

ALTERNATIVE FUEL INCENTIVES AMENDMENTS

2021 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Melissa G. Ballard

Senate Sponsor: David P. Hinkins

LONG TITLE**General Description:**

This bill modifies incentives for the production and use of alternative fuels.

Highlighted Provisions:

This bill:

- ▶ expands the uses of money in the Throughput Infrastructure Fund by defining "throughput infrastructure project" to include the production of generators that use hydrogen fuel cells;
- ▶ modifies the corporate and individual tax credits for commercial energy systems that use solar equipment to produce electricity;
- ▶ creates refundable and nonrefundable corporate and individual tax credits for certain hydrogen fuel cells and hydrogen production from renewable resources;
- ▶ provides a process for a lessee of a renewable energy system, a hydrogen fuel cell, or a hydrogen production system income tax credit to obtain a written certification;
- ▶ modifies sales and use tax definitions to:
 - add hydrogen to the list of fuels that are subject to a lower sales and use tax rate if for industrial use or residential use;
 - extend the sales and use tax exemption for sales of electricity made under a Public Service Commission tariff to include electricity produced with a hydrogen fuel cell; and
 - exempt sales of electricity made under a Public Service Commission tariff to



include electricity produced with a hydrogen fuel cell from municipal energy tax;

- ▶ eliminates the special fuel excise tax on hydrogen;
- ▶ defines "infrastructure" to include hydrogen fuel production or distribution projects for purposes of qualifying for a high cost infrastructure development tax credit;
- ▶ repeals the Alternative Energy Development Tax Credit Act and related tax credits;

and

- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:**AMENDS:**

35A-8-302, as last amended by Laws of Utah 2019, Chapter 501

59-7-159, as last amended by Laws of Utah 2019, Chapters 247 and 465

59-7-614, as last amended by Laws of Utah 2019, Chapter 247

59-7-619, as last amended by Laws of Utah 2016, Third Special Session, Chapter 1

59-10-137, as last amended by Laws of Utah 2019, Chapters 247 and 465

59-10-1014, as last amended by Laws of Utah 2019, Chapter 247

59-10-1034, as last amended by Laws of Utah 2016, Third Special Session, Chapter 1

59-10-1106, as last amended by Laws of Utah 2016, Third Special Session, Chapter 1

59-12-102, as last amended by Laws of Utah 2020, Chapters 354, 365, and 438

59-12-103, as last amended by Laws of Utah 2020, Fifth Special Session, Chapter 20

59-13-102, as last amended by Laws of Utah 2015, Chapter 275

59-13-301, as last amended by Laws of Utah 2019, Chapter 479

63M-4-401, as last amended by Laws of Utah 2019, Chapter 247

63M-4-602, as last amended by Laws of Utah 2019, Chapter 501

REPEALS:

59-7-614.7, as last amended by Laws of Utah 2016, Third Special Session, Chapter 1

59-10-1029, as last amended by Laws of Utah 2016, Third Special Session, Chapter 1

63M-4-501, as enacted by Laws of Utah 2012, Chapter 410

59 **63M-4-502**, as enacted by Laws of Utah 2012, Chapter 410
60 **63M-4-503**, as last amended by Laws of Utah 2018, Chapter 149
61 **63M-4-504**, as enacted by Laws of Utah 2012, Chapter 410
62 **63M-4-505**, as last amended by Laws of Utah 2016, Chapters 13 and 135

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

65 Section 1. Section **35A-8-302** is amended to read:

66 **35A-8-302. Definitions.**

67 As used in this part:

68 (1) "Bonus payments" means that portion of the bonus payments received by the
69 United States government under the Leasing Act paid to the state under Section 35 of the
70 Leasing Act, 30 U.S.C. Sec. 191, together with any interest that had accrued on those
71 payments.

72 (2) "Impact board" means the Permanent Community Impact Fund Board created under
73 Section **35A-8-304**.

74 (3) "Impact fund" means the Permanent Community Impact Fund established by this
75 chapter.

76 (4) "Interlocal agency" means a legal or administrative entity created by a subdivision
77 or combination of subdivisions under the authority of Title 11, Chapter 13, Interlocal
78 Cooperation Act.

79 (5) "Leasing Act" means the Mineral Lands Leasing Act of 1920, 30 U.S.C. Sec. 181 et
80 seq.

81 (6) "Qualifying sales and use tax distribution reduction" means that, for the calendar
82 year beginning on January 1, 2008, the total sales and use tax distributions a city received
83 under Section **59-12-205** were reduced by at least 15% from the total sales and use tax
84 distributions the city received under Section **59-12-205** for the calendar year beginning on
85 January 1, 2007.

86 (7) "Subdivision" means a county, city, town, county service area, special service
87 district, special improvement district, water conservancy district, water improvement district,
88 sewer improvement district, housing authority, building authority, school district, or public
89 postsecondary institution organized under the laws of this state.

(8) (a) "Throughput infrastructure project" means the following facilities, whether located within, partially within, or outside of the state:

- (i) a bulk commodities ocean terminal;
- (ii) a pipeline for the transportation of liquid or gaseous hydrocarbons;
- (iii) electric transmission lines and ancillary facilities;
- (iv) a shortline freight railroad and ancillary facilities;
- (v) a plant or facility for storing, distributing, or producing hydrogen, including the liquification of hydrogen, for use as a fuel in zero emission motor vehicles, for electricity generation, or for industrial use; or
- (vi) a plant for the production of zero emission hydrogen fueled trucks or generators that use hydrogen fuel cells, including battery electric vehicle charging systems that use hydrogen fuel cells.

(b) "Throughput infrastructure project" includes:

- (i) an ownership interest or a joint or undivided ownership interest in a facility;
- (ii) a membership interest in the owner of a facility; or
- (iii) a contractual right, whether secured or unsecured, to use all or a portion of the throughput, transportation, or transmission capacity of a facility.

Section 2. Section **59-7-159** is amended to read:

59-7-159. Review of credits allowed under this chapter.

(1) As used in this section, "committee" means the Revenue and Taxation Interim Committee.

(2) (a) The committee shall review the tax credits described in this chapter as provided in Subsection (3) and make recommendations concerning whether the tax credits should be continued, modified, or repealed.

(b) In conducting the review required under Subsection (2)(a), the committee shall:

- (i) schedule time on at least one committee agenda to conduct the review;
- (ii) invite state agencies, individuals, and organizations concerned with the tax credit under review to provide testimony;
- (iii) (A) invite the Governor's Office of Economic Development to present a summary and analysis of the information for each tax credit regarding which the Governor's Office of Economic Development is required to make a report under this chapter; and

(B) invite the Office of the Legislative Fiscal Analyst to present a summary and analysis of the information for each tax credit regarding which the Office of the Legislative Fiscal Analyst is required to make a report under this chapter;

(iv) ensure that the committee's recommendations described in this section include an evaluation of:

(A) the cost of the tax credit to the state;

(B) the purpose and effectiveness of the tax credit; and

(C) the extent to which the state benefits from the tax credit; and

(v) undertake other review efforts as determined by the committee chairs or as otherwise required by law.

(3) (a) On or before November 30, 2017, and every three years after 2017, the committee shall conduct the review required under Subsection (2) of the tax credits allowed under the following sections:

(i) Section 59-7-601;

(ii) Section 59-7-607;

(iii) Section 59-7-612;

(iv) Section 59-7-614.1; and

(v) Section 59-7-614.5.

(b) On or before November 30, 2018, and every three years after 2018, the committee shall conduct the review required under Subsection (2) of the tax credits allowed under the following sections:

(i) Section 59-7-609;

(ii) Section 59-7-614.2;

(iii) Section 59-7-614.10;

(iv) Section 59-7-619;

(v) Section 59-7-620; and

(vi) Section 59-7-624.

(c) On or before November 30, 2019, and every three years after 2019, the committee shall conduct the review required under Subsection (2) of the tax credits allowed under the following sections:

(i) Section 59-7-610;

- (ii) Section ~~59-7-614~~; and
[(iii) ~~Section 59-7-614.7~~; and]
[(iv)] (iii) Section ~~59-7-618~~.

(d) (i) In addition to the reviews described in this Subsection (3), the committee shall conduct a review of a tax credit described in this chapter that is enacted on or after January 1, 2017.

(ii) The committee shall complete a review described in this Subsection (3)(d) three years after the effective date of the tax credit and every three years after the initial review date.

Section 3. Section **59-7-614** is amended to read:

59-7-614. Renewable energy systems tax credits -- Definitions -- Certification -- Rulemaking authority.

(1) As used in this section:

(a) (i) "Active solar system" means a system of equipment that is capable of:

(A) collecting and converting incident solar radiation into thermal, mechanical, or electrical energy; and

(B) transferring a form of energy described in Subsection (1)(a)(i)(A) by a separate apparatus to storage or to the point of use.

(ii) "Active solar system" includes water heating, space heating or cooling, and electrical or mechanical energy generation.

(b) "Air quality control region" means an area within the state designated as an air quality control region in accordance with the Clean Air Act, 42 U.S.C. Sec. 7407.

~~[(b)]~~ (c) "Biomass system" means a system of apparatus and equipment for use in:

(i) converting material into biomass energy, as defined in Section ~~59-12-102~~; and

(ii) transporting the biomass energy by separate apparatus to the point of use or storage.

~~[(c)]~~ (d) "Commercial energy system" means a system that is:

(i) (A) an active solar system;

(B) a biomass system;

(C) a direct use geothermal system;

(D) a geothermal electricity system;

(E) a geothermal heat pump system;

(F) a hydroenergy system;

(G) a passive solar system; or

(H) a wind system;

(ii) located in the state; and

(iii) used:

(A) to supply energy to a commercial unit; or

(B) as a commercial enterprise.

~~[(d)]~~ (e) "Commercial enterprise" means an entity, the purpose of which is to produce:

(i) electrical, mechanical, or thermal energy for sale from a commercial energy system;

or

(ii) hydrogen for sale from a hydrogen production system.

~~[(e)]~~ (f) (i) "Commercial unit" means a building or structure that an entity uses to transact business.

(ii) Notwithstanding Subsection ~~[(1)(e)(i)]~~ (1)(f)(i):

(A) with respect to an active solar system used for agricultural water pumping or a wind system, each individual energy generating device is considered to be a commercial unit; or

(B) if an energy system is the building or structure that an entity uses to transact business, a commercial unit is the complete energy system itself.

~~[(f)]~~ (g) "Direct use geothermal system" means a system of apparatus and equipment that enables the direct use of geothermal energy to meet energy needs, including heating a building, an industrial process, and aquaculture.

(h) "Fuel cell" means any electrochemical device and any accompanying system components that:

(i) react hydrogen with oxygen to produce electricity; and

(ii) produce zero emissions of carbon dioxide, nitrides of oxygen, or sulfides of oxygen.

~~[(g)]~~ (i) "Geothermal electricity" means energy that is:

(i) contained in heat that continuously flows outward from the earth; and

(ii) used as a sole source of energy to produce electricity.

~~[(h)]~~ (j) "Geothermal energy" means energy generated by heat that is contained in the earth.

214 ~~[(t)]~~ (k) "Geothermal heat pump system" means a system of apparatus and equipment
215 that:

216 (i) enables the use of thermal properties contained in the earth at temperatures well
217 below 100 degrees Fahrenheit; and

218 (ii) helps meet heating and cooling needs of a structure.

219 ~~[(t)]~~ (l) "Hydroenergy system" means a system of apparatus and equipment that is
220 capable of:

221 (i) intercepting and converting kinetic water energy into electrical or mechanical
222 energy; and

223 (ii) transferring this form of energy by separate apparatus to the point of use or storage.

224 (m) "Hydrogen production system" means a system of apparatus and equipment,
225 located in this state, that uses:

226 (i) electricity from a renewable energy source to create hydrogen gas from water,
227 regardless of whether the renewable energy source is at a separate facility or the same facility
228 as the system of apparatus and equipment; or

229 (ii) uses renewable natural gas to produce hydrogen gas.

230 (n) "Nonattainment status" means a designation of nonattainment under the Clean Air
231 Act, 42 U.S.C. Sec. 7407(d)(1)(A)(i), for one or more pollutants for which there are national
232 ambient air quality standards established under 42 U.S.C. Sec. 7409.

233 ~~[(k)]~~ (o) "Office" means the Office of Energy Development created in Section
234 63M-4-401.

235 ~~[(t)]~~ (p) (i) "Passive solar system" means a direct thermal system that utilizes the
236 structure of a building and ~~[its]~~ the structure's operable components to provide for collection,
237 storage, and distribution of heating or cooling during the appropriate times of the year by
238 utilizing the climate resources available at the site.

239 (ii) "Passive solar system" includes those portions and components of a building that
240 are expressly designed and required for the collection, storage, and distribution of solar energy.

241 ~~[(m)]~~ (q) "Photovoltaic system" means an active solar system that generates electricity
242 from sunlight.

243 ~~[(n)]~~ (r) (i) "Principal recovery portion" means the portion of a lease payment that
244 constitutes the cost a person incurs in acquiring a commercial energy system.

(ii) "Principal recovery portion" does not include:

(A) an interest charge; or

(B) a maintenance expense.

(s) "Renewable energy source" means the same as that term is defined in Section

54-17-601.

~~[(t)]~~ (t) "Residential energy system" means the following used to supply energy to or for a residential unit:

(i) an active solar system;

(ii) a biomass system;

(iii) a direct use geothermal system;

(iv) a geothermal heat pump system;

(v) a hydroenergy system;

(vi) a passive solar system; or

(vii) a wind system.

~~[(u)]~~ (u) (i) "Residential unit" means a house, condominium, apartment, or similar dwelling unit that:

(A) is located in the state; and

(B) serves as a dwelling for a person, group of persons, or a family.

(ii) "Residential unit" does not include property subject to a fee under:

(A) Section 59-2-405;

(B) Section 59-2-405.1;

(C) Section 59-2-405.2;

(D) Section 59-2-405.3; or

(E) Section 72-10-110.5.

~~[(v)]~~ (v) "Wind system" means a system of apparatus and equipment that is capable of:

(i) intercepting and converting wind energy into mechanical or electrical energy; and

(ii) transferring these forms of energy by a separate apparatus to the point of use, sale, or storage.

(2) A taxpayer may claim an energy system tax credit as provided in this section against a tax due under this chapter for a taxable year.

(3) (a) Subject to the other provisions of this Subsection (3), a taxpayer may claim a

nonrefundable tax credit under this Subsection (3) with respect to a residential unit the taxpayer owns or uses if:

(i) the taxpayer:

(A) purchases and completes a residential energy system to supply all or part of the energy required for the residential unit; or

(B) participates in the financing of a residential energy system to supply all or part of the energy required for the residential unit; and

~~[(ii) the residential energy system is completed and placed in service on or after January 1, 2007; and]~~

~~[(iii)]~~ (ii) the taxpayer obtains a written certification from the office in accordance with Subsection ~~[(7)]~~ (8).

(b) (i) Subject to Subsections (3)(b)(ii) through (iv) and, as applicable, Subsection (3)(c) or (d), the tax credit is equal to 25% of the reasonable costs of each residential energy system installed with respect to each residential unit the taxpayer owns or uses.

(ii) A tax credit under this Subsection (3) may include installation costs.

(iii) A taxpayer may claim a tax credit under this Subsection (3) for the taxable year in which the residential energy system is completed and placed in service.

(iv) If the amount of a tax credit under this Subsection (3) exceeds a taxpayer's tax liability under this chapter for a taxable year, the taxpayer may carry forward the amount of the tax credit exceeding the liability ~~[may be carried forward]~~ for a period that does not exceed the next four taxable years.

(c) The total amount of tax credit a taxpayer may claim under this Subsection (3) for a residential energy system, other than a photovoltaic system, may not exceed \$2,000 per residential unit.

(d) The total amount of tax credit a taxpayer may claim under this Subsection (3) for a photovoltaic system may not exceed:

(i) for a system installed on or after January 1, 2018, but on or before December 31, 2020, \$1,600;

(ii) for a system installed on or after January 1, 2021, but on or before December 31, 2021, \$1,200;

(iii) for a system installed on or after January 1, 2022, but on or before December 31,

307 2022, \$800;

308 (iv) for a system installed on or after January 1, 2023, but on or before December 31,

309 2023, \$400; and

310 (v) for a system installed on or after January 1, 2024, \$0.

311 (e) If a taxpayer sells a residential unit to another person before the taxpayer claims the

312 tax credit under this Subsection (3):

313 (i) the taxpayer may assign the tax credit to the other person; and

314 (ii) (A) if the other person files a return under this chapter, the other person may claim

315 the tax credit under this section as if the other person had met the requirements of this section

316 to claim the tax credit; or

317 (B) if the other person files a return under Chapter 10, Individual Income Tax Act, the

318 other person may claim the tax credit under Section 59-10-1014 as if the other person had met

319 the requirements of Section 59-10-1014 to claim the tax credit.

320 (4) (a) Subject to the other provisions of this Subsection (4), a taxpayer may claim a

321 refundable tax credit under this Subsection (4) with respect to a commercial energy system if:

322 (i) the commercial energy system does not use:

323 (A) wind, geothermal electricity, ~~[solar,]~~ or biomass equipment capable of producing a

324 total of 660 or more kilowatts of electricity; or

325 (B) solar equipment capable of producing 2,000 or more kilowatts of electricity;

326 (ii) the taxpayer purchases or participates in the financing of the commercial energy

327 system;

328 (iii) (A) the commercial energy system supplies all or part of the energy required by

329 commercial units owned or used by the taxpayer; or

330 (B) the taxpayer sells all or part of the energy produced by the commercial energy

331 system as a commercial enterprise;

332 ~~[(iv) the commercial energy system is completed and placed in service on or after~~

333 ~~January 1, 2007; and]~~

334 (iv) the taxpayer has not claimed and will not claim a tax credit under Subsection (6) or

335 (7) for fuel cell use or hydrogen production using electricity for which the taxpayer claims a tax

336 credit under this Subsection (4); and

337 (v) the taxpayer obtains a written certification from the office in accordance with

Subsection ~~[(7)]~~ (8).

(b) (i) Subject to Subsections (4)(b)(ii) through ~~[(v)]~~ (iv), the tax credit is equal to 10% of the reasonable costs of the commercial energy system.

(ii) A tax credit under this Subsection (4) may include installation costs.

(iii) A taxpayer ~~[may claim]~~ is eligible to claim a tax credit under this Subsection (4) for the taxable year in which the commercial energy system is completed and placed in service.

~~[(iv) A tax credit under this Subsection (4) may not be carried forward or carried back.]~~

~~[(v)]~~ (iv) The total amount of tax credit a taxpayer may claim under this Subsection (4) may not exceed \$50,000 per commercial unit.

(c) (i) Subject to Subsections (4)(c)(ii) and (iii), a taxpayer that is a lessee of a commercial energy system installed on a commercial unit may claim a tax credit under this Subsection (4) if the taxpayer ~~[confirms that the lessor irrevocably elects not to claim the tax credit]~~ obtains a written certification from the office in accordance with Subsection (8).

(ii) A taxpayer described in Subsection (4)(c)(i) may claim as a tax credit under this Subsection (4) only the principal recovery portion of the lease payments.

(iii) A taxpayer described in Subsection (4)(c)(i) may claim a tax credit under this Subsection (4) for a period that does not exceed seven taxable years after the ~~[date]~~ day on which the lease begins, as stated in the lease agreement.

(5) (a) Subject to the other provisions of this Subsection (5), a taxpayer may claim a refundable tax credit under this Subsection (5) with respect to a commercial energy system if:

(i) (A) the commercial energy system uses wind, geothermal electricity, or biomass equipment capable of producing a total of 660 or more kilowatts of electricity; or

(B) the commercial energy system uses solar equipment capable of producing a total of 2,000 or more kilowatts of electricity;

(ii) (A) the commercial energy system supplies all or part of the energy required by commercial units owned or used by the taxpayer; or

(B) the taxpayer sells all or part of the energy produced by the commercial energy system as a commercial enterprise;

~~[(iii) the commercial energy system is completed and placed in service on or after January 1, 2007; and]~~

(iii) the taxpayer has not claimed and will not claim a tax credit under Subsection (6)

or (7) for fuel cell use or hydrogen production using electricity for which the taxpayer claims a tax credit under this Subsection (5); and

(iv) the taxpayer obtains a written certification from the office in accordance with Subsection ~~[(7)]~~ (8).

(b) (i) Subject to ~~[Subsections]~~ Subsection (5)(b)(ii) ~~[and (iii)]~~, a tax credit under this Subsection (5) is equal to the product of:

(A) 0.35 cents; and

(B) the kilowatt hours of electricity produced and used or sold during the taxable year.

(ii) A taxpayer is eligible to claim a tax credit under this Subsection (5) ~~[may be claimed]~~ for production occurring during a period of 48 months beginning with the month in which the commercial energy system is placed in commercial service.

~~[(iii) A tax credit under this Subsection (5) may not be carried forward or carried back.]~~

(c) A taxpayer that is a lessee of a commercial energy system installed on a commercial unit may claim a tax credit under this Subsection (5) if the taxpayer ~~[confirms that the lessor irrevocably elects not to claim the tax credit]~~ obtains a written certification from the office in accordance with Subsection (8).

~~[(6) (a) Subject to the other provisions of this Subsection (6), a taxpayer may claim a refundable tax credit as provided in this Subsection (6) if:]~~

~~[(i) the taxpayer owns a commercial energy system that uses solar equipment capable of producing a total of 660 or more kilowatts of electricity;]~~

~~[(ii) (A) the commercial energy system supplies all or part of the energy required by commercial units owned or used by the taxpayer; or]~~

~~[(B) the taxpayer sells all or part of the energy produced by the commercial energy system as a commercial enterprise;]~~

~~[(iii) the taxpayer does not claim a tax credit under Subsection (4);]~~

~~[(iv) the commercial energy system is completed and placed in service on or after January 1, 2015; and]~~

~~[(v) the taxpayer obtains a written certification from the office in accordance with Subsection (7).]~~

~~[(b) (i) Subject to Subsections (6)(b)(ii) and (iii), a tax credit under this Subsection (6) is equal to the product of:]~~

400 ~~[(A) 0.35 cents; and]~~
401 ~~[(B) the kilowatt hours of electricity produced and used or sold during the taxable~~
402 ~~year.]~~
403 ~~[(ii) A tax credit under this Subsection (6) may be claimed for production occurring~~
404 ~~during a period of 48 months beginning with the month in which the commercial energy~~
405 ~~system is placed in commercial service.]~~
406 ~~[(iii) A tax credit under this Subsection (6) may not be carried forward or carried back.]~~
407 ~~[(c) A taxpayer that is a lessee of a commercial energy system installed on a~~
408 ~~commercial unit may claim a tax credit under this Subsection (6) if the taxpayer confirms that~~
409 ~~the lessor irrevocably elects not to claim the tax credit.]~~
410 (6) (a) A taxpayer may claim a nonrefundable tax credit as provided in this Subsection
411 (6) if:
412 (i) the taxpayer owns a fuel cell that has a rated capacity for generating electricity of
413 five megawatts or smaller;
414 (ii) the fuel cell is completed and placed in service:
415 (A) on or after January 1, 2022; and
416 (B) in an air quality control region that is in nonattainment status at the time the fuel
417 cell is placed in service;
418 (iii) the fuel cell supplies all or part of the electricity required by commercial units
419 owned or used by the taxpayer;
420 (iv) the taxpayer has not claimed and will not claim a tax credit under Subsection (4),
421 (5), or (7) for electricity or hydrogen used to meet the requirements of this Subsection (6); and
422 (v) the taxpayer obtains a written certification from the office in accordance with
423 Subsection (8).
424 (b) (i) Subject to Subsections (6)(b)(ii) through (iv), a tax credit under this Subsection
425 (6) is equal to 10% of the reasonable costs of the fuel cell.
426 (ii) A tax credit under this Subsection (6) may include installation costs.
427 (iii) A taxpayer is eligible to claim a tax credit under this Subsection (6) for the taxable
428 year in which the fuel cell is placed in service.
429 (iv) If the amount of a tax credit under this Subsection (6) exceeds a taxpayer's tax
430 liability under this chapter for a taxable year, the taxpayer may carry forward the amount of the

tax credit exceeding the liability for a period that does not exceed the next four taxable years.

(c) (i) Subject to Subsections (6)(c)(ii) and (iii), a taxpayer that is a lessee of a fuel cell installed on a commercial unit may claim a tax credit under this Subsection (6) if the lessee obtains a written certification from the office in accordance with Subsection (8).

