

1 **LEASED TANGIBLE PERSONAL PROPERTY TAX**
2 **AMENDMENTS**

3 2023 GENERAL SESSION

4 STATE OF UTAH

5 **Chief Sponsor: Chris H. Wilson**

6 House Sponsor: Stewart E. Barlow

7
8 **LONG TITLE**

9 **Committee Note:**

10 The Revenue and Taxation Interim Committee recommended this bill.

11 Legislative Vote: 11 voting for 0 voting against 8 absent

12 **General Description:**

13 This bill modifies provisions related to leased tangible personal property.

14 **Highlighted Provisions:**

15 This bill:

- 16 ▶ addresses the requirements for obtaining a temporary permit for a leased vehicle;
- 17 ▶ provides that the sale of leased tangible personal property from the lessor to the
- 18 lessee is subject to sales and use tax; and
- 19 ▶ makes technical and conforming changes.

20 **Money Appropriated in this Bill:**

21 None

22 **Other Special Clauses:**

23 This bill provides a special effective date.

24 **Utah Code Sections Affected:**

25 AMENDS:

26 **41-1a-211**, as last amended by Laws of Utah 1998, Chapter 125

27 **59-12-103**, as last amended by Laws of Utah 2022, Chapters 77, 106 and 433



28 **59-12-104**, as last amended by Laws of Utah 2022, Chapters 228, 275, 280, and 373



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

31 Section 1. Section **41-1a-211** is amended to read:

32 **41-1a-211. Temporary permits -- Other laws applied.**

33 (1) (a) The division may grant a temporary permit to operate a vehicle for which:

34 (i) application for registration has been made, or, in the case of a newly purchased
35 vehicle, will be made;

36 (ii) evidence of ownership is provided; and

37 (iii) the proper fees have been paid.

38 (b) The temporary permit allows the vehicle to be operated pending complete
39 registration by displaying:

40 (i) the temporary permit; or

41 (ii) other evidence of the application under rules made by the commission.

42 (2) If a vehicle is operated on a temporary permit issued under this section or Section
43 **41-3-302**, that vehicle is subject to all other statutes, rules, and regulations intended to control
44 the use and operation of vehicles on the highways.

45 (3) For purposes of Subsection (1), evidence of ownership includes a document
46 demonstrating that:

47 (a) in exchange for consideration, the vehicle's lessee agreed to transfer the vehicle to
48 the applicant upon receipt of the vehicle's certificate of title from the vehicle's lessor; and

49 (b) the lessee is the current registered owner of the vehicle.

50 Section 2. Section **59-12-103** is amended to read:

51 **59-12-103. Sales and use tax base -- Rates -- Effective dates -- Use of sales and use**
52 **tax revenues.**

53 (1) A tax is imposed on the purchaser as provided in this part on the purchase price or
54 sales price for amounts paid or charged for the following transactions:

55 (a) retail sales of tangible personal property made within the state;

56 (b) amounts paid for:

57 (i) telecommunications service, other than mobile telecommunications service, that
58 originates and terminates within the boundaries of this state;

- 59 (ii) mobile telecommunications service that originates and terminates within the
60 boundaries of one state only to the extent permitted by the Mobile Telecommunications
61 Sourcing Act, 4 U.S.C. Sec. 116 et seq.; or
- 62 (iii) an ancillary service associated with a:
- 63 (A) telecommunications service described in Subsection (1)(b)(i); or
- 64 (B) mobile telecommunications service described in Subsection (1)(b)(ii);
- 65 (c) sales of the following for commercial use:
- 66 (i) gas;
- 67 (ii) electricity;
- 68 (iii) heat;
- 69 (iv) coal;
- 70 (v) fuel oil; or
- 71 (vi) other fuels;
- 72 (d) sales of the following for residential use:
- 73 (i) gas;
- 74 (ii) electricity;
- 75 (iii) heat;
- 76 (iv) coal;
- 77 (v) fuel oil; or
- 78 (vi) other fuels;
- 79 (e) sales of prepared food;
- 80 (f) except as provided in Section [59-12-104](#), amounts paid or charged as admission or
81 user fees for theaters, movies, operas, museums, planetariums, shows of any type or nature,
82 exhibitions, concerts, carnivals, amusement parks, amusement rides, circuses, menageries,
83 fairs, races, contests, sporting events, dances, boxing matches, wrestling matches, closed circuit
84 television broadcasts, billiard parlors, pool parlors, bowling lanes, golf, miniature golf, golf
85 driving ranges, batting cages, skating rinks, ski lifts, ski runs, ski trails, snowmobile trails,
86 tennis courts, swimming pools, water slides, river runs, jeep tours, boat tours, scenic cruises,
87 horseback rides, sports activities, or any other amusement, entertainment, recreation,
88 exhibition, cultural, or athletic activity;
- 89 (g) amounts paid or charged for services for repairs or renovations of tangible personal

90 property, unless Section 59-12-104 provides for an exemption from sales and use tax for:

91 (i) the tangible personal property; and

92 (ii) parts used in the repairs or renovations of the tangible personal property described
93 in Subsection (1)(g)(i), regardless of whether:

94 (A) any parts are actually used in the repairs or renovations of that tangible personal
95 property; or

96 (B) the particular parts used in the repairs or renovations of that tangible personal
97 property are exempt from a tax under this chapter;

98 (h) except as provided in Subsection 59-12-104(7), amounts paid or charged for
99 assisted cleaning or washing of tangible personal property;

100 (i) amounts paid or charged for tourist home, hotel, motel, or trailer court
101 accommodations and services that are regularly rented for less than 30 consecutive days;

102 (j) amounts paid or charged for laundry or dry cleaning services;

103 (k) amounts paid or charged for leases or rentals of tangible personal property if within
104 this state the tangible personal property is:

105 (i) stored;

106 (ii) used; or

107 (iii) otherwise consumed;

108 (l) amounts paid or charged for tangible personal property if within this state the
109 tangible personal property is:

110 (i) stored;

111 (ii) used; or

112 (iii) consumed; [~~and~~]

113 (m) amounts paid or charged for a sale:

114 (i) (A) of a product transferred electronically; or

115 (B) of a repair or renovation of a product transferred electronically; and

116 (ii) regardless of whether the sale provides:

117 (A) a right of permanent use of the product; or

118 (B) a right to use the product that is less than a permanent use, including a right:

119 (I) for a definite or specified length of time; and

120 (II) that terminates upon the occurrence of a condition[-]; and

121 (n) sales of leased tangible personal property from the lessor to the lessee made in the
122 state.

123 (2) (a) Except as provided in Subsections (2)(b) through (f), a state tax and a local tax
124 are imposed on a transaction described in Subsection (1) equal to the sum of:

125 (i) a state tax imposed on the transaction at a tax rate equal to the sum of:

126 (A) 4.70% plus the rate specified in Subsection (12)(a); and

127 (B) (I) the tax rate the state imposes in accordance with Part 18, Additional State Sales
128 and Use Tax Act, if the location of the transaction as determined under Sections 59-12-211
129 through 59-12-215 is in a county in which the state imposes the tax under Part 18, Additional
130 State Sales and Use Tax Act; and

131 (II) the tax rate the state imposes in accordance with Part 20, Supplemental State Sales
132 and Use Tax Act, if the location of the transaction as determined under Sections 59-12-211
133 through 59-12-215 is in a city, town, or the unincorporated area of a county in which the state
134 imposes the tax under Part 20, Supplemental State Sales and Use Tax Act; and

135 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the
136 transaction under this chapter other than this part.

137 (b) Except as provided in Subsection (2)(e) or (f) and subject to Subsection (2)(k), a
138 state tax and a local tax are imposed on a transaction described in Subsection (1)(d) equal to
139 the sum of:

140 (i) a state tax imposed on the transaction at a tax rate of 2%; and

141 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the
142 transaction under this chapter other than this part.

143 (c) Except as provided in Subsection (2)(e) or (f), a state tax and a local tax are
144 imposed on amounts paid or charged for food and food ingredients equal to the sum of:

145 (i) a state tax imposed on the amounts paid or charged for food and food ingredients at
146 a tax rate of 1.75%; and

147 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the
148 amounts paid or charged for food and food ingredients under this chapter other than this part.

149 (d) Except as provided in Subsection (2)(e) or (f), a state tax is imposed on amounts
150 paid or charged for fuel to a common carrier that is a railroad for use in a locomotive engine at
151 a rate of 4.85%.

152 (e) (i) For a bundled transaction that is attributable to food and food ingredients and
153 tangible personal property other than food and food ingredients, a state tax and a local tax is
154 imposed on the entire bundled transaction equal to the sum of:

155 (A) a state tax imposed on the entire bundled transaction equal to the sum of:

156 (I) the tax rate described in Subsection (2)(a)(i)(A); and

157 (II) (Aa) the tax rate the state imposes in accordance with Part 18, Additional State
158 Sales and Use Tax Act, if the location of the transaction as determined under Sections
159 59-12-211 through 59-12-215 is in a county in which the state imposes the tax under Part 18,
160 Additional State Sales and Use Tax Act; and

161 (Bb) the tax rate the state imposes in accordance with Part 20, Supplemental State
162 Sales and Use Tax Act, if the location of the transaction as determined under Sections
163 59-12-211 through 59-12-215 is in a city, town, or the unincorporated area of a county in which
164 the state imposes the tax under Part 20, Supplemental State Sales and Use Tax Act; and

165 (B) a local tax imposed on the entire bundled transaction at the sum of the tax rates
166 described in Subsection (2)(a)(ii).

