a single
- 946 item; or
- 947 (iii) except as provided in Subsection [~~(91)~~] (95)(c), food sold with an eating utensil
- 948 provided by the seller, including a:
- 949 (A) plate;
- 950 (B) knife;
- 951 (C) fork;
- 952 (D) spoon;
- 953 (E) glass;
- 954 (F) cup;

- 955 (G) napkin; or
- 956 (H) straw.
- 957 (b) "Prepared food" does not include:
- 958 (i) food that a seller only:
- 959 (A) cuts;
- 960 (B) repackages; or
- 961 (C) pasteurizes; or
- 962 (ii) (A) the following:
- 963 (I) raw egg;
- 964 (II) raw fish;
- 965 (III) raw meat;
- 966 (IV) raw poultry; or
- 967 (V) a food containing an item described in Subsections [~~(91)~~] (95)(b)(ii)(A)(I) through
- 968 (IV); and
- 969 (B) if the Food and Drug Administration recommends in Chapter 3, Part 401.11 of the
- 970 Food and Drug Administration's Food Code that a consumer cook the items described in
- 971 Subsection [~~(91)~~] (95)(b)(ii)(A) to prevent food borne illness; or
- 972 (iii) the following if sold without eating utensils provided by the seller:
- 973 (A) food and food ingredients sold by a seller if the seller's proper primary
- 974 classification under the 2002 North American Industry Classification System of the federal
- 975 Executive Office of the President, Office of Management and Budget, is manufacturing in
- 976 Sector 311, Food Manufacturing, except for Subsector 3118, Bakeries and Tortilla
- 977 Manufacturing;
- 978 (B) food and food ingredients sold in an unheated state:
- 979 (I) by weight or volume; and
- 980 (II) as a single item; or
- 981 (C) a bakery item, including:
- 982 (I) a bagel;
- 983 (II) a bar;
- 984 (III) a biscuit;
- 985 (IV) bread;

- 986 (V) a bun;
- 987 (VI) a cake;
- 988 (VII) a cookie;
- 989 (VIII) a croissant;
- 990 (IX) a danish;
- 991 (X) a donut;
- 992 (XI) a muffin;
- 993 (XII) a pastry;
- 994 (XIII) a pie;
- 995 (XIV) a roll;
- 996 (XV) a tart;
- 997 (XVI) a torte; or
- 998 (XVII) a tortilla.

999 (c) An eating utensil provided by the seller does not include the following used to
1000 transport the food:

- 1001 (i) a container; or
- 1002 (ii) packaging.

1003 [~~92~~] (96) "Prescription" means an order, formula, or recipe that is issued:

- 1004 (a) (i) orally;
- 1005 (ii) in writing;
- 1006 (iii) electronically; or
- 1007 (iv) by any other manner of transmission; and

1008 (b) by a licensed practitioner authorized by the laws of a state.

1009 [~~93~~] (97) (a) Except as provided in Subsection [~~93~~] (97)(b)(ii) or (iii), "prewritten
1010 computer software" means computer software that is not designed and developed:

- 1011 (i) by the author or other creator of the computer software; and
- 1012 (ii) to the specifications of a specific purchaser.

1013 (b) "Prewritten computer software" includes:

- 1014 (i) a prewritten upgrade to computer software if the prewritten upgrade to the computer
1015 software is not designed and developed:

1016 (A) by the author or other creator of the computer software; and

- 1017 (B) to the specifications of a specific purchaser;
- 1018 (ii) computer software designed and developed by the author or other creator of the
- 1019 computer software to the specifications of a specific purchaser if the computer software is sold
- 1020 to a person other than the purchaser; or
- 1021 (iii) except as provided in Subsection [~~93~~] (97)(c), prewritten computer software or a
- 1022 prewritten portion of prewritten computer software:
- 1023 (A) that is modified or enhanced to any degree; and
- 1024 (B) if the modification or enhancement described in Subsection [~~93~~] (97)(b)(iii)(A) is
- 1025 designed and developed to the specifications of a specific purchaser.
- 1026 (c) "Prewritten computer software" does not include a modification or enhancement
- 1027 described in Subsection [~~93~~] (97)(b)(iii) if the charges for the modification or enhancement
- 1028 are:
- 1029 (i) reasonable; and
- 1030 (ii) subject to Subsections 59-12-103(2)(e)(ii) and (2)(f)(i), separately stated on the
- 1031 invoice or other statement of price provided to the purchaser at the time of sale or later, as
- 1032 demonstrated by:
- 1033 (A) the books and records the seller keeps at the time of the transaction in the regular
- 1034 course of business, including books and records the seller keeps at the time of the transaction in
- 1035 the regular course of business for nontax purposes;
- 1036 (B) a preponderance of the facts and circumstances at the time of the transaction; and
- 1037 (C) the understanding of all of the parties to the transaction.
- 1038 [~~94~~] (98) (a) "Private communications service" means a telecommunications service:
- 1039 (i) that entitles a customer to exclusive or priority use of one or more communications
- 1040 channels between or among termination points; and
- 1041 (ii) regardless of the manner in which the one or more communications channels are
- 1042 connected.
- 1043 (b) "Private communications service" includes the following provided in connection
- 1044 with the use of one or more communications channels:
- 1045 (i) an extension line;
- 1046 (ii) a station;
- 1047 (iii) switching capacity; or

1048 (iv) another associated service that is provided in connection with the use of one or
1049 more communications channels as defined in Section 59-12-215.

1050 [~~95~~] (99) (a) Except as provided in Subsection [~~95~~] (99)(b), "product transferred
1051 electronically" means a product transferred electronically that would be subject to a tax under
1052 this chapter if that product was transferred in a manner other than electronically.

1053 (b) "Product transferred electronically" does not include:

1054 (i) an ancillary service;

1055 (ii) computer software; or

1056 (iii) a telecommunications service.

1057 [~~96~~] (100) (a) "Prosthetic device" means a device that is worn on or in the body to:

1058 (i) artificially replace a missing portion of the body;

1059 (ii) prevent or correct a physical deformity or physical malfunction; or

1060 (iii) support a weak or deformed portion of the body.

1061 (b) "Prosthetic device" includes:

1062 (i) parts used in the repairs or renovation of a prosthetic device;

1063 (ii) replacement parts for a prosthetic device;

1064 (iii) a dental prosthesis; or

1065 (iv) a hearing aid.

1066 (c) "Prosthetic device" does not include:

1067 (i) corrective eyeglasses; or

1068 (ii) contact lenses.

1069 [~~97~~] (101) (a) "Protective equipment" means an item:

1070 (i) for human wear; and

1071 (ii) that is:

1072 (A) designed as protection:

1073 (I) to the wearer against injury or disease; or

1074 (II) against damage or injury of other persons or property; and

1075 (B) not suitable for general use.

1076 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
1077 commission shall make rules:

1078 (i) listing the items that constitute "protective equipment"; and

1079 (ii) that are consistent with the list of items that constitute "protective equipment"
1080 under the agreement.

1081 ~~[(98)]~~ (102) (a) For purposes of Subsection 59-12-104(41), "publication" means any
1082 written or printed matter, other than a photocopy:

- 1083 (i) regardless of:
 - 1084 (A) characteristics;
 - 1085 (B) copyright;
 - 1086 (C) form;
 - 1087 (D) format;
 - 1088 (E) method of reproduction; or
 - 1089 (F) source; and

1090 (ii) made available in printed or electronic format.

1091 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
1092 commission may by rule define the term "photocopy."

1093 ~~[(99)]~~ (103) (a) "Purchase price" and "sales price" mean the total amount of
1094 consideration:

- 1095 (i) valued in money; and
- 1096 (ii) for which tangible personal property, a product transferred electronically, or
1097 services are:
 - 1098 (A) sold;
 - 1099 (B) leased; or
 - 1100 (C) rented.