(ii) A taxpayer described in Subsection (6)(c)(i) may claim as a tax credit under this Subsection (6) only the principal recovery portion of the lease payments.

(iii) A taxpayer described in Subsection (6)(c)(i) may claim a tax credit under this Subsection (6) for a period that does not exceed seven taxable years after the day on which the lease begins, as stated in the lease agreement.

(7) (a) A taxpayer may claim a refundable tax credit as provided in this Subsection (7) if:

(i) the taxpayer owns a hydrogen production system;

(ii) the hydrogen production system is completed and placed in service on or after January 1, 2022;

(iii) the taxpayer sells as a commercial enterprise, or supplies for the taxpayer's own use in commercial units, the hydrogen produced from the hydrogen production system for use in:

(A) a vehicle; or

(B) a fuel cell that has a rated capacity for generating electricity of five megawatts or less;

(iv) the taxpayer has not claimed and will not claim a tax credit under Subsection (4), (5), or (6) for electricity or hydrogen used to meet the requirements of this Subsection (7); and

(v) the taxpayer obtains a written certification from the office in accordance with Subsection (8).

(b) (i) Subject to Subsections (7)(b)(ii) and (iii), a tax credit under this Subsection (7) is equal to the product of:

(A) \$2.34; and

(B) the number of kilograms of hydrogen produced and stored, used, or sold during the taxable year.

(ii) A taxpayer may not receive a tax credit under this Subsection (7) for more than 365 metric tons of hydrogen per taxable year.

(iii) A taxpayer is eligible to claim a tax credit under this Subsection (7) for production occurring during a period of 48 months beginning with the month in which the hydrogen production system is placed in commercial service.

(c) (i) Subject to Subsections (7)(c)(ii) and (iii), a taxpayer that is a lessee of a hydrogen production system installed on a commercial unit may claim a tax credit under this Subsection (7) if the lessee obtains a written certification from the office in accordance with Subsection (8).

(ii) A taxpayer described in Subsection (7)(c)(i) may claim as a tax credit under this Subsection (7) only the principal recovery portion of the lease payments.

(iii) A taxpayer described in Subsection (7)(c)(i) may claim a tax credit under this Subsection (7) for a period that does not exceed seven taxable years after the day on which the lease begins, as stated in the lease agreement.

[~~(7)~~] (8) (a) Before a taxpayer, including a lessee under Subsection (4), (5), (6), or (7), may claim a tax credit under this section, the taxpayer shall obtain a written certification from the office.

(b) The office shall issue a taxpayer that is not a lessee a written certification if the office determines that:

(i) the taxpayer meets the requirements of this section to receive a tax credit; and

(ii) the residential energy system [~~or~~], the commercial energy system, the fuel cell, or the hydrogen production system with respect to which the taxpayer seeks to claim a tax credit:

(A) has been completely installed;

(B) is a viable system for saving or producing energy from renewable resources; and

(C) is safe, reliable, efficient, and technically feasible to ensure that the residential energy system [~~or~~], the commercial energy system, the fuel cell, or the hydrogen production system uses the state's renewable and nonrenewable energy resources in an appropriate and economic manner.

(c) The office shall issue a taxpayer that is a lessee a written certification if the office receives:

(i) a copy of the lessor's written certification or other proof, in a form established by the office, that the lessor qualified for a tax credit under Subsection (4), (5), (6), or (7); and

(ii) proof that the lessor irrevocably elects not to claim the tax credit for which the

lessor qualified.

~~[(e)]~~ (d) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the office may make rules:

(i) for determining whether a residential energy system ~~[or]~~, a commercial energy system, a fuel cell, or a hydrogen production system meets the requirements of Subsection ~~[(7)]~~ (8)(b)(ii); and

(ii) for purposes of a tax credit under Subsection (3) ~~[or]~~, (4), or (6), establishing the reasonable costs of a residential energy system ~~[or]~~, a commercial energy system, or a fuel cell, as an amount per unit of energy production.

~~[(d)]~~ (e) A taxpayer, including a lessee, that obtains a written certification from the office shall retain the certification for the same time period a person is required to keep books and records under Section 59-1-1406.

~~[(e)]~~ (f) The office shall submit to the commission an electronic list that includes:

(i) the name and identifying information of each taxpayer or lessee to which the office issues a written certification; and

(ii) for each taxpayer or lessee:

(A) the amount of the tax credit listed on the written certification; and

(B) the date the renewable energy system was installed.

~~[(8)]~~ (9) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission may make rules to address the certification of a tax credit under this section.

~~[(9)]~~ (10) A tax credit under this section is in addition to any tax credits provided under the laws or rules and regulations of the United States.

Section 4. Section **59-7-619** is amended to read:

59-7-619. Nonrefundable high cost infrastructure development tax credit.

(1) As used in this section:

(a) "High cost infrastructure project" means the same as that term is defined in Section 63M-4-602.

(b) "Infrastructure cost-burdened entity" means the same as that term is defined in Section 63M-4-602.

(c) "Infrastructure-related revenue" means the same as that term is defined in Section

524 [63M-4-602](#).

525 (d) "Office" means the Office of Energy Development created in Section [63M-4-401](#).

526 (2) Subject to the other provisions of this section, a corporation that is an infrastructure
527 cost-burdened entity may claim a nonrefundable tax credit for development of a high cost
528 infrastructure project as provided in this section.

529 (3) The tax credit under this section is the amount listed as the tax credit amount on a
530 tax credit certificate that the office issues under Title 63M, Chapter 4, Part 6, High Cost
531 Infrastructure Development Tax Credit Act, to the infrastructure cost-burdened entity for the
532 taxable year.

533 (4) An infrastructure cost-burdened entity may carry forward a tax credit under this
534 section for a period that does not exceed the next seven taxable years if:

535 (a) the infrastructure cost-burdened entity is allowed to claim a tax credit under this
536 section for a taxable year; and

537 (b) the amount of the tax credit exceeds the infrastructure cost-burdened entity's tax
538 liability under this chapter for that taxable year.

539 (5) (a) In accordance with Section [59-7-159](#), the Revenue and Taxation Interim
540 Committee shall study the tax credit allowed by this section and make recommendations
541 concerning whether the tax credit should be continued, modified, or repealed.

542 (b) (i) Except as provided in Subsection (5)(b)(ii), for purposes of the study required by
543 this Subsection (5), the office shall provide the following information, if available to the office,
544 to the Office of the Legislative Fiscal Analyst:

545 (A) the amount of tax credit that the office grants to each infrastructure cost-burdened
546 entity for each taxable year;

547 (B) the infrastructure-related revenue generated by each high cost infrastructure
548 project;

549 (C) the information contained in the office's latest report under Section [[63M-4-505](#)]
550 [63M-4-605](#); and

551 (D) any other information that the Office of the Legislative Fiscal Analyst requests.

552 (ii) (A) In providing the information described in Subsection (5)(b)(i), the office shall
553 redact information that identifies a recipient of a tax credit under this section.

554 (B) If, notwithstanding the redactions made under Subsection (5)(b)(ii)(A), reporting

the information described in Subsection (5)(b)(i) might disclose the identity of a recipient of a tax credit, the office may file a request with the Revenue and Taxation Interim Committee to provide the information described in Subsection (5)(b)(i) in the aggregate for all infrastructure cost-burdened entities that receive the tax credit under this section.

(c) As part of the study required by this Subsection (5), the Office of the Legislative Fiscal Analyst shall report to the Revenue and Taxation Interim Committee a summary and analysis of the information provided to the Office of the Legislative Fiscal Analyst by the office under Subsection (5)(b).

(d) The Revenue and Taxation Interim Committee shall ensure that the recommendations described in Subsection (5)(a) include an evaluation of:

- (i) the cost of the tax credit to the state;
- (ii) the purpose and effectiveness of the tax credit; and
- (iii) the extent to which the state benefits from the tax credit.

Section 5. Section **59-10-137** is amended to read:

59-10-137. Review of credits allowed under this chapter.

(1) As used in this section, "committee" means the Revenue and Taxation Interim Committee.

(2) (a) The committee shall review the tax credits described in this chapter as provided in Subsection (3) and make recommendations concerning whether the tax credits should be continued, modified, or repealed.

(b) In conducting the review required under Subsection (2)(a), the committee shall:

- (i) schedule time on at least one committee agenda to conduct the review;
- (ii) invite state agencies, individuals, and organizations concerned with the tax credit under review to provide testimony;

(iii) (A) invite the Governor's Office of Economic Development to present a summary and analysis of the information for each tax credit regarding which the Governor's Office of Economic Development is required to make a report under this chapter; and

(B) invite the Office of the Legislative Fiscal Analyst to present a summary and analysis of the information for each tax credit regarding which the Office of the Legislative Fiscal Analyst is required to make a report under this chapter;

- (iv) ensure that the committee's recommendations described in this section include an

586 evaluation of:

- 587 (A) the cost of the tax credit to the state;
- 588 (B) the purpose and effectiveness of the tax credit; and
- 589 (C) the extent to which the state benefits from the tax credit; and
- 590 (v) undertake other review efforts as determined by the committee chairs or as
- 591 otherwise required by law.

592 (3) (a) On or before November 30, 2017, and every three years after 2017, the
593 committee shall conduct the review required under Subsection (2) of the tax credits allowed
594 under the following sections:

- 595 (i) Section 59-10-1004;
- 596 (ii) Section 59-10-1010;
- 597 (iii) Section 59-10-1015;
- 598 (iv) Section 59-10-1025;
- 599 (v) Section 59-10-1027;
- 600 (vi) Section 59-10-1031;
- 601 (vii) Section 59-10-1032;
- 602 (viii) Section 59-10-1035;
- 603 (ix) Section 59-10-1104;
- 604 (x) Section 59-10-1105; and
- 605 (xi) Section 59-10-1108.

606 (b) On or before November 30, 2018, and every three years after 2018, the committee
607 shall conduct the review required under Subsection (2) of the tax credits allowed under the
608 following sections:

- 609 (i) Section 59-10-1005;
- 610 (ii) Section 59-10-1006;
- 611 (iii) Section 59-10-1012;
- 612 (iv) Section 59-10-1022;
- 613 (v) Section 59-10-1023;
- 614 (vi) Section 59-10-1028;
- 615 (vii) Section 59-10-1034;
- 616 (viii) Section 59-10-1037;

(ix) Section 59-10-1107; and

(x) Section 59-10-1112.

(c) On or before November 30, 2019, and every three years after 2019, the committee shall conduct the review required under Subsection (2) of the tax credits allowed under the following sections:

(i) Section 59-10-1007;

(ii) Section 59-10-1014;

(iii) Section 59-10-1017;

(iv) Section 59-10-1018;

(v) Section 59-10-1019;

(vi) Section 59-10-1024;

~~[(vii) Section 59-10-1029;]~~

~~[(viii)]~~ (vii) Section 59-10-1033;

~~[(ix)]~~ (viii) Section 59-10-1036;

~~[(x)]~~ (ix) Section 59-10-1106; and

~~[(xi)]~~ (x) Section 59-10-1111.

(d) (i) In addition to the reviews described in this Subsection (3), the committee shall conduct a review of a tax credit described in this chapter that is enacted on or after January 1, 2017.

(ii) The committee shall complete a review described in this Subsection (3)(d) three years after the effective date of the tax credit and every three years after the initial review date.

Section 6. Section 59-10-1014 is amended to read:

59-10-1014. Nonrefundable renewable energy systems tax credits -- Definitions -- Certification -- Rulemaking authority.

(1) As used in this section:

(a) (i) "Active solar system" means a system of equipment that is capable of:

(A) collecting and converting incident solar radiation into thermal, mechanical, or electrical energy; and

(B) transferring a form of energy described in Subsection (1)(a)(i)(A) by a separate apparatus to storage or to the point of use.

(ii) "Active solar system" includes water heating, space heating or cooling, and

electrical or mechanical energy generation.

(b) "Air quality control region" means the same as that term is defined in Section [59-7-614](#).

~~(b)~~ (c) "Biomass system" means a system of apparatus and equipment for use in:

(i) converting material into biomass energy, as defined in Section [59-12-102](#); and

(ii) transporting the biomass energy by separate apparatus to the point of use or storage.

~~(c)~~ (d) "Direct use geothermal system" means a system of apparatus and equipment that enables the direct use of geothermal energy to meet energy needs, including heating a building, an industrial process, and aquaculture.

(e) "Fuel cell" means the same as that term is defined in Section [59-7-614](#).

~~(d)~~ (f) "Geothermal electricity" means energy that is:

(i) contained in heat that continuously flows outward from the earth; and

(ii) used as a sole source of energy to produce electricity.

~~(e)~~ (g) "Geothermal energy" means energy generated by heat that is contained in the earth.

~~(f)~~ (h) "Geothermal heat pump system" means a system of apparatus and equipment that:

(i) enables the use of thermal properties contained in the earth at temperatures well below 100 degrees Fahrenheit; and

(ii) helps meet heating and cooling needs of a structure.

~~(g)~~ (i) "Hydroenergy system" means a system of apparatus and equipment that is capable of:

(i) intercepting and converting kinetic water energy into electrical or mechanical energy; and

(ii) transferring this form of energy by separate apparatus to the point of use or storage.

(j) "Nonattainment status" means the same as that term is defined in Section [59-7-614](#).

~~(h)~~ (k) "Office" means the Office of Energy Development created in Section [63M-4-401](#).

~~(i)~~ (l) (i) "Passive solar system" means a direct thermal system that utilizes the structure of a building and its operable components to provide for collection, storage, and distribution of heating or cooling during the appropriate times of the year by utilizing the

climate resources available at the site.

(ii) "Passive solar system" includes those portions and components of a building that are expressly designed and required for the collection, storage, and distribution of solar energy.

~~[(j)]~~ (m) "Photovoltaic system" means an active solar system that generates electricity from sunlight.

~~[(k)]~~ (n) (i) "Principal recovery portion" means the portion of a lease payment that constitutes the cost a person incurs in acquiring a residential energy system.

(ii) "Principal recovery portion" does not include:

(A) an interest charge; or

(B) a maintenance expense.

~~[(h)]~~ (o) "Residential energy system" means the following used to supply energy to or for a residential unit:

(i) an active solar system;

(ii) a biomass system;

(iii) a direct use geothermal system;

(iv) a geothermal heat pump system;

(v) a hydroenergy system;

(vi) a passive solar system; or

(vii) a wind system.

~~[(m)]~~ (p) (i) "Residential unit" means a house, condominium, apartment, or similar dwelling unit that:

(A) is located in the state; and

(B) serves as a dwelling for a person, group of persons, or a family.

(ii) "Residential unit" does not include property subject to a fee under:

(A) Section 59-2-405;

(B) Section 59-2-405.1;

(C) Section 59-2-405.2;

(D) Section 59-2-405.3; or

(E) Section 72-10-110.5.

~~[(n)]~~ (q) "Wind system" means a system of apparatus and equipment that is capable of:

(i) intercepting and converting wind energy into mechanical or electrical energy; and

(ii) transferring these forms of energy by a separate apparatus to the point of use or storage.

(2) A claimant, estate, or trust may claim an energy system tax credit as provided in this section against a tax due under this chapter for a taxable year.

~~[(3) For a taxable year beginning on or after January 1, 2007, a]~~

(3) (a) A claimant, estate, or trust may claim a nonrefundable tax credit under this ~~[section]~~ Subsection (3) with respect to a residential unit the claimant, estate, or trust owns or uses if:

~~[(a)]~~ (i) the claimant, estate, or trust:

~~[(i)]~~ (A) purchases and completes a residential energy system to supply all or part of the energy required for the residential unit; or

~~[(ii)]~~ (B) participates in the financing of a residential energy system to supply all or part of the energy required for the residential unit; and

~~[(b) the residential energy system is installed on or after January 1, 2007, and]~~

~~[(c)]~~ (ii) the claimant, estate, or trust obtains a written certification from the office in accordance with Subsection (5).

~~[(4) (a)]~~ (b) For a residential energy system, other than a photovoltaic system, the tax credit described in this section is equal to the lesser of:

(i) 25% of the reasonable costs, including installation costs, of each residential energy system installed with respect to each residential unit the claimant, estate, or trust owns or uses; and

(ii) \$2,000.

~~[(b) Subject to Subsection (5)(d), for]~~

(c) For a residential energy system that is a photovoltaic system, the tax credit described in this section is equal to the lesser of:

(i) 25% of the reasonable costs, including installation costs, of each system installed with respect to each residential unit the claimant, estate, or trust owns or uses; or

(ii) (A) for a system installed on or after January 1, 2007, but on or before December 31, 2017, \$2,000;

(B) for a system installed on or after January 1, 2018, but on or before December 31, 2020, \$1,600;

(C) for a system installed on or after January 1, 2021, but on or before December 31, 2021, \$1,200;

(D) for a system installed on or after January 1, 2022, but on or before December 31, 2022, \$800;

(E) for a system installed on or after January 1, 2023, but on or before December 31, 2023, \$400; and

(F) for a system installed on or after January 1, 2024, \$0.

~~[(e)]~~ (d) (i) The office shall determine the amount of the tax credit that a claimant, estate, or trust may claim and list that amount on the written certification that the office issues under Subsection (5).

(ii) The claimant, estate, or trust may claim the tax credit in the amount listed on the written certification that the office issues under Subsection (5).

~~[(d)]~~ (e) A claimant, estate, or trust may claim a tax credit under this Subsection (3) for the taxable year in which the residential energy system is installed.

~~[(e)]~~ (f) If the amount of a tax credit listed on the written certification exceeds a claimant's, estate's, or trust's tax liability under this chapter for a taxable year, the claimant, estate, or trust may carry forward the amount of the tax credit exceeding the liability for a period that does not exceed the next four taxable years.

~~[(f)]~~ (g) A claimant, estate, or trust may claim a tax credit with respect to additional residential energy systems or parts of residential energy systems for a subsequent taxable year if the total amount of tax credit the claimant, estate, or trust claims does not exceed \$2,000 per residential unit.

~~[(g)]~~ (h) (i) Subject to Subsections ~~[(4)(g)(ii)]~~ (3)(h)(ii) and (iii), a claimant, estate, or trust that leases a residential energy system installed on a residential unit may claim a tax credit under this Subsection (3) if the claimant, estate, or trust ~~[confirms that the lessor irrevocably elects not to claim the tax credit]~~ obtains a written certification in accordance with Subsection (5).

(ii) A claimant, estate, or trust described in Subsection ~~[(4)(g)(i)]~~ (3)(h)(i) that leases a residential energy system may claim as a tax credit under this Subsection (3) only the principal recovery portion of the lease payments.

(iii) A claimant, estate, or trust described in Subsection ~~[(4)(g)(i)]~~ (3)(h)(i) that leases a

residential energy system may claim a tax credit under this Subsection (3) for a period that does not exceed seven taxable years [~~after the date~~] from the day on which the lease begins, as stated in the lease agreement.

~~(h)~~ (i) If a claimant, estate, or trust sells a residential unit to another person before the claimant, estate, or trust claims the tax credit under this Subsection (3):

(i) the claimant, estate, or trust may assign the tax credit to the other person; and

(ii) (A) if the other person files a return under Chapter 7, Corporate Franchise and Income Taxes, the other person may claim the tax credit as if the other person had met the requirements of Section 59-7-614 to claim the tax credit; or

(B) if the other person files a return under this chapter, the other person may claim the tax credit under this section as if the other person had met the requirements of this section to claim the tax credit.

(4) (a) A claimant, estate, or trust may claim a nonrefundable tax credit as provided in this Subsection (4) if:

(i) the claimant, estate, or trust owns a fuel cell that has a rated capacity for generating electricity of five megawatts or smaller;

(ii) the fuel cell is completed and placed in service:

(A) on or after January 1, 2022; and

(B) in an air quality control region that is in nonattainment status at the time the fuel cell is placed in service;

(iii) the fuel cell supplies all or part of the electricity required by commercial units owned or used by the claimant, estate, or trust;

(iv) the claimant, estate, or trust has not claimed and will not claim a tax credit under Subsection 59-10-1106(3), (4), or (5) for electricity or hydrogen used to meet the requirements of this Subsection (4); and

(v) the claimant, estate, or trust obtains a written certification from the office in accordance with Subsection (5).

(b) (i) Subject to Subsections (4)(b)(ii) through (iv), a tax credit under this Subsection (4) is equal to 10% of the reasonable costs of the fuel cell.

(ii) A tax credit under this Subsection (4) may include installation costs.

(iii) A claimant, estate, or trust is eligible to claim a tax credit under this Subsection (4)

for the taxable year in which the fuel cell is placed in service.

(iv) If the amount of a tax credit listed on the written certification exceeds a claimant's, estate's, or trust's tax liability under this chapter for a taxable year, the claimant, estate, or trust may carry forward the amount of the tax credit exceeding the liability for a period that does not exceed the next four taxable years.

(c) (i) Subject to Subsections (4)(c)(ii) and (iii), a claimant, estate, or trust that is a lessee of a fuel cell installed on a commercial unit may claim a tax credit under this Subsection (4) if the lessee obtains a written certification from the office in accordance with Subsection (5).

(ii) A claimant, estate, or trust described in Subsection (4)(c)(i) may claim as a tax credit under this Subsection (4) only the principal recovery portion of the lease payments.

(iii) A claimant, estate, or trust described in Subsection (4)(c)(i) may claim a tax credit under this Subsection (4) for a period that does not exceed seven taxable years after the day on which the lease begins, as stated in the lease agreement.

(5) (a) Before a claimant, estate, or trust, including a lessee, may claim a tax credit under this section, the claimant, estate, or trust shall obtain a written certification from the office.

(b) The office shall issue a claimant, estate, or trust that is not a lessee a written certification if the office determines that:

(i) the claimant, estate, or trust meets the requirements of this section to receive a tax credit; and

(ii) the office determines that the residential energy system or the fuel cell with respect to which the claimant, estate, or trust seeks to claim a tax credit:

(A) has been completely installed;

(B) is a viable system for saving or producing energy from renewable resources; and

(C) is safe, reliable, efficient, and technically feasible to ensure that the residential energy system or the fuel cell uses the state's renewable and nonrenewable energy resources in an appropriate and economic manner.

(c) The office shall issue a claimant, estate, or trustee that is a lessee a written certification if the office receives:

(i) a copy of the lessor's written certification or other proof, in a form established by the

office, that the lessor qualified for a tax credit under this section; and

(ii) proof that the lessor irrevocably elects not to claim the tax credit for which the lessor qualified.

~~[(c)]~~ (d) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the office may make rules:

(i) for determining whether a residential energy system or a fuel cell meets the requirements of Subsection (5)(b)(ii); and

(ii) for purposes of determining the amount of a tax credit that a claimant, estate, or trust may receive under Subsection (3) or (4), establishing the reasonable costs of a residential energy system or a fuel cell, as an amount per unit of energy production.

~~[(d)]~~(e) A claimant, estate, or trust, including a lessee, that obtains a written certification from the office shall retain the certification for the same time period a person is required to keep books and records under Section 59-1-1406.

~~[(e)]~~(f) The office shall submit to the commission an electronic list that includes:

(i) the name and identifying information of each claimant, estate, ~~[or]~~ trust, or lessee to which the office issues a written certification; and

(ii) for each claimant, estate, ~~[or]~~ trust, or lessee:

(A) the amount of the tax credit listed on the written certification; and

(B) the date the renewable energy system or the fuel cell was installed.

(6) A tax credit under this section is in addition to any tax credits provided under the laws or rules and regulations of the United States.

(7) A purchaser of one or more solar units that claims a tax credit under Section 59-10-1024 for the purchase of the one or more solar units may not claim a tax credit under this section for that purchase.

Section 7. Section 59-10-1034 is amended to read:

59-10-1034. Nonrefundable high cost infrastructure development tax credit.

(1) As used in this section:

(a) "High cost infrastructure project" means the same as that term is defined in Section 63M-4-602.

(b) "Infrastructure cost-burdened entity" means the same as that term is defined in Section 63M-4-602.

(c) "Infrastructure-related revenue" means the same as that term is defined in Section 63M-4-602.

(d) "Office" means the Office of Energy Development created in Section 63M-4-401.

(2) Subject to the other provisions of this section, a claimant, estate, or trust that is an infrastructure cost-burdened entity may claim a nonrefundable tax credit for development of a high cost infrastructure project as provided in this section.

(3) The tax credit under this section is the amount listed as the tax credit amount on a tax credit certificate that the office issues under Title 63M, Chapter 4, Part 6, High Cost Infrastructure Development Tax Credit Act, to the infrastructure cost-burdened entity for the taxable year.