167 (ii) If an optional computer software maintenance contract is a bundled transaction that
168 consists of taxable and nontaxable products that are not separately itemized on an invoice or
169 similar billing document, the purchase of the optional computer software maintenance contract
170 is 40% taxable under this chapter and 60% nontaxable under this chapter.

171 (iii) Subject to Subsection (2)(e)(iv), for a bundled transaction other than a bundled
172 transaction described in Subsection (2)(e)(i) or (ii):

173 (A) if the sales price of the bundled transaction is attributable to tangible personal
174 property, a product, or a service that is subject to taxation under this chapter and tangible
175 personal property, a product, or service that is not subject to taxation under this chapter, the
176 entire bundled transaction is subject to taxation under this chapter unless:

177 (I) the seller is able to identify by reasonable and verifiable standards the tangible
178 personal property, product, or service that is not subject to taxation under this chapter from the
179 books and records the seller keeps in the seller's regular course of business; or

180 (II) state or federal law provides otherwise; or

181 (B) if the sales price of a bundled transaction is attributable to two or more items of
182 tangible personal property, products, or services that are subject to taxation under this chapter

183 at different rates, the entire bundled transaction is subject to taxation under this chapter at the
184 higher tax rate unless:

185 (I) the seller is able to identify by reasonable and verifiable standards the tangible
186 personal property, product, or service that is subject to taxation under this chapter at the lower
187 tax rate from the books and records the seller keeps in the seller's regular course of business; or

188 (II) state or federal law provides otherwise.

189 (iv) For purposes of Subsection (2)(e)(iii), books and records that a seller keeps in the
190 seller's regular course of business includes books and records the seller keeps in the regular
191 course of business for nontax purposes.

192 (f) (i) Except as otherwise provided in this chapter and subject to Subsections (2)(f)(ii)
193 and (iii), if a transaction consists of the sale, lease, or rental of tangible personal property, a
194 product, or a service that is subject to taxation under this chapter, and the sale, lease, or rental
195 of tangible personal property, other property, a product, or a service that is not subject to
196 taxation under this chapter, the entire transaction is subject to taxation under this chapter unless
197 the seller, at the time of the transaction:

198 (A) separately states the portion of the transaction that is not subject to taxation under
199 this chapter on an invoice, bill of sale, or similar document provided to the purchaser; or

200 (B) is able to identify by reasonable and verifiable standards, from the books and
201 records the seller keeps in the seller's regular course of business, the portion of the transaction
202 that is not subject to taxation under this chapter.

203 (ii) A purchaser and a seller may correct the taxability of a transaction if:

204 (A) after the transaction occurs, the purchaser and the seller discover that the portion of
205 the transaction that is not subject to taxation under this chapter was not separately stated on an
206 invoice, bill of sale, or similar document provided to the purchaser because of an error or
207 ignorance of the law; and

208 (B) the seller is able to identify by reasonable and verifiable standards, from the books
209 and records the seller keeps in the seller's regular course of business, the portion of the
210 transaction that is not subject to taxation under this chapter.

211 (iii) For purposes of Subsections (2)(f)(i) and (ii), books and records that a seller keeps
212 in the seller's regular course of business includes books and records the seller keeps in the
213 regular course of business for nontax purposes.

214 (g) (i) If the sales price of a transaction is attributable to two or more items of tangible
215 personal property, products, or services that are subject to taxation under this chapter at
216 different rates, the entire purchase is subject to taxation under this chapter at the higher tax rate
217 unless the seller, at the time of the transaction:

218 (A) separately states the items subject to taxation under this chapter at each of the
219 different rates on an invoice, bill of sale, or similar document provided to the purchaser; or

220 (B) is able to identify by reasonable and verifiable standards the tangible personal
221 property, product, or service that is subject to taxation under this chapter at the lower tax rate
222 from the books and records the seller keeps in the seller's regular course of business.

223 (ii) For purposes of Subsection (2)(g)(i), books and records that a seller keeps in the
224 seller's regular course of business includes books and records the seller keeps in the regular
225 course of business for nontax purposes.

226 (h) Subject to Subsections (2)(i) and (j), a tax rate repeal or tax rate change for a tax
227 rate imposed under the following shall take effect on the first day of a calendar quarter:

- 228 (i) Subsection (2)(a)(i)(A);
- 229 (ii) Subsection (2)(b)(i);
- 230 (iii) Subsection (2)(c)(i); or
- 231 (iv) Subsection (2)(e)(i)(A)(I).

232 (i) (i) A tax rate increase takes effect on the first day of the first billing period that
233 begins on or after the effective date of the tax rate increase if the billing period for the
234 transaction begins before the effective date of a tax rate increase imposed under:

- 235 (A) Subsection (2)(a)(i)(A);
- 236 (B) Subsection (2)(b)(i);
- 237 (C) Subsection (2)(c)(i); or
- 238 (D) Subsection (2)(e)(i)(A)(I).

239 (ii) The repeal of a tax or a tax rate decrease applies to a billing period if the billing
240 statement for the billing period is rendered on or after the effective date of the repeal of the tax
241 or the tax rate decrease imposed under:

- 242 (A) Subsection (2)(a)(i)(A);
- 243 (B) Subsection (2)(b)(i);
- 244 (C) Subsection (2)(c)(i); or

245 (D) Subsection (2)(e)(i)(A)(I).

246 (j) (i) For a tax rate described in Subsection (2)(j)(ii), if a tax due on a catalogue sale is
247 computed on the basis of sales and use tax rates published in the catalogue, a tax rate repeal or
248 change in a tax rate takes effect:

249 (A) on the first day of a calendar quarter; and

250 (B) beginning 60 days after the effective date of the tax rate repeal or tax rate change.

251 (ii) Subsection (2)(j)(i) applies to the tax rates described in the following:

252 (A) Subsection (2)(a)(i)(A);

253 (B) Subsection (2)(b)(i);

254 (C) Subsection (2)(c)(i); or

255 (D) Subsection (2)(e)(i)(A)(I).

256 (iii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,
257 the commission may by rule define the term "catalogue sale."

258 (k) (i) For a location described in Subsection (2)(k)(ii), the commission shall determine
259 the taxable status of a sale of gas, electricity, heat, coal, fuel oil, or other fuel based on the
260 predominant use of the gas, electricity, heat, coal, fuel oil, or other fuel at the location.

261 (ii) Subsection (2)(k)(i) applies to a location where gas, electricity, heat, coal, fuel oil,
262 or other fuel is furnished through a single meter for two or more of the following uses:

263 (A) a commercial use;

264 (B) an industrial use; or

265 (C) a residential use.

266 (3) (a) The following state taxes shall be deposited into the General Fund:

267 (i) the tax imposed by Subsection (2)(a)(i)(A);

268 (ii) the tax imposed by Subsection (2)(b)(i);

269 (iii) the tax imposed by Subsection (2)(c)(i); and

270 (iv) the tax imposed by Subsection (2)(e)(i)(A)(I).

271 (b) The following local taxes shall be distributed to a county, city, or town as provided
272 in this chapter:

273 (i) the tax imposed by Subsection (2)(a)(ii);

274 (ii) the tax imposed by Subsection (2)(b)(ii);

275 (iii) the tax imposed by Subsection (2)(c)(ii); and

276 (iv) the tax imposed by Subsection (2)(e)(i)(B).

277 (c) The state tax imposed by Subsection (2)(d) shall be deposited into the General
278 Fund.

279 (4) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,
280 2003, the lesser of the following amounts shall be expended as provided in Subsections (4)(b)
281 through (g):

282 (i) for taxes listed under Subsection (3)(a), the amount of tax revenue generated:

283 (A) by a 1/16% tax rate on the transactions described in Subsection (1); and

284 (B) for the fiscal year; or

285 (ii) \$17,500,000.

286 (b) (i) For a fiscal year beginning on or after July 1, 2003, 14% of the amount
287 described in Subsection (4)(a) shall be transferred each year as designated sales and use tax
288 revenue to the Department of Natural Resources to:

289 (A) implement the measures described in Subsections 79-2-303(3)(a) through (d) to
290 protect sensitive plant and animal species; or

291 (B) award grants, up to the amount authorized by the Legislature in an appropriations
292 act, to political subdivisions of the state to implement the measures described in Subsections
293 79-2-303(3)(a) through (d) to protect sensitive plant and animal species.

294 (ii) Money transferred to the Department of Natural Resources under Subsection
295 (4)(b)(i) may not be used to assist the United States Fish and Wildlife Service or any other
296 person to list or attempt to have listed a species as threatened or endangered under the
297 Endangered Species Act of 1973, 16 U.S.C. Sec. 1531 et seq.

298 (iii) At the end of each fiscal year:

299 (A) 50% of any unexpended designated sales and use tax revenue shall lapse to the
300 Water Resources Conservation and Development Fund created in Section 73-10-24;

301 (B) 25% of any unexpended designated sales and use tax revenue shall lapse to the
302 Utah Wastewater Loan Program Subaccount created in Section 73-10c-5; and

303 (C) 25% of any unexpended designated sales and use tax revenue shall lapse to the
304 Drinking Water Loan Program Subaccount created in Section 73-10c-5.

305 (c) For a fiscal year beginning on or after July 1, 2003, 3% of the amount described in
306 Subsection (4)(a) shall be deposited each year in the Agriculture Resource Development Fund

307 created in Section 4-18-106.