1101 (b) "Purchase price" and "sales price" include:

- 1102 (i) the seller's cost of the tangible personal property, a product transferred
1103 electronically, or services sold;
- 1104 (ii) expenses of the seller, including:
 - 1105 (A) the cost of materials used;
 - 1106 (B) a labor cost;
 - 1107 (C) a service cost;
 - 1108 (D) interest;
 - 1109 (E) a loss;

- 1110 (F) the cost of transportation to the seller; or
- 1111 (G) a tax imposed on the seller;
- 1112 (iii) a charge by the seller for any service necessary to complete the sale; or
- 1113 (iv) consideration a seller receives from a person other than the purchaser if:
- 1114 (A) (I) the seller actually receives consideration from a person other than the purchaser;
- 1115 and
- 1116 (II) the consideration described in Subsection [~~99~~] (103)(b)(iv)(A)(I) is directly
- 1117 related to a price reduction or discount on the sale;
- 1118 (B) the seller has an obligation to pass the price reduction or discount through to the
- 1119 purchaser;
- 1120 (C) the amount of the consideration attributable to the sale is fixed and determinable by
- 1121 the seller at the time of the sale to the purchaser; and
- 1122 (D) (I) (Aa) the purchaser presents a certificate, coupon, or other documentation to the
- 1123 seller to claim a price reduction or discount; and
- 1124 (Bb) a person other than the seller authorizes, distributes, or grants the certificate,
- 1125 coupon, or other documentation with the understanding that the person other than the seller
- 1126 will reimburse any seller to whom the certificate, coupon, or other documentation is presented;
- 1127 (II) the purchaser identifies that purchaser to the seller as a member of a group or
- 1128 organization allowed a price reduction or discount, except that a preferred customer card that is
- 1129 available to any patron of a seller does not constitute membership in a group or organization
- 1130 allowed a price reduction or discount; or
- 1131 (III) the price reduction or discount is identified as a third party price reduction or
- 1132 discount on the:
- 1133 (Aa) invoice the purchaser receives; or
- 1134 (Bb) certificate, coupon, or other documentation the purchaser presents.
- 1135 (c) "Purchase price" and "sales price" do not include:
- 1136 (i) a discount:
- 1137 (A) in a form including:
- 1138 (I) cash;
- 1139 (II) term; or
- 1140 (III) coupon;

- 1141 (B) that is allowed by a seller;
- 1142 (C) taken by a purchaser on a sale; and
- 1143 (D) that is not reimbursed by a third party; or
- 1144 (ii) subject to Subsections [59-12-103\(2\)\(e\)\(ii\)](#) and [\(2\)\(f\)\(i\)](#), the following if separately
- 1145 stated on an invoice, bill of sale, or similar document provided to the purchaser at the time of
- 1146 sale or later, as demonstrated by the books and records the seller keeps at the time of the
- 1147 transaction in the regular course of business, including books and records the seller keeps at the
- 1148 time of the transaction in the regular course of business for nontax purposes, by a
- 1149 preponderance of the facts and circumstances at the time of the transaction, and by the
- 1150 understanding of all of the parties to the transaction:
 - 1151 (A) the following from credit extended on the sale of tangible personal property or
 - 1152 services:
 - 1153 (I) a carrying charge;
 - 1154 (II) a financing charge; or
 - 1155 (III) an interest charge;
 - 1156 (B) a delivery charge;
 - 1157 (C) an installation charge;
 - 1158 (D) a manufacturer rebate on a motor vehicle; or
 - 1159 (E) a tax or fee legally imposed directly on the consumer.
- 1160 [~~(100)~~] [\(104\)](#) "Purchaser" means a person to whom:
 - 1161 (a) a sale of tangible personal property is made;
 - 1162 (b) a product is transferred electronically; or
 - 1163 (c) a service is furnished.
- 1164 [~~(101)~~] [\(105\)](#) "Qualifying enterprise data center" means an establishment that will:
 - 1165 (a) own and operate a data center facility that will house a group of networked server
 - 1166 computers in one physical location in order to centralize the dissemination, management, and
 - 1167 storage of data and information;
 - 1168 (b) be located in the state;
 - 1169 (c) be a new operation constructed on or after July 1, 2016;
 - 1170 (d) consist of one or more buildings that total 150,000 or more square feet;
 - 1171 (e) be owned or leased by:

- 1172 (i) the establishment; or
- 1173 (ii) a person under common ownership, as defined in Section 59-7-101, of the
- 1174 establishment; and
- 1175 (f) be located on one or more parcels of land that are owned or leased by:
- 1176 (i) the establishment; or
- 1177 (ii) a person under common ownership, as defined in Section 59-7-101, of the
- 1178 establishment.
- 1179 ~~[(102)]~~ (106) "Regularly rented" means:
- 1180 (a) rented to a guest for value three or more times during a calendar year; or
- 1181 (b) advertised or held out to the public as a place that is regularly rented to guests for
- 1182 value.
- 1183 ~~[(103)]~~ (107) "Rental" means the same as that term is defined in Subsection ~~[(59)]~~ (60).
- 1184 ~~[(104)]~~ (108) (a) Except as provided in Subsection ~~[(104)]~~ (108)(b), "repairs or
- 1185 renovations of tangible personal property" means:
- 1186 (i) a repair or renovation of tangible personal property that is not permanently attached
- 1187 to real property; or
- 1188 (ii) attaching tangible personal property or a product transferred electronically to other
- 1189 tangible personal property or detaching tangible personal property or a product transferred
- 1190 electronically from other tangible personal property if:
- 1191 (A) the other tangible personal property to which the tangible personal property or
- 1192 product transferred electronically is attached or from which the tangible personal property or
- 1193 product transferred electronically is detached is not permanently attached to real property; and
- 1194 (B) the attachment of tangible personal property or a product transferred electronically
- 1195 to other tangible personal property or detachment of tangible personal property or a product
- 1196 transferred electronically from other tangible personal property is made in conjunction with a
- 1197 repair or replacement of tangible personal property or a product transferred electronically.
- 1198 (b) "Repairs or renovations of tangible personal property" does not include:
- 1199 (i) attaching prewritten computer software to other tangible personal property if the
- 1200 other tangible personal property to which the prewritten computer software is attached is not
- 1201 permanently attached to real property; or
- 1202 (ii) detaching prewritten computer software from other tangible personal property if the

1203 other tangible personal property from which the prewritten computer software is detached is
1204 not permanently attached to real property.

1205 ~~[(105)]~~ (109) "Research and development" means the process of inquiry or
1206 experimentation aimed at the discovery of facts, devices, technologies, or applications and the
1207 process of preparing those devices, technologies, or applications for marketing.

1208 ~~[(106)]~~ (110) (a) "Residential telecommunications services" means a
1209 telecommunications service or an ancillary service that is provided to an individual for personal
1210 use:

1211 (i) at a residential address; or

1212 (ii) at an institution, including a nursing home or a school, if the telecommunications
1213 service or ancillary service is provided to and paid for by the individual residing at the
1214 institution rather than the institution.

1215 (b) For purposes of Subsection ~~[(106)]~~ (110)(a)(i), a residential address includes an:

1216 (i) apartment; or

1217 (ii) other individual dwelling unit.

1218 ~~[(107)]~~ (111) "Residential use" means the use in or around a home, apartment building,
1219 sleeping quarters, and similar facilities or accommodations.

1220 ~~[(108) (a) "Retailer" means any person engaged in a regularly organized business in
1221 tangible personal property or any other taxable transaction under Subsection 59-12-103(1), and
1222 who is selling to the user or consumer and not for resale.]~~

1223 ~~[(b) "Retailer" includes commission merchants, auctioneers, and any person regularly
1224 engaged in the business of selling to users or consumers within the state.]~~

1225 ~~[(109)]~~ (112) "Retail sale" or "sale at retail" means a sale, lease, or rental for a purpose
1226 other than:

1227 (a) resale;

1228 (b) sublease; or

1229 (c) subrent.

1230 (113) (a) "Retailer" means any person, unless prohibited by the Constitution of the
1231 United States or federal law, that is engaged in a regularly organized business in tangible
1232 personal property or any other taxable transaction under Subsection 59-12-103(1), and who is
1233 selling to the user or consumer and not for resale.

1234 (b) "Retailer" includes commission merchants, auctioneers, and any person regularly
1235 engaged in the business of selling to users or consumers within the state.

1236 ~~[(110)]~~ (114) (a) "Sale" means any transfer of title, exchange, or barter, conditional or
1237 otherwise, in any manner, of tangible personal property or any other taxable transaction under
1238 Subsection 59-12-103(1), for consideration.

1239 (b) "Sale" includes:

1240 (i) installment and credit sales;

1241 (ii) any closed transaction constituting a sale;

1242 (iii) any sale of electrical energy, gas, services, or entertainment taxable under this
1243 chapter;

1244 (iv) any transaction if the possession of property is transferred but the seller retains the
1245 title as security for the payment of the price; and

1246 (v) any transaction under which right to possession, operation, or use of any article of
1247 tangible personal property is granted under a lease or contract and the transfer of possession
1248 would be taxable if an outright sale were made.

1249 ~~[(111)]~~ (115) "Sale at retail" means the same as that term is defined in Subsection
1250 ~~[(109)]~~ (112).