(4) An infrastructure cost-burdened entity may carry forward a tax credit under this section for a period that does not exceed the next seven taxable years if:

(a) the infrastructure cost-burdened entity is allowed to claim a tax credit under this section for a taxable year; and

(b) the amount of the tax credit exceeds the infrastructure cost-burdened entity's tax liability under this chapter for that taxable year.

(5) (a) In accordance with Section 59-10-137, the Revenue and Taxation Interim Committee shall study the tax credit allowed by this section and make recommendations concerning whether the tax credit should be continued, modified, or repealed.

(b) (i) Except as provided in Subsection (5)(b)(ii), for purposes of the study required by this Subsection (5), the office shall provide the following information, if available to the office, to the Office of the Legislative Fiscal Analyst:

(A) the amount of tax credit that the office grants to each infrastructure cost-burdened entity for each taxable year;

(B) the infrastructure-related revenue generated by each high cost infrastructure project;

(C) the information contained in the office's latest report under Section [63M-4-505] 63M-4-605; and

(D) any other information that the Office of the Legislative Fiscal Analyst requests.

(ii) (A) In providing the information described in Subsection (5)(b)(i), the office shall redact information that identifies a recipient of a tax credit under this section.

(B) If, notwithstanding the redactions made under Subsection (5)(b)(ii)(A), reporting the information described in Subsection (5)(b)(i) might disclose the identity of a recipient of a tax credit, the office may file a request with the Revenue and Taxation Interim Committee to provide the information described in Subsection (5)(b)(i) in the aggregate for all infrastructure cost-burdened entities that receive the tax credit under this section.

(c) As part of the study required by this Subsection (5), the Office of the Legislative Fiscal Analyst shall report to the Revenue and Taxation Interim Committee a summary and analysis of the information provided to the Office of the Legislative Fiscal Analyst by the office under Subsection (5)(b).

(d) The Revenue and Taxation Interim Committee shall ensure that the recommendations described in Subsection (5)(a) include an evaluation of:

- (i) the cost of the tax credit to the state;
- (ii) the purpose and effectiveness of the tax credit; and
- (iii) the extent to which the state benefits from the tax credit.

Section 8. Section **59-10-1106** is amended to read:

59-10-1106. Refundable renewable energy systems tax credits -- Definitions -- Certification -- Rulemaking authority.

(1) As used in this section:

(a) "Active solar system" means the same as that term is defined in Section **59-10-1014**.

(b) "Biomass system" means the same as that term is defined in Section **59-10-1014**.

(c) "Commercial energy system" means the same as that term is defined in Section **59-7-614**.

(d) "Commercial enterprise" means the same as that term is defined in Section **59-7-614**.

(e) ~~[(i)]~~ "Commercial unit" means the same as that term is defined in Section **59-7-614**.
~~[(ii) Notwithstanding Subsection (1)(c)(i):]~~
~~[(A) with respect to an active solar system used for agricultural water pumping or a wind system, each individual energy generating device is considered to be a commercial unit; or]~~

~~[(B) if an energy system is the building or structure that a claimant, estate, or trust uses~~

to transact business, a commercial unit is the complete energy system itself.]

(f) "Direct use geothermal system" means the same as that term is defined in Section 59-10-1014.

(g) "Fuel cell" means the same as that term is defined in Section 59-7-614.

~~(g)~~ (h) "Geothermal electricity" means the same as that term is defined in Section 59-10-1014.

~~(h)~~ (i) "Geothermal energy" means the same as that term is defined in Section 59-10-1014.

~~(i)~~ (j) "Geothermal heat pump system" means the same as that term is defined in Section 59-10-1014.

~~(j)~~ (k) "Hydroenergy system" means the same as that term is defined in Section 59-10-1014.

(l) "Hydrogen production system" means the same as that term is defined in Section 59-7-614.

~~(k)~~ (m) "Office" means the Office of Energy Development created in Section 63M-4-401.

~~(l)~~ (n) "Passive solar system" means the same as that term is defined in Section 59-10-1014.

~~(m)~~ (o) "Principal recovery portion" means the same as that term is defined in Section 59-10-1014.

~~(n)~~ (p) "Wind system" means the same as that term is defined in Section 59-10-1014.

(2) A claimant, estate, or trust may claim an energy system tax credit as provided in this section against a tax due under this chapter for a taxable year.

(3) (a) Subject to the other provisions of this Subsection (3), a claimant, estate, or trust may claim a refundable tax credit under this Subsection (3) with respect to a commercial energy system if:

(i) the commercial energy system does not use:

(A) wind, geothermal electricity, ~~[solar,]~~ or biomass equipment capable of producing a total of 660 or more kilowatts of electricity; or

(B) solar equipment capable of producing 2,000 or more kilowatts of electricity;

(ii) the claimant, estate, or trust purchases or participates in the financing of the

commercial energy system;

(iii) (A) the commercial energy system supplies all or part of the energy required by commercial units owned or used by the claimant, estate, or trust; or

(B) the claimant, estate, or trust sells all or part of the energy produced by the commercial energy system as a commercial enterprise;

~~[(iv) the commercial energy system is completed and placed in service on or after January 1, 2007; and]~~

(iv) the claimant, estate, or trust has not claimed and will not claim a tax credit under Subsection (5) or Subsection 59-10-1014(4) for fuel cell use or hydrogen production using electricity for which the claimant, estate, or trust claims a tax credit under this Subsection (3); and

(v) the claimant, estate, or trust obtains a written certification from the office in accordance with Subsection (6).

(b) (i) Subject to Subsections (3)(b)(ii) through ~~[(v)]~~ (iv), the tax credit is equal to 10% of the reasonable costs of the commercial energy system.

(ii) A tax credit under this Subsection (3) may include installation costs.

(iii) A claimant, estate, or trust ~~[may claim]~~ is eligible to claim a tax credit under this Subsection (3) for the taxable year in which the commercial energy system is completed and placed in service.

~~[(iv) A tax credit under this Subsection (3) may not be carried forward or carried back.]~~

~~[(v)]~~ (iv) The total amount of tax credit a claimant, estate, or trust may claim under this Subsection (3) may not exceed \$50,000 per commercial unit.

(c) (i) Subject to Subsections (3)(c)(ii) and (iii), a claimant, estate, or trust that is a lessee of a commercial energy system installed on a commercial unit may claim a tax credit under this Subsection (3) if the claimant, estate, or trust ~~[confirms that the lessor irrevocably elects not to claim the tax credit]~~ obtains a written certification from the office in accordance with Subsection (6).

(ii) A claimant, estate, or trust described in Subsection (3)(c)(i) may claim as a tax credit under this Subsection (3) only the principal recovery portion of the lease payments.

(iii) A claimant, estate, or trust described in Subsection (3)(c)(i) may claim a tax credit under this Subsection (3) for a period that does not exceed seven taxable years after the ~~[date]~~

day on which the lease begins, as stated in the lease agreement.

(4) (a) Subject to the other provisions of this Subsection (4), a claimant, estate, or trust may claim a refundable tax credit under this Subsection (4) with respect to a commercial energy system if:

(i) (A) the commercial energy system uses wind, geothermal electricity, or biomass equipment capable of producing a total of 660 or more kilowatts of electricity; or

(B) the commercial energy system uses solar equipment capable of producing a total of 2,000 or more kilowatts of electricity;

(ii) (A) the commercial energy system supplies all or part of the energy required by commercial units owned or used by the claimant, estate, or trust; or

(B) the claimant, estate, or trust sells all or part of the energy produced by the commercial energy system as a commercial enterprise; and

~~[(iii) the commercial energy system is completed and placed in service on or after January 1, 2007; and]~~

(iii) the claimant, estate, or trust has not claimed and will not claim a tax credit under Subsection (5) or Subsection 59-10-1014(4) for fuel cell use or hydrogen production using electricity for which the claimant, estate, or trust claims a tax credit under this Subsection (4); and

(iv) the claimant, estate, or trust obtains a written certification from the office in accordance with Subsection (6).

(b) (i) Subject to ~~[Subsections]~~ Subsection (4)(b)(ii) ~~[and (iii)]~~, a tax credit under this Subsection (4) is equal to the product of:

(A) 0.35 cents; and

(B) the kilowatt hours of electricity produced and used or sold during the taxable year.

(ii) A claimant, estate, or trust is eligible to claim a tax credit under this Subsection (4) ~~[may be claimed]~~ for production occurring during a period of 48 months beginning with the month in which the commercial energy system is placed in commercial service.

~~[(iii) A tax credit under this Subsection (4) may not be carried forward or back.]~~

(c) A claimant, estate, or trust that is a lessee of a commercial energy system installed on a commercial unit may claim a tax credit under this Subsection (4) if the claimant, estate, or trust ~~[confirms that the lessor irrevocably elects not to claim the tax credit]~~ obtains a written

certification from the office in accordance with Subsection (6).

~~[(5) (a) Subject to the other provisions of this Subsection (5), a claimant, estate, or trust may claim a refundable tax credit as provided in this Subsection (5) if:]~~

~~[(i) the claimant, estate, or trust owns a commercial energy system that uses solar equipment capable of producing a total of 660 or more kilowatts of electricity;]~~

~~[(ii) (A) the commercial energy system supplies all or part of the energy required by commercial units owned or used by the claimant, estate, or trust; or]~~

~~[(B) the claimant, estate, or trust sells all or part of the energy produced by the commercial energy system as a commercial enterprise;]~~

~~[(iii) the claimant, estate, or trust does not claim a tax credit under Subsection (3);]~~

~~[(iv) the commercial energy system is completed and placed in service on or after January 1, 2015; and]~~

~~[(v) the claimant, estate, or trust obtains a written certification from the office in accordance with Subsection (6).]~~

~~[(b) (i) Subject to Subsections (5)(b)(ii) and (iii), a tax credit under this Subsection (5) is equal to the product of:]~~

~~[(A) 0.35 cents; and]~~

~~[(B) the kilowatt hours of electricity produced and used or sold during the taxable year.]~~

~~[(ii) A tax credit under this Subsection (5) may be claimed for production occurring during a period of 48 months beginning with the month in which the commercial energy system is placed in commercial service.]~~

~~[(iii) A tax credit under this Subsection (5) may not be carried forward or carried back.]~~

~~[(c) A claimant, estate, or trust that is a lessee of a commercial energy system installed on a commercial unit may claim a tax credit under this Subsection (5) if the claimant, estate, or trust confirms that the lessor irrevocably elects not to claim the tax credit.]~~

(5) (a) A claimant, estate, or trust may claim a refundable tax credit as provided in this Subsection (5) if:

(i) the claimant, estate, or trust owns a hydrogen production system;

(ii) the hydrogen production system is completed and placed in service on or after January 1, 2022;

(iii) the claimant, estate, or trust sells as a commercial enterprise, or supplies for the claimant's, estate's, or trust's own use in commercial units, the hydrogen produced from the hydrogen production system for use in:

(A) a vehicle; or

(B) a fuel cell that has a rated capacity for generating electricity of five megawatts or less;

(iv) the claimant, estate, or trust has not claimed and will not claim a tax credit under Subsection (3), (4), or [59-10-1014](#)(4) for electricity or hydrogen used to meet the requirements of this Subsection (5); and

(v) the claimant, estate, or trust obtains a written certification from the office in accordance with Subsection (6).

(b) (i) Subject to Subsections (5)(b)(ii) and (iii), a tax credit under this Subsection (5) is equal to the product of:

(A) \$2.34; and

(B) the number of kilograms of hydrogen produced and stored, used, or sold during the taxable year.

(ii) A claimant, estate, or trust may not receive a tax credit under this Subsection (5) for more than 365 metric tons of hydrogen per taxable year.

(iii) A claimant, estate, or trust is eligible to claim a tax credit under this Subsection (5) for production occurring during a period of 48 months beginning with the month in which the hydrogen production system is placed in commercial service.

(c) (i) Subject to Subsections (5)(c)(ii) and (iii), a claimant, estate, or trust that is a lessee of a hydrogen production system installed on a commercial unit may claim a tax credit under this Subsection (5) if the lessee obtains a written certification from the office in accordance with Subsection (6).

(ii) A claimant, estate, or trust described in Subsection (5)(c)(i) may claim as a tax credit under this Subsection (5) only the principal recovery portion of the lease payments.

(iii) A claimant, estate, or trust described in Subsection (5)(c)(i) may claim a tax credit under this Subsection (5) for a period that does not exceed seven taxable years after the day on which the lease begins, as stated in the lease agreement.

(6) (a) Before a claimant, estate, or trust, including a lessee, may claim a tax credit

under this section, the claimant, estate, or trust shall obtain a written certification from the office.

(b) The office shall issue a claimant, estate, or trust that is not a lessee a written certification if the office determines that:

(i) the claimant, estate, or trust meets the requirements of this section to receive a tax credit; and

(ii) ~~[the office determines that]~~ the commercial energy system or the hydrogen production system with respect to which the claimant, estate, or trust seeks to claim a tax credit:

(A) has been completely installed;

(B) is a viable system for saving or producing energy from renewable resources; and

(C) is safe, reliable, efficient, and technically feasible to ensure that the commercial energy system or the hydrogen production system uses the state's renewable and nonrenewable resources in an appropriate and economic manner.

(c) The office shall issue a claimant, estate, or trust that is a lessee a written certification if the office receives:

(i) a copy of the lessor's written certification or other proof, in a form established by the office, that the lessor qualified for a tax credit under this section; and

(ii) proof that the lessor irrevocably elects not to claim the tax credit for which the lessor qualified.

~~[(e)]~~ (d) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the office may make rules:

(i) for determining whether a commercial energy system or a hydrogen production system meets the requirements of Subsection (6)(b)(ii); and

(ii) for purposes of a tax credit under Subsection (3), establishing the reasonable costs of a commercial energy system, as an amount per unit of energy production.

~~[(d)]~~ (e) A claimant, estate, or trust, including a lessee, that obtains a written certification from the office shall retain the certification for the same time period a person is required to keep books and records under Section [59-1-1406](#).

(f) The office shall submit to the commission an electronic list that includes:

(i) the name and identifying information of each claimant, estate, trust, or lessee to

1113 which the office issues a written certification; and

1114 (ii) for each claimant, estate, trust, or lessee:

1115 (A) the amount of the tax credit listed on the written certification; and

1116 (B) the date the commercial energy system or the hydrogen production system was

1117 installed.

1118 ~~[(7)]~~ (8) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking
1119 Act, the commission may make rules to address the certification of a tax credit under this
1120 section.

1121 ~~[(8)]~~ (9) A tax credit under this section is in addition to any tax credits provided under
1122 the laws or rules and regulations of the United States.

1123 ~~[(9)]~~ (10) A purchaser of one or more solar units that claims a tax credit under Section
1124 59-10-1024 for the purchase of the one or more solar units may not claim a tax credit under this
1125 section for that purchase.

1126 Section 9. Section 59-12-102 is amended to read:

1127 **59-12-102. Definitions.**

1128 As used in this chapter:

1129 (1) "800 service" means a telecommunications service that:

1130 (a) allows a caller to dial a toll-free number without incurring a charge for the call; and

1131 (b) is typically marketed:

1132 (i) under the name 800 toll-free calling;

1133 (ii) under the name 855 toll-free calling;

1134 (iii) under the name 866 toll-free calling;

1135 (iv) under the name 877 toll-free calling;

1136 (v) under the name 888 toll-free calling; or

1137 (vi) under a name similar to Subsections (1)(b)(i) through (v) as designated by the
1138 Federal Communications Commission.

1139 (2) (a) "900 service" means an inbound toll telecommunications service that:

1140 (i) a subscriber purchases;

1141 (ii) allows a customer of the subscriber described in Subsection (2)(a)(i) to call in to
1142 the subscriber's:

1143 (A) prerecorded announcement; or

- 1144 (B) live service; and
1145 (iii) is typically marketed:
1146 (A) under the name 900 service; or
1147 (B) under a name similar to Subsection (2)(a)(iii)(A) as designated by the Federal
1148 Communications Commission.
1149 (b) "900 service" does not include a charge for:
1150 (i) a collection service a seller of a telecommunications service provides to a
1151 subscriber; or
1152 (ii) the following a subscriber sells to the subscriber's customer:
1153 (A) a product; or
1154 (B) a service.
1155 (3) (a) "Admission or user fees" includes season passes.
1156 (b) "Admission or user fees" does not include:
1157 (i) annual membership dues to private organizations; or
1158 (ii) a lesson, including a lesson that involves as part of the lesson equipment or a
1159 facility listed in Subsection 59-12-103(1)(f).
1160 (4) "Affiliate" or "affiliated person" means a person that, with respect to another
1161 person:
1162 (a) has an ownership interest of more than 5%, whether direct or indirect, in that other
1163 person; or
1164 (b) is related to the other person because a third person, or a group of third persons who
1165 are affiliated persons with respect to each other, holds an ownership interest of more than 5%,
1166 whether direct or indirect, in the related persons.
1167 (5) "Agreement" means the Streamlined Sales and Use Tax Agreement adopted on
1168 November 12, 2002, including amendments made to the Streamlined Sales and Use Tax
1169 Agreement after November 12, 2002.
1170 (6) "Agreement combined tax rate" means the sum of the tax rates:
1171 (a) listed under Subsection (7); and
1172 (b) that are imposed within a local taxing jurisdiction.
1173 (7) "Agreement sales and use tax" means a tax imposed under:
1174 (a) Subsection 59-12-103(2)(a)(i)(A);

- 1175 (b) Subsection 59-12-103(2)(b)(i);
1176 (c) Subsection 59-12-103(2)(c)(i);
1177 (d) Subsection 59-12-103(2)(d)(i)(A)(I);
1178 (e) Section 59-12-204;
1179 (f) Section 59-12-401;
1180 (g) Section 59-12-402;
1181 (h) Section 59-12-402.1;
1182 (i) Section 59-12-703;
1183 (j) Section 59-12-802;
1184 (k) Section 59-12-804;
1185 (l) Section 59-12-1102;
1186 (m) Section 59-12-1302;
1187 (n) Section 59-12-1402;
1188 (o) Section 59-12-1802;
1189 (p) Section 59-12-2003;
1190 (q) Section 59-12-2103;
1191 (r) Section 59-12-2213;
1192 (s) Section 59-12-2214;
1193 (t) Section 59-12-2215;
1194 (u) Section 59-12-2216;
1195 (v) Section 59-12-2217;
1196 (w) Section 59-12-2218;
1197 (x) Section 59-12-2219; or
1198 (y) Section 59-12-2220.
1199 (8) "Aircraft" means the same as that term is defined in Section 72-10-102.
1200 (9) "Aircraft maintenance, repair, and overhaul provider" means a business entity:
1201 (a) except for:
1202 (i) an airline as defined in Section 59-2-102; or
1203 (ii) an affiliated group, as defined in Section 59-7-101, except that "affiliated group"
1204 includes a corporation that is qualified to do business but is not otherwise doing business in the
1205 state, of an airline; and

1206 (b) that has the workers, expertise, and facilities to perform the following, regardless of
1207 whether the business entity performs the following in this state:

1208 (i) check, diagnose, overhaul, and repair:

1209 (A) an onboard system of a fixed wing turbine powered aircraft; and

1210 (B) the parts that comprise an onboard system of a fixed wing turbine powered aircraft;

1211 (ii) assemble, change, dismantle, inspect, and test a fixed wing turbine powered aircraft
1212 engine;

1213 (iii) perform at least the following maintenance on a fixed wing turbine powered
1214 aircraft:

1215 (A) an inspection;

1216 (B) a repair, including a structural repair or modification;

1217 (C) changing landing gear; and

1218 (D) addressing issues related to an aging fixed wing turbine powered aircraft;

1219 (iv) completely remove the existing paint of a fixed wing turbine powered aircraft and
1220 completely apply new paint to the fixed wing turbine powered aircraft; and

1221 (v) refurbish the interior of a fixed wing turbine powered aircraft in a manner that
1222 results in a change in the fixed wing turbine powered aircraft's certification requirements by the
1223 authority that certifies the fixed wing turbine powered aircraft.

1224 (10) "Alcoholic beverage" means a beverage that:

1225 (a) is suitable for human consumption; and

1226 (b) contains .5% or more alcohol by volume.

1227 (11) "Alternative energy" means:

1228 (a) biomass energy;

1229 (b) hydrogen fuel cell system energy;

1230 [~~(b)~~] (c) geothermal energy;

1231 [~~(c)~~] (d) hydroelectric energy;

1232 [~~(d)~~] (e) solar energy;

1233 [~~(e)~~] (f) wind energy; or

1234 [~~(f)~~] (g) energy that is derived from:

1235 (i) coal-to-liquids;

1236 (ii) nuclear fuel;

- 1237 (iii) oil-impregnated diatomaceous earth;
1238 (iv) oil sands;
1239 (v) oil shale;
1240 (vi) petroleum coke; or
1241 (vii) waste heat from:
1242 (A) an industrial facility; or
1243 (B) a power station in which an electric generator is driven through a process in which
1244 water is heated, turns into steam, and spins a steam turbine.
- 1245 (12) (a) Subject to Subsection (12)(b), "alternative energy electricity production
1246 facility" means a facility that:
1247 (i) uses alternative energy to produce electricity; and
1248 (ii) has a production capacity of two megawatts or greater.
1249 (b) A facility is an alternative energy electricity production facility regardless of
1250 whether the facility is:
1251 (i) connected to an electric grid; or
1252 (ii) located on the premises of an electricity consumer.
- 1253 (13) (a) "Ancillary service" means a service associated with, or incidental to, the
1254 provision of telecommunications service.
1255 (b) "Ancillary service" includes:
1256 (i) a conference bridging service;
1257 (ii) a detailed communications billing service;
1258 (iii) directory assistance;
1259 (iv) a vertical service; or
1260 (v) a voice mail service.
- 1261 (14) "Area agency on aging" means the same as that term is defined in Section
1262 62A-3-101.
- 1263 (15) "Assisted amusement device" means an amusement device, skill device, or ride
1264 device that is started and stopped by an individual:
1265 (a) who is not the purchaser or renter of the right to use or operate the amusement
1266 device, skill device, or ride device; and
1267 (b) at the direction of the seller of the right to use the amusement device, skill device,

1268 or ride device.

1269 (16) "Assisted cleaning or washing of tangible personal property" means cleaning or
1270 washing of tangible personal property if the cleaning or washing labor is primarily performed
1271 by an individual:

1272 (a) who is not the purchaser of the cleaning or washing of the tangible personal
1273 property; and

1274 (b) at the direction of the seller of the cleaning or washing of the tangible personal
1275 property.

1276 (17) "Authorized carrier" means:

1277 (a) in the case of vehicles operated over public highways, the holder of credentials
1278 indicating that the vehicle is or will be operated pursuant to both the International Registration
1279 Plan and the International Fuel Tax Agreement;

1280 (b) in the case of aircraft, the holder of a Federal Aviation Administration operating
1281 certificate or air carrier's operating certificate; or

1282 (c) in the case of locomotives, freight cars, railroad work equipment, or other rolling
1283 stock, a person who uses locomotives, freight cars, railroad work equipment, or other rolling
1284 stock in more than one state.

1285 (18) (a) [~~Except as provided in Subsection (18)(b), "biomass"~~] "Biomass energy" means
1286 any of the following that is used as the primary source of energy to produce fuel or electricity:

1287 (i) material from a plant or tree; or

1288 (ii) other organic matter that is available on a renewable basis, including:

1289 (A) slash and brush from forests and woodlands;

1290 (B) animal waste;

1291 (C) waste vegetable oil;

1292 (D) methane or synthetic gas produced at a landfill, as a byproduct of the treatment of
1293 wastewater residuals, or through the conversion of a waste material through a nonincineration,
1294 thermal conversion process;

1295 (E) aquatic plants; and

1296 (F) agricultural products.

