

TAX AMENDMENTS

2023 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Curtis S. Bramble

House Sponsor: _____

LONG TITLE**General Description:**

This bill amends the sales and use tax exemptions.

Highlighted Provisions:

This bill:

- ▶ exempts certain sales of rolling stock; and
- ▶ exempts purchases of sand, gravel, rock aggregate, cement products, or construction materials between certain companies with common ownership or control.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

AMENDS:

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

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

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

59-12-104. Exemptions.

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

- (1) sales of aviation fuel, motor fuel, and special fuel subject to a Utah state excise tax



under Chapter 13, Motor and Special Fuel Tax Act;

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

(a) construction materials except:

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

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

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

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

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

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

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

(i) food and food ingredients; or

(ii) prepared food;

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

(i) alcoholic beverages;

(ii) food and food ingredients; or

(iii) prepared food;

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

(i) to a passenger;

(ii) by a commercial airline carrier; and

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

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

(5) sales of parts and equipment for installation in an aircraft operated by a common

59 carrier in interstate or foreign commerce;

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

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

66 (b) if a seller that sells at the same business location assisted cleaning or washing of
67 tangible personal property and cleaning or washing of tangible personal property that is not
68 assisted cleaning or washing of tangible personal property, the exemption described in
69 Subsection (7)(a) applies if the seller separately accounts for the sales of the assisted cleaning
70 or washing of the tangible personal property; and

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

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

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

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

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

82 (a) not registered in this state; and

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

84 (ii) used in this state:

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

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

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

89 (B) if the vehicle is used to conduct business, for the time period necessary to transport

the vehicle to the borders of this state;

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

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

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

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

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

(A) a drug;

(B) a syringe; or

(C) a stoma supply; and

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

(A) "syringe"; or

(B) "stoma supply";

(11) purchases or leases exempt under Section 19-12-201;

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

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

(A) a church; or

(B) a charitable institution; or

(ii) an institution of higher education if:

(A) the item described in Subsection (12)(c) is not available to the general public; or

(B) the item described in Subsection (12)(c) is prepaid as part of a student meal plan offered by the institution of higher education; or

(b) sales of an item described in Subsection (12)(c) provided for a patient by:

(i) a medical facility; or

(ii) a nursing facility; and

(c) Subsections (12)(a) and (b) apply to:

(i) food and food ingredients;

(ii) prepared food; or

(iii) alcoholic beverages;

(13) (a) except as provided in Subsection (13)(b), the sale of tangible personal property

or a product transferred electronically by a person:

(i) regardless of the number of transactions involving the sale of that tangible personal property or product transferred electronically by that person; and

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

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

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

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

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

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

(A) the bill of sale or other written evidence of value of the vehicle or vessel being sold; or

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

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

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

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

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

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

supplies, by:

(a) a manufacturing facility that:

(i) is located in the state; and

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

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

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

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

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

(ii) is located in the state; and

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

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

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

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

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

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

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

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

(ii) is located in the state; and

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

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

(i) tooling;

(ii) special tooling;

(iii) support equipment;

(iv) special test equipment; or

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

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

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

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

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

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

(16) sales of newspapers or newspaper subscriptions;

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

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

vehicle being traded in; or

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

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

(i) money;

(ii) electricity;

(iii) water;

(iv) gas; or

(v) steam;

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

(A) becomes part of real estate; or

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

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

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

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

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

(I) hand tools; or

(II) maintenance and janitorial equipment and supplies;

(ii) (A) subject to Subsection (18)(b)(ii)(B), tangible personal property or a product transferred electronically if the tangible personal property or product transferred electronically

is used in an activity other than farming; and

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

(I) office equipment and supplies; or

(II) equipment and supplies used in:

(Aa) the sale or distribution of farm products;

(Bb) research; or

(Cc) transportation; or

(iii) a vehicle required to be registered by the laws of this state during the period ending two years after the date of the vehicle's purchase;

(19) sales of hay;

(20) exclusive sale during the harvest season of seasonal crops, seedling plants, or garden, farm, or other agricultural produce if the seasonal crops are, seedling plants are, or garden, farm, or other agricultural produce is sold by:

(a) the producer of the seasonal crops, seedling plants, or garden, farm, or other agricultural produce;