1251 ~~[(112)]~~ (116) "Sale-leaseback transaction" means a transaction by which title to
1252 tangible personal property or a product transferred electronically that is subject to a tax under
1253 this chapter is transferred:

1254 (a) by a purchaser-lessee;

1255 (b) to a lessor;

1256 (c) for consideration; and

1257 (d) if:

1258 (i) the purchaser-lessee paid sales and use tax on the purchaser-lessee's initial purchase
1259 of the tangible personal property or product transferred electronically;

1260 (ii) the sale of the tangible personal property or product transferred electronically to the
1261 lessor is intended as a form of financing:

1262 (A) for the tangible personal property or product transferred electronically; and

1263 (B) to the purchaser-lessee; and

1264 (iii) in accordance with generally accepted accounting principles, the purchaser-lessee

1265 is required to:

1266 (A) capitalize the tangible personal property or product transferred electronically for
1267 financial reporting purposes; and

1268 (B) account for the lease payments as payments made under a financing arrangement.

1269 [~~(113)~~] (117) "Sales price" means the same as that term is defined in Subsection [~~(99)~~]
1270 (103).

1271 [~~(114)~~] (118) (a) "Sales relating to schools" means the following sales by, amounts
1272 paid to, or amounts charged by a school:

1273 (i) sales that are directly related to the school's educational functions or activities
1274 including:

1275 (A) the sale of:

1276 (I) textbooks;

1277 (II) textbook fees;

1278 (III) laboratory fees;

1279 (IV) laboratory supplies; or

1280 (V) safety equipment;

1281 (B) the sale of a uniform, protective equipment, or sports or recreational equipment
1282 that:

1283 (I) a student is specifically required to wear as a condition of participation in a
1284 school-related event or school-related activity; and

1285 (II) is not readily adaptable to general or continued usage to the extent that it takes the
1286 place of ordinary clothing;

1287 (C) sales of the following if the net or gross revenues generated by the sales are
1288 deposited into a school district fund or school fund dedicated to school meals:

1289 (I) food and food ingredients; or

1290 (II) prepared food; or

1291 (D) transportation charges for official school activities; or

1292 (ii) amounts paid to or amounts charged by a school for admission to a school-related
1293 event or school-related activity.

1294 (b) "Sales relating to schools" does not include:

1295 (i) bookstore sales of items that are not educational materials or supplies;

- 1296 (ii) except as provided in Subsection [~~(114)~~] (118)(a)(i)(B):
- 1297 (A) clothing;
- 1298 (B) clothing accessories or equipment;
- 1299 (C) protective equipment; or
- 1300 (D) sports or recreational equipment; or
- 1301 (iii) amounts paid to or amounts charged by a school for admission to a school-related
- 1302 event or school-related activity if the amounts paid or charged are passed through to a person:
- 1303 (A) other than a:
- 1304 (I) school;
- 1305 (II) nonprofit organization authorized by a school board or a governing body of a
- 1306 private school to organize and direct a competitive secondary school activity; or
- 1307 (III) nonprofit association authorized by a school board or a governing body of a
- 1308 private school to organize and direct a competitive secondary school activity; and
- 1309 (B) that is required to collect sales and use taxes under this chapter.
- 1310 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
- 1311 commission may make rules defining the term "passed through."
- 1312 [~~(115)~~] (119) For purposes of this section and Section [59-12-104](#), "school":
- 1313 (a) means:
- 1314 (i) an elementary school or a secondary school that:
- 1315 (A) is a:
- 1316 (I) public school; or
- 1317 (II) private school; and
- 1318 (B) provides instruction for one or more grades kindergarten through 12; or
- 1319 (ii) a public school district; and
- 1320 (b) includes the Electronic High School as defined in Section [53E-10-601](#).
- 1321 [~~(116)~~] (120) (a) "Seller" means a person that makes a sale, lease, or rental of:
- 1322 [~~(a)~~] (i) tangible personal property;
- 1323 [~~(b)~~] (ii) a product transferred electronically; or
- 1324 [~~(c)~~] (iii) a service.
- 1325 (b) "Seller" includes a marketplace facilitator.
- 1326 [~~(117)~~] (121) (a) "Semiconductor fabricating, processing, research, or development

1327 materials" means tangible personal property or a product transferred electronically if the
1328 tangible personal property or product transferred electronically is:

1329 (i) used primarily in the process of:

1330 (A) (I) manufacturing a semiconductor;

1331 (II) fabricating a semiconductor; or

1332 (III) research or development of a:

1333 (Aa) semiconductor; or

1334 (Bb) semiconductor manufacturing process; or

1335 (B) maintaining an environment suitable for a semiconductor; or

1336 (ii) consumed primarily in the process of:

1337 (A) (I) manufacturing a semiconductor;

1338 (II) fabricating a semiconductor; or

1339 (III) research or development of a:

1340 (Aa) semiconductor; or

1341 (Bb) semiconductor manufacturing process; or

1342 (B) maintaining an environment suitable for a semiconductor.

1343 (b) "Semiconductor fabricating, processing, research, or development materials"

1344 includes:

1345 (i) parts used in the repairs or renovations of tangible personal property or a product
1346 transferred electronically described in Subsection [~~(117)~~] (121)(a); or

1347 (ii) a chemical, catalyst, or other material used to:

1348 (A) produce or induce in a semiconductor a:

1349 (I) chemical change; or

1350 (II) physical change;

1351 (B) remove impurities from a semiconductor; or

1352 (C) improve the marketable condition of a semiconductor.

1353 [~~(118)~~] (122) "Senior citizen center" means a facility having the primary purpose of
1354 providing services to the aged as defined in Section 62A-3-101.

1355 [~~(119)~~] (123) (a) Subject to Subsections [~~(119)~~] (123)(b) and (c), "short-term lodging
1356 consumable" means tangible personal property that:

1357 (i) a business that provides accommodations and services described in Subsection

1358 59-12-103(1)(i) purchases as part of a transaction to provide the accommodations and services
1359 to a purchaser;

1360 (ii) is intended to be consumed by the purchaser; and

1361 (iii) is:

1362 (A) included in the purchase price of the accommodations and services; and

1363 (B) not separately stated on an invoice, bill of sale, or other similar document provided
1364 to the purchaser.

1365 (b) "Short-term lodging consumable" includes:

1366 (i) a beverage;

1367 (ii) a brush or comb;

1368 (iii) a cosmetic;

1369 (iv) a hair care product;

1370 (v) lotion;

1371 (vi) a magazine;

1372 (vii) makeup;

1373 (viii) a meal;

1374 (ix) mouthwash;

1375 (x) nail polish remover;

1376 (xi) a newspaper;

1377 (xii) a notepad;

1378 (xiii) a pen;

1379 (xiv) a pencil;

1380 (xv) a razor;

1381 (xvi) saline solution;

1382 (xvii) a sewing kit;

1383 (xviii) shaving cream;

1384 (xix) a shoe shine kit;

1385 (xx) a shower cap;

1386 (xxi) a snack item;

1387 (xxii) soap;

1388 (xxiii) toilet paper;

1389 (xxiv) a toothbrush;
1390 (xxv) toothpaste; or
1391 (xxvi) an item similar to Subsections [~~(119)~~] (123)(b)(i) through (xxv) as the
1392 commission may provide by rule made in accordance with Title 63G, Chapter 3, Utah
1393 Administrative Rulemaking Act.

1394 (c) "Short-term lodging consumable" does not include:
1395 (i) tangible personal property that is cleaned or washed to allow the tangible personal
1396 property to be reused; or
1397 (ii) a product transferred electronically.

1398 [~~(120)~~] (124) "Simplified electronic return" means the electronic return:
1399 (a) described in Section 318(C) of the agreement; and
1400 (b) approved by the governing board of the agreement.

1401 [~~(121)~~] (125) "Solar energy" means the sun used as the sole source of energy for
1402 producing electricity.

1403 [~~(122)~~] (126) (a) "Sports or recreational equipment" means an item:
1404 (i) designed for human use; and
1405 (ii) that is:
1406 (A) worn in conjunction with:
1407 (I) an athletic activity; or
1408 (II) a recreational activity; and
1409 (B) not suitable for general use.

1410 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
1411 commission shall make rules:
1412 (i) listing the items that constitute "sports or recreational equipment"; and
1413 (ii) that are consistent with the list of items that constitute "sports or recreational
1414 equipment" under the agreement.

1415 [~~(123)~~] (127) "State" means the state of Utah, its departments, and agencies.

1416 [~~(124)~~] (128) "Storage" means any keeping or retention of tangible personal property or
1417 any other taxable transaction under Subsection [59-12-103\(1\)](#), in this state for any purpose
1418 except sale in the regular course of business.

1419 [~~(125)~~] (129) (a) Except as provided in Subsection [~~(125)~~] (129)(d) or (e), "tangible

1420 personal property" means personal property that:

1421 (i) may be:

1422 (A) seen;

1423 (B) weighed;

1424 (C) measured;

1425 (D) felt; or

1426 (E) touched; or

1427 (ii) is in any manner perceptible to the senses.

1428 (b) "Tangible personal property" includes:

1429 (i) electricity;

1430 (ii) water;

1431 (iii) gas;

1432 (iv) steam; or

1433 (v) prewritten computer software, regardless of the manner in which the prewritten

1434 computer software is transferred.