1297 (b) "Biomass energy" does not include:

1298 (i) black liquor; or

- 1299 (ii) treated woods.
- 1300 (19) (a) "Bundled transaction" means the sale of two or more items of tangible personal
1301 property, products, or services if the tangible personal property, products, or services are:
- 1302 (i) distinct and identifiable; and
- 1303 (ii) sold for one nonitemized price.
- 1304 (b) "Bundled transaction" does not include:
- 1305 (i) the sale of tangible personal property if the sales price varies, or is negotiable, on
1306 the basis of the selection by the purchaser of the items of tangible personal property included in
1307 the transaction;
- 1308 (ii) the sale of real property;
- 1309 (iii) the sale of services to real property;
- 1310 (iv) the retail sale of tangible personal property and a service if:
- 1311 (A) the tangible personal property:
- 1312 (I) is essential to the use of the service; and
- 1313 (II) is provided exclusively in connection with the service; and
- 1314 (B) the service is the true object of the transaction;
- 1315 (v) the retail sale of two services if:
- 1316 (A) one service is provided that is essential to the use or receipt of a second service;
- 1317 (B) the first service is provided exclusively in connection with the second service; and
- 1318 (C) the second service is the true object of the transaction;
- 1319 (vi) a transaction that includes tangible personal property or a product subject to
1320 taxation under this chapter and tangible personal property or a product that is not subject to
1321 taxation under this chapter if the:
- 1322 (A) seller's purchase price of the tangible personal property or product subject to
1323 taxation under this chapter is de minimis; or
- 1324 (B) seller's sales price of the tangible personal property or product subject to taxation
1325 under this chapter is de minimis; and
- 1326 (vii) the retail sale of tangible personal property that is not subject to taxation under
1327 this chapter and tangible personal property that is subject to taxation under this chapter if:
- 1328 (A) that retail sale includes:
- 1329 (I) food and food ingredients;

1330 (II) a drug;
1331 (III) durable medical equipment;
1332 (IV) mobility enhancing equipment;
1333 (V) an over-the-counter drug;
1334 (VI) a prosthetic device; or
1335 (VII) a medical supply; and
1336 (B) subject to Subsection (19)(f):
1337 (I) the seller's purchase price of the tangible personal property subject to taxation under
1338 this chapter is 50% or less of the seller's total purchase price of that retail sale; or
1339 (II) the seller's sales price of the tangible personal property subject to taxation under
1340 this chapter is 50% or less of the seller's total sales price of that retail sale.
1341 (c) (i) For purposes of Subsection (19)(a)(i), tangible personal property, a product, or a
1342 service that is distinct and identifiable does not include:
1343 (A) packaging that:
1344 (I) accompanies the sale of the tangible personal property, product, or service; and
1345 (II) is incidental or immaterial to the sale of the tangible personal property, product, or
1346 service;
1347 (B) tangible personal property, a product, or a service provided free of charge with the
1348 purchase of another item of tangible personal property, a product, or a service; or
1349 (C) an item of tangible personal property, a product, or a service included in the
1350 definition of "purchase price."
1351 (ii) For purposes of Subsection (19)(c)(i)(B), an item of tangible personal property, a
1352 product, or a service is provided free of charge with the purchase of another item of tangible
1353 personal property, a product, or a service if the sales price of the purchased item of tangible
1354 personal property, product, or service does not vary depending on the inclusion of the tangible
1355 personal property, product, or service provided free of charge.
1356 (d) (i) For purposes of Subsection (19)(a)(ii), property sold for one nonitemized price
1357 does not include a price that is separately identified by tangible personal property, product, or
1358 service on the following, regardless of whether the following is in paper format or electronic
1359 format:
1360 (A) a binding sales document; or

1361 (B) another supporting sales-related document that is available to a purchaser.
1362 (ii) For purposes of Subsection (19)(d)(i), a binding sales document or another
1363 supporting sales-related document that is available to a purchaser includes:
1364 (A) a bill of sale;
1365 (B) a contract;
1366 (C) an invoice;
1367 (D) a lease agreement;
1368 (E) a periodic notice of rates and services;
1369 (F) a price list;
1370 (G) a rate card;
1371 (H) a receipt; or
1372 (I) a service agreement.
1373 (e) (i) For purposes of Subsection (19)(b)(vi), the sales price of tangible personal
1374 property or a product subject to taxation under this chapter is de minimis if:
1375 (A) the seller's purchase price of the tangible personal property or product is 10% or
1376 less of the seller's total purchase price of the bundled transaction; or
1377 (B) the seller's sales price of the tangible personal property or product is 10% or less of
1378 the seller's total sales price of the bundled transaction.
1379 (ii) For purposes of Subsection (19)(b)(vi), a seller:
1380 (A) shall use the seller's purchase price or the seller's sales price to determine if the
1381 purchase price or sales price of the tangible personal property or product subject to taxation
1382 under this chapter is de minimis; and
1383 (B) may not use a combination of the seller's purchase price and the seller's sales price
1384 to determine if the purchase price or sales price of the tangible personal property or product
1385 subject to taxation under this chapter is de minimis.
1386 (iii) For purposes of Subsection (19)(b)(vi), a seller shall use the full term of a service
1387 contract to determine if the sales price of tangible personal property or a product is de minimis.
1388 (f) For purposes of Subsection (19)(b)(vii)(B), a seller may not use a combination of
1389 the seller's purchase price and the seller's sales price to determine if tangible personal property
1390 subject to taxation under this chapter is 50% or less of the seller's total purchase price or sales
1391 price of that retail sale.

1392 (20) "Certified automated system" means software certified by the governing board of
1393 the agreement that:

1394 (a) calculates the agreement sales and use tax imposed within a local taxing
1395 jurisdiction:

1396 (i) on a transaction; and

1397 (ii) in the states that are members of the agreement;

1398 (b) determines the amount of agreement sales and use tax to remit to a state that is a
1399 member of the agreement; and

1400 (c) maintains a record of the transaction described in Subsection (20)(a)(i).

1401 (21) "Certified service provider" means an agent certified:

1402 (a) by the governing board of the agreement; and

1403 (b) to perform a seller's sales and use tax functions for an agreement sales and use tax,
1404 as outlined in the contract between the governing board of the agreement and the certified
1405 service provider, other than the seller's obligation under Section 59-12-124 to remit a tax on the
1406 seller's own purchases.

1407 (22) (a) Subject to Subsection (22)(b), "clothing" means all human wearing apparel
1408 suitable for general use.

1409 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
1410 commission shall make rules:

1411 (i) listing the items that constitute "clothing"; and

1412 (ii) that are consistent with the list of items that constitute "clothing" under the
1413 agreement.

1414 (23) "Coal-to-liquid" means the process of converting coal into a liquid synthetic fuel.

1415 (24) "Commercial use" means the use of gas, electricity, heat, coal, fuel oil, hydrogen,
1416 or other fuels that does not constitute industrial use under Subsection (57) or residential use
1417 under Subsection (112).

1418 (25) (a) "Common carrier" means a person engaged in or transacting the business of
1419 transporting passengers, freight, merchandise, or other property for hire within this state.

1420 (b) (i) "Common carrier" does not include a person that, at the time the person is
1421 traveling to or from that person's place of employment, transports a passenger to or from the
1422 passenger's place of employment.

1423 (ii) For purposes of Subsection (25)(b)(i), in accordance with Title 63G, Chapter 3,
1424 Utah Administrative Rulemaking Act, the commission may make rules defining what
1425 constitutes a person's place of employment.

1426 (c) "Common carrier" does not include a person that provides transportation network
1427 services, as defined in Section 13-51-102.

1428 (26) "Component part" includes:

1429 (a) poultry, dairy, and other livestock feed, and their components;

1430 (b) baling ties and twine used in the baling of hay and straw;

1431 (c) fuel used for providing temperature control of orchards and commercial
1432 greenhouses doing a majority of their business in wholesale sales, and for providing power for
1433 off-highway type farm machinery; and

1434 (d) feed, seeds, and seedlings.

1435 (27) "Computer" means an electronic device that accepts information:

1436 (a) (i) in digital form; or

1437 (ii) in a form similar to digital form; and

1438 (b) manipulates that information for a result based on a sequence of instructions.

1439 (28) "Computer software" means a set of coded instructions designed to cause:

1440 (a) a computer to perform a task; or

1441 (b) automatic data processing equipment to perform a task.

1442 (29) "Computer software maintenance contract" means a contract that obligates a seller
1443 of computer software to provide a customer with:

1444 (a) future updates or upgrades to computer software;

1445 (b) support services with respect to computer software; or

1446 (c) a combination of Subsections (29)(a) and (b).

1447 (30) (a) "Conference bridging service" means an ancillary service that links two or
1448 more participants of an audio conference call or video conference call.

1449 (b) "Conference bridging service" may include providing a telephone number as part of
1450 the ancillary service described in Subsection (30)(a).

1451 (c) "Conference bridging service" does not include a telecommunications service used
1452 to reach the ancillary service described in Subsection (30)(a).

1453 (31) "Construction materials" means any tangible personal property that will be

1454 converted into real property.

1455 (32) "Delivered electronically" means delivered to a purchaser by means other than
1456 tangible storage media.

1457 (33) (a) "Delivery charge" means a charge:

1458 (i) by a seller of:

1459 (A) tangible personal property;

1460 (B) a product transferred electronically; or

1461 (C) a service; and

1462 (ii) for preparation and delivery of the tangible personal property, product transferred
1463 electronically, or services described in Subsection (33)(a)(i) to a location designated by the
1464 purchaser.

1465 (b) "Delivery charge" includes a charge for the following:

1466 (i) transportation;

1467 (ii) shipping;

1468 (iii) postage;

1469 (iv) handling;

1470 (v) crating; or

1471 (vi) packing.

1472 (34) "Detailed telecommunications billing service" means an ancillary service of
1473 separately stating information pertaining to individual calls on a customer's billing statement.

1474 (35) "Dietary supplement" means a product, other than tobacco, that:

1475 (a) is intended to supplement the diet;

1476 (b) contains one or more of the following dietary ingredients:

1477 (i) a vitamin;

1478 (ii) a mineral;

1479 (iii) an herb or other botanical;

1480 (iv) an amino acid;

1481 (v) a dietary substance for use by humans to supplement the diet by increasing the total
1482 dietary intake; or

1483 (vi) a concentrate, metabolite, constituent, extract, or combination of any ingredient
1484 described in Subsections (35)(b)(i) through (v);

- 1485 (c) (i) except as provided in Subsection (35)(c)(ii), is intended for ingestion in:
- 1486 (A) tablet form;
- 1487 (B) capsule form;
- 1488 (C) powder form;
- 1489 (D) softgel form;
- 1490 (E) gelcap form; or
- 1491 (F) liquid form; or
- 1492 (ii) if the product is not intended for ingestion in a form described in Subsections
- 1493 (35)(c)(i)(A) through (F), is not represented:
- 1494 (A) as conventional food; and
- 1495 (B) for use as a sole item of:
- 1496 (I) a meal; or
- 1497 (II) the diet; and
- 1498 (d) is required to be labeled as a dietary supplement:
- 1499 (i) identifiable by the "Supplemental Facts" box found on the label; and
- 1500 (ii) as required by 21 C.F.R. Sec. 101.36.
- 1501 (36) (a) "Digital audio work" means a work that results from the fixation of a series of
- 1502 musical, spoken, or other sounds.
- 1503 (b) "Digital audio work" includes a ringtone.
- 1504 (37) "Digital audio-visual work" means a series of related images which, when shown
- 1505 in succession, imparts an impression of motion, together with accompanying sounds, if any.
- 1506 (38) "Digital book" means a work that is generally recognized in the ordinary and usual
- 1507 sense as a book.
- 1508 (39) (a) "Direct mail" means printed material delivered or distributed by United States
- 1509 mail or other delivery service:
- 1510 (i) to:
- 1511 (A) a mass audience; or
- 1512 (B) addressees on a mailing list provided:
- 1513 (I) by a purchaser of the mailing list; or
- 1514 (II) at the discretion of the purchaser of the mailing list; and
- 1515 (ii) if the cost of the printed material is not billed directly to the recipients.

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

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

(40) "Directory assistance" means an ancillary service of providing:

(a) address information; or

(b) telephone number information.

(41) (a) "Disposable home medical equipment or supplies" means medical equipment or supplies that:

(i) cannot withstand repeated use; and

(ii) are purchased by, for, or on behalf of a person other than:

(A) a health care facility as defined in Section 26-21-2;

(B) a health care provider as defined in Section 78B-3-403;

(C) an office of a health care provider described in Subsection (41)(a)(ii)(B); or

(D) a person similar to a person described in Subsections (41)(a)(ii)(A) through (C).

(b) "Disposable home medical equipment or supplies" does not include:

(i) a drug;

(ii) durable medical equipment;

(iii) a hearing aid;

(iv) a hearing aid accessory;

(v) mobility enhancing equipment; or

(vi) tangible personal property used to correct impaired vision, including:

(A) eyeglasses; or

(B) contact lenses.

(c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission may by rule define what constitutes medical equipment or supplies.

(42) "Drilling equipment manufacturer" means a facility:

(a) located in the state;

(b) with respect to which 51% or more of the manufacturing activities of the facility consist of manufacturing component parts of drilling equipment;

(c) that uses pressure of 800,000 or more pounds per square inch as part of the

1547 manufacturing process; and

1548 (d) that uses a temperature of 2,000 or more degrees Fahrenheit as part of the
1549 manufacturing process.

1550 (43) (a) "Drug" means a compound, substance, or preparation, or a component of a
1551 compound, substance, or preparation that is:

1552 (i) recognized in:

1553 (A) the official United States Pharmacopoeia;

1554 (B) the official Homeopathic Pharmacopoeia of the United States;

1555 (C) the official National Formulary; or

1556 (D) a supplement to a publication listed in Subsections (43)(a)(i)(A) through (C);

1557 (ii) intended for use in the:

1558 (A) diagnosis of disease;

1559 (B) cure of disease;

1560 (C) mitigation of disease;

1561 (D) treatment of disease; or

1562 (E) prevention of disease; or

1563 (iii) intended to affect:

1564 (A) the structure of the body; or

1565 (B) any function of the body.

1566 (b) "Drug" does not include:

1567 (i) food and food ingredients;

1568 (ii) a dietary supplement;

1569 (iii) an alcoholic beverage; or

1570 (iv) a prosthetic device.

1571 (44) (a) [~~Except as provided in Subsection (44)(c), "durable"~~] "Durable" medical
1572 equipment" means equipment that:

1573 (i) can withstand repeated use;

1574 (ii) is primarily and customarily used to serve a medical purpose;

1575 (iii) generally is not useful to a person in the absence of illness or injury; and

1576 (iv) is not worn in or on the body.

1577 (b) "Durable medical equipment" includes parts used in the repair or replacement of the

1578 equipment described in Subsection (44)(a).

1579 (c) "Durable medical equipment" does not include mobility enhancing equipment.

1580 (45) "Electronic" means:

1581 (a) relating to technology; and

1582 (b) having:

1583 (i) electrical capabilities;

1584 (ii) digital capabilities;

1585 (iii) magnetic capabilities;

1586 (iv) wireless capabilities;

1587 (v) optical capabilities;

1588 (vi) electromagnetic capabilities; or

1589 (vii) capabilities similar to Subsections (45)(b)(i) through (vi).

1590 (46) "Electronic financial payment service" means an establishment:

1591 (a) within NAICS Code 522320, Financial Transactions Processing, Reserve, and

1592 Clearinghouse Activities, of the 2012 North American Industry Classification System of the

1593 federal Executive Office of the President, Office of Management and Budget; and

1594 (b) that performs electronic financial payment services.

1595 (47) "Employee" means the same as that term is defined in Section [59-10-401](#).

1596 (48) "Fixed guideway" means a public transit facility that uses and occupies:

1597 (a) rail for the use of public transit; or

1598 (b) a separate right-of-way for the use of public transit.

1599 (49) "Fixed wing turbine powered aircraft" means an aircraft that:

1600 (a) is powered by turbine engines;

1601 (b) operates on jet fuel; and

1602 (c) has wings that are permanently attached to the fuselage of the aircraft.

1603 (50) "Fixed wireless service" means a telecommunications service that provides radio

1604 communication between fixed points.

1605 (51) (a) "Food and food ingredients" means substances:

1606 (i) regardless of whether the substances are in:

1607 (A) liquid form;

1608 (B) concentrated form;

- 1609 (C) solid form;
1610 (D) frozen form;
1611 (E) dried form; or
1612 (F) dehydrated form; and
1613 (ii) that are:
1614 (A) sold for:
1615 (I) ingestion by humans; or
1616 (II) chewing by humans; and
1617 (B) consumed for the substance's:
1618 (I) taste; or
1619 (II) nutritional value.
1620 (b) "Food and food ingredients" includes an item described in Subsection (96)(b)(iii).
1621 (c) "Food and food ingredients" does not include:
1622 (i) an alcoholic beverage;
1623 (ii) tobacco; or
1624 (iii) prepared food.
1625 (52) (a) "Fundraising sales" means sales:
1626 (i) (A) made by a school; or
1627 (B) made by a school student;
1628 (ii) that are for the purpose of raising funds for the school to purchase equipment,
1629 materials, or provide transportation; and
1630 (iii) that are part of an officially sanctioned school activity.
1631 (b) For purposes of Subsection (52)(a)(iii), "officially sanctioned school activity"
1632 means a school activity:
1633 (i) that is conducted in accordance with a formal policy adopted by the school or school
1634 district governing the authorization and supervision of fundraising activities;
1635 (ii) that does not directly or indirectly compensate an individual teacher or other
1636 educational personnel by direct payment, commissions, or payment in kind; and
1637 (iii) the net or gross revenues from which are deposited in a dedicated account
1638 controlled by the school or school district.
1639 (53) "Geothermal energy" means energy contained in heat that continuously flows

outward from the earth that is used as the sole source of energy to produce electricity.

(54) "Governing board of the agreement" means the governing board of the agreement that is:

(a) authorized to administer the agreement; and

(b) established in accordance with the agreement.

(55) (a) For purposes of Subsection 59-12-104(41), "governmental entity" means:

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

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

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

(iv) the National Guard;

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

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

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

(i) a school;

(ii) the State Board of Education;

(iii) the Utah Board of Higher Education; or

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

(56) "Hydroelectric energy" means water used as the sole source of energy to produce electricity.

(57) "Industrial use" means the use of natural gas, electricity, heat, coal, fuel oil, hydrogen, or other fuels:

(a) in mining or extraction of minerals;

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

(i) commercial greenhouses;

1671 (ii) irrigation pumps;
1672 (iii) farm machinery;
1673 (iv) implements of husbandry as defined in Section 41-1a-102 that are not registered
1674 under Title 41, Chapter 1a, Part 2, Registration; and
1675 (v) other farming activities;
1676 (c) in manufacturing tangible personal property at an establishment described in:
1677 (i) SIC Codes 2000 to 3999 of the 1987 Standard Industrial Classification Manual of
1678 the federal Executive Office of the President, Office of Management and Budget; or
1679 (ii) a NAICS code within NAICS Sector 31-33, Manufacturing, of the 2017 North
1680 American Industry Classification System of the federal Executive Office of the President,
1681 Office of Management and Budget;
1682 (d) by a scrap recycler if:
1683 (i) from a fixed location, the scrap recycler utilizes machinery or equipment to process
1684 one or more of the following items into prepared grades of processed materials for use in new
1685 products:
1686 (A) iron;
1687 (B) steel;
1688 (C) nonferrous metal;
1689 (D) paper;
1690 (E) glass;
1691 (F) plastic;
1692 (G) textile; or
1693 (H) rubber; and
1694 (ii) the new products under Subsection (57)(d)(i) would otherwise be made with
1695 nonrecycled materials; or
1696 (e) in producing a form of energy or steam described in Subsection 54-2-1(3)(a) by a
1697 cogeneration facility as defined in Section 54-2-1.
1698 (58) (a) [~~Except as provided in Subsection (58)(b), "installation"~~] "Installation charge"
1699 means a charge for installing:
1700 (i) tangible personal property; or
1701 (ii) a product transferred electronically.

1702 (b) "Installation charge" does not include a charge for:
1703 (i) repairs or renovations of:
1704 (A) tangible personal property; or
1705 (B) a product transferred electronically; or
1706 (ii) attaching tangible personal property or a product transferred electronically:
1707 (A) to other tangible personal property; and
1708 (B) as part of a manufacturing or fabrication process.
1709 (59) "Institution of higher education" means an institution of higher education listed in
1710 Section [53B-2-101](#).
1711 (60) (a) "Lease" or "rental" means a transfer of possession or control of tangible
1712 personal property or a product transferred electronically for:
1713 (i) (A) a fixed term; or
1714 (B) an indeterminate term; and
1715 (ii) consideration.
1716 (b) "Lease" or "rental" includes an agreement covering a motor vehicle and trailer if the
1717 amount of consideration may be increased or decreased by reference to the amount realized
1718 upon sale or disposition of the property as defined in Section 7701(h)(1), Internal Revenue
1719 Code.
1720 (c) "Lease" or "rental" does not include:
1721 (i) a transfer of possession or control of property under a security agreement or
1722 deferred payment plan that requires the transfer of title upon completion of the required
1723 payments;
1724 (ii) a transfer of possession or control of property under an agreement that requires the
1725 transfer of title:
1726 (A) upon completion of required payments; and
1727 (B) if the payment of an option price does not exceed the greater of:
1728 (I) \$100; or
1729 (II) 1% of the total required payments; or
1730 (iii) providing tangible personal property along with an operator for a fixed period of
1731 time or an indeterminate period of time if the operator is necessary for equipment to perform as
1732 designed.

1733 (d) For purposes of Subsection (60)(c)(iii), an operator is necessary for equipment to
1734 perform as designed if the operator's duties exceed the:

- 1735 (i) set-up of tangible personal property;
1736 (ii) maintenance of tangible personal property; or
1737 (iii) inspection of tangible personal property.

1738 (61) "Lesson" means a fixed period of time for the duration of which a trained
1739 instructor:

- 1740 (a) is present with a student in person or by video; and
1741 (b) actively instructs the student, including by providing observation or feedback.

1742 (62) "Life science establishment" means an establishment in this state that is classified
1743 under the following NAICS codes of the 2007 North American Industry Classification System
1744 of the federal Executive Office of the President, Office of Management and Budget:

- 1745 (a) NAICS Code 33911, Medical Equipment and Supplies Manufacturing;
1746 (b) NAICS Code 334510, Electromedical and Electrotherapeutic Apparatus
1747 Manufacturing; or

1748 (c) NAICS Code 334517, Irradiation Apparatus Manufacturing.

1749 (63) "Life science research and development facility" means a facility owned, leased,
1750 or rented by a life science establishment if research and development is performed in 51% or
1751 more of the total area of the facility.

1752 (64) "Load and leave" means delivery to a purchaser by use of a tangible storage media
1753 if the tangible storage media is not physically transferred to the purchaser.

1754 (65) "Local taxing jurisdiction" means a:

- 1755 (a) county that is authorized to impose an agreement sales and use tax;
1756 (b) city that is authorized to impose an agreement sales and use tax; or
1757 (c) town that is authorized to impose an agreement sales and use tax.

1758 (66) "Manufactured home" means the same as that term is defined in Section
1759 [15A-1-302](#).

1760 (67) "Manufacturing facility" means:

1761 (a) an establishment described in:

1762 (i) SIC Codes 2000 to 3999 of the 1987 Standard Industrial Classification Manual of
1763 the federal Executive Office of the President, Office of Management and Budget; or

1764 (ii) a NAICS code within NAICS Sector 31-33, Manufacturing, of the 2017 North
1765 American Industry Classification System of the federal Executive Office of the President,
1766 Office of Management and Budget;

1767 (b) a scrap recycler if:

1768 (i) from a fixed location, the scrap recycler utilizes machinery or equipment to process
1769 one or more of the following items into prepared grades of processed materials for use in new
1770 products:

1771 (A) iron;

1772 (B) steel;

1773 (C) nonferrous metal;

1774 (D) paper;

1775 (E) glass;

1776 (F) plastic;

1777 (G) textile; or

1778 (H) rubber; and

1779 (ii) the new products under Subsection (67)(b)(i) would otherwise be made with
1780 nonrecycled materials; or

1781 (c) a cogeneration facility as defined in Section 54-2-1 if the cogeneration facility is
1782 placed in service on or after May 1, 2006.

1783 (68) (a) "Marketplace" means a physical or electronic place, platform, or forum where
1784 tangible personal property, a product transferred electronically, or a service is offered for sale.

1785 (b) "Marketplace" includes a store, a booth, an Internet website, a catalog, or a
1786 dedicated sales software application.