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

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

(21) purchases made using a coupon as defined in 7 U.S.C. Sec. 2012 that is issued under the Food Stamp Program, 7 U.S.C. Sec. 2011 et seq.;

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

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

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

(i) the product is:

(A) purchased outside of this state;

(B) brought into this state:

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

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

276 purchase;

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

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

280 (ii) for:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

309 (29) sales or leases of rolls, rollers, refractory brick, electric motors, or other
310 replacement parts used in the furnaces, mills, or ovens of a steel mill described in SIC Code
311 3312 of the 1987 Standard Industrial Classification Manual of the federal Executive Office of
312 the President, Office of Management and Budget;

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

315 (a) not registered in this state; and
316 (b) (i) not used in this state; or
317 (ii) used in this state:

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

320 (I) 30 days in any calendar year; or
321 (II) the time period necessary to transport the boat, boat trailer, or outboard motor to
322 the borders of this state; or

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

326 (31) sales of aircraft manufactured in Utah;

327 (32) amounts paid for the purchase of telecommunications service for purposes of
328 providing telecommunications service;

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

330 (a) a vehicle by an authorized carrier; or
331 (b) tangible personal property that is installed on a vehicle:

332 (i) sold or leased to or used by an authorized carrier; and
333 (ii) before the vehicle is placed in service for the first time;

334 (34) (a) 45% of the sales price of any new manufactured home; and
335 (b) 100% of the sales price of any used manufactured home;

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

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

338 (a) a person presents a prescription for the durable medical equipment; and
339 (b) the durable medical equipment is used for home use only;
340 (37) (a) sales to a ski resort of electricity to operate a passenger ropeway as defined in
341 Section 72-11-102; and
342 (b) the commission shall by rule determine the method for calculating sales exempt
343 under Subsection (37)(a) that are not separately metered and accounted for in utility billings;
344 (38) sales to a ski resort of:
345 (a) snowmaking equipment;
346 (b) ski slope grooming equipment;
347 (c) passenger ropeways as defined in Section 72-11-102; or
348 (d) parts used in the repairs or renovations of equipment or passenger ropeways
349 described in Subsections (38)(a) through (c);
350 (39) subject to Subsection 59-12-103(2)(j), sales of natural gas, electricity, heat, coal,
351 fuel oil, or other fuels for industrial use;
352 (40) (a) subject to Subsection (40)(b), sales or rentals of the right to use or operate for
353 amusement, entertainment, or recreation an unassisted amusement device as defined in Section
354 59-12-102;
355 (b) if a seller that sells or rents at the same business location the right to use or operate
356 for amusement, entertainment, or recreation one or more unassisted amusement devices and
357 one or more assisted amusement devices, the exemption described in Subsection (40)(a)
358 applies if the seller separately accounts for the sales or rentals of the right to use or operate for
359 amusement, entertainment, or recreation for the assisted amusement devices; and
360 (c) for purposes of Subsection (40)(b) and in accordance with Title 63G, Chapter 3,
361 Utah Administrative Rulemaking Act, the commission may make rules:
362 (i) governing the circumstances under which sales are at the same business location;
363 and
364 (ii) establishing the procedures and requirements for a seller to separately account for
365 the sales or rentals of the right to use or operate for amusement, entertainment, or recreation for
366 assisted amusement devices;
367 (41) (a) sales of photocopies by:
368 (i) a governmental entity; or

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

(A) a school; or

(B) the State Board of Education; or

(b) sales of publications by a governmental entity;

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

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

(i) an area agency on aging; or

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

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

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

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

(b) ultimately become incorporated into real property;

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

(46) the lease or use of a vehicle issued a temporary sports event registration certificate in accordance with Section 41-3-306 for the event period specified on the temporary sports event registration certificate;