1435 (c) "Tangible personal property" includes the following regardless of whether the item

1436 is attached to real property:

1437 (i) a dishwasher;

1438 (ii) a dryer;

1439 (iii) a freezer;

1440 (iv) a microwave;

1441 (v) a refrigerator;

1442 (vi) a stove;

1443 (vii) a washer; or

1444 (viii) an item similar to Subsections [~~(125)~~] (129)(c)(i) through (vii) as determined by

1445 the commission by rule made in accordance with Title 63G, Chapter 3, Utah Administrative

1446 Rulemaking Act.

1447 (d) "Tangible personal property" does not include a product that is transferred

1448 electronically.

1449 (e) "Tangible personal property" does not include the following if attached to real

1450 property, regardless of whether the attachment to real property is only through a line that

1451 supplies water, electricity, gas, telephone, cable, or supplies a similar item as determined by the
1452 commission by rule made in accordance with Title 63G, Chapter 3, Utah Administrative
1453 Rulemaking Act:

- 1454 (i) a hot water heater;
- 1455 (ii) a water filtration system; or
- 1456 (iii) a water softener system.

1457 ~~[(126)]~~ (130) (a) "Telecommunications enabling or facilitating equipment, machinery,
1458 or software" means an item listed in Subsection ~~[(126)]~~ (130)(b) if that item is purchased or
1459 leased primarily to enable or facilitate one or more of the following to function:

- 1460 (i) telecommunications switching or routing equipment, machinery, or software; or
- 1461 (ii) telecommunications transmission equipment, machinery, or software.

1462 (b) The following apply to Subsection ~~[(126)]~~ (130)(a):

- 1463 (i) a pole;
- 1464 (ii) software;
- 1465 (iii) a supplementary power supply;
- 1466 (iv) temperature or environmental equipment or machinery;
- 1467 (v) test equipment;
- 1468 (vi) a tower; or

1469 (vii) equipment, machinery, or software that functions similarly to an item listed in
1470 Subsections ~~[(126)]~~ (130)(b)(i) through (vi) as determined by the commission by rule made in
1471 accordance with Subsection ~~[(126)]~~ (130)(c).

1472 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
1473 commission may by rule define what constitutes equipment, machinery, or software that
1474 functions similarly to an item listed in Subsections ~~[(126)]~~ (130)(b)(i) through (vi).

1475 ~~[(127)]~~ (131) "Telecommunications equipment, machinery, or software required for
1476 911 service" means equipment, machinery, or software that is required to comply with 47
1477 C.F.R. Sec. 20.18.

1478 ~~[(128)]~~ (132) "Telecommunications maintenance or repair equipment, machinery, or
1479 software" means equipment, machinery, or software purchased or leased primarily to maintain
1480 or repair one or more of the following, regardless of whether the equipment, machinery, or
1481 software is purchased or leased as a spare part or as an upgrade or modification to one or more

1482 of the following:

1483 (a) telecommunications enabling or facilitating equipment, machinery, or software;

1484 (b) telecommunications switching or routing equipment, machinery, or software; or

1485 (c) telecommunications transmission equipment, machinery, or software.

1486 [~~(129)~~] (133) (a) "Telecommunications service" means the electronic conveyance,
1487 routing, or transmission of audio, data, video, voice, or any other information or signal to a
1488 point, or among or between points.

1489 (b) "Telecommunications service" includes:

1490 (i) an electronic conveyance, routing, or transmission with respect to which a computer
1491 processing application is used to act:

1492 (A) on the code, form, or protocol of the content;

1493 (B) for the purpose of electronic conveyance, routing, or transmission; and

1494 (C) regardless of whether the service:

1495 (I) is referred to as voice over Internet protocol service; or

1496 (II) is classified by the Federal Communications Commission as enhanced or value
1497 added;

1498 (ii) an 800 service;

1499 (iii) a 900 service;

1500 (iv) a fixed wireless service;

1501 (v) a mobile wireless service;

1502 (vi) a postpaid calling service;

1503 (vii) a prepaid calling service;

1504 (viii) a prepaid wireless calling service; or

1505 (ix) a private communications service.

1506 (c) "Telecommunications service" does not include:

1507 (i) advertising, including directory advertising;

1508 (ii) an ancillary service;

1509 (iii) a billing and collection service provided to a third party;

1510 (iv) a data processing and information service if:

1511 (A) the data processing and information service allows data to be:

1512 (I) (Aa) acquired;

- 1513 (Bb) generated;
- 1514 (Cc) processed;
- 1515 (Dd) retrieved; or
- 1516 (Ee) stored; and
- 1517 (II) delivered by an electronic transmission to a purchaser; and
- 1518 (B) the purchaser's primary purpose for the underlying transaction is the processed data
- 1519 or information;
- 1520 (v) installation or maintenance of the following on a customer's premises:
 - 1521 (A) equipment; or
 - 1522 (B) wiring;
 - 1523 (vi) Internet access service;
 - 1524 (vii) a paging service;
 - 1525 (viii) a product transferred electronically, including:
 - 1526 (A) music;
 - 1527 (B) reading material;
 - 1528 (C) a ring tone;
 - 1529 (D) software; or
 - 1530 (E) video;
 - 1531 (ix) a radio and television audio and video programming service:
 - 1532 (A) regardless of the medium; and
 - 1533 (B) including:
 - 1534 (I) furnishing conveyance, routing, or transmission of a television audio and video
 - 1535 programming service by a programming service provider;
 - 1536 (II) cable service as defined in 47 U.S.C. Sec. 522(6); or
 - 1537 (III) audio and video programming services delivered by a commercial mobile radio
 - 1538 service provider as defined in 47 C.F.R. Sec. 20.3;
 - 1539 (x) a value-added nonvoice data service; or
 - 1540 (xi) tangible personal property.
- 1541 ~~[(130)]~~ (134) (a) "Telecommunications service provider" means a person that:
 - 1542 (i) owns, controls, operates, or manages a telecommunications service; and
 - 1543 (ii) engages in an activity described in Subsection ~~[(130)]~~ (134)(a)(i) for the shared use

1544 with or resale to any person of the telecommunications service.

1545 (b) A person described in Subsection [~~(130)~~] (134)(a) is a telecommunications service
1546 provider whether or not the Public Service Commission of Utah regulates:

1547 (i) that person; or

1548 (ii) the telecommunications service that the person owns, controls, operates, or
1549 manages.

1550 [~~(131)~~] (135) (a) "Telecommunications switching or routing equipment, machinery, or
1551 software" means an item listed in Subsection [~~(131)~~] (135)(b) if that item is purchased or
1552 leased primarily for switching or routing:

1553 (i) an ancillary service;

1554 (ii) data communications;

1555 (iii) voice communications; or

1556 (iv) telecommunications service.

1557 (b) The following apply to Subsection [~~(131)~~] (135)(a):

1558 (i) a bridge;

1559 (ii) a computer;

1560 (iii) a cross connect;

1561 (iv) a modem;

1562 (v) a multiplexer;

1563 (vi) plug in circuitry;

1564 (vii) a router;

1565 (viii) software;

1566 (ix) a switch; or

1567 (x) equipment, machinery, or software that functions similarly to an item listed in
1568 Subsections [~~(131)~~] (135)(b)(i) through (ix) as determined by the commission by rule made in
1569 accordance with Subsection [~~(131)~~] (135)(c).

1570 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
1571 commission may by rule define what constitutes equipment, machinery, or software that
1572 functions similarly to an item listed in Subsections [~~(131)~~] (135)(b)(i) through (ix).

1573 [~~(132)~~] (136) (a) "Telecommunications transmission equipment, machinery, or
1574 software" means an item listed in Subsection [~~(132)~~] (136)(b) if that item is purchased or

- 1575 leased primarily for sending, receiving, or transporting:
- 1576 (i) an ancillary service;
 - 1577 (ii) data communications;
 - 1578 (iii) voice communications; or
 - 1579 (iv) telecommunications service.
- 1580 (b) The following apply to Subsection [~~(132)~~] (136)(a):
- 1581 (i) an amplifier;
 - 1582 (ii) a cable;
 - 1583 (iii) a closure;
 - 1584 (iv) a conduit;
 - 1585 (v) a controller;
 - 1586 (vi) a duplexer;
 - 1587 (vii) a filter;
 - 1588 (viii) an input device;
 - 1589 (ix) an input/output device;
 - 1590 (x) an insulator;
 - 1591 (xi) microwave machinery or equipment;
 - 1592 (xii) an oscillator;
 - 1593 (xiii) an output device;
 - 1594 (xiv) a pedestal;
 - 1595 (xv) a power converter;
 - 1596 (xvi) a power supply;
 - 1597 (xvii) a radio channel;
 - 1598 (xviii) a radio receiver;
 - 1599 (xix) a radio transmitter;
 - 1600 (xx) a repeater;
 - 1601 (xxi) software;
 - 1602 (xxii) a terminal;
 - 1603 (xxiii) a timing unit;
 - 1604 (xxiv) a transformer;
 - 1605 (xxv) a wire; or

1606 (xxvi) equipment, machinery, or software that functions similarly to an item listed in
1607 Subsections [~~(132)~~] (136)(b)(i) through (xxv) as determined by the commission by rule made in
1608 accordance with Subsection [~~(132)~~] (136)(c).