1787 (69) (a) "Marketplace facilitator" means a person, including an affiliate of the person,
1788 that enters into a contract, an agreement, or otherwise with sellers, for consideration, to
1789 facilitate the sale of a seller's product through a marketplace that the person owns, operates, or
1790 controls and that directly or indirectly:

1791 (i) does any of the following:

1792 (A) lists, makes available, or advertises tangible personal property, a product
1793 transferred electronically, or a service for sale by a marketplace seller on a marketplace that the
1794 person owns, operates, or controls;

1795 (B) facilitates the sale of a marketplace seller's tangible personal property, product
1796 transferred electronically, or service by transmitting or otherwise communicating an offer or
1797 acceptance of a retail sale between the marketplace seller and a purchaser using the
1798 marketplace;

1799 (C) owns, rents, licenses, makes available, or operates any electronic or physical
1800 infrastructure or any property, process, method, copyright, trademark, or patent that connects a
1801 marketplace seller to a purchaser for the purpose of making a retail sale of tangible personal
1802 property, a product transferred electronically, or a service;

1803 (D) provides a marketplace for making, or otherwise facilitates, a retail sale of tangible
1804 personal property, a product transferred electronically, or a service, regardless of ownership or
1805 control of the tangible personal property, the product transferred electronically, or the service
1806 that is the subject of the retail sale;

1807 (E) provides software development or research and development activities related to
1808 any activity described in this Subsection (69)(a)(i), if the software development or research and
1809 development activity is directly related to the person's marketplace;

1810 (F) provides or offers fulfillment or storage services for a marketplace seller;

1811 (G) sets prices for the sale of tangible personal property, a product transferred
1812 electronically, or a service by a marketplace seller;

1813 (H) provides or offers customer service to a marketplace seller or a marketplace seller's
1814 purchaser or accepts or assists with taking orders, returns, or exchanges of tangible personal
1815 property, a product transferred electronically, or a service sold by a marketplace seller on the
1816 person's marketplace; or

1817 (I) brands or otherwise identifies sales as those of the person; and

1818 (ii) does any of the following:

1819 (A) collects the sales price or purchase price of a retail sale of tangible personal
1820 property, a product transferred electronically, or a service;

1821 (B) provides payment processing services for a retail sale of tangible personal property,
1822 a product transferred electronically, or a service;

1823 (C) charges, collects, or otherwise receives a selling fee, listing fee, referral fee, closing
1824 fee, a fee for inserting or making available tangible personal property, a product transferred
1825 electronically, or a service on the person's marketplace, or other consideration for the

1826 facilitation of a retail sale of tangible personal property, a product transferred electronically, or
1827 a service, regardless of ownership or control of the tangible personal property, the product
1828 transferred electronically, or the service that is the subject of the retail sale;

1829 (D) through terms and conditions, an agreement, or another arrangement with a third
1830 person, collects payment from a purchase for a retail sale of tangible personal property, a
1831 product transferred electronically, or a service and transmits that payment to the marketplace
1832 seller, regardless of whether the third person receives compensation or other consideration in
1833 exchange for the service; or

1834 (E) provides a virtual currency for a purchaser to use to purchase tangible personal
1835 property, a product transferred electronically, or service offered for sale.

1836 (b) "Marketplace facilitator" does not include:

1837 (i) a person that only provides payment processing services; or

1838 (ii) a person described in Subsection (69)(a) to the extent the person is facilitating a
1839 sale for a seller that is a restaurant as defined in Section [59-12-602](#).

1840 (70) "Marketplace seller" means a seller that makes one or more retail sales through a
1841 marketplace that a marketplace facilitator owns, operates, or controls, regardless of whether the
1842 seller is required to be registered to collect and remit the tax under this part.

1843 (71) "Member of the immediate family of the producer" means a person who is related
1844 to a producer described in Subsection [59-12-104](#)(20)(a) as a:

1845 (a) child or stepchild, regardless of whether the child or stepchild is:

1846 (i) an adopted child or adopted stepchild; or

1847 (ii) a foster child or foster stepchild;

1848 (b) grandchild or stepgrandchild;

1849 (c) grandparent or stepgrandparent;

1850 (d) nephew or stepnephew;

1851 (e) niece or stepniece;

1852 (f) parent or stepparent;

1853 (g) sibling or stepsibling;

1854 (h) spouse;

1855 (i) person who is the spouse of a person described in Subsections (71)(a) through (g);

1856 or

1857 (j) person similar to a person described in Subsections (71)(a) through (i) as
1858 determined by the commission by rule made in accordance with Title 63G, Chapter 3, Utah
1859 Administrative Rulemaking Act.

1860 (72) "Mobile home" means the same as that term is defined in Section 15A-1-302.

1861 (73) "Mobile telecommunications service" means the same as that term is defined in
1862 the Mobile Telecommunications Sourcing Act, 4 U.S.C. Sec. 124.

1863 (74) (a) "Mobile wireless service" means a telecommunications service, regardless of
1864 the technology used, if:

1865 (i) the origination point of the conveyance, routing, or transmission is not fixed;

1866 (ii) the termination point of the conveyance, routing, or transmission is not fixed; or

1867 (iii) the origination point described in Subsection (74)(a)(i) and the termination point
1868 described in Subsection (74)(a)(ii) are not fixed.

1869 (b) "Mobile wireless service" includes a telecommunications service that is provided
1870 by a commercial mobile radio service provider.

1871 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
1872 commission may by rule define "commercial mobile radio service provider."

1873 (75) (a) [~~Except as provided in Subsection (75)(c), "mobility"~~] "Mobility enhancing
1874 equipment" means equipment that is:

1875 (i) primarily and customarily used to provide or increase the ability to move from one
1876 place to another;

1877 (ii) appropriate for use in a:

1878 (A) home; or

1879 (B) motor vehicle; and

1880 (iii) not generally used by persons with normal mobility.

1881 (b) "Mobility enhancing equipment" includes parts used in the repair or replacement of
1882 the equipment described in Subsection (75)(a).

1883 (c) "Mobility enhancing equipment" does not include:

1884 (i) a motor vehicle;

1885 (ii) equipment on a motor vehicle if that equipment is normally provided by the motor
1886 vehicle manufacturer;

1887 (iii) durable medical equipment; or

1888 (iv) a prosthetic device.

1889 (76) "Model 1 seller" means a seller registered under the agreement that has selected a
1890 certified service provider as the seller's agent to perform the seller's sales and use tax functions
1891 for agreement sales and use taxes, as outlined in the contract between the governing board of
1892 the agreement and the certified service provider, other than the seller's obligation under Section
1893 59-12-124 to remit a tax on the seller's own purchases.

1894 (77) "Model 2 seller" means a seller registered under the agreement that:

1895 (a) except as provided in Subsection (77)(b), has selected a certified automated system
1896 to perform the seller's sales tax functions for agreement sales and use taxes; and

1897 (b) retains responsibility for remitting all of the sales tax:

1898 (i) collected by the seller; and

1899 (ii) to the appropriate local taxing jurisdiction.

1900 (78) (a) Subject to Subsection (78)(b), "model 3 seller" means a seller registered under
1901 the agreement that has:

1902 (i) sales in at least five states that are members of the agreement;

1903 (ii) total annual sales revenues of at least \$500,000,000;

1904 (iii) a proprietary system that calculates the amount of tax:

1905 (A) for an agreement sales and use tax; and

1906 (B) due to each local taxing jurisdiction; and

1907 (iv) entered into a performance agreement with the governing board of the agreement.

1908 (b) ~~[For purposes of Subsection (78)(a), "model]~~ "Model 3 seller" includes an affiliated
1909 group of sellers using the same proprietary system.

1910 (79) "Model 4 seller" means a seller that is registered under the agreement and is not a
1911 model 1 seller, model 2 seller, or model 3 seller.

1912 (80) "Modular home" means a modular unit as defined in Section 15A-1-302.

1913 (81) "Motor vehicle" means the same as that term is defined in Section 41-1a-102.

1914 (82) "Oil sands" means impregnated bituminous sands that:

1915 (a) contain a heavy, thick form of petroleum that is released when heated, mixed with
1916 other hydrocarbons, or otherwise treated;

1917 (b) yield mixtures of liquid hydrocarbon; and

1918 (c) require further processing other than mechanical blending before becoming finished

1919 petroleum products.

1920 (83) "Oil shale" means a group of fine black to dark brown shales containing kerogen
1921 material that yields petroleum upon heating and distillation.

1922 (84) "Optional computer software maintenance contract" means a computer software
1923 maintenance contract that a customer is not obligated to purchase as a condition to the retail
1924 sale of computer software.

1925 (85) (a) "Other fuels" means products that burn independently to produce heat or
1926 energy.

1927 (b) "Other fuels" includes oxygen when it is used in the manufacturing of tangible
1928 personal property.

1929 (86) (a) "Paging service" means a telecommunications service that provides
1930 transmission of a coded radio signal for the purpose of activating a specific pager.

1931 (b) For purposes of Subsection (86)(a), the transmission of a coded radio signal
1932 includes a transmission by message or sound.

1933 (87) "Pawn transaction" means the same as that term is defined in Section [13-32a-102](#).

1934 ~~[(87)]~~ (88) "Pawnbroker" means the same as that term is defined in Section
1935 [13-32a-102](#).

1936 ~~[(88) "Pawn transaction" means the same as that term is defined in Section~~
1937 ~~[13-32a-102](#).]~~

1938 (89) (a) "Permanently attached to real property" means that for tangible personal
1939 property attached to real property:

1940 (i) the attachment of the tangible personal property to the real property:

1941 (A) is essential to the use of the tangible personal property; and

1942 (B) suggests that the tangible personal property will remain attached to the real
1943 property in the same place over the useful life of the tangible personal property; or

1944 (ii) if the tangible personal property is detached from the real property, the detachment
1945 would:

1946 (A) cause substantial damage to the tangible personal property; or

1947 (B) require substantial alteration or repair of the real property to which the tangible
1948 personal property is attached.

1949 (b) "Permanently attached to real property" includes:

1950 (i) the attachment of an accessory to the tangible personal property if the accessory is:
1951 (A) essential to the operation of the tangible personal property; and
1952 (B) attached only to facilitate the operation of the tangible personal property;
1953 (ii) a temporary detachment of tangible personal property from real property for a
1954 repair or renovation if the repair or renovation is performed where the tangible personal
1955 property and real property are located; or
1956 (iii) property attached to oil, gas, or water pipelines, except for the property listed in
1957 Subsection (89)(c)(iii) or (iv).
1958 (c) "Permanently attached to real property" does not include:
1959 (i) the attachment of portable or movable tangible personal property to real property if
1960 that portable or movable tangible personal property is attached to real property only for:
1961 (A) convenience;
1962 (B) stability; or
1963 (C) for an obvious temporary purpose;
1964 (ii) the detachment of tangible personal property from real property except for the
1965 detachment described in Subsection (89)(b)(ii);
1966 (iii) an attachment of the following tangible personal property to real property if the
1967 attachment to real property is only through a line that supplies water, electricity, gas,
1968 telecommunications, cable, or supplies a similar item as determined by the commission by rule
1969 made in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act:
1970 (A) a computer;
1971 (B) a telephone;
1972 (C) a television; or
1973 (D) tangible personal property similar to Subsections (89)(c)(iii)(A) through (C) as
1974 determined by the commission by rule made in accordance with Title 63G, Chapter 3, Utah
1975 Administrative Rulemaking Act; or
1976 (iv) an item listed in Subsection (130)(c).
1977 (90) "Person" includes any individual, firm, partnership, joint venture, association,
1978 corporation, estate, trust, business trust, receiver, syndicate, this state, any county, city,
1979 municipality, district, or other local governmental entity of the state, or any group or
1980 combination acting as a unit.

- 1981 (91) "Place of primary use":
1982 (a) for telecommunications service other than mobile telecommunications service,
1983 means the street address representative of where the customer's use of the telecommunications
1984 service primarily occurs, which shall be:
1985 (i) the residential street address of the customer; or
1986 (ii) the primary business street address of the customer; or
1987 (b) for mobile telecommunications service, means the same as that term is defined in
1988 the Mobile Telecommunications Sourcing Act, 4 U.S.C. Sec. 124.
- 1989 (92) (a) "Postpaid calling service" means a telecommunications service a person
1990 obtains by making a payment on a call-by-call basis:
1991 (i) through the use of a:
1992 (A) bank card;
1993 (B) credit card;
1994 (C) debit card; or
1995 (D) travel card; or
1996 (ii) by a charge made to a telephone number that is not associated with the origination
1997 or termination of the telecommunications service.
- 1998 (b) "Postpaid calling service" includes a service, except for a prepaid wireless calling
1999 service, that would be a prepaid wireless calling service if the service were exclusively a
2000 telecommunications service.
- 2001 (93) "Postproduction" means an activity related to the finishing or duplication of a
2002 medium described in Subsection 59-12-104(54)(a).
- 2003 (94) "Prepaid calling service" means a telecommunications service:
2004 (a) that allows a purchaser access to telecommunications service that is exclusively
2005 telecommunications service;
2006 (b) that:
2007 (i) is paid for in advance; and
2008 (ii) enables the origination of a call using an:
2009 (A) access number; or
2010 (B) authorization code;
2011 (c) that is dialed:

2012 (i) manually; or
2013 (ii) electronically; and
2014 (d) sold in predetermined units or dollars that decline:
2015 (i) by a known amount; and
2016 (ii) with use.
2017 (95) "Prepaid wireless calling service" means a telecommunications service:
2018 (a) that provides the right to utilize:
2019 (i) mobile wireless service; and
2020 (ii) other service that is not a telecommunications service, including:
2021 (A) the download of a product transferred electronically;
2022 (B) a content service; or
2023 (C) an ancillary service;
2024 (b) that:
2025 (i) is paid for in advance; and
2026 (ii) enables the origination of a call using an:
2027 (A) access number; or
2028 (B) authorization code;
2029 (c) that is dialed:
2030 (i) manually; or
2031 (ii) electronically; and
2032 (d) sold in predetermined units or dollars that decline:
2033 (i) by a known amount; and
2034 (ii) with use.
2035 (96) (a) "Prepared food" means:
2036 (i) food:
2037 (A) sold in a heated state; or
2038 (B) heated by a seller;
2039 (ii) two or more food ingredients mixed or combined by the seller for sale as a single
2040 item; or
2041 (iii) except as provided in Subsection (96)(c), food sold with an eating utensil provided
2042 by the seller, including a:

2043 (A) plate;
2044 (B) knife;
2045 (C) fork;
2046 (D) spoon;
2047 (E) glass;
2048 (F) cup;
2049 (G) napkin; or
2050 (H) straw.
2051 (b) "Prepared food" does not include:
2052 (i) food that a seller only:
2053 (A) cuts;
2054 (B) repackages; or
2055 (C) pasteurizes; or
2056 (ii) (A) the following:
2057 (I) raw egg;
2058 (II) raw fish;
2059 (III) raw meat;
2060 (IV) raw poultry; or
2061 (V) a food containing an item described in Subsections (96)(b)(ii)(A)(I) through (IV);
2062 and
2063 (B) if the Food and Drug Administration recommends in Chapter 3, Part 401.11 of the
2064 Food and Drug Administration's Food Code that a consumer cook the items described in
2065 Subsection (96)(b)(ii)(A) to prevent food borne illness; or
2066 (iii) the following if sold without eating utensils provided by the seller:
2067 (A) food and food ingredients sold by a seller if the seller's proper primary
2068 classification under the 2002 North American Industry Classification System of the federal
2069 Executive Office of the President, Office of Management and Budget, is manufacturing in
2070 Sector 311, Food Manufacturing, except for Subsector 3118, Bakeries and Tortilla
2071 Manufacturing;
2072 (B) food and food ingredients sold in an unheated state:
2073 (I) by weight or volume; and

2074 (II) as a single item; or
2075 (C) a bakery item, including:
2076 (I) a bagel;
2077 (II) a bar;
2078 (III) a biscuit;
2079 (IV) bread;
2080 (V) a bun;
2081 (VI) a cake;
2082 (VII) a cookie;
2083 (VIII) a croissant;
2084 (IX) a danish;
2085 (X) a donut;
2086 (XI) a muffin;
2087 (XII) a pastry;
2088 (XIII) a pie;
2089 (XIV) a roll;
2090 (XV) a tart;
2091 (XVI) a torte; or
2092 (XVII) a tortilla.
2093 (c) An eating utensil provided by the seller does not include the following used to
2094 transport the food:
2095 (i) a container; or
2096 (ii) packaging.
2097 (97) "Prescription" means an order, formula, or recipe that is issued:
2098 (a) (i) orally;
2099 (ii) in writing;
2100 (iii) electronically; or
2101 (iv) by any other manner of transmission; and
2102 (b) by a licensed practitioner authorized by the laws of a state.
2103 (98) (a) [~~Except as provided in Subsection (98)(b)(ii) or (iii), "prewritten"~~] "Prewritten
2104 computer software" means computer software that is not designed and developed:

2105 (i) by the author or other creator of the computer software; and
2106 (ii) to the specifications of a specific purchaser.
2107 (b) "Prewritten computer software" includes:
2108 (i) a prewritten upgrade to computer software if the prewritten upgrade to the computer
2109 software is not designed and developed:
2110 (A) by the author or other creator of the computer software; and
2111 (B) to the specifications of a specific purchaser;
2112 (ii) computer software designed and developed by the author or other creator of the
2113 computer software to the specifications of a specific purchaser if the computer software is sold
2114 to a person other than the purchaser; or
2115 (iii) except as provided in Subsection (98)(c), prewritten computer software or a
2116 prewritten portion of prewritten computer software:
2117 (A) that is modified or enhanced to any degree; and
2118 (B) if the modification or enhancement described in Subsection (98)(b)(iii)(A) is
2119 designed and developed to the specifications of a specific purchaser.
2120 (c) "Prewritten computer software" does not include a modification or enhancement
2121 described in Subsection (98)(b)(iii) if the charges for the modification or enhancement are:
2122 (i) reasonable; and
2123 (ii) subject to Subsections 59-12-103(2)(e)(ii) and (2)(f)(i), separately stated on the
2124 invoice or other statement of price provided to the purchaser at the time of sale or later, as
2125 demonstrated by:
2126 (A) the books and records the seller keeps at the time of the transaction in the regular
2127 course of business, including books and records the seller keeps at the time of the transaction in
2128 the regular course of business for nontax purposes;
2129 (B) a preponderance of the facts and circumstances at the time of the transaction; and
2130 (C) the understanding of all of the parties to the transaction.
2131 (99) (a) "Private communications service" means a telecommunications service:
2132 (i) that entitles a customer to exclusive or priority use of one or more communications
2133 channels between or among termination points; and
2134 (ii) regardless of the manner in which the one or more communications channels are
2135 connected.

2136 (b) "Private communications service" includes the following provided in connection
2137 with the use of one or more communications channels:

- 2138 (i) an extension line;
- 2139 (ii) a station;
- 2140 (iii) switching capacity; or
- 2141 (iv) another associated service that is provided in connection with the use of one or
2142 more communications channels as defined in Section 59-12-215.

2143 (100) (a) [~~Except as provided in Subsection (100)(b), "product"~~] "Product transferred
2144 electronically" means a product transferred electronically that would be subject to a tax under
2145 this chapter if that product was transferred in a manner other than electronically.

2146 (b) "Product transferred electronically" does not include:

- 2147 (i) an ancillary service;
- 2148 (ii) computer software; or
- 2149 (iii) a telecommunications service.

2150 (101) (a) "Prosthetic device" means a device that is worn on or in the body to:

- 2151 (i) artificially replace a missing portion of the body;
- 2152 (ii) prevent or correct a physical deformity or physical malfunction; or
- 2153 (iii) support a weak or deformed portion of the body.

2154 (b) "Prosthetic device" includes:

- 2155 (i) parts used in the repairs or renovation of a prosthetic device;
- 2156 (ii) replacement parts for a prosthetic device;
- 2157 (iii) a dental prosthesis; or
- 2158 (iv) a hearing aid.

2159 (c) "Prosthetic device" does not include:

- 2160 (i) corrective eyeglasses; or
- 2161 (ii) contact lenses.

2162 (102) (a) "Protective equipment" means an item:

- 2163 (i) for human wear; and
- 2164 (ii) that is:
 - 2165 (A) designed as protection:
 - 2166 (I) to the wearer against injury or disease; or

2167 (II) against damage or injury of other persons or property; and
2168 (B) not suitable for general use.

2169 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
2170 commission shall make rules:

2171 (i) listing the items that constitute "protective equipment"; and
2172 (ii) that are consistent with the list of items that constitute "protective equipment"
2173 under the agreement.

2174 (103) (a) For purposes of Subsection 59-12-104(41), "publication" means any written
2175 or printed matter, other than a photocopy:

2176 (i) regardless of:

2177 (A) characteristics;
2178 (B) copyright;
2179 (C) form;
2180 (D) format;
2181 (E) method of reproduction; or
2182 (F) source; and
2183 (ii) made available in printed or electronic format.

2184 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
2185 commission may by rule define the term "photocopy."

2186 (104) (a) "Purchase price" and "sales price" mean the total amount of consideration:

2187 (i) valued in money; and
2188 (ii) for which tangible personal property, a product transferred electronically, or
2189 services are:

2190 (A) sold;
2191 (B) leased; or
2192 (C) rented.

2193 (b) "Purchase price" and "sales price" include:

2194 (i) the seller's cost of the tangible personal property, a product transferred
2195 electronically, or services sold;
2196 (ii) expenses of the seller, including:
2197 (A) the cost of materials used;

2198 (B) a labor cost;
2199 (C) a service cost;
2200 (D) interest;
2201 (E) a loss;
2202 (F) the cost of transportation to the seller; or
2203 (G) a tax imposed on the seller;
2204 (iii) a charge by the seller for any service necessary to complete the sale; or
2205 (iv) consideration a seller receives from a person other than the purchaser if:
2206 (A) (I) the seller actually receives consideration from a person other than the purchaser;
2207 and
2208 (II) the consideration described in Subsection (104)(b)(iv)(A)(I) is directly related to a
2209 price reduction or discount on the sale;
2210 (B) the seller has an obligation to pass the price reduction or discount through to the
2211 purchaser;
2212 (C) the amount of the consideration attributable to the sale is fixed and determinable by
2213 the seller at the time of the sale to the purchaser; and
2214 (D) (I) (Aa) the purchaser presents a certificate, coupon, or other documentation to the
2215 seller to claim a price reduction or discount; and
2216 (Bb) a person other than the seller authorizes, distributes, or grants the certificate,
2217 coupon, or other documentation with the understanding that the person other than the seller
2218 will reimburse any seller to whom the certificate, coupon, or other documentation is presented;
2219 (II) the purchaser identifies that purchaser to the seller as a member of a group or
2220 organization allowed a price reduction or discount, except that a preferred customer card that is
2221 available to any patron of a seller does not constitute membership in a group or organization
2222 allowed a price reduction or discount; or
2223 (III) the price reduction or discount is identified as a third party price reduction or
2224 discount on the:
2225 (Aa) invoice the purchaser receives; or
2226 (Bb) certificate, coupon, or other documentation the purchaser presents.
2227 (c) "Purchase price" and "sales price" do not include:
2228 (i) a discount:

- 2229 (A) in a form including:
- 2230 (I) cash;
- 2231 (II) term; or
- 2232 (III) coupon;
- 2233 (B) that is allowed by a seller;
- 2234 (C) taken by a purchaser on a sale; and
- 2235 (D) that is not reimbursed by a third party; or
- 2236 (ii) subject to Subsections 59-12-103(2)(e)(ii) and (2)(f)(i), the following if separately
- 2237 stated on an invoice, bill of sale, or similar document provided to the purchaser at the time of
- 2238 sale or later, as demonstrated by the books and records the seller keeps at the time of the
- 2239 transaction in the regular course of business, including books and records the seller keeps at the
- 2240 time of the transaction in the regular course of business for nontax purposes, by a
- 2241 preponderance of the facts and circumstances at the time of the transaction, and by the
- 2242 understanding of all of the parties to the transaction:
- 2243 (A) the following from credit extended on the sale of tangible personal property or
- 2244 services:
- 2245 (I) a carrying charge;
- 2246 (II) a financing charge; or
- 2247 (III) an interest charge;
- 2248 (B) a delivery charge;
- 2249 (C) an installation charge;
- 2250 (D) a manufacturer rebate on a motor vehicle; or
- 2251 (E) a tax or fee legally imposed directly on the consumer.
- 2252 (105) "Purchaser" means a person to whom:
- 2253 (a) a sale of tangible personal property is made;
- 2254 (b) a product is transferred electronically; or
- 2255 (c) a service is furnished.
- 2256 (106) "Qualifying data center" means a data center facility that:
- 2257 (a) houses a group of networked server computers in one physical location in order to
- 2258 disseminate, manage, and store data and information;
- 2259 (b) is located in the state;

- 2260 (c) is a new operation constructed on or after July 1, 2016;
- 2261 (d) consists of one or more buildings that total 150,000 or more square feet;
- 2262 (e) is owned or leased by:
- 2263 (i) the operator of the data center facility; or
- 2264 (ii) a person under common ownership, as defined in Section 59-7-101, of the operator
- 2265 of the data center facility; and
- 2266 (f) is located on one or more parcels of land that are owned or leased by:
- 2267 (i) the operator of the data center facility; or
- 2268 (ii) a person under common ownership, as defined in Section 59-7-101, of the operator
- 2269 of the data center facility.
- 2270 (107) "Regularly rented" means:
- 2271 (a) rented to a guest for value three or more times during a calendar year; or
- 2272 (b) advertised or held out to the public as a place that is regularly rented to guests for
- 2273 value.
- 2274 (108) "Rental" means the same as that term is defined in Subsection (60).
- 2275 (109) (a) [~~Except as provided in Subsection (109)(b), "repairs"~~] "Repairs" or renovations
- 2276 of tangible personal property" means:
- 2277 (i) a repair or renovation of tangible personal property that is not permanently attached
- 2278 to real property; or
- 2279 (ii) attaching tangible personal property or a product transferred electronically to other
- 2280 tangible personal property or detaching tangible personal property or a product transferred
- 2281 electronically from other tangible personal property if:
- 2282 (A) the other tangible personal property to which the tangible personal property or
- 2283 product transferred electronically is attached or from which the tangible personal property or
- 2284 product transferred electronically is detached is not permanently attached to real property; and
- 2285 (B) the attachment of tangible personal property or a product transferred electronically
- 2286 to other tangible personal property or detachment of tangible personal property or a product
- 2287 transferred electronically from other tangible personal property is made in conjunction with a
- 2288 repair or replacement of tangible personal property or a product transferred electronically.
- 2289 (b) "Repairs or renovations of tangible personal property" does not include:
- 2290 (i) attaching prewritten computer software to other tangible personal property if the

2291 other tangible personal property to which the prewritten computer software is attached is not
2292 permanently attached to real property; or

2293 (ii) detaching prewritten computer software from other tangible personal property if the
2294 other tangible personal property from which the prewritten computer software is detached is
2295 not permanently attached to real property.