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

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

(48) sales or rentals of mobility enhancing equipment if a person presents a

400 prescription for the mobility enhancing equipment;
401 (49) sales of water in a:
402 (a) pipe;
403 (b) conduit;
404 (c) ditch; or
405 (d) reservoir;
406 (50) sales of currency or coins that constitute legal tender of a state, the United States,
407 or a foreign nation;
408 (51) (a) sales of an item described in Subsection (51)(b) if the item:
409 (i) does not constitute legal tender of a state, the United States, or a foreign nation; and
410 (ii) has a gold, silver, or platinum content of 50% or more; and
411 (b) Subsection (51)(a) applies to a gold, silver, or platinum:
412 (i) ingot;
413 (ii) bar;
414 (iii) medallion; or
415 (iv) decorative coin;
416 (52) amounts paid on a sale-leaseback transaction;
417 (53) sales of a prosthetic device:
418 (a) for use on or in a human; and
419 (b) (i) for which a prescription is required; or
420 (ii) if the prosthetic device is purchased by a hospital or other medical facility;
421 (54) (a) except as provided in Subsection (54)(b), purchases, leases, or rentals of
422 machinery or equipment by an establishment described in Subsection (54)(c) if the machinery
423 or equipment is primarily used in the production or postproduction of the following media for
424 commercial distribution:
425 (i) a motion picture;
426 (ii) a television program;
427 (iii) a movie made for television;
428 (iv) a music video;
429 (v) a commercial;
430 (vi) a documentary; or

431 (vii) a medium similar to Subsections (54)(a)(i) through (vi) as determined by the
432 commission by administrative rule made in accordance with Subsection (54)(d); or
433 (b) purchases, leases, or rentals of machinery or equipment by an establishment
434 described in Subsection (54)(c) that is used for the production or postproduction of the
435 following are subject to the taxes imposed by this chapter:

- 436 (i) a live musical performance;
- 437 (ii) a live news program; or
- 438 (iii) a live sporting event;
- 439 (c) the following establishments listed in the 1997 North American Industry
440 Classification System of the federal Executive Office of the President, Office of Management
441 and Budget, apply to Subsections (54)(a) and (b):
 - 442 (i) NAICS Code 512110; or
 - 443 (ii) NAICS Code 51219; and
 - 444 (d) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
445 commission may by rule:
 - 446 (i) prescribe what constitutes a medium similar to Subsections (54)(a)(i) through (vi);
 - 447 or
 - 448 (ii) define:
 - 449 (A) "commercial distribution";
 - 450 (B) "live musical performance";
 - 451 (C) "live news program"; or
 - 452 (D) "live sporting event";
 - 453 (55) (a) leases of seven or more years or purchases made on or after July 1, 2004, but
454 on or before June 30, 2027, of tangible personal property that:
 - 455 (i) is leased or purchased for or by a facility that:
 - 456 (A) is an alternative energy electricity production facility;
 - 457 (B) is located in the state; and
 - 458 (C) (I) becomes operational on or after July 1, 2004; or
 - 459 (II) has its generation capacity increased by one or more megawatts on or after July 1,
460 2004, as a result of the use of the tangible personal property;
 - 461 (ii) has an economic life of five or more years; and

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

- (A) a wind turbine;
- (B) generating equipment;
- (C) a control and monitoring system;
- (D) a power line;
- (E) substation equipment;
- (F) lighting;
- (G) fencing;
- (H) pipes; or
- (I) other equipment used for locating a power line or pole; and

(b) this Subsection (55) does not apply to:

(i) tangible personal property used in construction of:

- (A) a new alternative energy electricity production facility; or
- (B) the increase in the capacity of an alternative energy electricity production facility;

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

and

(iii) unless the tangible personal property is used or acquired for an increase in capacity of the facility described in Subsection (55)(a)(i)(C)(II), tangible personal property used or acquired after:

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

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

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

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

- (A) is a waste energy production facility;
- (B) is located in the state; and

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

493 (II) has its generation capacity increased by one or more megawatts on or after July 1,
494 2004, as a result of the use of the tangible personal property;

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

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

499 (A) generating equipment;

500 (B) a control and monitoring system;

501 (C) a power line;

502 (D) substation equipment;

503 (E) lighting;

504 (F) fencing;

505 (G) pipes; or

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

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

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

509 (A) a new waste energy facility; or

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

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

512 and

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

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

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

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

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

522 (A) is located in the state;

