

1 **SALES AND USE TAX REFUND MODIFICATIONS**

2 2021 GENERAL SESSION

3 STATE OF UTAH

4 **Chief Sponsor: Christine F. Watkins**

5 Senate Sponsor: _____

7 **LONG TITLE**

8 **General Description:**

9 This bill modifies sales and use tax provisions related to refunds.

10 **Highlighted Provisions:**

11 This bill:

12 ▶ enacts a refund of state sales and use tax paid for the purchase or lease of
13 machinery, equipment, normal operating repair or replacement parts, or materials,
14 except for office equipment or office supplies, by an oil and gas extraction
15 establishment or a pipeline transportation establishment; and

16 ▶ phases in the refund process.

17 **Money Appropriated in this Bill:**

18 None

19 **Other Special Clauses:**

20 This bill provides a special effective date.

21 **Utah Code Sections Affected:**

22 ENACTS:

23 **59-12-104.8**, Utah Code Annotated 1953

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

26 Section 1. Section **59-12-104.8** is enacted to read:

27 **59-12-104.8.** Refund for state sales and use tax on purchases or lease of



28 **machinery, equipment, normal operating repair or replacement parts, and materials by**
29 **oil and gas extraction establishment.**

30 (1) This section applies to amounts paid or charged for a purchase or lease of
31 machinery, equipment, normal operating repair or replacement parts, or materials, except for
32 office equipment or office supplies, by an establishment, as the commission defines that term
33 in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, that:

34 (a) is described in NAICS Subsection 211, Oil and Gas Extraction, NAICS Code
35 213111, Drilling Oil and Gas Wells, or NAICS Code 213112, Support Activities for Oil and
36 Gas Operations, of the 2017 North American Industry Classification System of the federal
37 Executive Office of the President, Office of Management and Budget;

38 (b) is located in the state; and

39 (c) uses or consumes the machinery, equipment, normal operating repair or
40 replacement parts, or materials in:

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

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

46 (iii) transporting, storing, or managing crude oil, natural gas, or refined petroleum
47 products;

48 (iv) developing or maintaining a road, tunnel, excavation, or similar feature used in oil
49 or gas extraction; or

50 (v) preventing, controlling, or reducing dust or other pollutants from oil or gas
51 extraction.

52 (2) (a) A person may request a refund from the commission for the sales and use tax
53 paid on the purchases or leases described in Subsection (1).

54 (b) The amount of the refund is as follows:

55 (i) for a purchase or lease made on or after January 1, 2023, but on or before December
56 31, 2023, 33% of sales and use tax paid under Subsection [59-12-103\(2\)\(a\)\(i\)\(A\)](#);

57 (ii) for a purchase or lease made on or after January 1, 2024, but on or before
58 December 31, 2024, 66% of the sales and use tax paid under Subsection [59-12-103\(2\)\(a\)\(i\)\(A\)](#);

59 and

60 (iii) for a purchase or lease made on or after January 1, 2025, 100% of the sales and use
61 tax paid under Subsection 59-12-103(2)(a)(i)(A).

62 (c) A person shall file for a refund under this Subsection (2):

63 (i) in an electronic format prescribed by the commission; and

64 (ii) no more frequently than once per month.

65 (3) The commission may calculate and retain from each refund issued under this
66 section an amount to cover the commission's actual cost of administering the refund.

67 Section 2. **Effective date.**

68 This bill takes effect July 1, 2023.