308 (d) (i) For a fiscal year beginning on or after July 1, 2003, 1% of the amount described
309 in Subsection (4)(a) shall be transferred each year as designated sales and use tax revenue to
310 the Division of Water Rights to cover the costs incurred in hiring legal and technical staff for
311 the adjudication of water rights.

312 (ii) At the end of each fiscal year:

313 (A) 50% of any unexpended designated sales and use tax revenue shall lapse to the
314 Water Resources Conservation and Development Fund created in Section 73-10-24;

315 (B) 25% of any unexpended designated sales and use tax revenue shall lapse to the
316 Utah Wastewater Loan Program Subaccount created in Section 73-10c-5; and

317 (C) 25% of any unexpended designated sales and use tax revenue shall lapse to the
318 Drinking Water Loan Program Subaccount created in Section 73-10c-5.

319 (e) (i) For a fiscal year beginning on or after July 1, 2003, 41% of the amount described
320 in Subsection (4)(a) shall be deposited into the Water Resources Conservation and
321 Development Fund created in Section 73-10-24 for use by the Division of Water Resources.

322 (ii) In addition to the uses allowed of the Water Resources Conservation and
323 Development Fund under Section 73-10-24, the Water Resources Conservation and
324 Development Fund may also be used to:

325 (A) conduct hydrologic and geotechnical investigations by the Division of Water
326 Resources in a cooperative effort with other state, federal, or local entities, for the purpose of
327 quantifying surface and ground water resources and describing the hydrologic systems of an
328 area in sufficient detail so as to enable local and state resource managers to plan for and
329 accommodate growth in water use without jeopardizing the resource;

330 (B) fund state required dam safety improvements; and

331 (C) protect the state's interest in interstate water compact allocations, including the
332 hiring of technical and legal staff.

333 (f) For a fiscal year beginning on or after July 1, 2003, 20.5% of the amount described
334 in Subsection (4)(a) shall be deposited into the Utah Wastewater Loan Program Subaccount
335 created in Section 73-10c-5 for use by the Water Quality Board to fund wastewater projects.

336 (g) For a fiscal year beginning on or after July 1, 2003, 20.5% of the amount described
337 in Subsection (4)(a) shall be deposited into the Drinking Water Loan Program Subaccount

338 created in Section 73-10c-5 for use by the Division of Drinking Water to:

339 (i) provide for the installation and repair of collection, treatment, storage, and
340 distribution facilities for any public water system, as defined in Section 19-4-102;

341 (ii) develop underground sources of water, including springs and wells; and

342 (iii) develop surface water sources.

343 (5) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,
344 2006, the difference between the following amounts shall be expended as provided in this
345 Subsection (5), if that difference is greater than \$1:

346 (i) for taxes listed under Subsection (3)(a), the amount of tax revenue generated for the
347 fiscal year by a 1/16% tax rate on the transactions described in Subsection (1); and

348 (ii) \$17,500,000.

349 (b) (i) The first \$500,000 of the difference described in Subsection (5)(a) shall be:

350 (A) transferred each fiscal year to the Department of Natural Resources as designated
351 sales and use tax revenue; and

352 (B) expended by the Department of Natural Resources for watershed rehabilitation or
353 restoration.

354 (ii) At the end of each fiscal year, 100% of any unexpended designated sales and use
355 tax revenue described in Subsection (5)(b)(i) shall lapse to the Water Resources Conservation
356 and Development Fund created in Section 73-10-24.

357 (c) (i) After making the transfer required by Subsection (5)(b)(i), \$150,000 of the
358 remaining difference described in Subsection (5)(a) shall be:

359 (A) transferred each fiscal year to the Division of Water Resources as designated sales
360 and use tax revenue; and

361 (B) expended by the Division of Water Resources for cloud-seeding projects
362 authorized by Title 73, Chapter 15, Modification of Weather.

363 (ii) At the end of each fiscal year, 100% of any unexpended designated sales and use
364 tax revenue described in Subsection (5)(c)(i) shall lapse to the Water Resources Conservation
365 and Development Fund created in Section 73-10-24.

366 (d) After making the transfers required by Subsections (5)(b) and (c), 85% of the
367 remaining difference described in Subsection (5)(a) shall be deposited into the Water
368 Resources Conservation and Development Fund created in Section 73-10-24 for use by the

369 Division of Water Resources for:

370 (i) preconstruction costs:

371 (A) as defined in Subsection 73-26-103(6) for projects authorized by Title 73, Chapter
372 26, Bear River Development Act; and

373 (B) as defined in Subsection 73-28-103(8) for the Lake Powell Pipeline project
374 authorized by Title 73, Chapter 28, Lake Powell Pipeline Development Act;

375 (ii) the cost of employing a civil engineer to oversee any project authorized by Title 73,
376 Chapter 26, Bear River Development Act;

377 (iii) the cost of employing a civil engineer to oversee the Lake Powell Pipeline project
378 authorized by Title 73, Chapter 28, Lake Powell Pipeline Development Act; and

379 (iv) other uses authorized under Sections 73-10-24, 73-10-25.1, and 73-10-30, and
380 Subsection (4)(e)(ii) after funding the uses specified in Subsections (5)(d)(i) through (iii).

381 (e) After making the transfers required by Subsections (5)(b) and (c), 15% of the
382 remaining difference described in Subsection (5)(a) shall be deposited each year into the Water
383 Rights Restricted Account created by Section 73-2-1.6.

384 (6) Notwithstanding Subsection (3)(a) and for taxes listed under Subsection (3)(a), the
385 amount of revenue generated by a 1/16% tax rate on the transactions described in Subsection
386 (1) for the fiscal year shall be deposited as follows:

387 (a) for fiscal year 2020-21 only:

388 (i) 20% of the revenue described in this Subsection (6) shall be deposited into the
389 Transportation Investment Fund of 2005 created by Section 72-2-124; and

390 (ii) 80% of the revenue described in this Subsection (6) shall be deposited into the
391 Water Infrastructure Restricted Account created by Section 73-10g-103; and

392 (b) for a fiscal year beginning on or after July 1, 2021, 100% of the revenue described
393 in this Subsection (6) shall be deposited into the Water Infrastructure Restricted Account
394 created by Section 73-10g-103.

395 (7) (a) Notwithstanding Subsection (3)(a), in addition to the amounts deposited in
396 Subsection (6), and subject to Subsection (7)(b), for a fiscal year beginning on or after July 1,
397 2012, the Division of Finance shall deposit into the Transportation Investment Fund of 2005
398 created by Section 72-2-124:

399 (i) a portion of the taxes listed under Subsection (3)(a) in an amount equal to 8.3% of

400 the revenues collected from the following taxes, which represents a portion of the
401 approximately 17% of sales and use tax revenues generated annually by the sales and use tax
402 on vehicles and vehicle-related products:

403 (A) the tax imposed by Subsection (2)(a)(i)(A) at a 4.7% rate;

404 (B) the tax imposed by Subsection (2)(b)(i);

405 (C) the tax imposed by Subsection (2)(c)(i); and

406 (D) the tax imposed by Subsection (2)(e)(i)(A)(I); plus

407 (ii) an amount equal to 30% of the growth in the amount of revenues collected in the
408 current fiscal year from the sales and use taxes described in Subsections (7)(a)(i)(A) through
409 (D) that exceeds the amount collected from the sales and use taxes described in Subsections
410 (7)(a)(i)(A) through (D) in the 2010-11 fiscal year.

411 (b) (i) Subject to Subsections (7)(b)(ii) and (iii), in any fiscal year that the portion of
412 the sales and use taxes deposited under Subsection (7)(a) represents an amount that is a total
413 lower percentage of the sales and use taxes described in Subsections (7)(a)(i)(A) through (D)
414 generated in the current fiscal year than the total percentage of sales and use taxes deposited in
415 the previous fiscal year, the Division of Finance shall deposit an amount under Subsection
416 (7)(a) equal to the product of:

417 (A) the total percentage of sales and use taxes deposited under Subsection (7)(a) in the
418 previous fiscal year; and

419 (B) the total sales and use tax revenue generated by the taxes described in Subsections
420 (7)(a)(i)(A) through (D) in the current fiscal year.

421 (ii) In any fiscal year in which the portion of the sales and use taxes deposited under
422 Subsection (7)(a) would exceed 17% of the revenues collected from the sales and use taxes
423 described in Subsections (7)(a)(i)(A) through (D) in the current fiscal year, the Division of
424 Finance shall deposit 17% of the revenues collected from the sales and use taxes described in
425 Subsections (7)(a)(i)(A) through (D) for the current fiscal year under Subsection (7)(a).

426 (iii) Subject to Subsection (7)(b)(iv)(E), in all subsequent fiscal years after a year in
427 which 17% of the revenues collected from the sales and use taxes described in Subsections
428 (7)(a)(i)(A) through (D) was deposited under Subsection (7)(a), the Division of Finance shall
429 annually deposit 17% of the revenues collected from the sales and use taxes described in
430 Subsections (7)(a)(i)(A) through (D) in the current fiscal year under Subsection (7)(a).

431 (iv) (A) As used in this Subsection (7)(b)(iv), "additional growth revenue" means the
432 amount of relevant revenue collected in the current fiscal year that exceeds by more than 3%
433 the relevant revenue collected in the previous fiscal year.

434 (B) As used in this Subsection (7)(b)(iv), "combined amount" means the combined
435 total amount of money deposited into the Cottonwood Canyons fund under Subsections
436 (7)(b)(iv)(F) and (8)(d)(vi) in any single fiscal year.