2296 (110) "Research and development" means the process of inquiry or experimentation
2297 aimed at the discovery of facts, devices, technologies, or applications and the process of
2298 preparing those devices, technologies, or applications for marketing.

2299 (111) (a) "Residential telecommunications services" means a telecommunications
2300 service or an ancillary service that is provided to an individual for personal use:

2301 (i) at a residential address; or

2302 (ii) at an institution, including a nursing home or a school, if the telecommunications
2303 service or ancillary service is provided to and paid for by the individual residing at the
2304 institution rather than the institution.

2305 (b) For purposes of Subsection (111)(a)(i), a residential address includes an:

2306 (i) apartment; or

2307 (ii) other individual dwelling unit.

2308 (112) "Residential use" means the use in or around a home, apartment building,
2309 sleeping quarters, and similar facilities or accommodations.

2310 (113) "Retail sale" or "sale at retail" means a sale, lease, or rental for a purpose other
2311 than:

2312 (a) resale;

2313 (b) sublease; or

2314 (c) subrent.

2315 (114) (a) "Retailer" means any person, unless prohibited by the Constitution of the
2316 United States or federal law, that is engaged in a regularly organized business in tangible
2317 personal property or any other taxable transaction under Subsection 59-12-103(1), and who is
2318 selling to the user or consumer and not for resale.

2319 (b) "Retailer" includes commission merchants, auctioneers, and any person regularly
2320 engaged in the business of selling to users or consumers within the state.

2321 (115) (a) "Sale" means any transfer of title, exchange, or barter, conditional or

2322 otherwise, in any manner, of tangible personal property or any other taxable transaction under
2323 Subsection 59-12-103(1), for consideration.

2324 (b) "Sale" includes:

2325 (i) installment and credit sales;

2326 (ii) any closed transaction constituting a sale;

2327 (iii) any sale of electrical energy, gas, services, or entertainment taxable under this
2328 chapter;

2329 (iv) any transaction if the possession of property is transferred but the seller retains the
2330 title as security for the payment of the price; and

2331 (v) any transaction under which right to possession, operation, or use of any article of
2332 tangible personal property is granted under a lease or contract and the transfer of possession
2333 would be taxable if an outright sale were made.

2334 (116) "Sale at retail" means the same as that term is defined in Subsection (113).

2335 (117) "Sale-leaseback transaction" means a transaction by which title to tangible
2336 personal property or a product transferred electronically that is subject to a tax under this
2337 chapter is transferred:

2338 (a) by a purchaser-lessee;

2339 (b) to a lessor;

2340 (c) for consideration; and

2341 (d) if:

2342 (i) the purchaser-lessee paid sales and use tax on the purchaser-lessee's initial purchase
2343 of the tangible personal property or product transferred electronically;

2344 (ii) the sale of the tangible personal property or product transferred electronically to the
2345 lessor is intended as a form of financing:

2346 (A) for the tangible personal property or product transferred electronically; and

2347 (B) to the purchaser-lessee; and

2348 (iii) in accordance with generally accepted accounting principles, the purchaser-lessee
2349 is required to:

2350 (A) capitalize the tangible personal property or product transferred electronically for
2351 financial reporting purposes; and

2352 (B) account for the lease payments as payments made under a financing arrangement.

2353 (118) "Sales price" means the same as that term is defined in Subsection (104).
2354 (119) (a) "Sales relating to schools" means the following sales by, amounts paid to, or
2355 amounts charged by a school:
2356 (i) sales that are directly related to the school's educational functions or activities
2357 including:
2358 (A) the sale of:
2359 (I) textbooks;
2360 (II) textbook fees;
2361 (III) laboratory fees;
2362 (IV) laboratory supplies; or
2363 (V) safety equipment;
2364 (B) the sale of a uniform, protective equipment, or sports or recreational equipment
2365 that:
2366 (I) a student is specifically required to wear as a condition of participation in a
2367 school-related event or school-related activity; and
2368 (II) is not readily adaptable to general or continued usage to the extent that it takes the
2369 place of ordinary clothing;
2370 (C) sales of the following if the net or gross revenues generated by the sales are
2371 deposited into a school district fund or school fund dedicated to school meals:
2372 (I) food and food ingredients; or
2373 (II) prepared food; or
2374 (D) transportation charges for official school activities; or
2375 (ii) amounts paid to or amounts charged by a school for admission to a school-related
2376 event or school-related activity.
2377 (b) "Sales relating to schools" does not include:
2378 (i) bookstore sales of items that are not educational materials or supplies;
2379 (ii) except as provided in Subsection (119)(a)(i)(B):
2380 (A) clothing;
2381 (B) clothing accessories or equipment;
2382 (C) protective equipment; or
2383 (D) sports or recreational equipment; or

2384 (iii) amounts paid to or amounts charged by a school for admission to a school-related
2385 event or school-related activity if the amounts paid or charged are passed through to a person:

2386 (A) other than a:

2387 (I) school;

2388 (II) nonprofit organization authorized by a school board or a governing body of a
2389 private school to organize and direct a competitive secondary school activity; or

2390 (III) nonprofit association authorized by a school board or a governing body of a
2391 private school to organize and direct a competitive secondary school activity; and

2392 (B) that is required to collect sales and use taxes under this chapter.

2393 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
2394 commission may make rules defining the term "passed through."

2395 (120) For purposes of this section and Section [59-12-104](#), "school" means:

2396 (a) an elementary school or a secondary school that:

2397 (i) is a:

2398 (A) public school; or

2399 (B) private school; and

2400 (ii) provides instruction for one or more grades kindergarten through 12; or

2401 (b) a public school district.

2402 (121) (a) "Seller" means a person that makes a sale, lease, or rental of:

2403 (i) tangible personal property;

2404 (ii) a product transferred electronically; or

2405 (iii) a service.

2406 (b) "Seller" includes a marketplace facilitator.

2407 (122) (a) "Semiconductor fabricating, processing, research, or development materials"
2408 means tangible personal property or a product transferred electronically if the tangible personal
2409 property or product transferred electronically is:

2410 (i) used primarily in the process of:

2411 (A) (I) manufacturing a semiconductor;

2412 (II) fabricating a semiconductor; or

2413 (III) research or development of a:

2414 (Aa) semiconductor; or

2415 (Bb) semiconductor manufacturing process; or
2416 (B) maintaining an environment suitable for a semiconductor; or
2417 (ii) consumed primarily in the process of:
2418 (A) (I) manufacturing a semiconductor;
2419 (II) fabricating a semiconductor; or
2420 (III) research or development of a:
2421 (Aa) semiconductor; or
2422 (Bb) semiconductor manufacturing process; or
2423 (B) maintaining an environment suitable for a semiconductor.
2424 (b) "Semiconductor fabricating, processing, research, or development materials"
2425 includes:
2426 (i) parts used in the repairs or renovations of tangible personal property or a product
2427 transferred electronically described in Subsection (122)(a); or
2428 (ii) a chemical, catalyst, or other material used to:
2429 (A) produce or induce in a semiconductor a:
2430 (I) chemical change; or
2431 (II) physical change;
2432 (B) remove impurities from a semiconductor; or
2433 (C) improve the marketable condition of a semiconductor.
2434 (123) "Senior citizen center" means a facility having the primary purpose of providing
2435 services to the aged as defined in Section [62A-3-101](#).
2436 (124) (a) [~~Subject to Subsections (124)(b) and (c), "short-term~~] "Short-term lodging
2437 consumable" means tangible personal property that:
2438 (i) a business that provides accommodations and services described in Subsection
2439 [59-12-103](#)(1)(i) purchases as part of a transaction to provide the accommodations and services
2440 to a purchaser;
2441 (ii) is intended to be consumed by the purchaser; and
2442 (iii) is:
2443 (A) included in the purchase price of the accommodations and services; and
2444 (B) not separately stated on an invoice, bill of sale, or other similar document provided
2445 to the purchaser.

2446 (b) "Short-term lodging consumable" includes:
2447 (i) a beverage;
2448 (ii) a brush or comb;
2449 (iii) a cosmetic;
2450 (iv) a hair care product;
2451 (v) lotion;
2452 (vi) a magazine;
2453 (vii) makeup;
2454 (viii) a meal;
2455 (ix) mouthwash;
2456 (x) nail polish remover;
2457 (xi) a newspaper;
2458 (xii) a notepad;
2459 (xiii) a pen;
2460 (xiv) a pencil;
2461 (xv) a razor;
2462 (xvi) saline solution;
2463 (xvii) a sewing kit;
2464 (xviii) shaving cream;
2465 (xix) a shoe shine kit;
2466 (xx) a shower cap;
2467 (xxi) a snack item;
2468 (xxii) soap;
2469 (xxiii) toilet paper;
2470 (xxiv) a toothbrush;
2471 (xxv) toothpaste; or
2472 (xxvi) an item similar to Subsections (124)(b)(i) through (xxv) as the commission may
2473 provide by rule made in accordance with Title 63G, Chapter 3, Utah Administrative
2474 Rulemaking Act.
2475 (c) "Short-term lodging consumable" does not include:
2476 (i) tangible personal property that is cleaned or washed to allow the tangible personal

2477 property to be reused; or

2478 (ii) a product transferred electronically.

2479 (125) "Simplified electronic return" means the electronic return:

2480 (a) described in Section 318(C) of the agreement; and

2481 (b) approved by the governing board of the agreement.

2482 (126) "Solar energy" means the sun used as the sole source of energy for producing

2483 electricity.

2484 (127) (a) "Sports or recreational equipment" means an item:

2485 (i) designed for human use; and

2486 (ii) that is:

2487 (A) worn in conjunction with:

2488 (I) an athletic activity; or

2489 (II) a recreational activity; and

2490 (B) not suitable for general use.

2491 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the

2492 commission shall make rules:

2493 (i) listing the items that constitute "sports or recreational equipment"; and

2494 (ii) that are consistent with the list of items that constitute "sports or recreational

2495 equipment" under the agreement.

2496 (128) "State" means the state of Utah, its departments, and agencies.

2497 (129) "Storage" means any keeping or retention of tangible personal property or any

2498 other taxable transaction under Subsection 59-12-103(1), in this state for any purpose except

2499 sale in the regular course of business.

2500 (130) (a) [~~Except as provided in Subsection (130)(d) or (e), "tangible"~~] "Tangible

2501 personal property" means personal property that:

2502 (i) may be:

2503 (A) seen;

2504 (B) weighed;

2505 (C) measured;

2506 (D) felt; or

2507 (E) touched; or

2508 (ii) is in any manner perceptible to the senses.

2509 (b) "Tangible personal property" includes:

2510 (i) electricity;

2511 (ii) water;

2512 (iii) gas;

2513 (iv) steam; or

2514 (v) prewritten computer software, regardless of the manner in which the prewritten
2515 computer software is transferred.

2516 (c) "Tangible personal property" includes the following regardless of whether the item
2517 is attached to real property:

2518 (i) a dishwasher;

2519 (ii) a dryer;

2520 (iii) a freezer;

2521 (iv) a microwave;

2522 (v) a refrigerator;

2523 (vi) a stove;

2524 (vii) a washer; or

2525 (viii) an item similar to Subsections (130)(c)(i) through (vii) as determined by the
2526 commission by rule made in accordance with Title 63G, Chapter 3, Utah Administrative
2527 Rulemaking Act.

2528 (d) "Tangible personal property" does not include a product that is transferred
2529 electronically.

2530 (e) "Tangible personal property" does not include the following if attached to real
2531 property, regardless of whether the attachment to real property is only through a line that
2532 supplies water, electricity, gas, telephone, cable, or supplies a similar item as determined by the
2533 commission by rule made in accordance with Title 63G, Chapter 3, Utah Administrative
2534 Rulemaking Act:

2535 (i) a hot water heater;

2536 (ii) a water filtration system; or

2537 (iii) a water softener system.

2538 (131) (a) "Telecommunications enabling or facilitating equipment, machinery, or

2539 software" means an item listed in Subsection (131)(b) if that item is purchased or leased
2540 primarily to enable or facilitate one or more of the following to function:

- 2541 (i) telecommunications switching or routing equipment, machinery, or software; or
- 2542 (ii) telecommunications transmission equipment, machinery, or software.

2543 (b) The following apply to Subsection (131)(a):

- 2544 (i) a pole;
- 2545 (ii) software;
- 2546 (iii) a supplementary power supply;
- 2547 (iv) temperature or environmental equipment or machinery;
- 2548 (v) test equipment;
- 2549 (vi) a tower; or
- 2550 (vii) equipment, machinery, or software that functions similarly to an item listed in

2551 Subsections (131)(b)(i) through (vi) as determined by the commission by rule made in
2552 accordance with Subsection (131)(c).

2553 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
2554 commission may by rule define what constitutes equipment, machinery, or software that
2555 functions similarly to an item listed in Subsections (131)(b)(i) through (vi).

2556 (132) "Telecommunications equipment, machinery, or software required for 911
2557 service" means equipment, machinery, or software that is required to comply with 47 C.F.R.
2558 Sec. 20.18.

2559 (133) "Telecommunications maintenance or repair equipment, machinery, or software"
2560 means equipment, machinery, or software purchased or leased primarily to maintain or repair
2561 one or more of the following, regardless of whether the equipment, machinery, or software is
2562 purchased or leased as a spare part or as an upgrade or modification to one or more of the
2563 following:

- 2564 (a) telecommunications enabling or facilitating equipment, machinery, or software;
- 2565 (b) telecommunications switching or routing equipment, machinery, or software; or
- 2566 (c) telecommunications transmission equipment, machinery, or software.

2567 (134) (a) "Telecommunications service" means the electronic conveyance, routing, or
2568 transmission of audio, data, video, voice, or any other information or signal to a point, or
2569 among or between points.

2570 (b) "Telecommunications service" includes:

2571 (i) an electronic conveyance, routing, or transmission with respect to which a computer

2572 processing application is used to act:

2573 (A) on the code, form, or protocol of the content;

2574 (B) for the purpose of electronic conveyance, routing, or transmission; and

2575 (C) regardless of whether the service:

2576 (I) is referred to as voice over Internet protocol service; or

2577 (II) is classified by the Federal Communications Commission as enhanced or value

2578 added;

2579 (ii) an 800 service;

2580 (iii) a 900 service;

2581 (iv) a fixed wireless service;

2582 (v) a mobile wireless service;

2583 (vi) a postpaid calling service;

2584 (vii) a prepaid calling service;

2585 (viii) a prepaid wireless calling service; or

2586 (ix) a private communications service.

2587 (c) "Telecommunications service" does not include:

2588 (i) advertising, including directory advertising;

2589 (ii) an ancillary service;

2590 (iii) a billing and collection service provided to a third party;

2591 (iv) a data processing and information service if:

2592 (A) the data processing and information service allows data to be:

2593 (I) (Aa) acquired;

2594 (Bb) generated;

2595 (Cc) processed;

2596 (Dd) retrieved; or

2597 (Ee) stored; and

2598 (II) delivered by an electronic transmission to a purchaser; and

2599 (B) the purchaser's primary purpose for the underlying transaction is the processed data

2600 or information;

- 2601 (v) installation or maintenance of the following on a customer's premises:
- 2602 (A) equipment; or
- 2603 (B) wiring;
- 2604 (vi) Internet access service;
- 2605 (vii) a paging service;
- 2606 (viii) a product transferred electronically, including:
- 2607 (A) music;
- 2608 (B) reading material;
- 2609 (C) a ring tone;
- 2610 (D) software; or
- 2611 (E) video;
- 2612 (ix) a radio and television audio and video programming service:
- 2613 (A) regardless of the medium; and
- 2614 (B) including:
- 2615 (I) furnishing conveyance, routing, or transmission of a television audio and video
- 2616 programming service by a programming service provider;
- 2617 (II) cable service as defined in 47 U.S.C. Sec. 522(6); or
- 2618 (III) audio and video programming services delivered by a commercial mobile radio
- 2619 service provider as defined in 47 C.F.R. Sec. 20.3;
- 2620 (x) a value-added nonvoice data service; or
- 2621 (xi) tangible personal property.
- 2622 (135) (a) "Telecommunications service provider" means a person that:
- 2623 (i) owns, controls, operates, or manages a telecommunications service; and
- 2624 (ii) engages in an activity described in Subsection (135)(a)(i) for the shared use with or
- 2625 resale to any person of the telecommunications service.
- 2626 (b) A person described in Subsection (135)(a) is a telecommunications service provider
- 2627 whether or not the Public Service Commission of Utah regulates:
- 2628 (i) that person; or
- 2629 (ii) the telecommunications service that the person owns, controls, operates, or
- 2630 manages.
- 2631 (136) (a) "Telecommunications switching or routing equipment, machinery, or

2632 software" means an item listed in Subsection (136)(b) if that item is purchased or leased
2633 primarily for switching or routing:

- 2634 (i) an ancillary service;
- 2635 (ii) data communications;
- 2636 (iii) voice communications; or
- 2637 (iv) telecommunications service.

2638 (b) The following apply to Subsection (136)(a):

- 2639 (i) a bridge;
- 2640 (ii) a computer;
- 2641 (iii) a cross connect;
- 2642 (iv) a modem;
- 2643 (v) a multiplexer;
- 2644 (vi) plug in circuitry;
- 2645 (vii) a router;
- 2646 (viii) software;
- 2647 (ix) a switch; or
- 2648 (x) equipment, machinery, or software that functions similarly to an item listed in
2649 Subsections (136)(b)(i) through (ix) as determined by the commission by rule made in
2650 accordance with Subsection (136)(c).

2651 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
2652 commission may by rule define what constitutes equipment, machinery, or software that
2653 functions similarly to an item listed in Subsections (136)(b)(i) through (ix).

2654 (137) (a) "Telecommunications transmission equipment, machinery, or software"
2655 means an item listed in Subsection (137)(b) if that item is purchased or leased primarily for
2656 sending, receiving, or transporting:

- 2657 (i) an ancillary service;
- 2658 (ii) data communications;
- 2659 (iii) voice communications; or
- 2660 (iv) telecommunications service.

2661 (b) The following apply to Subsection (137)(a):

- 2662 (i) an amplifier;

2663 (ii) a cable;
2664 (iii) a closure;
2665 (iv) a conduit;
2666 (v) a controller;
2667 (vi) a duplexer;
2668 (vii) a filter;
2669 (viii) an input device;
2670 (ix) an input/output device;
2671 (x) an insulator;
2672 (xi) microwave machinery or equipment;
2673 (xii) an oscillator;
2674 (xiii) an output device;
2675 (xiv) a pedestal;
2676 (xv) a power converter;
2677 (xvi) a power supply;
2678 (xvii) a radio channel;
2679 (xviii) a radio receiver;
2680 (xix) a radio transmitter;
2681 (xx) a repeater;
2682 (xxi) software;
2683 (xxii) a terminal;
2684 (xxiii) a timing unit;
2685 (xxiv) a transformer;
2686 (xxv) a wire; or

2687 (xxvi) equipment, machinery, or software that functions similarly to an item listed in
2688 Subsections (137)(b)(i) through (xxv) as determined by the commission by rule made in
2689 accordance with Subsection (137)(c).

2690 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
2691 commission may by rule define what constitutes equipment, machinery, or software that
2692 functions similarly to an item listed in Subsections (137)(b)(i) through (xxv).

2693 (138) (a) "Textbook for a higher education course" means a textbook or other printed

2694 material that is required for a course:

2695 (i) offered by an institution of higher education; and

2696 (ii) that the purchaser of the textbook or other printed material attends or will attend.

2697 (b) "Textbook for a higher education course" includes a textbook in electronic format.

2698 (139) "Tobacco" means:

2699 (a) a cigarette;

2700 (b) a cigar;

2701 (c) chewing tobacco;

2702 (d) pipe tobacco; or

2703 (e) any other item that contains tobacco.

2704 (140) "Unassisted amusement device" means an amusement device, skill device, or

2705 ride device that is started and stopped by the purchaser or renter of the right to use or operate

2706 the amusement device, skill device, or ride device.

2707 (141) (a) "Use" means the exercise of any right or power over tangible personal

2708 property, a product transferred electronically, or a service under Subsection [59-12-103\(1\)](#),

2709 incident to the ownership or the leasing of that tangible personal property, product transferred

2710 electronically, or service.

2711 (b) "Use" does not include the sale, display, demonstration, or trial of tangible personal

2712 property, a product transferred electronically, or a service in the regular course of business and

2713 held for resale.

2714 (142) "Value-added nonvoice data service" means a service:

2715 (a) that otherwise meets the definition of a telecommunications service except that a

2716 computer processing application is used to act primarily for a purpose other than conveyance,

2717 routing, or transmission; and

2718 (b) with respect to which a computer processing application is used to act on data or

2719 information:

2720 (i) code;

2721 (ii) content;

2722 (iii) form; or

2723 (iv) protocol.

2724 (143) (a) Subject to Subsection (143)(b), "vehicle" means the following that are

2725 required to be titled, registered, or titled and registered:

- 2726 (i) an aircraft as defined in Section 72-10-102;
2727 (ii) a vehicle as defined in Section 41-1a-102;
2728 (iii) an off-highway vehicle as defined in Section 41-22-2; or
2729 (iv) a vessel as defined in Section 41-1a-102.
2730 (b) For purposes of Subsection 59-12-104(33) only, "vehicle" includes:

- 2731 (i) a vehicle described in Subsection (143)(a); or
2732 (ii) (A) a locomotive;
2733 (B) a freight car;
2734 (C) railroad work equipment; or
2735 (D) other railroad rolling stock.

2736 (144) "Vehicle dealer" means a person engaged in the business of buying, selling, or
2737 exchanging a vehicle as defined in Subsection (143).

2738 (145) (a) "Vertical service" means an ancillary service that:

- 2739 (i) is offered in connection with one or more telecommunications services; and
2740 (ii) offers an advanced calling feature that allows a customer to:
2741 (A) identify a caller; and
2742 (B) manage multiple calls and call connections.

2743 (b) "Vertical service" includes an ancillary service that allows a customer to manage a
2744 conference bridging service.

2745 (146) (a) "Voice mail service" means an ancillary service that enables a customer to
2746 receive, send, or store a recorded message.

2747 (b) "Voice mail service" does not include a vertical service that a customer is required
2748 to have in order to utilize a voice mail service.