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

524 (I) methanol; or
525 (II) ethanol; and
526 (C) (I) becomes operational on or after July 1, 2004; or
527 (II) has its capacity to produce fuel increase by 25% or more on or after July 1, 2004, as
528 a result of the installation of the tangible personal property;
529 (ii) has an economic life of five or more years; and
530 (iii) is installed on the facility described in Subsection (57)(a)(i);
531 (b) this Subsection (57) does not apply to:
532 (i) tangible personal property used in construction of:
533 (A) a new facility described in Subsection (57)(a)(i); or
534 (B) the increase in capacity of the facility described in Subsection (57)(a)(i); or
535 (ii) contracted services required for construction and routine maintenance activities;
536 and
537 (iii) unless the tangible personal property is used or acquired for an increase in capacity
538 described in Subsection (57)(a)(i)(C)(II), tangible personal property used or acquired after:
539 (A) the facility described in Subsection (57)(a)(i) is operational; or
540 (B) the increased capacity described in Subsection (57)(a)(i) is operational;
541 (58) (a) subject to Subsection (58)(b), sales of tangible personal property or a product
542 transferred electronically to a person within this state if that tangible personal property or
543 product transferred electronically is subsequently shipped outside the state and incorporated
544 pursuant to contract into and becomes a part of real property located outside of this state; and
545 (b) the exemption under Subsection (58)(a) is not allowed to the extent that the other
546 state or political entity to which the tangible personal property is shipped imposes a sales, use,
547 gross receipts, or other similar transaction excise tax on the transaction against which the other
548 state or political entity allows a credit for sales and use taxes imposed by this chapter;
549 (59) purchases:
550 (a) of one or more of the following items in printed or electronic format:
551 (i) a list containing information that includes one or more:
552 (A) names; or
553 (B) addresses; or
554 (ii) a database containing information that includes one or more:

555 (A) names; or
556 (B) addresses; and
557 (b) used to send direct mail;
558 (60) redemptions or repurchases of a product by a person if that product was:
559 (a) delivered to a pawnbroker as part of a pawn transaction; and
560 (b) redeemed or repurchased within the time period established in a written agreement
561 between the person and the pawnbroker for redeeming or repurchasing the product;
562 (61) (a) purchases or leases of an item described in Subsection (61)(b) if the item:
563 (i) is purchased or leased by, or on behalf of, a telecommunications service provider;
564 and
565 (ii) has a useful economic life of one or more years; and
566 (b) the following apply to Subsection (61)(a):
567 (i) telecommunications enabling or facilitating equipment, machinery, or software;
568 (ii) telecommunications equipment, machinery, or software required for 911 service;
569 (iii) telecommunications maintenance or repair equipment, machinery, or software;
570 (iv) telecommunications switching or routing equipment, machinery, or software; or
571 (v) telecommunications transmission equipment, machinery, or software;
572 (62) (a) beginning on July 1, 2006, and ending on June 30, 2027, purchases of tangible
573 personal property or a product transferred electronically that are used in the research and
574 development of alternative energy technology; and
575 (b) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
576 commission may, for purposes of Subsection (62)(a), make rules defining what constitutes
577 purchases of tangible personal property or a product transferred electronically that are used in
578 the research and development of alternative energy technology;
579 (63) (a) purchases of tangible personal property or a product transferred electronically
580 if:
581 (i) the tangible personal property or product transferred electronically is:
582 (A) purchased outside of this state;
583 (B) brought into this state at any time after the purchase described in Subsection
584 (63)(a)(i)(A); and
585 (C) used in conducting business in this state; and

(ii) for:

(A) tangible personal property or a product transferred electronically other than the tangible personal property described in Subsection (63)(a)(ii)(B), the first use of the property for a purpose for which the property is designed occurs outside of this state; or

(B) a vehicle other than a vehicle sold to an authorized carrier, the vehicle is registered outside of this state and not required to be registered in this state under Section 41-1a-202 or 73-18-9 based on residency;

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

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

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

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

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

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

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

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

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

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

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

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

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

(65) sales:

617 (a) to a public transit district under Title 17B, Chapter 2a, Part 8, Public Transit
618 District Act; or
619 (b) of tangible personal property to a subcontractor of a public transit district, if the
620 tangible personal property is:
621 (i) clearly identified; and
622 (ii) installed or converted to real property owned by the public transit district;
623 (66) sales of construction materials:
624 (a) purchased on or after July 1, 2010;
625 (b) purchased by, on behalf of, or for the benefit of an international airport:
626 (i) located within a county of the first class; and
627 (ii) that has a United States customs office on its premises; and
628 (c) if the construction materials are:
629 (i) clearly identified;
630 (ii) segregated; and
631 (iii) installed or converted to real property:
632 (A) owned or operated by the international airport described in Subsection (66)(b); and
633 (B) located at the international airport described in Subsection (66)(b);
634 (67) sales of construction materials:
635 (a) purchased on or after July 1, 2008;
636 (b) purchased by, on behalf of, or for the benefit of a new airport:
637 (i) located within a county of the second class; and
638 (ii) that is owned or operated by a city in which an airline as defined in Section
639 59-2-102 is headquartered; and
640 (c) if the construction materials are:
641 (i) clearly identified;
642 (ii) segregated; and
643 (iii) installed or converted to real property:
644 (A) owned or operated by the new airport described in Subsection (67)(b);
645 (B) located at the new airport described in Subsection (67)(b); and
646 (C) as part of the construction of the new airport described in Subsection (67)(b);
647 (68) except for the tax imposed by Subsection 59-12-103(2)(d), sales of fuel to a

common carrier that is a railroad for use in a locomotive engine;

(69) purchases and sales described in Section [63H-4-111](#);

(70) (a) sales of tangible personal property to an aircraft maintenance, repair, and overhaul provider for use in the maintenance, repair, overhaul, or refurbishment in this state of a fixed wing turbine powered aircraft if that fixed wing turbine powered aircraft's registration lists a state or country other than this state as the location of registry of the fixed wing turbine powered aircraft; or

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

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

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

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

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

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

(a) clearly identified;

(b) segregated; and

(c) installed or converted to real property;

(74) amounts paid or charged for:

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

(i) are used in performing qualified research:

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

(B) in the state; and

679 (ii) have an economic life of three or more years; and
680 (b) normal operating repair or replacement parts:
681 (i) for the machinery and equipment described in Subsection (74)(a); and
682 (ii) that have an economic life of three or more years;
683 (75) a sale or lease of tangible personal property used in the preparation of prepared
684 food if:
685 (a) for a sale:
686 (i) the ownership of the seller and the ownership of the purchaser are identical; and
687 (ii) the seller or the purchaser paid a tax under this chapter on the purchase of that
688 tangible personal property prior to making the sale; or
689 (b) for a lease:
690 (i) the ownership of the lessor and the ownership of the lessee are identical; and
691 (ii) the lessor or the lessee paid a tax under this chapter on the purchase of that tangible
692 personal property prior to making the lease;
693 (76) (a) purchases of machinery or equipment if:
694 (i) the purchaser is an establishment described in NAICS Subsector 713, Amusement,
695 Gambling, and Recreation Industries, of the 2012 North American Industry Classification
696 System of the federal Executive Office of the President, Office of Management and Budget;
697 (ii) the machinery or equipment:
698 (A) has an economic life of three or more years; and
699 (B) is used by one or more persons who pay admission or user fees described in
700 Subsection 59-12-103(1)(f) to the purchaser of the machinery and equipment; and
701 (iii) 51% or more of the purchaser's sales revenue for the previous calendar quarter is:
702 (A) amounts paid or charged as admission or user fees described in Subsection
703 59-12-103(1)(f); and
704 (B) subject to taxation under this chapter; and
705 (b) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
706 commission may make rules for verifying that 51% of a purchaser's sales revenue for the
707 previous calendar quarter is:
708 (i) amounts paid or charged as admission or user fees described in Subsection
709 59-12-103(1)(f); and