437 (C) As used in this Subsection (7)(b)(iv), "Cottonwood Canyons fund" means the
438 Cottonwood Canyons Transportation Investment Fund created in Subsection 72-2-124(10).

439 (D) As used in this Subsection (7)(b)(iv), "relevant revenue" means the portion of taxes
440 listed under Subsection (3)(a) that equals 17% of the revenue collected from taxes described in
441 Subsections (7)(a)(i)(A) through (D).

442 (E) For a fiscal year beginning on or after July 1, 2020, the commission shall annually
443 reduce the deposit under Subsection (7)(b)(iii) into the Transportation Investment Fund of 2005
444 by an amount equal to the amount of the deposit under this Subsection (7)(b)(iv) to the
445 Cottonwood Canyons fund in the previous fiscal year plus 25% of additional growth revenue,
446 subject to the limit in Subsection (7)(b)(iv)(F).

447 (F) The commission shall annually deposit the amount described in Subsection
448 (7)(b)(iv)(E) into the Cottonwood Canyons fund, subject to an annual maximum combined
449 amount for any single fiscal year of \$20,000,000.

450 (G) If the amount of relevant revenue declines in a fiscal year compared to the previous
451 fiscal year, the commission shall decrease the amount of the contribution to the Cottonwood
452 Canyons fund under this Subsection (7)(b)(iv) in the same proportion as the decline in relevant
453 revenue.

454 (8) (a) Notwithstanding Subsection (3)(a), in addition to the amounts deposited under
455 Subsections (6) and (7), and subject to Subsections (8)(b) and (d)(v), for a fiscal year beginning
456 on or after July 1, 2018, the commission shall annually deposit into the Transportation
457 Investment Fund of 2005 created by Section 72-2-124 a portion of the taxes listed under
458 Subsection (3)(a) in an amount equal to 3.68% of the revenues collected from the following
459 taxes:

460 (i) the tax imposed by Subsection (2)(a)(i)(A) at a 4.7% rate;

461 (ii) the tax imposed by Subsection (2)(b)(i);

462 (iii) the tax imposed by Subsection (2)(c)(i); and

463 (iv) the tax imposed by Subsection (2)(e)(i)(A)(I).

464 (b) For a fiscal year beginning on or after July 1, 2019, the commission shall annually
465 reduce the deposit into the Transportation Investment Fund of 2005 under Subsection (8)(a) by
466 an amount that is equal to 35% of the amount of revenue generated in the current fiscal year by
467 the portion of the tax imposed on motor and special fuel that is sold, used, or received for sale
468 or use in this state that exceeds 29.4 cents per gallon.

469 (c) The commission shall annually deposit the amount described in Subsection (8)(b)
470 into the Transit Transportation Investment Fund created in Section [72-2-124](#).

471 (d) (i) As used in this Subsection (8)(d), "additional growth revenue" means the
472 amount of relevant revenue collected in the current fiscal year that exceeds by more than 3%
473 the relevant revenue collected in the previous fiscal year.

474 (ii) As used in this Subsection (8)(d), "combined amount" means the combined total
475 amount of money deposited into the Cottonwood Canyons fund under Subsections (7)(b)(iv)(F)
476 and (8)(d)(vi) in any single fiscal year.

477 (iii) As used in this Subsection (8)(d), "Cottonwood Canyons fund" means the
478 Cottonwood Canyons Transportation Investment Fund created in Subsection [72-2-124](#)(10).

479 (iv) As used in this Subsection (8)(d), "relevant revenue" means the portion of taxes
480 listed under Subsection (3)(a) that equals 3.68% of the revenue collected from taxes described
481 in Subsections (8)(a)(i) through (iv).

482 (v) For a fiscal year beginning on or after July 1, 2020, the commission shall annually
483 reduce the deposit under Subsection (8)(a) into the Transportation Investment Fund of 2005 by
484 an amount equal to the amount of the deposit under this Subsection (8)(d) to the Cottonwood
485 Canyons fund in the previous fiscal year plus 25% of additional growth revenue, subject to the
486 limit in Subsection (8)(d)(vi).

487 (vi) The commission shall annually deposit the amount described in Subsection
488 (8)(d)(v) into the Cottonwood Canyons fund, subject to an annual maximum combined amount
489 for any single fiscal year of \$20,000,000.

490 (vii) If the amount of relevant revenue declines in a fiscal year compared to the
491 previous fiscal year, the commission shall decrease the amount of the contribution to the
492 Cottonwood Canyons fund under this Subsection (8)(d) in the same proportion as the decline in

493 relevant revenue.

494 (9) Notwithstanding Subsection (3)(a), for each fiscal year beginning with fiscal year
495 2009-10, \$533,750 shall be deposited into the Qualified Emergency Food Agencies Fund
496 created by Section 35A-8-1009 and expended as provided in Section 35A-8-1009.

497 (10) (a) Notwithstanding Subsection (3)(a), except as provided in Subsection (10)(b),
498 and in addition to any amounts deposited under Subsections (6), (7), and (8), the Division of
499 Finance shall deposit into the Transportation Investment Fund of 2005 created by Section
500 72-2-124 the amount of revenue described as follows:

501 (i) for fiscal year 2020-21 only, 33.33% of the amount of revenue generated by a .05%
502 tax rate on the transactions described in Subsection (1); and

503 (ii) for fiscal year 2021-22 only, 16.67% of the amount of revenue generated by a .05%
504 tax rate on the transactions described in Subsection (1).

505 (b) For purposes of Subsection (10)(a), the Division of Finance may not deposit into
506 the Transportation Investment Fund of 2005 any tax revenue generated by amounts paid or
507 charged for food and food ingredients, except for tax revenue generated by a bundled
508 transaction attributable to food and food ingredients and tangible personal property other than
509 food and food ingredients described in Subsection (2)(e).

510 (11) Notwithstanding Subsection (3)(a), beginning the second fiscal year after the
511 fiscal year during which the Division of Finance receives notice under Section 63N-2-510 that
512 construction on a qualified hotel, as defined in Section 63N-2-502, has begun, the Division of
513 Finance shall, for two consecutive fiscal years, annually deposit \$1,900,000 of the revenue
514 generated by the taxes listed under Subsection (3)(a) into the Hotel Impact Mitigation Fund,
515 created in Section 63N-2-512.

516 (12) (a) The rate specified in this subsection is 0.15%.

517 (b) Notwithstanding Subsection (3)(a), the Division of Finance shall, for a fiscal year
518 beginning on or after July 1, 2019, annually transfer the amount of revenue collected from the
519 rate described in Subsection (12)(a) on the transactions that are subject to the sales and use tax
520 under Subsection (2)(a)(i)(A) into the Medicaid Expansion Fund created in Section
521 26-36b-208.

522 (13) Notwithstanding Subsection (3)(a), for each fiscal year beginning with fiscal year
523 2020-21, the Division of Finance shall deposit \$200,000 into the General Fund as a dedicated

524 credit solely for use of the Search and Rescue Financial Assistance Program created in, and
525 expended in accordance with, Title 53, Chapter 2a, Part 11, Search and Rescue Act.

526 (14) (a) For each fiscal year beginning with fiscal year 2020-21, the Division of
527 Finance shall annually transfer \$1,813,400 of the revenue deposited into the Transportation
528 Investment Fund of 2005 under Subsections (6) through (8) to the General Fund.

529 (b) If the total revenue deposited into the Transportation Investment Fund of 2005
530 under Subsections (6) through (8) is less than \$1,813,400 for a fiscal year, the Division of
531 Finance shall transfer the total revenue deposited into the Transportation Investment Fund of
532 2005 under Subsections (6) through (8) during the fiscal year to the General Fund.

533 (15) Notwithstanding Subsection (3)(a), and as described in Section 63N-3-610,
534 beginning the first day of the calendar quarter one year after the sales and use tax boundary for
535 a housing and transit reinvestment zone is established, the commission, at least annually, shall
536 transfer an amount equal to 15% of the sales and use tax increment within an established sales
537 and use tax boundary, as defined in Section 63N-3-602, into the Transit Transportation
538 Investment Fund created in Section 72-2-124.

539 (16) Notwithstanding Subsection (3)(a), the Division of Finance shall, for a fiscal year
540 beginning on or after July 1, 2022, transfer into the Outdoor Adventure Infrastructure
541 Restricted Account, created in Section 51-9-902, a portion of the taxes listed under Subsection
542 (3)(a) equal to 1% of the revenues collected from the following sales and use taxes:

- 543 (a) the tax imposed by Subsection (2)(a)(i)(A) at a 4.7% rate;
544 (b) the tax imposed by Subsection (2)(b)(i);
545 (c) the tax imposed by Subsection (2)(c)(i); and
546 (d) the tax imposed by Subsection (2)(e)(i)(A)(I).