1609 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
1610 commission may by rule define what constitutes equipment, machinery, or software that
1611 functions similarly to an item listed in Subsections [~~(132)~~] (136)(b)(i) through (xxv).

1612 [~~(133)~~] (137) (a) "Textbook for a higher education course" means a textbook or other
1613 printed material that is required for a course:

1614 (i) offered by an institution of higher education; and

1615 (ii) that the purchaser of the textbook or other printed material attends or will attend.

1616 (b) "Textbook for a higher education course" includes a textbook in electronic format.

1617 [~~(134)~~] (138) "Tobacco" means:

1618 (a) a cigarette;

1619 (b) a cigar;

1620 (c) chewing tobacco;

1621 (d) pipe tobacco; or

1622 (e) any other item that contains tobacco.

1623 [~~(135)~~] (139) "Unassisted amusement device" means an amusement device, skill
1624 device, or ride device that is started and stopped by the purchaser or renter of the right to use or
1625 operate the amusement device, skill device, or ride device.

1626 [~~(136)~~] (140) (a) "Use" means the exercise of any right or power over tangible personal
1627 property, a product transferred electronically, or a service under Subsection [59-12-103\(1\)](#),
1628 incident to the ownership or the leasing of that tangible personal property, product transferred
1629 electronically, or service.

1630 (b) "Use" does not include the sale, display, demonstration, or trial of tangible personal
1631 property, a product transferred electronically, or a service in the regular course of business and
1632 held for resale.

1633 [~~(137)~~] (141) "Value-added nonvoice data service" means a service:

1634 (a) that otherwise meets the definition of a telecommunications service except that a
1635 computer processing application is used to act primarily for a purpose other than conveyance,
1636 routing, or transmission; and

1637 (b) with respect to which a computer processing application is used to act on data or
1638 information:

- 1639 (i) code;
- 1640 (ii) content;
- 1641 (iii) form; or
- 1642 (iv) protocol.

1643 ~~[(138)]~~ (142) (a) Subject to Subsection ~~[(138)]~~ (142)(b), "vehicle" means the following
1644 that are required to be titled, registered, or titled and registered:

- 1645 (i) an aircraft as defined in Section 72-10-102;
- 1646 (ii) a vehicle as defined in Section 41-1a-102;
- 1647 (iii) an off-highway vehicle as defined in Section 41-22-2; or
- 1648 (iv) a vessel as defined in Section 41-1a-102.

1649 (b) For purposes of Subsection 59-12-104(33) only, "vehicle" includes:

- 1650 (i) a vehicle described in Subsection ~~[(138)]~~ (142)(a); or
- 1651 (ii) (A) a locomotive;
- 1652 (B) a freight car;
- 1653 (C) railroad work equipment; or
- 1654 (D) other railroad rolling stock.

1655 ~~[(139)]~~ (143) "Vehicle dealer" means a person engaged in the business of buying,
1656 selling, or exchanging a vehicle as defined in Subsection ~~[(138)]~~ (142).

1657 ~~[(140)]~~ (144) (a) "Vertical service" means an ancillary service that:

- 1658 (i) is offered in connection with one or more telecommunications services; and
- 1659 (ii) offers an advanced calling feature that allows a customer to:
 - 1660 (A) identify a caller; and
 - 1661 (B) manage multiple calls and call connections.

1662 (b) "Vertical service" includes an ancillary service that allows a customer to manage a
1663 conference bridging service.

1664 ~~[(141)]~~ (145) (a) "Voice mail service" means an ancillary service that enables a
1665 customer to receive, send, or store a recorded message.

1666 (b) "Voice mail service" does not include a vertical service that a customer is required
1667 to have in order to utilize a voice mail service.

1668 [~~(142)~~] (146) (a) Except as provided in Subsection [~~(142)~~] (146)(b), "waste energy
1669 facility" means a facility that generates electricity:

1670 (i) using as the primary source of energy waste materials that would be placed in a
1671 landfill or refuse pit if it were not used to generate electricity, including:

1672 (A) tires;

1673 (B) waste coal;

1674 (C) oil shale; or

1675 (D) municipal solid waste; and

1676 (ii) in amounts greater than actually required for the operation of the facility.

1677 (b) "Waste energy facility" does not include a facility that incinerates:

1678 (i) hospital waste as defined in 40 C.F.R. 60.51c; or

1679 (ii) medical/infectious waste as defined in 40 C.F.R. 60.51c.

1680 [~~(143)~~] (147) "Watercraft" means a vessel as defined in Section 73-18-2.

1681 [~~(144)~~] (148) "Wind energy" means wind used as the sole source of energy to produce
1682 electricity.

1683 [~~(145)~~] (149) "ZIP Code" means a Zoning Improvement Plan Code assigned to a
1684 geographic location by the United States Postal Service.

1685 Section 2. Section 59-12-107 is amended to read:

1686 **59-12-107. Definitions -- Collection, remittance, and payment of tax by sellers or**
1687 **other persons -- Returns -- Reports -- Direct payment by purchaser of vehicle -- Other**
1688 **liability for collection -- Rulemaking authority -- Credits -- Treatment of bad debt --**
1689 **Penalties and interest.**

1690 (1) As used in this section:

1691 (a) "Ownership" means direct ownership or indirect ownership through a parent,
1692 subsidiary, or affiliate.

1693 (b) "Related seller" means a seller that:

1694 (i) meets one or more of the criteria described in Subsection (2)(a)(i); and

1695 (ii) delivers tangible personal property, a service, or a product transferred electronically
1696 that is sold:

1697 (A) by a seller that does not meet one or more of the criteria described in Subsection
1698 (2)(a)(i); and

1699 (B) to a purchaser in the state.

1700 (c) "Substantial ownership interest" means an ownership interest in a business entity if
1701 that ownership interest is greater than the degree of ownership of equity interest specified in 15
1702 U.S.C. Sec. 78p, with respect to a person other than a director or an officer.

1703 (2) (a) Except as provided in Subsection (2)(f), Section 59-12-107.1, or Section
1704 59-12-123, and subject to Subsection (2)(g), each seller shall pay or collect and remit the sales
1705 and use taxes imposed by this chapter if within this state the seller:

1706 (i) has or utilizes:

1707 (A) an office;

1708 (B) a distribution house;

1709 (C) a sales house;

1710 (D) a warehouse;

1711 (E) a service enterprise; or

1712 (F) a place of business similar to Subsections (2)(a)(i)(A) through (E);

1713 (ii) maintains a stock of goods;

1714 (iii) regularly solicits orders, regardless of whether or not the orders are accepted in the
1715 state, unless the seller's only activity in the state is:

1716 (A) advertising; or

1717 (B) solicitation by:

1718 (I) direct mail;

1719 (II) electronic mail;

1720 (III) the Internet;

1721 (IV) telecommunications service; or

1722 (V) a means similar to Subsection (2)(a)(iii)(A) or (B);

1723 (iv) regularly engages in the delivery of property in the state other than by:

1724 (A) common carrier; or

1725 (B) United States mail; or

1726 (v) regularly engages in an activity directly related to the leasing or servicing of
1727 property located within the state.

1728 (b) A seller is considered to be engaged in the business of selling tangible personal
1729 property, ~~[a service, or]~~ a product transferred electronically, or a service for use in the state, and

1730 shall pay or collect and remit the sales and use taxes imposed by this chapter if:

1731 (i) the seller holds a substantial ownership interest in, or is owned in whole or in
1732 substantial part by, a related seller; and

1733 (ii) (A) the seller sells the same or a substantially similar line of products as the related
1734 seller and does so under the same or a substantially similar business name; or

1735 (B) the place of business described in Subsection (2)(a)(i) of the related seller or an in
1736 state employee of the related seller is used to advertise, promote, or facilitate sales by the seller
1737 to a purchaser.