2749 (147) (a) [~~Except as provided in Subsection (147)(b), "waste"~~] "Waste energy facility"
2750 means a facility that generates electricity:

- 2751 (i) using as the primary source of energy waste materials that would be placed in a
2752 landfill or refuse pit if it were not used to generate electricity, including:
2753 (A) tires;
2754 (B) waste coal;
2755 (C) oil shale; or

2756 (D) municipal solid waste; and
2757 (ii) in amounts greater than actually required for the operation of the facility.
2758 (b) "Waste energy facility" does not include a facility that incinerates:
2759 (i) hospital waste as defined in 40 C.F.R. 60.51c; or
2760 (ii) medical/infectious waste as defined in 40 C.F.R. 60.51c.
2761 (148) "Watercraft" means a vessel as defined in Section 73-18-2.
2762 (149) "Wind energy" means wind used as the sole source of energy to produce
2763 electricity.
2764 (150) "ZIP Code" means a Zoning Improvement Plan Code assigned to a geographic
2765 location by the United States Postal Service.
2766 Section 10. Section 59-12-103 is amended to read:
2767 **59-12-103. Sales and use tax base -- Rates -- Effective dates -- Use of sales and use**
2768 **tax revenue.**
2769 (1) A tax is imposed on the purchaser as provided in this part on the purchase price or
2770 sales price for amounts paid or charged for the following transactions:
2771 (a) retail sales of tangible personal property made within the state;
2772 (b) amounts paid for:
2773 (i) telecommunications service, other than mobile telecommunications service, that
2774 originates and terminates within the boundaries of this state;
2775 (ii) mobile telecommunications service that originates and terminates within the
2776 boundaries of one state only to the extent permitted by the Mobile Telecommunications
2777 Sourcing Act, 4 U.S.C. Sec. 116 et seq.; or
2778 (iii) an ancillary service associated with a:
2779 (A) telecommunications service described in Subsection (1)(b)(i); or
2780 (B) mobile telecommunications service described in Subsection (1)(b)(ii);
2781 (c) sales of the following for commercial use:
2782 (i) gas;
2783 (ii) electricity;
2784 (iii) heat;
2785 (iv) coal;
2786 (v) fuel oil; [or]

2787 (vi) hydrogen; or
2788 ~~[(vi)]~~ (vii) other fuels;
2789 (d) sales of the following for residential use:
2790 (i) gas;
2791 (ii) electricity;
2792 (iii) heat;
2793 (iv) coal;
2794 (v) fuel oil; ~~[or]~~
2795 (vi) hydrogen; or
2796 ~~[(vi)]~~ (vii) other fuels;
2797 (e) sales of prepared food;
2798 (f) except as provided in Section 59-12-104, amounts paid or charged as admission or
2799 user fees for theaters, movies, operas, museums, planetariums, shows of any type or nature,
2800 exhibitions, concerts, carnivals, amusement parks, amusement rides, circuses, menageries,
2801 fairs, races, contests, sporting events, dances, boxing matches, wrestling matches, closed circuit
2802 television broadcasts, billiard parlors, pool parlors, bowling lanes, golf, miniature golf, golf
2803 driving ranges, batting cages, skating rinks, ski lifts, ski runs, ski trails, snowmobile trails,
2804 tennis courts, swimming pools, water slides, river runs, jeep tours, boat tours, scenic cruises,
2805 horseback rides, sports activities, or any other amusement, entertainment, recreation,
2806 exhibition, cultural, or athletic activity;
2807 (g) amounts paid or charged for services for repairs or renovations of tangible personal
2808 property, unless Section 59-12-104 provides for an exemption from sales and use tax for:
2809 (i) the tangible personal property; and
2810 (ii) parts used in the repairs or renovations of the tangible personal property described
2811 in Subsection (1)(g)(i), regardless of whether:
2812 (A) any parts are actually used in the repairs or renovations of that tangible personal
2813 property; or
2814 (B) the particular parts used in the repairs or renovations of that tangible personal
2815 property are exempt from a tax under this chapter;
2816 (h) except as provided in Subsection 59-12-104(7), amounts paid or charged for
2817 assisted cleaning or washing of tangible personal property;

2818 (i) amounts paid or charged for tourist home, hotel, motel, or trailer court
2819 accommodations and services that are regularly rented for less than 30 consecutive days;
2820 (j) amounts paid or charged for laundry or dry cleaning services;
2821 (k) amounts paid or charged for leases or rentals of tangible personal property if within
2822 this state the tangible personal property is:
2823 (i) stored;
2824 (ii) used; or
2825 (iii) otherwise consumed;
2826 (l) amounts paid or charged for tangible personal property if within this state the
2827 tangible personal property is:
2828 (i) stored;
2829 (ii) used; or
2830 (iii) consumed; and
2831 (m) amounts paid or charged for a sale:
2832 (i) (A) of a product transferred electronically; or
2833 (B) of a repair or renovation of a product transferred electronically; and
2834 (ii) regardless of whether the sale provides:
2835 (A) a right of permanent use of the product; or
2836 (B) a right to use the product that is less than a permanent use, including a right:
2837 (I) for a definite or specified length of time; and
2838 (II) that terminates upon the occurrence of a condition.
2839 (2) (a) Except as provided in Subsections (2)(b) through (e), a state tax and a local tax
2840 are imposed on a transaction described in Subsection (1) equal to the sum of:
2841 (i) a state tax imposed on the transaction at a tax rate equal to the sum of:
2842 (A) (I) through March 31, 2019, 4.70%; and
2843 (II) beginning on April 1, 2019, 4.70% plus the rate specified in Subsection (13)(a);
2844 and
2845 (B) (I) the tax rate the state imposes in accordance with Part 18, Additional State Sales
2846 and Use Tax Act, if the location of the transaction as determined under Sections 59-12-211
2847 through 59-12-215 is in a county in which the state imposes the tax under Part 18, Additional
2848 State Sales and Use Tax Act; and

2849 (II) the tax rate the state imposes in accordance with Part 20, Supplemental State Sales
2850 and Use Tax Act, if the location of the transaction as determined under Sections 59-12-211
2851 through 59-12-215 is in a city, town, or the unincorporated area of a county in which the state
2852 imposes the tax under Part 20, Supplemental State Sales and Use Tax Act; and

2853 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the
2854 transaction under this chapter other than this part.

2855 (b) Except as provided in Subsection (2)(d) or (e) and subject to Subsection (2)(j), a
2856 state tax and a local tax are imposed on a transaction described in Subsection (1)(d) equal to
2857 the sum of:

2858 (i) a state tax imposed on the transaction at a tax rate of 2%; and

2859 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the
2860 transaction under this chapter other than this part.

2861 (c) Except as provided in Subsection (2)(d) or (e), a state tax and a local tax are
2862 imposed on amounts paid or charged for food and food ingredients equal to the sum of:

2863 (i) a state tax imposed on the amounts paid or charged for food and food ingredients at
2864 a tax rate of 1.75%; and

2865 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the
2866 amounts paid or charged for food and food ingredients under this chapter other than this part.

2867 (d) (i) For a bundled transaction that is attributable to food and food ingredients and
2868 tangible personal property other than food and food ingredients, a state tax and a local tax is
2869 imposed on the entire bundled transaction equal to the sum of:

2870 (A) a state tax imposed on the entire bundled transaction equal to the sum of:

2871 (I) the tax rate described in Subsection (2)(a)(i)(A); and

2872 (II) (Aa) the tax rate the state imposes in accordance with Part 18, Additional State
2873 Sales and Use Tax Act, if the location of the transaction as determined under Sections
2874 59-12-211 through 59-12-215 is in a county in which the state imposes the tax under Part 18,
2875 Additional State Sales and Use Tax Act; and

2876 (Bb) the tax rate the state imposes in accordance with Part 20, Supplemental State
2877 Sales and Use Tax Act, if the location of the transaction as determined under Sections
2878 59-12-211 through 59-12-215 is in a city, town, or the unincorporated area of a county in which
2879 the state imposes the tax under Part 20, Supplemental State Sales and Use Tax Act; and

2880 (B) a local tax imposed on the entire bundled transaction at the sum of the tax rates
2881 described in Subsection (2)(a)(ii).

2882 (ii) If an optional computer software maintenance contract is a bundled transaction that
2883 consists of taxable and nontaxable products that are not separately itemized on an invoice or
2884 similar billing document, the purchase of the optional computer software maintenance contract
2885 is 40% taxable under this chapter and 60% nontaxable under this chapter.

2886 (iii) Subject to Subsection (2)(d)(iv), for a bundled transaction other than a bundled
2887 transaction described in Subsection (2)(d)(i) or (ii):

2888 (A) if the sales price of the bundled transaction is attributable to tangible personal
2889 property, a product, or a service that is subject to taxation under this chapter and tangible
2890 personal property, a product, or service that is not subject to taxation under this chapter, the
2891 entire bundled transaction is subject to taxation under this chapter unless:

2892 (I) the seller is able to identify by reasonable and verifiable standards the tangible
2893 personal property, product, or service that is not subject to taxation under this chapter from the
2894 books and records the seller keeps in the seller's regular course of business; or

2895 (II) state or federal law provides otherwise; or

2896 (B) if the sales price of a bundled transaction is attributable to two or more items of
2897 tangible personal property, products, or services that are subject to taxation under this chapter
2898 at different rates, the entire bundled transaction is subject to taxation under this chapter at the
2899 higher tax rate unless:

2900 (I) the seller is able to identify by reasonable and verifiable standards the tangible
2901 personal property, product, or service that is subject to taxation under this chapter at the lower
2902 tax rate from the books and records the seller keeps in the seller's regular course of business; or

2903 (II) state or federal law provides otherwise.

2904 (iv) For purposes of Subsection (2)(d)(iii), books and records that a seller keeps in the
2905 seller's regular course of business includes books and records the seller keeps in the regular
2906 course of business for nontax purposes.

2907 (e) (i) Except as otherwise provided in this chapter and subject to Subsections (2)(e)(ii)
2908 and (iii), if a transaction consists of the sale, lease, or rental of tangible personal property, a
2909 product, or a service that is subject to taxation under this chapter, and the sale, lease, or rental
2910 of tangible personal property, other property, a product, or a service that is not subject to

2911 taxation under this chapter, the entire transaction is subject to taxation under this chapter unless
2912 the seller, at the time of the transaction:

2913 (A) separately states the portion of the transaction that is not subject to taxation under
2914 this chapter on an invoice, bill of sale, or similar document provided to the purchaser; or

2915 (B) is able to identify by reasonable and verifiable standards, from the books and
2916 records the seller keeps in the seller's regular course of business, the portion of the transaction
2917 that is not subject to taxation under this chapter.

2918 (ii) A purchaser and a seller may correct the taxability of a transaction if:

2919 (A) after the transaction occurs, the purchaser and the seller discover that the portion of
2920 the transaction that is not subject to taxation under this chapter was not separately stated on an
2921 invoice, bill of sale, or similar document provided to the purchaser because of an error or
2922 ignorance of the law; and

2923 (B) the seller is able to identify by reasonable and verifiable standards, from the books
2924 and records the seller keeps in the seller's regular course of business, the portion of the
2925 transaction that is not subject to taxation under this chapter.

2926 (iii) For purposes of Subsections (2)(e)(i) and (ii), books and records that a seller keeps
2927 in the seller's regular course of business includes books and records the seller keeps in the
2928 regular course of business for nontax purposes.

2929 (f) (i) If the sales price of a transaction is attributable to two or more items of tangible
2930 personal property, products, or services that are subject to taxation under this chapter at
2931 different rates, the entire purchase is subject to taxation under this chapter at the higher tax rate
2932 unless the seller, at the time of the transaction:

2933 (A) separately states the items subject to taxation under this chapter at each of the
2934 different rates on an invoice, bill of sale, or similar document provided to the purchaser; or

2935 (B) is able to identify by reasonable and verifiable standards the tangible personal
2936 property, product, or service that is subject to taxation under this chapter at the lower tax rate
2937 from the books and records the seller keeps in the seller's regular course of business.

2938 (ii) For purposes of Subsection (2)(f)(i), books and records that a seller keeps in the
2939 seller's regular course of business includes books and records the seller keeps in the regular
2940 course of business for nontax purposes.

2941 (g) Subject to Subsections (2)(h) and (i), a tax rate repeal or tax rate change for a tax

2942 rate imposed under the following shall take effect on the first day of a calendar quarter:

2943 (i) Subsection (2)(a)(i)(A);

2944 (ii) Subsection (2)(b)(i);

2945 (iii) Subsection (2)(c)(i); or

2946 (iv) Subsection (2)(d)(i)(A)(I).

2947 (h) (i) A tax rate increase takes effect on the first day of the first billing period that

2948 begins on or after the effective date of the tax rate increase if the billing period for the

2949 transaction begins before the effective date of a tax rate increase imposed under:

2950 (A) Subsection (2)(a)(i)(A);

2951 (B) Subsection (2)(b)(i);

2952 (C) Subsection (2)(c)(i); or

2953 (D) Subsection (2)(d)(i)(A)(I).

2954 (ii) The repeal of a tax or a tax rate decrease applies to a billing period if the billing

2955 statement for the billing period is rendered on or after the effective date of the repeal of the tax

2956 or the tax rate decrease imposed under:

2957 (A) Subsection (2)(a)(i)(A);

2958 (B) Subsection (2)(b)(i);

2959 (C) Subsection (2)(c)(i); or

2960 (D) Subsection (2)(d)(i)(A)(I).

2961 (i) (i) For a tax rate described in Subsection (2)(i)(ii), if a tax due on a catalogue sale is

2962 computed on the basis of sales and use tax rates published in the catalogue, a tax rate repeal or

2963 change in a tax rate takes effect:

2964 (A) on the first day of a calendar quarter; and

2965 (B) beginning 60 days after the effective date of the tax rate repeal or tax rate change.

2966 (ii) Subsection (2)(i)(i) applies to the tax rates described in the following:

2967 (A) Subsection (2)(a)(i)(A);

2968 (B) Subsection (2)(b)(i);

2969 (C) Subsection (2)(c)(i); or

2970 (D) Subsection (2)(d)(i)(A)(I).

2971 (iii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,

2972 the commission may by rule define the term "catalogue sale."

2973 (j) (i) For a location described in Subsection (2)(j)(ii), the commission shall determine
2974 the taxable status of a sale of gas, electricity, heat, coal, fuel oil, or other fuel based on the
2975 predominant use of the gas, electricity, heat, coal, fuel oil, or other fuel at the location.

2976 (ii) Subsection (2)(j)(i) applies to a location where gas, electricity, heat, coal, fuel oil,
2977 or other fuel is furnished through a single meter for two or more of the following uses:

2978 (A) a commercial use;

2979 (B) an industrial use; or

2980 (C) a residential use.

2981 (3) (a) The following state taxes shall be deposited into the General Fund:

2982 (i) the tax imposed by Subsection (2)(a)(i)(A);

2983 (ii) the tax imposed by Subsection (2)(b)(i);

2984 (iii) the tax imposed by Subsection (2)(c)(i); or

2985 (iv) the tax imposed by Subsection (2)(d)(i)(A)(I).

2986 (b) The following local taxes shall be distributed to a county, city, or town as provided
2987 in this chapter:

2988 (i) the tax imposed by Subsection (2)(a)(ii);

2989 (ii) the tax imposed by Subsection (2)(b)(ii);

2990 (iii) the tax imposed by Subsection (2)(c)(ii); and

2991 (iv) the tax imposed by Subsection (2)(d)(i)(B).

2992 (4) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,
2993 2003, the lesser of the following amounts shall be expended as provided in Subsections (4)(b)
2994 through (g):

2995 (i) for taxes listed under Subsection (3)(a), the amount of tax revenue generated:

2996 (A) by a 1/16% tax rate on the transactions described in Subsection (1); and

2997 (B) for the fiscal year; or

2998 (ii) \$17,500,000.

2999 (b) (i) For a fiscal year beginning on or after July 1, 2003, 14% of the amount
3000 described in Subsection (4)(a) shall be transferred each year as dedicated credits to the
3001 Department of Natural Resources to:

3002 (A) implement the measures described in Subsections 79-2-303(3)(a) through (d) to
3003 protect sensitive plant and animal species; or

3004 (B) award grants, up to the amount authorized by the Legislature in an appropriations
3005 act, to political subdivisions of the state to implement the measures described in Subsections
3006 79-2-303(3)(a) through (d) to protect sensitive plant and animal species.

3007 (ii) Money transferred to the Department of Natural Resources under Subsection
3008 (4)(b)(i) may not be used to assist the United States Fish and Wildlife Service or any other
3009 person to list or attempt to have listed a species as threatened or endangered under the
3010 Endangered Species Act of 1973, 16 U.S.C. Sec. 1531 et seq.

3011 (iii) At the end of each fiscal year:

3012 (A) 50% of any unexpended dedicated credits shall lapse to the Water Resources
3013 Conservation and Development Fund created in Section 73-10-24;

3014 (B) 25% of any unexpended dedicated credits shall lapse to the Utah Wastewater Loan
3015 Program Subaccount created in Section 73-10c-5; and

3016 (C) 25% of any unexpended dedicated credits shall lapse to the Drinking Water Loan
3017 Program Subaccount created in Section 73-10c-5.

3018 (c) For a fiscal year beginning on or after July 1, 2003, 3% of the amount described in
3019 Subsection (4)(a) shall be deposited each year ~~[in]~~ into the Agriculture Resource Development
3020 Fund created in Section 4-18-106.

3021 (d) (i) For a fiscal year beginning on or after July 1, 2003, 1% of the amount described
3022 in Subsection (4)(a) shall be transferred each year as dedicated credits to the Division of Water
3023 Rights to cover the costs incurred in hiring legal and technical staff for the adjudication of
3024 water rights.

3025 (ii) At the end of each fiscal year:

3026 (A) 50% of any unexpended dedicated credits shall lapse to the Water Resources
3027 Conservation and Development Fund created in Section 73-10-24;

3028 (B) 25% of any unexpended dedicated credits shall lapse to the Utah Wastewater Loan
3029 Program Subaccount created in Section 73-10c-5; and

3030 (C) 25% of any unexpended dedicated credits shall lapse to the Drinking Water Loan
3031 Program Subaccount created in Section 73-10c-5.

3032 (e) (i) For a fiscal year beginning on or after July 1, 2003, 41% of the amount described
3033 in Subsection (4)(a) shall be deposited into the Water Resources Conservation and
3034 Development Fund created in Section 73-10-24 for use by the Division of Water Resources.

3035 (ii) In addition to the uses allowed of the Water Resources Conservation and
3036 Development Fund under Section 73-10-24, the Water Resources Conservation and
3037 Development Fund may also be used to:

3038 (A) conduct hydrologic and geotechnical investigations by the Division of Water
3039 Resources in a cooperative effort with other state, federal, or local entities, for the purpose of
3040 quantifying surface and ground water resources and describing the hydrologic systems of an
3041 area in sufficient detail so as to enable local and state resource managers to plan for and
3042 accommodate growth in water use without jeopardizing the resource;

3043 (B) fund state required dam safety improvements; and

3044 (C) protect the state's interest in interstate water compact allocations, including the
3045 hiring of technical and legal staff.

3046 (f) For a fiscal year beginning on or after July 1, 2003, 20.5% of the amount described
3047 in Subsection (4)(a) shall be deposited into the Utah Wastewater Loan Program Subaccount
3048 created in Section 73-10c-5 for use by the Water Quality Board to fund wastewater projects.

3049 (g) For a fiscal year beginning on or after July 1, 2003, 20.5% of the amount described
3050 in Subsection (4)(a) shall be deposited into the Drinking Water Loan Program Subaccount
3051 created in Section 73-10c-5 for use by the Division of Drinking Water to:

3052 (i) provide for the installation and repair of collection, treatment, storage, and
3053 distribution facilities for any public water system, as defined in Section 19-4-102;

3054 (ii) develop underground sources of water, including springs and wells; and

3055 (iii) develop surface water sources.

3056 (5) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,
3057 2006, the difference between the following amounts shall be expended as provided in this
3058 Subsection (5), if that difference is greater than \$1:

3059 (i) for taxes listed under Subsection (3)(a), the amount of tax revenue generated for the
3060 fiscal year by a 1/16% tax rate on the transactions described in Subsection (1); and

3061 (ii) \$17,500,000.

3062 (b) (i) The first \$500,000 of the difference described in Subsection (5)(a) shall be:

3063 (A) transferred each fiscal year to the Department of Natural Resources as dedicated
3064 credits; and

3065 (B) expended by the Department of Natural Resources for watershed rehabilitation or

3066 restoration.

3067 (ii) At the end of each fiscal year, 100% of any unexpended dedicated credits described
3068 in Subsection (5)(b)(i) shall lapse to the Water Resources Conservation and Development Fund
3069 created in Section 73-10-24.

3070 (c) (i) After making the transfer required by Subsection (5)(b)(i), \$150,000 of the
3071 remaining difference described in Subsection (5)(a) shall be:

3072 (A) transferred each fiscal year to the Division of Water Resources as dedicated
3073 credits; and

3074 (B) expended by the Division of Water Resources for cloud-seeding projects
3075 authorized by Title 73, Chapter 15, Modification of Weather.

3076 (ii) At the end of each fiscal year, 100% of any unexpended dedicated credits described
3077 in Subsection (5)(c)(i) shall lapse to the Water Resources Conservation and Development Fund
3078 created in Section 73-10-24.

3079 (d) After making the transfers required by Subsections (5)(b) and (c), 85% of the
3080 remaining difference described in Subsection (5)(a) shall be deposited into the Water
3081 Resources Conservation and Development Fund created in Section 73-10-24 for use by the
3082 Division of Water Resources for:

3083 (i) preconstruction costs:

3084 (A) as defined in Subsection 73-26-103(6) for projects authorized by Title 73, Chapter
3085 26, Bear River Development Act; and

3086 (B) as defined in Subsection 73-28-103(8) for the Lake Powell Pipeline project
3087 authorized by Title 73, Chapter 28, Lake Powell Pipeline Development Act;

3088 (ii) the cost of employing a civil engineer to oversee any project authorized by Title 73,
3089 Chapter 26, Bear River Development Act;

3090 (iii) the cost of employing a civil engineer to oversee the Lake Powell Pipeline project
3091 authorized by Title 73, Chapter 28, Lake Powell Pipeline Development Act; and

3092 (iv) other uses authorized under Sections 73-10-24, 73-10-25.1, and 73-10-30, and
3093 Subsection (4)(e)(ii) after funding the uses specified in Subsections (5)(d)(i) through (iii).

3094 (e) After making the transfers required by Subsections (5)(b) and (c) and subject to
3095 Subsection (5)(f), 15% of the remaining difference described in Subsection (5)(a) shall be
3096 transferred each year as dedicated credits to the Division of Water Rights to cover the costs

3097 incurred for employing additional technical staff for the administration of water rights.

3098 (f) At the end of each fiscal year, any unexpended dedicated credits described in

3099 Subsection (5)(e) over \$150,000 lapse to the Water Resources Conservation and Development

3100 Fund created in Section 73-10-24.

3101 (6) Notwithstanding Subsection (3)(a) and for taxes listed under Subsection (3)(a), the

3102 amount of revenue generated by a 1/16% tax rate on the transactions described in Subsection

3103 (1) for the fiscal year shall be deposited as follows:

3104 (a) for fiscal year 2016-17 only, 100% of the revenue described in this Subsection (6)

3105 shall be deposited into the Transportation Investment Fund of 2005 created by Section

3106 72-2-124;

3107 (b) for fiscal year 2017-18 only:

3108 (i) 80% of the revenue described in this Subsection (6) shall be deposited into the

3109 Transportation Investment Fund of 2005 created by Section 72-2-124; and

3110 (ii) 20% of the revenue described in this Subsection (6) shall be deposited into the

3111 Water Infrastructure Restricted Account created by Section 73-10g-103;

3112 (c) for fiscal year 2018-19 only:

3113 (i) 60% of the revenue described in this Subsection (6) shall be deposited into the

3114 Transportation Investment Fund of 2005 created by Section 72-2-124; and

3115 (ii) 40% of the revenue described in this Subsection (6) shall be deposited into the

3116 Water Infrastructure Restricted Account created by Section 73-10g-103;

3117 (d) for fiscal year 2019-20 only:

3118 (i) 40% of the revenue described in this Subsection (6) shall be deposited into the

3119 Transportation Investment Fund of 2005 created by Section 72-2-124; and

3120 (ii) 60% of the revenue described in this Subsection (6) shall be deposited into the

3121 Water Infrastructure Restricted Account created by Section 73-10g-103;

3122 (e) for fiscal year 2020-21 only:

3123 (i) 20% of the revenue described in this Subsection (6) shall be deposited into the

3124 Transportation Investment Fund of 2005 created by Section 72-2-124; and

3125 (ii) 80% of the revenue described in this Subsection (6) shall be deposited into the

3126 Water Infrastructure Restricted Account created by Section 73-10g-103; and

3127 (f) for a fiscal year beginning on or after July 1, 2021, 100% of the revenue described

3128 in this Subsection (6) shall be deposited into the Water Infrastructure Restricted Account
3129 created by Section 73-10g-103.