547 Section 3. Section 59-12-104 is amended to read:

548 **59-12-104. Exemptions.**

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

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

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

- 554 (a) construction materials except:

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

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

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

565 (3) (a) sales of an item described in Subsection (3)(b) from a vending machine if:
566 (i) the proceeds of each sale do not exceed \$1; and
567 (ii) the seller or operator of the vending machine reports an amount equal to 150% of
568 the cost of the item described in Subsection (3)(b) as goods consumed; and

569 (b) Subsection (3)(a) applies to:
570 (i) food and food ingredients; or
571 (ii) prepared food;

572 (4) (a) sales of the following to a commercial airline carrier for in-flight consumption:
573 (i) alcoholic beverages;
574 (ii) food and food ingredients; or
575 (iii) prepared food;

576 (b) sales of tangible personal property or a product transferred electronically:
577 (i) to a passenger;
578 (ii) by a commercial airline carrier; and
579 (iii) during a flight for in-flight consumption or in-flight use by the passenger; or

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

581 (5) sales of parts and equipment for installation in an aircraft operated by a common
582 carrier in interstate or foreign commerce;

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

586 (7) (a) except as provided in Subsection (85) and subject to Subsection (7)(b), sales of
587 cleaning or washing of tangible personal property if the cleaning or washing of the tangible
588 personal property is not assisted cleaning or washing of tangible personal property;

589 (b) if a seller that sells at the same business location assisted cleaning or washing of
590 tangible personal property and cleaning or washing of tangible personal property that is not
591 assisted cleaning or washing of tangible personal property, the exemption described in
592 Subsection (7)(a) applies if the seller separately accounts for the sales of the assisted cleaning
593 or washing of the tangible personal property; and

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

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

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

600 (8) sales made to or by religious or charitable institutions in the conduct of their regular
601 religious or charitable functions and activities, if the requirements of Section [59-12-104.1](#) are
602 fulfilled;

603 (9) sales of a vehicle of a type required to be registered under the motor vehicle laws of
604 this state if [~~the vehicle is~~]:

605 (a) the sale is not from the vehicle's lessor to the vehicle's lessee;

606 (b) the vehicle is not registered in this state; and

607 [~~(b)~~] (c) (i) the vehicle is not used in this state; or

608 (ii) the vehicle is used in this state:

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

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

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

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

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

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

- 617 (ii) (A) a prescription was issued for the item; or
618 (B) the item was purchased by a hospital or other medical facility; and
619 (b) (i) Subsection (10)(a) applies to:
620 (A) a drug;
621 (B) a syringe; or
622 (C) a stoma supply; and
623 (ii) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
624 commission may by rule define the terms:
625 (A) "syringe"; or
626 (B) "stoma supply";
627 (11) purchases or leases exempt under Section 19-12-201;
628 (12) (a) sales of an item described in Subsection (12)(c) served by:
629 (i) the following if the item described in Subsection (12)(c) is not available to the
630 general public:
631 (A) a church; or
632 (B) a charitable institution; or
633 (ii) an institution of higher education if:
634 (A) the item described in Subsection (12)(c) is not available to the general public; or
635 (B) the item described in Subsection (12)(c) is prepaid as part of a student meal plan
636 offered by the institution of higher education; or
637 (b) sales of an item described in Subsection (12)(c) provided for a patient by:
638 (i) a medical facility; or
639 (ii) a nursing facility; and
640 (c) Subsections (12)(a) and (b) apply to:
641 (i) food and food ingredients;
642 (ii) prepared food; or
643 (iii) alcoholic beverages;
644 (13) (a) except as provided in Subsection (13)(b), the sale of tangible personal property
645 or a product transferred electronically by a person:
646 (i) regardless of the number of transactions involving the sale of that tangible personal
647 property or product transferred electronically by that person; and

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

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

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

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

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

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

660 (A) the bill of sale, lease agreement, or other written evidence of value of the vehicle or
661 vessel being sold; or

662 (B) in the absence of a bill of sale, lease agreement, or other written evidence of value,
663 the fair market value of the vehicle or vessel being sold at the time of the sale as determined by
664 the commission; and

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

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

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

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

674 (14) amounts paid or charged for a purchase or lease of machinery, equipment, normal
675 operating repair or replacement parts, or materials, except for office equipment or office
676 supplies, by:

677 (a) a manufacturing facility that:

678 (i) is located in the state; and

679 (ii) uses or consumes the machinery, equipment, normal operating repair or
680 replacement parts, or materials:

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

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

687 (b) an establishment, as the commission defines that term in accordance with Title
688 63G, Chapter 3, Utah Administrative Rulemaking Act, that:

689 (i) is described in NAICS Subsector 212, Mining (except Oil and Gas), or NAICS
690 Code 213113, Support Activities for Coal Mining, 213114, Support Activities for Metal
691 Mining, or 213115, Support Activities for Nonmetallic Minerals (except Fuels) Mining, of the
692 2002 North American Industry Classification System of the federal Executive Office of the
693 President, Office of Management and Budget;

694 (ii) is located in the state; and

695 (iii) uses or consumes the machinery, equipment, normal operating repair or
696 replacement parts, or materials in:

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

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

702 (C) transporting, storing, or managing tailings, overburden, or similar waste materials
703 produced from mining;

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

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

707 (c) an establishment, as the commission defines that term in accordance with Title
708 63G, Chapter 3, Utah Administrative Rulemaking Act, that:

709 (i) is described in NAICS Code 518112, Web Search Portals, of the 2002 North

710 American Industry Classification System of the federal Executive Office of the President,
711 Office of Management and Budget;

712 (ii) is located in the state; and

713 (iii) uses or consumes the machinery, equipment, normal operating repair or
714 replacement parts, or materials in the operation of the web search portal;

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

716 (i) tooling;

717 (ii) special tooling;

718 (iii) support equipment;

719 (iv) special test equipment; or

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

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

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

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

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

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

732 (16) sales of newspapers or newspaper subscriptions;

733 (17) (a) except as provided in Subsection (17)(b), tangible personal property or a
734 product transferred electronically traded in as full or part payment of the purchase price, except
735 that for purposes of calculating sales or use tax upon vehicles not sold by a vehicle dealer,
736 trade-ins are limited to other vehicles only, and the tax is based upon:

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

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

741 commission; and

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

745 (i) money;

746 (ii) electricity;

747 (iii) water;

748 (iv) gas; or

749 (v) steam;

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

754 (A) becomes part of real estate; or

755 (B) is installed by a farmer, contractor, or subcontractor; or

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

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

761 (i) (A) subject to Subsection (18)(b)(i)(B), machinery, equipment, materials, or
762 supplies if used in a manner that is incidental to farming; and

763 (B) tangible personal property that is considered to be used in a manner that is
764 incidental to farming includes:

765 (I) hand tools; or

766 (II) maintenance and janitorial equipment and supplies;

767 (ii) (A) subject to Subsection (18)(b)(ii)(B), tangible personal property or a product
768 transferred electronically if the tangible personal property or product transferred electronically
769 is used in an activity other than farming; and

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

772 (I) office equipment and supplies; or
773 (II) equipment and supplies used in:
774 (Aa) the sale or distribution of farm products;
775 (Bb) research; or
776 (Cc) transportation; or
777 (iii) a vehicle required to be registered by the laws of this state during the period
778 ending two years after the date of the vehicle's purchase;
779 (19) sales of hay;
780 (20) exclusive sale during the harvest season of seasonal crops, seedling plants, or
781 garden, farm, or other agricultural produce if the seasonal crops are, seedling plants are, or
782 garden, farm, or other agricultural produce is sold by:
783 (a) the producer of the seasonal crops, seedling plants, or garden, farm, or other
784 agricultural produce;
785 (b) an employee of the producer described in Subsection (20)(a); or
786 (c) a member of the immediate family of the producer described in Subsection (20)(a);
787 (21) purchases made using a coupon as defined in 7 U.S.C. Sec. 2012 that is issued
788 under the Food Stamp Program, 7 U.S.C. Sec. 2011 et seq.;
789 (22) sales of nonreturnable containers, nonreturnable labels, nonreturnable bags,
790 nonreturnable shipping cases, and nonreturnable casings to a manufacturer, processor,
791 wholesaler, or retailer for use in packaging tangible personal property to be sold by that
792 manufacturer, processor, wholesaler, or retailer;
793 (23) a product stored in the state for resale;
794 (24) (a) purchases of a product if:
795 (i) the product is:
796 (A) purchased outside of this state;
797 (B) brought into this state:
798 (I) at any time after the purchase described in Subsection (24)(a)(i)(A); and
799 (II) by a nonresident person who is not living or working in this state at the time of the
800 purchase;
801 (C) used for the personal use or enjoyment of the nonresident person described in
802 Subsection (24)(a)(i)(B)(II) while that nonresident person is within the state; and

- 803 (D) not used in conducting business in this state; and
- 804 (ii) for:
- 805 (A) a product other than a boat described in Subsection (24)(a)(ii)(B), the first use of
- 806 the product for a purpose for which the product is designed occurs outside of this state;
- 807 (B) a boat, the boat is registered outside of this state; or
- 808 (C) a vehicle other than a vehicle sold to an authorized carrier, the vehicle is registered
- 809 outside of this state;
- 810 (b) the exemption provided for in Subsection (24)(a) does not apply to:
- 811 (i) a lease or rental of a product; or
- 812 (ii) a sale of a vehicle exempt under Subsection (33); and
- 813 (c) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, for
- 814 purposes of Subsection (24)(a), the commission may by rule define what constitutes the
- 815 following:
- 816 (i) conducting business in this state if that phrase has the same meaning in this
- 817 Subsection (24) as in Subsection (63);
- 818 (ii) the first use of a product if that phrase has the same meaning in this Subsection (24)
- 819 as in Subsection (63); or
- 820 (iii) a purpose for which a product is designed if that phrase has the same meaning in
- 821 this Subsection (24) as in Subsection (63);
- 822 (25) a product purchased for resale in the regular course of business, either in its
- 823 original form or as an ingredient or component part of a manufactured or compounded product;
- 824 (26) a product upon which a sales or use tax was paid to some other state, or one of its
- 825 subdivisions, except that the state shall be paid any difference between the tax paid and the tax
- 826 imposed by this part and Part 2, Local Sales and Use Tax Act, and no adjustment is allowed if
- 827 the tax paid was greater than the tax imposed by this part and Part 2, Local Sales and Use Tax
- 828 Act;
- 829 (27) any sale of a service described in Subsections 59-12-103(1)(b), (c), and (d) to a
- 830 person for use in compounding a service taxable under the subsections;
- 831 (28) purchases made in accordance with the special supplemental nutrition program for
- 832 women, infants, and children established in 42 U.S.C. Sec. 1786;
- 833 (29) sales or leases of rolls, rollers, refractory brick, electric motors, or other