1738 (c) ~~[Each]~~ Subject to Section 59-12-107.6, each seller that does not meet one or more
1739 of the criteria provided for in Subsection (2)(a) or is not a seller required to pay or collect and
1740 remit the sales and use taxes imposed by this chapter under Subsection (2)(b) shall pay or
1741 collect and remit the sales and use tax imposed by this chapter if the seller:

1742 (i) sells tangible personal property, products transferred electronically, or services for
1743 storage, use, or consumption in the state; and

1744 (ii) in either the previous calendar year or the current calendar year:

1745 (A) receives gross revenue from the sale of tangible personal property, ~~[any product]~~
1746 products transferred electronically, or services for storage, use, or consumption in the state of
1747 more than \$100,000; or

1748 (B) sells tangible personal property, products transferred electronically, or services for
1749 storage, use, or consumption in the state in 200 or more separate transactions.

1750 (d) A seller that does not meet one or more of the criteria provided for in Subsection
1751 (2)(a) or is not a seller required to pay or collect and remit sales and use taxes under Subsection
1752 (2)(b) ~~[or]~~, Subsection (2)(c), or Section 59-12-107.6 may voluntarily:

1753 (i) collect a tax on a transaction described in Subsection 59-12-103(1); and

1754 (ii) remit the tax to the commission as provided in this part.

1755 (e) The collection and remittance of a tax under this chapter by a seller that is
1756 registered under the agreement may not be used as a factor in determining whether that seller is
1757 required by this Subsection (2) to:

1758 (i) pay a tax, fee, or charge under:

1759 (A) Title 10, Chapter 1, Part 3, Municipal Energy Sales and Use Tax Act;

1760 (B) Title 10, Chapter 1, Part 4, Municipal Telecommunications License Tax Act;

- 1761 (C) Section 19-6-714;
- 1762 (D) Section 19-6-805;
- 1763 (E) Title 69, Chapter 2, Part 4, 911 Emergency Service Charges; or
- 1764 (F) this title; or
- 1765 (ii) collect and remit a tax, fee, or charge under:
- 1766 (A) Title 10, Chapter 1, Part 3, Municipal Energy Sales and Use Tax Act;
- 1767 (B) Title 10, Chapter 1, Part 4, Municipal Telecommunications License Tax Act;
- 1768 (C) Section 19-6-714;
- 1769 (D) Section 19-6-805;
- 1770 (E) Title 69, Chapter 2, Part 4, 911 Emergency Service Charges; or
- 1771 (F) this title.
- 1772 (f) A person shall pay a use tax imposed by this chapter on a transaction described in
- 1773 Subsection 59-12-103(1) if:
- 1774 (i) the seller did not collect a tax imposed by this chapter on the transaction; and
- 1775 (ii) the person:
- 1776 (A) stores the tangible personal property or product transferred electronically in the
- 1777 state;
- 1778 (B) uses the tangible personal property or product transferred electronically in the state;
- 1779 or
- 1780 (C) consumes the tangible personal property or product transferred electronically in the
- 1781 state.
- 1782 (g) The ownership of property that is located at the premises of a printer's facility with
- 1783 which the retailer has contracted for printing and that consists of the final printed product,
- 1784 property that becomes a part of the final printed product, or copy from which the printed
- 1785 product is produced, shall not result in the retailer being considered to have or maintain an
- 1786 office, distribution house, sales house, warehouse, service enterprise, or other place of
- 1787 business, or to maintain a stock of goods, within this state.
- 1788 (3) (a) Except as provided in Section 59-12-107.1, a seller shall collect a tax under this
- 1789 chapter [~~shall be collected~~] from a purchaser.
- 1790 (b) A seller may not collect as tax an amount, without regard to fractional parts of one
- 1791 cent, in excess of the tax computed at the rates prescribed by this chapter.

1792 (c) (i) Each seller shall:

1793 (A) give the purchaser a receipt for the tax collected; or

1794 (B) bill the tax as a separate item and declare the name of this state and the seller's
1795 sales and use tax license number on the invoice for the sale.

1796 (ii) The receipt or invoice is prima facie evidence that the seller has collected the tax
1797 and relieves the purchaser of the liability for reporting the tax to the commission as a
1798 consumer.

1799 (d) A seller is not required to maintain a separate account for the tax collected, but is
1800 considered to be a person charged with receipt, safekeeping, and transfer of public money.

1801 (e) Taxes collected by a seller pursuant to this chapter shall be held in trust for the
1802 benefit of the state and for payment to the commission in the manner and at the time provided
1803 for in this chapter.

1804 (f) If any seller, during any reporting period, collects as a tax an amount in excess of
1805 the lawful state and local percentage of total taxable sales allowed under this chapter, the seller
1806 shall remit to the commission the full amount of the tax imposed under this chapter, plus any
1807 excess.

1808 (g) If the accounting methods regularly employed by the seller in the transaction of the
1809 seller's business are such that reports of sales made during a calendar month or quarterly period
1810 will impose unnecessary hardships, the commission may accept reports at intervals that, in the
1811 commission's opinion, will better suit the convenience of the taxpayer or seller and will not
1812 jeopardize collection of the tax.

1813 (h) (i) For a purchase paid with specie legal tender as defined in Section [59-1-1501.1](#),
1814 and until such time as the commission accepts specie legal tender for the payment of a tax
1815 under this chapter, if the commission requires a seller to remit a tax under this chapter in legal
1816 tender other than specie legal tender, the seller shall state on the seller's books and records and
1817 on an invoice, bill of sale, or similar document provided to the purchaser:

1818 (A) the purchase price in specie legal tender and in the legal tender the seller is
1819 required to remit to the commission;

1820 (B) subject to Subsection (3)(h)(ii), the amount of tax due under this chapter in specie
1821 legal tender and in the legal tender the seller is required to remit to the commission;

1822 (C) the tax rate under this chapter applicable to the purchase; and

1823 (D) the date of the purchase.

1824 (ii) (A) Subject to Subsection (3)(h)(ii)(B), for purposes of determining the amount of
1825 tax due under Subsection (3)(h)(i), a seller shall use the most recent London fixing price for the
1826 specie legal tender the purchaser paid.

1827 (B) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
1828 commission may make rules for determining the amount of tax due under Subsection (3)(h)(i)
1829 if the London fixing price is not available for a particular day.

1830 (4) (a) Except as provided in Subsections (5) through (7) and Section 59-12-108, the
1831 sales or use tax imposed by this chapter is due and payable to the commission quarterly on or
1832 before the last day of the month next succeeding each quarterly calendar period.

1833 (b) (i) Each seller shall, on or before the last day of the month next succeeding each
1834 quarterly calendar period, file with the commission a return for the preceding quarterly period.

1835 (ii) The seller shall remit with the return under Subsection (4)(b)(i) the amount of the
1836 tax required under this chapter to be collected or paid for the period covered by the return.

1837 (c) Except as provided in Subsection (5)(c), a return shall contain information and be in
1838 a form the commission prescribes by rule.

1839 (d) (i) Subject to Subsection (4)(d)(ii), the sales tax as computed in the return shall be
1840 based on the total nonexempt sales made during the period for which the return is filed,
1841 including both cash and charge sales.

1842 (ii) For a sale that includes the delivery or installation of tangible personal property at a
1843 location other than a seller's place of business described in Subsection (2)(a)(i), if the delivery
1844 or installation is separately stated on an invoice or receipt, a seller may compute the tax due on
1845 the sale for purposes of Subsection (4)(d)(i) based on the amount the seller receives for that
1846 sale during each period for which the seller receives payment for the sale.

1847 (e) (i) The use tax as computed in the return shall be based on the total amount of
1848 purchases for storage, use, or other consumption in this state made during the period for which
1849 the return is filed, including both cash and charge purchases.

1850 (ii) (A) As used in this Subsection (4)(e)(ii), "qualifying purchaser" means a purchaser
1851 that is required to remit taxes under this chapter, but is not required to remit taxes monthly in
1852 accordance with Section 59-12-108, and that converts tangible personal property into real
1853 property.

1854 (B) Subject to Subsections (4)(e)(ii)(C) and (D), a qualifying purchaser may remit the
1855 taxes due under this chapter on tangible personal property for which the qualifying purchaser
1856 claims an exemption as allowed under Subsection 59-12-104(23) or (25) based on the period in
1857 which the qualifying purchaser receives payment, in accordance with Subsection (4)(e)(ii)(C),
1858 for the conversion of the tangible personal property into real property.

1859 (C) A qualifying purchaser remitting taxes due under this chapter in accordance with
1860 Subsection (4)(e)(ii)(B) shall remit an amount equal to the total amount of tax due on the
1861 qualifying purchaser's purchase of the tangible personal property that was converted into real
1862 property multiplied by a fraction, the numerator of which is the payment received in the period
1863 for the qualifying purchaser's sale of the tangible personal property that was converted into real
1864 property and the denominator of which is the entire sales price for the qualifying purchaser's
1865 sale of the tangible personal property that was converted into real property.