710 (ii) subject to taxation under this chapter;
711 (77) purchases of a short-term lodging consumable by a business that provides
712 accommodations and services described in Subsection 59-12-103(1)(i);
713 (78) amounts paid or charged to access a database:
714 (a) if the primary purpose for accessing the database is to view or retrieve information
715 from the database; and
716 (b) not including amounts paid or charged for a:
717 (i) digital audio work;
718 (ii) digital audio-visual work; or
719 (iii) digital book;
720 (79) amounts paid or charged for a purchase or lease made by an electronic financial
721 payment service, of:
722 (a) machinery and equipment that:
723 (i) are used in the operation of the electronic financial payment service; and
724 (ii) have an economic life of three or more years; and
725 (b) normal operating repair or replacement parts that:
726 (i) are used in the operation of the electronic financial payment service; and
727 (ii) have an economic life of three or more years;
728 (80) sales of a fuel cell as defined in Section 54-15-102;
729 (81) amounts paid or charged for a purchase or lease of tangible personal property or a
730 product transferred electronically if the tangible personal property or product transferred
731 electronically:
732 (a) is stored, used, or consumed in the state; and
733 (b) is temporarily brought into the state from another state:
734 (i) during a disaster period as defined in Section 53-2a-1202;
735 (ii) by an out-of-state business as defined in Section 53-2a-1202;
736 (iii) for a declared state disaster or emergency as defined in Section 53-2a-1202; and
737 (iv) for disaster- or emergency-related work as defined in Section 53-2a-1202;
738 (82) sales of goods and services at a morale, welfare, and recreation facility, as defined
739 in Section 39A-7-102, made pursuant to Title 39A, Chapter 7, Morale, Welfare, and Recreation
740 Program;

- 741 (83) amounts paid or charged for a purchase or lease of molten magnesium;
- 742 (84) amounts paid or charged for a purchase or lease made by a qualifying data center
743 or an occupant of a qualifying data center of machinery, equipment, or normal operating repair
744 or replacement parts, if the machinery, equipment, or normal operating repair or replacement
745 parts:
- 746 (a) are used in:
- 747 (i) the operation of the qualifying data center; or
- 748 (ii) the occupant's operations in the qualifying data center; and
- 749 (b) have an economic life of one or more years;
- 750 (85) sales of cleaning or washing of a vehicle, except for cleaning or washing of a
751 vehicle that includes cleaning or washing of the interior of the vehicle;
- 752 (86) amounts paid or charged for a purchase or lease of machinery, equipment, normal
753 operating repair or replacement parts, catalysts, chemicals, reagents, solutions, or supplies used
754 or consumed:
- 755 (a) by a refiner who owns, leases, operates, controls, or supervises a refinery as defined
756 in Section 79-6-701 located in the state;
- 757 (b) if the machinery, equipment, normal operating repair or replacement parts,
758 catalysts, chemicals, reagents, solutions, or supplies are used or consumed in:
- 759 (i) the production process to produce gasoline or diesel fuel, or at which blendstock is
760 added to gasoline or diesel fuel;
- 761 (ii) research and development;
- 762 (iii) transporting, storing, or managing raw materials, work in process, finished
763 products, and waste materials produced from refining gasoline or diesel fuel, or adding
764 blendstock to gasoline or diesel fuel;
- 765 (iv) developing or maintaining a road, tunnel, excavation, or similar feature used in
766 refining; or
- 767 (v) preventing, controlling, or reducing pollutants from refining; and
- 768 (c) if the person holds a valid refiner tax exemption certification as defined in Section
769 79-6-701;
- 770 (87) amounts paid to or charged by a proprietor for accommodations and services, as
771 defined in Section 63H-1-205, if the proprietor is subject to the MIDA accommodations tax

imposed under Section 63H-1-205;

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

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

(b) is located in this state; and

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

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

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

(a) is used as currency;

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

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

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

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

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

(92) amounts paid or charged in connection with the construction, operation, maintenance, repair, or replacement of facilities owned by or constructed for:

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

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

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

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

(b) has to be consumed for the service provider to provide the service described in

Subsection (93)(a); and

(c) will be consumed in the performance of the service described in Subsection (93)(a), to one or more customers, to the point that the tangible personal property disappears or cannot be used for any other purpose[-];

(94) sales of rolling stock manufactured in Utah; and

(95) amounts paid or charged for sales of sand, gravel, rock aggregate, cement products, or construction materials between establishments, as the commission defines that term in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, if:

(a) the establishments are related directly or indirectly through 100% common ownership or control; and

(b) each establishment is described in one of the following subsectors of the 2022 North American Industry Classification System of the federal Executive Office of the President, Office of Management and Budget:

(i) NAICS Subsector 237, Heavy and Civil Engineering Construction;

(ii) NAICS Subsector 327, Nonmetallic Mineral Product Manufacturing; or

(iii) NAICS Subsector 444, Building Material and Garden Equipment and Supplies Dealers.

Section 2. **Effective date.**

This bill takes effect on July 1, 2023.