834 replacement parts used in the furnaces, mills, or ovens of a steel mill described in SIC Code
835 3312 of the 1987 Standard Industrial Classification Manual of the federal Executive Office of
836 the President, Office of Management and Budget;

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

839 (a) not registered in this state; and

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

841 (ii) used in this state:

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

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

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

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

850 (31) sales of aircraft manufactured in Utah;

851 (32) amounts paid for the purchase of telecommunications service for purposes of
852 providing telecommunications service;

853 (33) sales, leases, or uses of the following:

854 (a) a vehicle by an authorized carrier; or

855 (b) tangible personal property that is installed on a vehicle:

856 (i) sold or leased to or used by an authorized carrier; and

857 (ii) before the vehicle is placed in service for the first time;

858 (34) (a) 45% of the sales price of any new manufactured home; and

859 (b) 100% of the sales price of any used manufactured home;

860 (35) sales relating to schools and fundraising sales;

861 (36) sales or rentals of durable medical equipment if:

862 (a) a person presents a prescription for the durable medical equipment; and

863 (b) the durable medical equipment is used for home use only;

864 (37) (a) sales to a ski resort of electricity to operate a passenger ropeway as defined in

865 Section 72-11-102; and

866 (b) the commission shall by rule determine the method for calculating sales exempt
867 under Subsection (37)(a) that are not separately metered and accounted for in utility billings;

868 (38) sales to a ski resort of:

869 (a) snowmaking equipment;

870 (b) ski slope grooming equipment;

871 (c) passenger ropeways as defined in Section 72-11-102; or

872 (d) parts used in the repairs or renovations of equipment or passenger ropeways

873 described in Subsections (38)(a) through (c);

874 (39) subject to Subsection 59-12-103(2)(j), sales of natural gas, electricity, heat, coal,
875 fuel oil, or other fuels for industrial use;

876 (40) (a) subject to Subsection (40)(b), sales or rentals of the right to use or operate for
877 amusement, entertainment, or recreation an unassisted amusement device as defined in Section
878 59-12-102;

879 (b) if a seller that sells or rents at the same business location the right to use or operate
880 for amusement, entertainment, or recreation one or more unassisted amusement devices and
881 one or more assisted amusement devices, the exemption described in Subsection (40)(a)
882 applies if the seller separately accounts for the sales or rentals of the right to use or operate for
883 amusement, entertainment, or recreation for the assisted amusement devices; and

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

886 (i) governing the circumstances under which sales are at the same business location;

887 and

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

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

892 (i) a governmental entity; or

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

894 (A) a school; or

895 (B) the State Board of Education; or

- 896 (b) sales of publications by a governmental entity;
- 897 (42) amounts paid for admission to an athletic event at an institution of higher
- 898 education that is subject to the provisions of Title IX of the Education Amendments of 1972,
- 899 20 U.S.C. Sec. 1681 et seq.;
- 900 (43) (a) sales made to or by:
- 901 (i) an area agency on aging; or
- 902 (ii) a senior citizen center owned by a county, city, or town; or
- 903 (b) sales made by a senior citizen center that contracts with an area agency on aging;
- 904 (44) sales or leases of semiconductor fabricating, processing, research, or development
- 905 materials regardless of whether the semiconductor fabricating, processing, research, or
- 906 development materials:
- 907 (a) actually come into contact with a semiconductor; or
- 908 (b) ultimately become incorporated into real property;
- 909 (45) an amount paid by or charged to a purchaser for accommodations and services
- 910 described in Subsection [59-12-103\(1\)\(i\)](#) to the extent the amount is exempt under Section
- 911 [59-12-104.2](#);
- 912 (46) the lease or use of a vehicle issued a temporary sports event registration certificate
- 913 in accordance with Section [41-3-306](#) for the event period specified on the temporary sports
- 914 event registration certificate;
- 915 (47) (a) sales or uses of electricity, if the sales or uses are made under a retail tariff
- 916 adopted by the Public Service Commission only for purchase of electricity produced from a
- 917 new alternative energy source built after January 1, 2016, as designated in the tariff by the
- 918 Public Service Commission; and
- 919 (b) for a residential use customer only, the exemption under Subsection (47)(a) applies
- 920 only to the portion of the tariff rate a customer pays under the tariff described in Subsection
- 921 (47)(a) that exceeds the tariff rate under the tariff described in Subsection (47)(a) that the
- 922 customer would have paid absent the tariff;
- 923 (48) sales or rentals of mobility enhancing equipment if a person presents a
- 924 prescription for the mobility enhancing equipment;
- 925 (49) sales of water in a:
- 926 (a) pipe;

- 927 (b) conduit;
- 928 (c) ditch; or
- 929 (d) reservoir;
- 930 (50) sales of currency or coins that constitute legal tender of a state, the United States,
- 931 or a foreign nation;
- 932 (51) (a) sales of an item described in Subsection (51)(b) if the item:
- 933 (i) does not constitute legal tender of a state, the United States, or a foreign nation; and
- 934 (ii) has a gold, silver, or platinum content of 50% or more; and
- 935 (b) Subsection (51)(a) applies to a gold, silver, or platinum:
- 936 (i) ingot;
- 937 (ii) bar;
- 938 (iii) medallion; or
- 939 (iv) decorative coin;
- 940 (52) amounts paid on a sale-leaseback transaction;
- 941 (53) sales of a prosthetic device:
- 942 (a) for use on or in a human; and
- 943 (b) (i) for which a prescription is required; or
- 944 (ii) if the prosthetic device is purchased by a hospital or other medical facility;
- 945 (54) (a) except as provided in Subsection (54)(b), purchases, leases, or rentals of
- 946 machinery or equipment by an establishment described in Subsection (54)(c) if the machinery
- 947 or equipment is primarily used in the production or postproduction of the following media for
- 948 commercial distribution:
- 949 (i) a motion picture;
- 950 (ii) a television program;
- 951 (iii) a movie made for television;
- 952 (iv) a music video;
- 953 (v) a commercial;
- 954 (vi) a documentary; or
- 955 (vii) a medium similar to Subsections (54)(a)(i) through (vi) as determined by the
- 956 commission by administrative rule made in accordance with Subsection (54)(d); or
- 957 (b) purchases, leases, or rentals of machinery or equipment by an establishment

958 described in Subsection (54)(c) that is used for the production or postproduction of the
959 following are subject to the taxes imposed by this chapter:

960 (i) a live musical performance;

961 (ii) a live news program; or

962 (iii) a live sporting event;

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

966 (i) NAICS Code 512110; or

967 (ii) NAICS Code 51219; and

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

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

971 or

972 (ii) define:

973 (A) "commercial distribution";

974 (B) "live musical performance";

975 (C) "live news program"; or

976 (D) "live sporting event";

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

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

980 (A) is an alternative energy electricity production facility;

981 (B) is located in the state; and

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

983 (II) has its generation capacity increased by one or more megawatts on or after July 1,
984 2004, as a result of the use of the tangible personal property;

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

986 (iii) is used to make the facility or the increase in capacity of the facility described in
987 Subsection (55)(a)(i) operational up to the point of interconnection with an existing
988 transmission grid including:

- 989 (A) a wind turbine;
- 990 (B) generating equipment;
- 991 (C) a control and monitoring system;
- 992 (D) a power line;
- 993 (E) substation equipment;
- 994 (F) lighting;
- 995 (G) fencing;
- 996 (H) pipes; or
- 997 (I) other equipment used for locating a power line or pole; and
- 998 (b) this Subsection (55) does not apply to:
 - 999 (i) tangible personal property used in construction of:
 - 1000 (A) a new alternative energy electricity production facility; or
 - 1001 (B) the increase in the capacity of an alternative energy electricity production facility;
 - 1002 (ii) contracted services required for construction and routine maintenance activities;
 - 1003 and
 - 1004 (iii) unless the tangible personal property is used or acquired for an increase in capacity
 - 1005 of the facility described in Subsection (55)(a)(i)(C)(II), tangible personal property used or
 - 1006 acquired after:
 - 1007 (A) the alternative energy electricity production facility described in Subsection
 - 1008 (55)(a)(i) is operational as described in Subsection (55)(a)(iii); or
 - 1009 (B) the increased capacity described in Subsection (55)(a)(i) is operational as described
 - 1010 in Subsection (55)(a)(iii);
 - 1011 (56) (a) leases of seven or more years or purchases made on or after July 1, 2004, but
 - 1012 on or before June 30, 2027, of tangible personal property that:
 - 1013 (i) is leased or purchased for or by a facility that:
 - 1014 (A) is a waste energy production facility;
 - 1015 (B) is located in the state; and
 - 1016 (C) (I) becomes operational on or after July 1, 2004; or
 - 1017 (II) has its generation capacity increased by one or more megawatts on or after July 1,
 - 1018 2004, as a result of the use of the tangible personal property;
 - 1019 (ii) has an economic life of five or more years; and