1866 (D) A qualifying purchaser may remit taxes due under this chapter in accordance with
1867 this Subsection (4)(e)(ii) only if the books and records that the qualifying purchaser keeps in
1868 the qualifying purchaser's regular course of business identify by reasonable and verifiable
1869 standards that the tangible personal property was converted into real property.

1870 (f) (i) Subject to Subsection (4)(f)(ii) and in accordance with Title 63G, Chapter 3,
1871 Utah Administrative Rulemaking Act, the commission may by rule extend the time for making
1872 returns and paying the taxes.

1873 (ii) An extension under Subsection (4)(f)(i) may not be for more than 90 days.

1874 (g) The commission may require returns and payment of the tax to be made for other
1875 than quarterly periods if the commission considers it necessary in order to ensure the payment
1876 of the tax imposed by this chapter.

1877 (h) (i) The commission may require a seller that files a simplified electronic return with
1878 the commission to file an additional electronic report with the commission.

1879 (ii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
1880 commission may make rules providing:

1881 (A) the information required to be included in the additional electronic report described
1882 in Subsection (4)(h)(i); and

1883 (B) one or more due dates for filing the additional electronic report described in
1884 Subsection (4)(h)(i).

1885 (5) (a) As used in this Subsection (5) and Subsection (6)(b), "remote seller" means a
1886 seller that is:

- 1887 (i) registered under the agreement;
- 1888 (ii) described in Subsection (2)(d); and
- 1889 (iii) not a:
 - 1890 (A) model 1 seller;
 - 1891 (B) model 2 seller; or
 - 1892 (C) model 3 seller.

1893 (b) (i) Except as provided in Subsection (5)(b)(ii), a tax a remote seller collects in
1894 accordance with Subsection (2)(d) is due and payable:

- 1895 (A) to the commission;
- 1896 (B) annually; and
- 1897 (C) on or before the last day of the month immediately following the last day of each
1898 calendar year.

1899 (ii) The commission may require that a tax a remote seller collects in accordance with
1900 Subsection (2)(d) be due and payable:

- 1901 (A) to the commission; and
- 1902 (B) on the last day of the month immediately following any month in which the seller
1903 accumulates a total of at least \$1,000 in agreement sales and use tax.

1904 (c) (i) If a remote seller remits a tax to the commission in accordance with Subsection
1905 (5)(b), the remote seller shall file a return:

- 1906 (A) with the commission;
- 1907 (B) with respect to the tax;
- 1908 (C) containing information prescribed by the commission; and
- 1909 (D) on a form prescribed by the commission.

1910 (ii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
1911 commission shall make rules prescribing:

- 1912 (A) the information required to be contained in a return described in Subsection
1913 (5)(c)(i); and
- 1914 (B) the form described in Subsection (5)(c)(i)(D).
- 1915 (d) A tax a remote seller collects in accordance with this Subsection (5) shall be

1916 calculated on the basis of the total amount of taxable transactions under Subsection
1917 [59-12-103](#)(1) the remote seller completes, including:

- 1918 (i) a cash transaction; and
- 1919 (ii) a charge transaction.

1920 (6) (a) Except as provided in Subsection (6)(b), a tax a seller that files a simplified
1921 electronic return collects in accordance with this chapter is due and payable:

- 1922 (i) monthly on or before the last day of the month immediately following the month for
1923 which the seller collects a tax under this chapter; and
- 1924 (ii) for the month for which the seller collects a tax under this chapter.

1925 (b) A tax a remote seller that files a simplified electronic return collects in accordance
1926 with this chapter is due and payable as provided in Subsection (5).

1927 (7) (a) On each vehicle sale made by other than a regular licensed vehicle dealer, the
1928 purchaser shall pay the sales or use tax directly to the commission if the vehicle is subject to
1929 titling or registration under the laws of this state.

1930 (b) The commission shall collect the tax described in Subsection (7)(a) when the
1931 vehicle is titled or registered.

1932 (8) If any sale of tangible personal property or any other taxable transaction under
1933 Subsection [59-12-103](#)(1), is made by a wholesaler to a retailer:

- 1934 (a) the wholesaler is not responsible for the collection or payment of the tax imposed
1935 on the sale; and
- 1936 (b) the retailer is responsible for the collection or payment of the tax imposed on the
1937 sale if:
 - 1938 (i) the retailer represents that the tangible personal property, product transferred
1939 electronically, or service is purchased by the retailer for resale; and
 - 1940 (ii) the tangible personal property, product transferred electronically, or service is not
1941 subsequently resold.

1942 (9) If any sale of property or service subject to the tax is made to a person prepaying
1943 sales or use tax in accordance with Title 63M, Chapter 5, Resource Development Act, or to a
1944 contractor or subcontractor of that person:

- 1945 (a) the person to whom such payment or consideration is payable is not responsible for
1946 the collection or payment of the sales or use tax; and

1947 (b) the person prepaying the sales or use tax is responsible for the collection or
1948 payment of the sales or use tax if the person prepaying the sales or use tax represents that the
1949 amount prepaid as sales or use tax has not been fully credited against sales or use tax due and
1950 payable under the rules promulgated by the commission.

1951 (10) (a) For purposes of this Subsection (10):

1952 (i) Except as provided in Subsection (10)(a)(ii), "bad debt" means the same as that term
1953 is defined in Section 166, Internal Revenue Code.

1954 (ii) "Bad debt" does not include:

1955 (A) an amount included in the purchase price of tangible personal property, a product
1956 transferred electronically, or a service that is:

1957 (I) not a transaction described in Subsection 59-12-103(1); or

1958 (II) exempt under Section 59-12-104;

1959 (B) a financing charge;

1960 (C) interest;

1961 (D) a tax imposed under this chapter on the purchase price of tangible personal
1962 property, a product transferred electronically, or a service;

1963 (E) an uncollectible amount on tangible personal property or a product transferred
1964 electronically that:

1965 (I) is subject to a tax under this chapter; and

1966 (II) remains in the possession of a seller until the full purchase price is paid;

1967 (F) an expense incurred in attempting to collect any debt; or

1968 (G) an amount that a seller does not collect on repossessed property.

1969 (b) (i) To the extent an amount remitted in accordance with Subsection (4)(d) later
1970 becomes bad debt, a seller may deduct the bad debt from the total amount from which a tax
1971 under this chapter is calculated on a return.

1972 (ii) A qualifying purchaser, as defined in Subsection (4)(e)(ii)(A), may deduct from the
1973 total amount of taxes due under this chapter the amount of tax the qualifying purchaser paid on
1974 the qualifying purchaser's purchase of tangible personal property converted into real property to
1975 the extent that:

1976 (A) tax was remitted in accordance with Subsection (4)(e) on that tangible personal
1977 property converted into real property;

1978 (B) the qualifying purchaser's sale of that tangible personal property converted into real
1979 property later becomes bad debt; and

1980 (C) the books and records that the qualifying purchaser keeps in the qualifying
1981 purchaser's regular course of business identify by reasonable and verifiable standards that the
1982 tangible personal property was converted into real property.

1983 (c) A seller may file a refund claim with the commission if:

1984 (i) the amount of bad debt for the time period described in Subsection (10)(e) exceeds
1985 the amount of the seller's sales that are subject to a tax under this chapter for that same time
1986 period; and

1987 (ii) as provided in Section [59-1-1410](#).

1988 (d) A bad debt deduction under this section may not include interest.

1989 (e) A bad debt may be deducted under this Subsection (10) on a return for the time
1990 period during which the bad debt:

1991 (i) is written off as uncollectible in the seller's books and records; and

1992 (ii) would be eligible for a bad debt deduction:

1993 (A) for federal income tax purposes; and

1994 (B) if the seller were required to file a federal income tax return.

1995 (f) If a seller recovers any portion of bad debt for which the seller makes a deduction or
1996 claims a refund under this Subsection (10), the seller shall report and remit a tax under this
1997 chapter:

1998 (i) on the portion of the bad debt the seller recovers; and

1999 (ii) on a return filed for the time period for which the portion of the bad debt is
2000 recovered.