1020 (iii) is used to make the facility or the increase in capacity of the facility described in
1021 Subsection (56)(a)(i) operational up to the point of interconnection with an existing
1022 transmission grid including:

- 1023 (A) generating equipment;
- 1024 (B) a control and monitoring system;
- 1025 (C) a power line;
- 1026 (D) substation equipment;
- 1027 (E) lighting;
- 1028 (F) fencing;
- 1029 (G) pipes; or
- 1030 (H) other equipment used for locating a power line or pole; and

1031 (b) this Subsection (56) does not apply to:

1032 (i) tangible personal property used in construction of:

- 1033 (A) a new waste energy facility; or
- 1034 (B) the increase in the capacity of a waste energy facility;

1035 (ii) contracted services required for construction and routine maintenance activities;

1036 and

1037 (iii) unless the tangible personal property is used or acquired for an increase in capacity
1038 described in Subsection (56)(a)(i)(C)(II), tangible personal property used or acquired after:

1039 (A) the waste energy facility described in Subsection (56)(a)(i) is operational as
1040 described in Subsection (56)(a)(iii); or

1041 (B) the increased capacity described in Subsection (56)(a)(i) is operational as described
1042 in Subsection (56)(a)(iii);

1043 (57) (a) leases of five or more years or purchases made on or after July 1, 2004, but on
1044 or before June 30, 2027, of tangible personal property that:

1045 (i) is leased or purchased for or by a facility that:

- 1046 (A) is located in the state;
- 1047 (B) produces fuel from alternative energy, including:
 - 1048 (I) methanol; or
 - 1049 (II) ethanol; and

1050 (C) (I) becomes operational on or after July 1, 2004; or

- 1051 (II) has its capacity to produce fuel increase by 25% or more on or after July 1, 2004, as
1052 a result of the installation of the tangible personal property;
- 1053 (ii) has an economic life of five or more years; and
1054 (iii) is installed on the facility described in Subsection (57)(a)(i);
- 1055 (b) this Subsection (57) does not apply to:
- 1056 (i) tangible personal property used in construction of:
- 1057 (A) a new facility described in Subsection (57)(a)(i); or
1058 (B) the increase in capacity of the facility described in Subsection (57)(a)(i); or
1059 (ii) contracted services required for construction and routine maintenance activities;
- 1060 and
- 1061 (iii) unless the tangible personal property is used or acquired for an increase in capacity
1062 described in Subsection (57)(a)(i)(C)(II), tangible personal property used or acquired after:
- 1063 (A) the facility described in Subsection (57)(a)(i) is operational; or
1064 (B) the increased capacity described in Subsection (57)(a)(i) is operational;
- 1065 (58) (a) subject to Subsection (58)(b), sales of tangible personal property or a product
1066 transferred electronically to a person within this state if that tangible personal property or
1067 product transferred electronically is subsequently shipped outside the state and incorporated
1068 pursuant to contract into and becomes a part of real property located outside of this state; and
- 1069 (b) the exemption under Subsection (58)(a) is not allowed to the extent that the other
1070 state or political entity to which the tangible personal property is shipped imposes a sales, use,
1071 gross receipts, or other similar transaction excise tax on the transaction against which the other
1072 state or political entity allows a credit for sales and use taxes imposed by this chapter;
- 1073 (59) purchases:
- 1074 (a) of one or more of the following items in printed or electronic format:
- 1075 (i) a list containing information that includes one or more:
- 1076 (A) names; or
1077 (B) addresses; or
- 1078 (ii) a database containing information that includes one or more:
- 1079 (A) names; or
1080 (B) addresses; and
1081 (b) used to send direct mail;

1082 (60) redemptions or repurchases of a product by a person if that product was:
1083 (a) delivered to a pawnbroker as part of a pawn transaction; and
1084 (b) redeemed or repurchased within the time period established in a written agreement
1085 between the person and the pawnbroker for redeeming or repurchasing the product;
1086 (61) (a) purchases or leases of an item described in Subsection (61)(b) if the item:
1087 (i) is purchased or leased by, or on behalf of, a telecommunications service provider;
1088 and
1089 (ii) has a useful economic life of one or more years; and
1090 (b) the following apply to Subsection (61)(a):
1091 (i) telecommunications enabling or facilitating equipment, machinery, or software;
1092 (ii) telecommunications equipment, machinery, or software required for 911 service;
1093 (iii) telecommunications maintenance or repair equipment, machinery, or software;
1094 (iv) telecommunications switching or routing equipment, machinery, or software; or
1095 (v) telecommunications transmission equipment, machinery, or software;
1096 (62) (a) beginning on July 1, 2006, and ending on June 30, 2027, purchases of tangible
1097 personal property or a product transferred electronically that are used in the research and
1098 development of alternative energy technology; and
1099 (b) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
1100 commission may, for purposes of Subsection (62)(a), make rules defining what constitutes
1101 purchases of tangible personal property or a product transferred electronically that are used in
1102 the research and development of alternative energy technology;
1103 (63) (a) purchases of tangible personal property or a product transferred electronically
1104 if:
1105 (i) the tangible personal property or product transferred electronically is:
1106 (A) purchased outside of this state;
1107 (B) brought into this state at any time after the purchase described in Subsection
1108 (63)(a)(i)(A); and
1109 (C) used in conducting business in this state; and
1110 (ii) for:
1111 (A) tangible personal property or a product transferred electronically other than the
1112 tangible personal property described in Subsection (63)(a)(ii)(B), the first use of the property

1113 for a purpose for which the property is designed occurs outside of this state; or
1114 (B) a vehicle other than a vehicle sold to an authorized carrier, the vehicle is registered
1115 outside of this state and not required to be registered in this state under Section 41-1a-202 or
1116 73-18-9 based on residency;

1117 (b) the exemption provided for in Subsection (63)(a) does not apply to:

1118 (i) a lease or rental of tangible personal property or a product transferred electronically;
1119 or

1120 (ii) a sale of a vehicle exempt under Subsection (33); and

1121 (c) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, for
1122 purposes of Subsection (63)(a), the commission may by rule define what constitutes the
1123 following:

1124 (i) conducting business in this state if that phrase has the same meaning in this
1125 Subsection (63) as in Subsection (24);

1126 (ii) the first use of tangible personal property or a product transferred electronically if
1127 that phrase has the same meaning in this Subsection (63) as in Subsection (24); or

1128 (iii) a purpose for which tangible personal property or a product transferred
1129 electronically is designed if that phrase has the same meaning in this Subsection (63) as in
1130 Subsection (24);

1131 (64) sales of disposable home medical equipment or supplies if:

1132 (a) a person presents a prescription for the disposable home medical equipment or
1133 supplies;

1134 (b) the disposable home medical equipment or supplies are used exclusively by the
1135 person to whom the prescription described in Subsection (64)(a) is issued; and

1136 (c) the disposable home medical equipment and supplies are listed as eligible for
1137 payment under:

1138 (i) Title XVIII, federal Social Security Act; or

1139 (ii) the state plan for medical assistance under Title XIX, federal Social Security Act;

1140 (65) sales:

1141 (a) to a public transit district under Title 17B, Chapter 2a, Part 8, Public Transit
1142 District Act; or

1143 (b) of tangible personal property to a subcontractor of a public transit district, if the

- 1144 tangible personal property is:
- 1145 (i) clearly identified; and
- 1146 (ii) installed or converted to real property owned by the public transit district;
- 1147 (66) sales of construction materials:
- 1148 (a) purchased on or after July 1, 2010;
- 1149 (b) purchased by, on behalf of, or for the benefit of an international airport:
- 1150 (i) located within a county of the first class; and
- 1151 (ii) that has a United States customs office on its premises; and
- 1152 (c) if the construction materials are:
- 1153 (i) clearly identified;
- 1154 (ii) segregated; and
- 1155 (iii) installed or converted to real property:
- 1156 (A) owned or operated by the international airport described in Subsection (66)(b); and
- 1157 (B) located at the international airport described in Subsection (66)(b);
- 1158 (67) sales of construction materials:
- 1159 (a) purchased on or after July 1, 2008;
- 1160 (b) purchased by, on behalf of, or for the benefit of a new airport:
- 1161 (i) located within a county of the second class; and
- 1162 (ii) that is owned or operated by a city in which an airline as defined in Section
- 1163 [59-2-102](#) is headquartered; and
- 1164 (c) if the construction materials are:
- 1165 (i) clearly identified;
- 1166 (ii) segregated; and
- 1167 (iii) installed or converted to real property:
- 1168 (A) owned or operated by the new airport described in Subsection (67)(b);
- 1169 (B) located at the new airport described in Subsection (67)(b); and
- 1170 (C) as part of the construction of the new airport described in Subsection (67)(b);
- 1171 (68) except for the tax imposed by Subsection [59-12-103\(2\)\(d\)](#), sales of fuel to a
- 1172 common carrier that is a railroad for use in a locomotive engine;
- 1173 (69) purchases and sales described in Section [63H-4-111](#);
- 1174 (70) (a) sales of tangible personal property to an aircraft maintenance, repair, and

1175 overhaul provider for use in the maintenance, repair, overhaul, or refurbishment in this state of
1176 a fixed wing turbine powered aircraft if that fixed wing turbine powered aircraft's registration
1177 lists a state or country other than this state as the location of registry of the fixed wing turbine
1178 powered aircraft; or

1179 (b) sales of tangible personal property by an aircraft maintenance, repair, and overhaul
1180 provider in connection with the maintenance, repair, overhaul, or refurbishment in this state of
1181 a fixed wing turbine powered aircraft if that fixed wing turbine powered aircraft's registration
1182 lists a state or country other than this state as the location of registry of the fixed wing turbine
1183 powered aircraft;

1184 (71) subject to Section 59-12-104.4, sales of a textbook for a higher education course:

1185 (a) to a person admitted to an institution of higher education; and

1186 (b) by a seller, other than a bookstore owned by an institution of higher education, if
1187 51% or more of that seller's sales revenue for the previous calendar quarter are sales of a
1188 textbook for a higher education course;

1189 (72) a license fee or tax a municipality imposes in accordance with Subsection
1190 10-1-203(5) on a purchaser from a business for which the municipality provides an enhanced
1191 level of municipal services;

1192 (73) amounts paid or charged for construction materials used in the construction of a
1193 new or expanding life science research and development facility in the state, if the construction
1194 materials are:

1195 (a) clearly identified;

1196 (b) segregated; and

1197 (c) installed or converted to real property;

1198 (74) amounts paid or charged for:

1199 (a) a purchase or lease of machinery and equipment that:

1200 (i) are used in performing qualified research:

1201 (A) as defined in Section 41(d), Internal Revenue Code; and

1202 (B) in the state; and

1203 (ii) have an economic life of three or more years; and

1204 (b) normal operating repair or replacement parts:

1205 (i) for the machinery and equipment described in Subsection (74)(a); and

1206 (ii) that have an economic life of three or more years;

1207 (75) a sale or lease of tangible personal property used in the preparation of prepared

1208 food if:

1209 (a) for a sale:

1210 (i) the ownership of the seller and the ownership of the purchaser are identical; and

1211 (ii) the seller or the purchaser paid a tax under this chapter on the purchase of that

1212 tangible personal property prior to making the sale; or

1213 (b) for a lease:

1214 (i) the ownership of the lessor and the ownership of the lessee are identical; and

1215 (ii) the lessor or the lessee paid a tax under this chapter on the purchase of that tangible

1216 personal property prior to making the lease;

1217 (76) (a) purchases of machinery or equipment if:

1218 (i) the purchaser is an establishment described in NAICS Subsector 713, Amusement,

1219 Gambling, and Recreation Industries, of the 2012 North American Industry Classification

1220 System of the federal Executive Office of the President, Office of Management and Budget;

1221 (ii) the machinery or equipment:

1222 (A) has an economic life of three or more years; and

1223 (B) is used by one or more persons who pay admission or user fees described in

1224 Subsection 59-12-103(1)(f) to the purchaser of the machinery and equipment; and

1225 (iii) 51% or more of the purchaser's sales revenue for the previous calendar quarter is:

1226 (A) amounts paid or charged as admission or user fees described in Subsection

1227 59-12-103(1)(f); and

1228 (B) subject to taxation under this chapter; and

1229 (b) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the

1230 commission may make rules for verifying that 51% of a purchaser's sales revenue for the

1231 previous calendar quarter is:

1232 (i) amounts paid or charged as admission or user fees described in Subsection

1233 59-12-103(1)(f); and

1234 (ii) subject to taxation under this chapter;

1235 (77) purchases of a short-term lodging consumable by a business that provides

1236 accommodations and services described in Subsection 59-12-103(1)(i);

- 1237 (78) amounts paid or charged to access a database:
- 1238 (a) if the primary purpose for accessing the database is to view or retrieve information
- 1239 from the database; and
- 1240 (b) not including amounts paid or charged for a:
- 1241 (i) digital audio work;
- 1242 (ii) digital audio-visual work; or
- 1243 (iii) digital book;
- 1244 (79) amounts paid or charged for a purchase or lease made by an electronic financial
- 1245 payment service, of:
- 1246 (a) machinery and equipment that:
- 1247 (i) are used in the operation of the electronic financial payment service; and
- 1248 (ii) have an economic life of three or more years; and
- 1249 (b) normal operating repair or replacement parts that:
- 1250 (i) are used in the operation of the electronic financial payment service; and
- 1251 (ii) have an economic life of three or more years;
- 1252 (80) sales of a fuel cell as defined in Section [54-15-102](#);
- 1253 (81) amounts paid or charged for a purchase or lease of tangible personal property or a
- 1254 product transferred electronically if the tangible personal property or product transferred
- 1255 electronically:
- 1256 (a) is stored, used, or consumed in the state; and
- 1257 (b) is temporarily brought into the state from another state:
- 1258 (i) during a disaster period as defined in Section [53-2a-1202](#);
- 1259 (ii) by an out-of-state business as defined in Section [53-2a-1202](#);
- 1260 (iii) for a declared state disaster or emergency as defined in Section [53-2a-1202](#); and
- 1261 (iv) for disaster- or emergency-related work as defined in Section [53-2a-1202](#);
- 1262 (82) sales of goods and services at a morale, welfare, and recreation facility, as defined
- 1263 in Section [39A-7-102](#), made pursuant to Title 39A, Chapter 7, Morale, Welfare, and Recreation
- 1264 Program;
- 1265 (83) amounts paid or charged for a purchase or lease of molten magnesium;
- 1266 (84) amounts paid or charged for a purchase or lease made by a qualifying data center
- 1267 or an occupant of a qualifying data center of machinery, equipment, or normal operating repair

1268 or replacement parts, if the machinery, equipment, or normal operating repair or replacement
1269 parts:

1270 (a) are used in:

1271 (i) the operation of the qualifying data center; or

1272 (ii) the occupant's operations in the qualifying data center; and

1273 (b) have an economic life of one or more years;

1274 (85) sales of cleaning or washing of a vehicle, except for cleaning or washing of a
1275 vehicle that includes cleaning or washing of the interior of the vehicle;

1276 (86) amounts paid or charged for a purchase or lease of machinery, equipment, normal
1277 operating repair or replacement parts, catalysts, chemicals, reagents, solutions, or supplies used
1278 or consumed:

1279 (a) by a refiner who owns, leases, operates, controls, or supervises a refinery as defined
1280 in Section 79-6-701 located in the state;

1281 (b) if the machinery, equipment, normal operating repair or replacement parts,
1282 catalysts, chemicals, reagents, solutions, or supplies are used or consumed in:

1283 (i) the production process to produce gasoline or diesel fuel, or at which blendstock is
1284 added to gasoline or diesel fuel;

1285 (ii) research and development;

1286 (iii) transporting, storing, or managing raw materials, work in process, finished
1287 products, and waste materials produced from refining gasoline or diesel fuel, or adding
1288 blendstock to gasoline or diesel fuel;

1289 (iv) developing or maintaining a road, tunnel, excavation, or similar feature used in
1290 refining; or

1291 (v) preventing, controlling, or reducing pollutants from refining; and

1292 (c) if the person holds a valid refiner tax exemption certification as defined in Section
1293 79-6-701;

1294 (87) amounts paid to or charged by a proprietor for accommodations and services, as
1295 defined in Section 63H-1-205, if the proprietor is subject to the MIDA accommodations tax
1296 imposed under Section 63H-1-205;

1297 (88) amounts paid or charged for a purchase or lease of machinery, equipment, normal
1298 operating repair or replacement parts, or materials, except for office equipment or office

1299 supplies, by an establishment, as the commission defines that term in accordance with Title
1300 63G, Chapter 3, Utah Administrative Rulemaking Act, that:

1301 (a) is described in NAICS Code 621511, Medical Laboratories, of the 2017 North
1302 American Industry Classification System of the federal Executive Office of the President,
1303 Office of Management and Budget;

1304 (b) is located in this state; and

1305 (c) uses the machinery, equipment, normal operating repair or replacement parts, or
1306 materials in the operation of the establishment;

1307 (89) amounts paid or charged for an item exempt under Section [59-12-104.10](#);

1308 (90) sales of a note, leaf, foil, or film, if the item:

1309 (a) is used as currency;

1310 (b) does not constitute legal tender of a state, the United States, or a foreign nation; and

1311 (c) has a gold, silver, or platinum metallic content of 50% or more, exclusive of any
1312 transparent polymer holder, coating, or encasement;

1313 (91) amounts paid or charged for admission to an indoor skydiving, rock climbing, or
1314 surfing facility, if a trained instructor:

1315 (a) is present with the participant, in person or by video, for the duration of the activity;

1316 and

1317 (b) actively instructs the participant, including providing observation or feedback;

1318 (92) amounts paid or charged in connection with the construction, operation,

1319 maintenance, repair, or replacement of facilities owned by or constructed for:

1320 (a) a distribution electrical cooperative, as defined in Section [54-2-1](#); or

1321 (b) a wholesale electrical cooperative, as defined in Section [54-2-1](#); and

1322 (93) amounts paid by the service provider for tangible personal property, other than
1323 machinery, equipment, parts, office supplies, electricity, gas, heat, steam, or other fuels, that:

1324 (a) is consumed in the performance of a service that is subject to tax under Subsection
1325 [59-12-103\(1\)\(b\)](#), (f), (g), (h), (i), or (j);

1326 (b) has to be consumed for the service provider to provide the service described in
1327 Subsection (93)(a); and

1328 (c) will be consumed in the performance of the service described in Subsection (93)(a),
1329 to one or more customers, to the point that the tangible personal property disappears or cannot

1330 be used for any other purpose.

1331 Section 4. **Effective date.**

1332 This bill takes effect on July 1, 2023.