2001 (g) For purposes of reporting a recovery of a portion of bad debt under Subsection
2002 (10)(f), a seller shall apply amounts received on the bad debt in the following order:

2003 (i) in a proportional amount:

2004 (A) to the purchase price of the tangible personal property, product transferred
2005 electronically, or service; and

2006 (B) to the tax due under this chapter on the tangible personal property, product
2007 transferred electronically, or service; and

2008 (ii) to:

2009 (A) interest charges;
2010 (B) service charges; and
2011 (C) other charges.
2012 (h) A seller's certified service provider may make a deduction or claim a refund for bad
2013 debt on behalf of the seller:
2014 (i) in accordance with this Subsection (10); and
2015 (ii) if the certified service provider credits or refunds the entire amount of the bad debt
2016 deduction or refund to the seller.
2017 (i) A seller may allocate bad debt among the states that are members of the agreement
2018 if the seller's books and records support that allocation.
2019 (11) (a) A seller may not, with intent to evade any tax, fail to timely remit the full
2020 amount of tax required by this chapter.
2021 (b) A violation of this section is punishable as provided in Section 59-1-401.
2022 (c) Each person that fails to pay any tax to the state or any amount of tax required to be
2023 paid to the state, except amounts determined to be due by the commission under Chapter 1,
2024 Part 14, Assessment, Collections, and Refunds Act, or Section 59-12-111, within the time
2025 required by this chapter, or that fails to file any return as required by this chapter, shall pay, in
2026 addition to the tax, penalties and interest as provided in Sections 59-1-401 and 59-1-402.
2027 (d) For purposes of prosecution under this section, each quarterly tax period in which a
2028 seller, with intent to evade any tax, collects a tax and fails to timely remit the full amount of the
2029 tax required to be remitted constitutes a separate offense.
2030 Section 3. Section 59-12-107.6 is enacted to read:
2031 **59-12-107.6. Marketplace facilitator collection, remittance, and payment of sales**
2032 **tax obligation -- Marketplace seller collection, remittance, and payment of sales tax**
2033 **obligation -- Liability for collection.**
2034 (1) A marketplace facilitator shall pay or collect and remit sales and use taxes imposed
2035 by this chapter in accordance with Section 59-12-107:
2036 (a) if the marketplace facilitator meets one or more of the criteria provided for in
2037 Subsection 59-12-107(2)(a) or (b); and
2038 (b) on the sales the marketplace facilitator made on the marketplace facilitator's own
2039 behalf.

2040 (2) (a) A marketplace facilitator shall pay or collect and remit sales and use taxes
2041 imposed by this chapter in accordance with Subsection (3) if the marketplace facilitator, in the
2042 previous calendar year or the current calendar year, makes sales of tangible personal property,
2043 products transferred electronically, or services on the marketplace facilitator's own behalf or
2044 facilitates sales on behalf of one or more marketplace sellers:

2045 (i) that exceed \$100,000; or

2046 (ii) in 200 or more separate transactions.

2047 (b) For purposes of determining if a marketplace facilitator meets or exceeds one or
2048 both thresholds described in this Subsection (2), a marketplace facilitator shall separately total:

2049 (i) the marketplace facilitator's sales; and

2050 (ii) any sales the marketplace facilitator makes or facilitates for a marketplace seller.

2051 (c) A marketplace facilitator without a physical presence in this state shall begin
2052 collecting and remitting the sales and use taxes imposed by this chapter no later than the first
2053 day of the calendar quarter that is at least 60 days after the day on which the marketplace
2054 facilitator meets or exceeds either threshold described in Subsection (2)(a).

2055 (3) A marketplace facilitator described in Subsection (2) shall pay or collect and remit
2056 sales and use taxes imposed by this chapter for each sale that the marketplace facilitator:

2057 (a) makes on the marketplace facilitator's own behalf; or

2058 (b) makes or facilitates on behalf of a marketplace seller, regardless of:

2059 (i) whether the marketplace seller has an obligation to pay or collect and remit sales
2060 and use taxes under Section [59-12-107](#);

2061 (ii) whether the marketplace seller would have been required to pay or collect and
2062 remit sales and use taxes under Section [59-12-107](#) if the marketplace facilitator had not
2063 facilitated the sale; or

2064 (iii) the amount of the sales price or the purchase price that accrues to or benefits the
2065 marketplace facilitator, the marketplace seller, or any other person.

2066 (4) A marketplace facilitator shall comply with the procedures and requirements in this
2067 chapter and Chapter 1, General Taxation Policies, for sellers required to pay or collect and
2068 remit sales and use taxes except that the marketplace facilitator shall file:

2069 (a) one return for sales that the marketplace facilitator makes on the marketplace
2070 facilitator's own behalf; and

2071 (b) one return for the sales that the marketplace facilitator makes or facilitates on
2072 behalf of one or more marketplace sellers.

2073 (5) (a) The commission may audit the marketplace facilitator for sales made or
2074 facilitated through the marketplace facilitator's marketplace on behalf of one or more
2075 marketplace sellers.

2076 (b) The commission may not audit the marketplace seller for sales made or facilitated
2077 through the marketplace facilitator's marketplace on the marketplace seller's behalf.

2078 (6) Nothing in this section prohibits a marketplace facilitator from providing in a
2079 marketplace facilitator's agreement with a marketplace seller for the recovery of sales and use
2080 taxes, and any related interest or penalties to the extent that a tax, interest, or penalty is
2081 assessed by the state in an audit of the marketplace facilitator on a retail sale:

2082 (a) that a marketplace facilitator makes or facilitates on behalf of a marketplace seller;
2083 and

2084 (b) for which the marketplace facilitator relied on incorrect information provided by
2085 the marketplace seller.

2086 (7) (a) Subject to Subsections (7)(b) and (c), a marketplace facilitator is not liable for
2087 failing to collect the taxes under this chapter for a sale on which the marketplace facilitator
2088 failed to collect sales and use taxes if the marketplace facilitator demonstrates, to the
2089 satisfaction of the commission, that:

2090 (i) the marketplace facilitator made or facilitated the sale through the marketplace
2091 facilitator's marketplace on or before December 31, 2022;

2092 (ii) the marketplace facilitator made or facilitated the sale on behalf of a marketplace
2093 seller and not on behalf of the marketplace facilitator;

2094 (iii) the marketplace facilitator and the marketplace seller are not affiliates; and

2095 (iv) the failure to collect sales and use taxes was due to a good faith error other than an
2096 error in sourcing.

2097 (b) For purposes of Subsection (7)(a):

2098 (i) for sales made or facilitated during the 2019 or 2020 calendar year, the marketplace
2099 facilitator is not liable for the amount the marketplace facilitator fails to collect due to error that
2100 is equal to the error rate, but not to exceed a 7% error rate;

2101 (ii) for sales made or facilitated during the 2021 calendar year, the marketplace

2102 facilitator is not liable for the amount the marketplace facilitator fails to collect due to error that
2103 is equal to the error rate, but not to exceed a 5% error rate; and

2104 (iii) for sales made or facilitated during the 2022 calendar year, the marketplace
2105 facilitator is not liable for the amount the marketplace facilitator fails to collect due to error that
2106 is equal to the error rate, but not to exceed a 3% error rate.

2107 (c) The commission shall calculate the percentages described in Subsection (7)(b):

2108 (i) using the total sales and use taxes due on sales that:

2109 (A) a marketplace facilitator made or facilitated in this state on behalf of one or more
2110 marketplace sellers during the calendar year that the sale for which the marketplace facilitator
2111 seeks relief was made or facilitated; and

2112 (B) are sourced to the state; and

2113 (ii) not including sales that the marketplace facilitator or the marketplace facilitator's
2114 affiliates directly made during the same calendar year.

2115 (8) A marketplace seller shall pay or collect and remit sales and use taxes imposed by
2116 this chapter for a sale of tangible personal property, a product transferred electronically, or a
2117 service that the marketplace seller makes other than through a marketplace facilitator if:

2118 (a) the sale is sourced to this state; and

2119 (b) the marketplace seller's sales in this state, other than through a marketplace
2120 facilitator, in the previous calendar year or the current calendar year:

2121 (i) exceed \$100,000; or

2122 (ii) occur in 200 or more separate transactions.

2123 (9) (a) A marketplace seller may not pay or collect and remit sales and use taxes
2124 imposed by this chapter for any sale for which a marketplace facilitator is required to pay or
2125 collect and remit.

2126 (b) A marketplace seller is not liable for a marketplace facilitator's failure to pay or
2127 collect and remit, or the marketplace facilitator's underpayment of, sales and use taxes imposed
2128 by this chapter for any sale for which a marketplace facilitator is required to pay or collect and
2129 remit the taxes imposed by this chapter.

2130 (10) (a) A purchaser of tangible personal property, a product transferred electronically,
2131 or a service may file a claim for a refund with the marketplace facilitator if the purchaser
2132 overpaid sales and use taxes imposed under this chapter.

2133 (b) No person may bring a class action against a marketplace facilitator in any court of
2134 the state on behalf of purchasers arising from or in any way related to an overpayment of sales
2135 and use taxes collected and remitted on sales made or facilitated by the marketplace facilitator
2136 on behalf of a marketplace seller, regardless of whether such claim is characterized as a tax
2137 refund claim.

2138 (11) Nothing in this section affects the obligation of a purchaser to remit the use tax
2139 described in Subsection [59-12-107\(2\)\(f\)](#) on any sale for which a marketplace facilitator or
2140 marketplace seller failed to collect and remit a tax imposed by this chapter.

2141 Section 4. **Effective date.**

2142 This bill takes effect on October 1, 2019.