3130 (7) (a) Notwithstanding Subsection (3)(a), in addition to the amounts deposited in
3131 Subsection (6), and subject to Subsection (7)(b), for a fiscal year beginning on or after July 1,
3132 2012, the Division of Finance shall deposit into the Transportation Investment Fund of 2005
3133 created by Section 72-2-124:

3134 (i) a portion of the taxes listed under Subsection (3)(a) in an amount equal to 8.3% of
3135 the [revenues] revenue collected from the following taxes, which represents a portion of the
3136 approximately 17% of sales and use tax [revenues] revenue generated annually by the sales and
3137 use tax on vehicles and vehicle-related products:

3138 (A) the tax imposed by Subsection (2)(a)(i)(A) at a 4.7% rate;

3139 (B) the tax imposed by Subsection (2)(b)(i);

3140 (C) the tax imposed by Subsection (2)(c)(i); and

3141 (D) the tax imposed by Subsection (2)(d)(i)(A)(I); plus

3142 (ii) an amount equal to 30% of the growth in the amount of [revenues] revenue
3143 collected in the current fiscal year from the sales and use taxes described in Subsections
3144 (7)(a)(i)(A) through (D) that exceeds the amount collected from the sales and use taxes
3145 described in Subsections (7)(a)(i)(A) through (D) in the 2010-11 fiscal year.

3146 (b) (i) Subject to Subsections (7)(b)(ii) and (iii), in any fiscal year that the portion of
3147 the sales and use taxes deposited under Subsection (7)(a) represents an amount that is a total
3148 lower percentage of the sales and use taxes described in Subsections (7)(a)(i)(A) through (D)
3149 generated in the current fiscal year than the total percentage of sales and use taxes deposited in
3150 the previous fiscal year, the Division of Finance shall deposit an amount under Subsection
3151 (7)(a) equal to the product of:

3152 (A) the total percentage of sales and use taxes deposited under Subsection (7)(a) in the
3153 previous fiscal year; and

3154 (B) the total sales and use tax revenue generated by the taxes described in Subsections
3155 (7)(a)(i)(A) through (D) in the current fiscal year.

3156 (ii) In any fiscal year in which the portion of the sales and use taxes deposited under
3157 Subsection (7)(a) would exceed 17% of the [revenues] revenue collected from the sales and use
3158 taxes described in Subsections (7)(a)(i)(A) through (D) in the current fiscal year, the Division

of Finance shall deposit 17% of the ~~[revenues]~~ revenue collected from the sales and use taxes described in Subsections (7)(a)(i)(A) through (D) for the current fiscal year under Subsection (7)(a).

(iii) In all subsequent fiscal years after a year in which 17% of the ~~[revenues]~~ revenue collected from the sales and use taxes described in Subsections (7)(a)(i)(A) through (D) was deposited under Subsection (7)(a), the Division of Finance shall annually deposit 17% of the ~~[revenues]~~ revenue collected from the sales and use taxes described in Subsections (7)(a)(i)(A) through (D) in the current fiscal year under Subsection (7)(a).

(8) (a) Notwithstanding Subsection (3)(a), and in addition to the amounts deposited under Subsections (6) and (7), for the 2016-17 fiscal year only, the Division of Finance shall deposit \$64,000,000 of the ~~[revenues]~~ revenue generated by the taxes listed under Subsection (3)(a) into the Transportation Investment Fund of 2005 created by Section 72-2-124.

(b) Notwithstanding Subsection (3)(a), and in addition to the amounts deposited under Subsections (6) and (7), for the 2017-18 fiscal year only, the Division of Finance shall deposit \$63,000,000 of the ~~[revenues]~~ revenue generated by the taxes listed under Subsection (3)(a) into the Transportation Investment Fund of 2005 created by Section 72-2-124.

(c) (i) Notwithstanding Subsection (3)(a), in addition to the amounts deposited under Subsections (6) and (7), and subject to Subsection (8)(c)(ii), for a fiscal year beginning on or after July 1, 2018, the commission shall annually deposit into the Transportation Investment Fund of 2005 created by Section 72-2-124 a portion of the taxes listed under Subsection (3)(a) in an amount equal to 3.68% of the ~~[revenues]~~ revenue collected from the following taxes:

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

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

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

(D) the tax imposed by Subsection (2)(d)(i)(A)(I).

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

(iii) The commission shall annually deposit the amount described in Subsection

(8)(c)(ii) into the Transit and Transportation Investment Fund created in Section 72-2-124.

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

(10) (a) Notwithstanding Subsection (3)(a), except as provided in Subsection (10)(c), in addition to any amounts deposited under Subsections (6), (7), and (8), and for the 2016-17 fiscal year only, the Division of Finance shall deposit into the Transportation Investment Fund of 2005 created by Section 72-2-124 the amount of tax revenue generated by a .05% tax rate on the transactions described in Subsection (1).

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

(i) for fiscal year 2017-18 only, 83.33% of the amount of revenue generated by a .05% tax rate on the transactions described in Subsection (1);

(ii) for fiscal year 2018-19 only, 66.67% of the amount of revenue generated by a .05% tax rate on the transactions described in Subsection (1);

(iii) for fiscal year 2019-20 only, 50% of the amount of revenue generated by a .05% tax rate on the transactions described in Subsection (1);

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

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

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

(11) Notwithstanding Subsection (3)(a), beginning the second fiscal year after the fiscal year during which the Division of Finance receives notice under Section 63N-2-510 that construction on a qualified hotel, as defined in Section 63N-2-502, has begun, the Division of

3221 Finance shall, for two consecutive fiscal years, annually deposit \$1,900,000 of the revenue
3222 generated by the taxes listed under Subsection (3)(a) into the Hotel Impact Mitigation Fund,
3223 created in Section 63N-2-512.

3224 (12) (a) Notwithstanding Subsection (3)(a), for the 2016-17 fiscal year only, the
3225 Division of Finance shall deposit \$26,000,000 of the [revenues] revenue generated by the taxes
3226 listed under Subsection (3)(a) into the Throughput Infrastructure Fund created by Section
3227 35A-8-308.

3228 (b) Notwithstanding Subsection (3)(a), for the 2017-18 fiscal year only, the Division of
3229 Finance shall deposit \$27,000,000 of the [revenues] revenue generated by the taxes listed under
3230 Subsection (3)(a) into the Throughput Infrastructure Fund created by Section 35A-8-308.

3231 (13) (a) The rate specified in this subsection is 0.15%.

3232 (b) Notwithstanding Subsection (3)(a), the Division of Finance shall~~[-(i) on or before~~
3233 ~~September 30, 2019, transfer the amount of revenue collected from the rate described in~~
3234 ~~Subsection (13)(a) beginning on April 1, 2019, and ending on June 30, 2019, on the~~
3235 ~~transactions that are subject to the sales and use tax under Subsection (2)(a)(i)(A) into the~~
3236 ~~Medicaid Expansion Fund created in Section 26-36b-208; and (ii)]~~, for a fiscal year beginning
3237 on or after July 1, 2019, annually transfer the amount of revenue collected from the rate
3238 described in Subsection (13)(a) on the transactions that are subject to the sales and use tax
3239 under Subsection (2)(a)(i)(A) into the Medicaid Expansion Fund created in Section
3240 26-36b-208.

3241 (14) Notwithstanding Subsection (3)(a), for each fiscal year beginning with fiscal year
3242 2020-21, the Division of Finance shall deposit \$200,000 into the General Fund as a dedicated
3243 credit solely for use of the Search and Rescue Financial Assistance Program created in, and
3244 expended in accordance with, Title 53, Chapter 2a, Part 11, Search and Rescue Act.

3245 (15) (a) For each fiscal year beginning with fiscal year 2020-21, the Division of
3246 Finance shall annually transfer \$1,813,400 of the revenue deposited into the Transportation
3247 Investment Fund of 2005 under Subsections (6) through (8) to the General Fund.

3248 (b) If the total revenue deposited into the Transportation Investment Fund of 2005
3249 under Subsections (6) through (8) is less than \$1,813,400 for a fiscal year, the Division of
3250 Finance shall transfer the total revenue deposited into the Transportation Investment Fund of
3251 2005 under Subsections (6) through (8) during the fiscal year to the General Fund.

3252 Section 11. Section **59-13-102** is amended to read:

3253 **59-13-102. Definitions.**

3254 As used in this chapter:

3255 (1) "Aviation fuel" means fuel that is sold at airports and used exclusively for the
3256 operation of aircraft.

3257 (2) "Clean fuel" means:

3258 (a) the following special fuels:

3259 (i) propane;

3260 (ii) compressed natural gas;

3261 (iii) liquified natural gas;

3262 (iv) electricity; or

3263 (v) hydrogen; or

3264 (b) any motor or special fuel that meets the clean fuel vehicle standards in the federal
3265 Clean Air Act Amendments of 1990, Title II.

3266 (3) "Commission" means the State Tax Commission.

3267 (4) "Consumer Price Index" means the Consumer Price Index for All Urban
3268 Consumers as published by the Bureau of Labor Statistics of the United States Department of
3269 Labor.

3270 (5) (a) "Diesel fuel" means any liquid that is commonly or commercially known,
3271 offered for sale, or used as a fuel in diesel engines.

3272 (b) "Diesel fuel" includes any combustible liquid, by whatever name the liquid may be
3273 known or sold, when the liquid is used in an internal combustion engine for the generation of
3274 power to operate a motor vehicle licensed to operate on the highway, except fuel that is subject
3275 to the tax imposed in Part 2, Motor Fuel, and Part 4, Aviation Fuel, of this chapter.

3276 (6) "Diesel gallon equivalent" means 6.06 pounds of liquified natural gas.

3277 (7) "Distributor" means any person in this state who:

3278 (a) imports or causes to be imported motor fuel for use, distribution, or sale, whether at
3279 retail or wholesale;

3280 (b) produces, refines, manufactures, or compounds motor fuel in this state for use,
3281 distribution, or sale in this state;

3282 (c) is engaged in the business of purchasing motor fuel for resale in wholesale

quantities to retail dealers of motor fuel and who accounts for his own motor fuel tax liability;
or

(d) for purposes of Part 4, Aviation Fuel, only, makes retail sales of aviation fuel to:

(i) federally certificated air carriers; and

(ii) other persons.

(8) "Dyed diesel fuel" means diesel fuel that is dyed in accordance with 26 U.S.C. Sec. 4082 or United States Environmental Protection Agency or Internal Revenue Service regulations and that is considered destined for nontaxable off-highway use.

(9) "Exchange agreement" means an agreement between licensed suppliers where one is a position holder in a terminal who agrees to deliver taxable special fuel to the other supplier or the other supplier's customer at the loading rack of the terminal where the delivering supplier holds an inventory position.

(10) "Federally certificated air carrier" means a person who holds a certificate issued by the Federal Aviation Administration authorizing the person to conduct an all-cargo operation or scheduled operation, as defined in 14 C.F.R. Sec. 110.2.

(11) "Fuels" means any gas, liquid, solid, mixture, or other energy source which is generally used in an engine or motor for the generation of power, including aviation fuel, clean fuel, diesel fuel, motor fuel, and special fuel.

(12) "Gasoline gallon equivalent" means[?] 5.660 pounds of compressed natural gas.

~~[(a) 5.660 pounds of compressed natural gas; or]~~

~~[(b) 2.198 pounds of hydrogen.]~~

(13) "Highway" means every way or place, of whatever nature, generally open to the use of the public for the purpose of vehicular travel notwithstanding that the way or place may be temporarily closed for the purpose of construction, maintenance, or repair.

(14) "Motor fuel" means fuel that is commonly or commercially known or sold as gasoline or gasohol and is used for any purpose, but does not include aviation fuel.

(15) "Motor fuels received" means:

(a) motor fuels that have been loaded at the refinery or other place into tank cars, placed in any tank at the refinery from which any withdrawals are made directly into tank trucks, tank wagons, or other types of transportation equipment, containers, or facilities other than tank cars, or placed in any tank at the refinery from which any sales, uses, or deliveries not

3314 involving transportation are made directly; or

3315 (b) motor fuels that have been imported by any person into the state from any other
3316 state or territory by tank car, tank truck, pipeline, or any other conveyance at the time when,
3317 and the place where, the interstate transportation of the motor fuel is completed within the state
3318 by the person who at the time of the delivery is the owner of the motor fuel.

3319 (16) "Oil pricing service" means an organization that:

3320 (a) publishes wholesale petroleum prices within the United States;

3321 (b) publishes at least 25,000 rack prices on a daily basis; and

3322 (c) receives daily gasoline and diesel prices from at least 100,000 retail outlets in the
3323 United States and Canada.

3324 (17) (a) "Qualified motor vehicle" means a special fuel-powered motor vehicle used,
3325 designed, or maintained for transportation of persons or property which:

3326 (i) has a gross vehicle weight or registered gross vehicle weight exceeding 26,000
3327 pounds;

3328 (ii) has three or more axles regardless of weight; or

3329 (iii) is used in a combination of vehicles when the weight of the combination of
3330 vehicles exceeds 26,000 pounds gross vehicle weight.

3331 (b) "Qualified motor vehicle" does not include a recreational vehicle not used in
3332 connection with any business activity.

3333 (18) "Rack," as used in Part 3, Special Fuel, means a deck, platform, or open bay which
3334 consists of a series of metered pipes and hoses for the delivery or removal of diesel fuel from a
3335 refinery or terminal into a motor vehicle, rail car, or vessel.

3336 (19) "Removal," as used in Part 3, Special Fuel, means the physical transfer of diesel
3337 fuel from a production, manufacturing, terminal, or refinery facility and includes use of diesel
3338 fuel. Removal does not include:

3339 (a) loss by evaporation or destruction; or

3340 (b) transfers between refineries, racks, or terminals.

3341 (20) (a) "Special fuel" means any fuel regardless of name or character that:

3342 (i) is usable as fuel to operate or propel a motor vehicle upon the public highways of
3343 the state; and

3344 (ii) is not taxed under the category of aviation or motor fuel.

3345 (b) Special fuel includes:

3346 (i) fuels that are not conveniently measurable on a gallonage basis; and

3347 (ii) diesel fuel.

3348 (21) "Supplier," as used in Part 3, Special Fuel, means a person who:

3349 (a) imports or acquires immediately upon importation into this state diesel fuel from
3350 within or without a state, territory, or possession of the United States or the District of
3351 Columbia;

3352 (b) produces, manufactures, refines, or blends diesel fuel in this state;

3353 (c) otherwise acquires for distribution or sale in this state, diesel fuel with respect to
3354 which there has been no previous taxable sale or use; or

3355 (d) is in a two party exchange where the receiving party is deemed to be the supplier.

3356 (22) "Terminal," as used in Part 3, Special Fuel, means a facility for the storage of
3357 diesel fuel which is supplied by a motor vehicle, pipeline, or vessel and from which diesel fuel
3358 is removed for distribution at a rack.

3359 (23) "Two party exchange" means a transaction in which special fuel is transferred
3360 between licensed suppliers pursuant to an exchange agreement.

3361 (24) "Undyed diesel fuel" means diesel fuel that is not subject to the dyeing
3362 requirements in accordance with 26 U.S.C. Sec. 4082 or United States Environmental
3363 Protection Agency or Internal Revenue Service regulations.

3364 (25) "Use," as used in Part 3, Special Fuel, means the consumption of special fuel for
3365 the operation or propulsion of a motor vehicle upon the public highways of the state and
3366 includes the reception of special fuel into the fuel supply tank of a motor vehicle.

3367 (26) "User," as used in Part 3, Special Fuel, means any person who uses special fuel
3368 within this state in an engine or motor for the generation of power to operate or propel a motor
3369 vehicle upon the public highways of the state.

3370 (27) "Ute tribal member" means an enrolled member of the Ute tribe.

3371 (28) "Ute tribe" means the Ute Indian Tribe of the Uintah and Ouray Reservation.

3372 (29) "Ute trust land" means the lands:

3373 (a) of the Uintah and Ouray Reservation that are held in trust by the United States for
3374 the benefit of:

3375 (i) the Ute tribe;

3376 (ii) an individual; or
3377 (iii) a group of individuals; or
3378 (b) specified as trust land by agreement between the governor and the Ute tribe meeting
3379 the requirements of Subsections 59-13-201.5(3) and 59-13-301.5(3).

3380 Section 12. Section 59-13-301 is amended to read:

3381 **59-13-301. Tax basis -- Rate -- Exemptions -- Revenue deposited with treasurer**
3382 **and credited to Transportation Fund -- Reduction of tax in limited circumstances.**

3383 (1) (a) Except as provided in Subsections (2), (3), (11), and (12) and Section
3384 59-13-304, a tax is imposed at the same rate imposed under Subsection 59-13-201(1)(a) on the:

3385 (i) removal of undyed diesel fuel from any refinery;
3386 (ii) removal of undyed diesel fuel from any terminal;
3387 (iii) entry into the state of any undyed diesel fuel for consumption, use, sale, or

3388 warehousing;

3389 (iv) sale of undyed diesel fuel to any person who is not registered as a supplier under
3390 this part unless the tax has been collected under this section;

3391 (v) any untaxed special fuel blended with undyed diesel fuel; or

3392 (vi) use of untaxed special fuel other than propane ~~[or]~~, electricity, or hydrogen.

3393 (b) The tax imposed under this section shall only be imposed once upon any special
3394 fuel.

3395 (2) (a) No special fuel tax is imposed or collected upon dyed diesel fuel which:

3396 (i) is sold or used for any purpose other than to operate or propel a motor vehicle upon
3397 the public highways of the state, but this exemption applies only in those cases where the
3398 purchasers or the users of special fuel establish to the satisfaction of the commission that the
3399 special fuel was used for purposes other than to operate a motor vehicle upon the public
3400 highways of the state; or

3401 (ii) is sold to this state or any of its political subdivisions.

3402 (b) No special fuel tax is imposed on undyed diesel fuel or clean fuel that is:

3403 (i) sold to the United States government or any of its instrumentalities or to this state or
3404 any of its political subdivisions;

3405 (ii) exported from this state if proof of actual exportation on forms prescribed by the
3406 commission is made within 180 days after exportation;

3407 (iii) used in a vehicle off-highway;
3408 (iv) used to operate a power take-off unit of a vehicle;
3409 (v) used for off-highway agricultural uses;
3410 (vi) used in a separately fueled engine on a vehicle that does not propel the vehicle
3411 upon the highways of the state; or
3412 (vii) used in machinery and equipment not registered and not required to be registered
3413 for highway use.

3414 (3) No tax is imposed or collected on special fuel if it is:
3415 (a) (i) purchased for business use in machinery and equipment not registered and not
3416 required to be registered for highway use; and
3417 (ii) used pursuant to the conditions of a state implementation plan approved under Title
3418 19, Chapter 2, Air Conservation Act; or
3419 (b) propane or electricity.

3420 (4) Upon request of a buyer meeting the requirements under Subsection (3), the
3421 Division of Air Quality shall issue an exemption certificate that may be shown to a seller.

3422 (5) The special fuel tax shall be paid by the supplier.

3423 (6) (a) The special fuel tax shall be paid by every user who is required by Sections
3424 59-13-303 and 59-13-305 to obtain a special fuel user permit and file special fuel tax reports.

3425 (b) The user shall receive a refundable credit for special fuel taxes paid on purchases
3426 which are delivered into vehicles and for which special fuel tax liability is reported.

3427 (7) (a) Except as provided under Subsections (7)(b) and (c), all revenue received by the
3428 commission from taxes and license fees under this part shall be deposited daily with the state
3429 treasurer and credited to the Transportation Fund.

3430 (b) An appropriation from the Transportation Fund shall be made to the commission to
3431 cover expenses incurred in the administration and enforcement of this part and the collection of
3432 the special fuel tax.

3433 (c) Five dollars of each special fuel user trip permit fee paid under Section 59-13-303
3434 may be used by the commission as a dedicated credit to cover the costs of electronic
3435 credentialing as provided in Section 41-1a-303.

3436 (8) The commission may either collect no tax on special fuel exported from the state
3437 or, upon application, refund the tax paid.

(9) (a) The United States government or any of its instrumentalities, this state, or a political subdivision of this state that has purchased special fuel from a supplier or from a retail dealer of special fuel and has paid the tax on the special fuel as provided in this section is entitled to a refund of the tax and may file with the commission for a quarterly refund in a manner prescribed by the commission.

(b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission shall make rules governing the application and refund provided for in Subsection (9)(a).

(10) (a) The purchaser shall pay the tax on diesel fuel or clean fuel purchased for uses under Subsections (2)(b)(i), (iii), (iv), (v), (vi), and (vii) and apply for a refund for the tax paid as provided in Subsection (9) and this Subsection (10).

(b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission shall make rules governing the application and refund for off-highway and nonhighway uses provided under Subsections (2)(b)(iii), (iv), (vi), and (vii).

(c) A refund of tax paid under this part on diesel fuel used for nonhighway agricultural uses shall be made in accordance with the tax return procedures under Section 59-13-202.

(11) (a) ~~[Beginning on April 1, 2001, a]~~ A tax imposed under this section on special fuel is reduced to the extent provided in Subsection (11)(b) if:

(i) the Navajo Nation imposes a tax on the special fuel;

(ii) the tax described in Subsection (11)(a)(i) is imposed without regard to whether the person required to pay the tax is an enrolled member of the Navajo Nation; and

(iii) the commission and the Navajo Nation execute and maintain an agreement as provided in this Subsection (11) for the administration of the reduction of tax.

(b) (i) If but for Subsection (11)(a) the special fuel is subject to a tax imposed by this section:

(A) the state shall be paid the difference described in Subsection (11)(b)(ii) if that difference is greater than \$0; and

(B) a person may not require the state to provide a refund, a credit, or similar tax relief if the difference described in Subsection (11)(b)(ii) is less than or equal to \$0.

(ii) The difference described in Subsection (11)(b)(i) is equal to the difference between:

- 3469 (A) the amount of tax imposed on the special fuel by this section; less
3470 (B) the tax imposed and collected by the Navajo Nation on the special fuel.
3471 (c) For purposes of Subsections (11)(a) and (b), the tax paid to the Navajo Nation on
3472 the special fuel does not include any interest or penalties a taxpayer may be required to pay to
3473 the Navajo Nation.
- 3474 (d) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
3475 commission shall make rules governing the procedures for administering the reduction of tax
3476 provided under this Subsection (11).
- 3477 (e) The agreement required under Subsection (11)(a):
3478 (i) may not:
3479 (A) authorize the state to impose a tax in addition to a tax imposed under this chapter;
3480 (B) provide a reduction of taxes greater than or different from the reduction described
3481 in this Subsection (11); or
3482 (C) affect the power of the state to establish rates of taxation;
3483 (ii) shall:
3484 (A) be in writing;
3485 (B) be signed by:
3486 (I) the chair of the commission or the chair's designee; and
3487 (II) a person designated by the Navajo Nation that may bind the Navajo Nation;
3488 (C) be conditioned on obtaining any approval required by federal law;
3489 (D) state the effective date of the agreement; and
3490 (E) state any accommodation the Navajo Nation makes related to the construction and
3491 maintenance of state highways and other infrastructure within the Utah portion of the Navajo
3492 Nation; and
3493 (iii) may:
3494 (A) notwithstanding Section 59-1-403, authorize the commission to disclose to the
3495 Navajo Nation information that is:
3496 (I) contained in a document filed with the commission; and
3497 (II) related to the tax imposed under this section;
3498 (B) provide for maintaining records by the commission or the Navajo Nation; or
3499 (C) provide for inspections or audits of suppliers, distributors, carriers, or retailers

3500 located or doing business within the Utah portion of the Navajo Nation.

3501 (f) (i) If ~~on or after April 1, 2001,~~ the Navajo Nation changes the tax rate of a tax
3502 imposed on special fuel, any change in the amount of the reduction of taxes under this
3503 Subsection (11) as a result of the change in the tax rate is not effective until the first day of the
3504 calendar quarter after a 60-day period beginning on the date the commission receives notice:

3505 (A) from the Navajo Nation; and

3506 (B) meeting the requirements of Subsection (11)(f)(ii).

3507 (ii) The notice described in Subsection (11)(f)(i) shall state:

3508 (A) that the Navajo Nation has changed or will change the tax rate of a tax imposed on
3509 special fuel;

3510 (B) the effective date of the rate change of the tax described in Subsection
3511 (11)(f)(ii)(A); and

3512 (C) the new rate of the tax described in Subsection (11)(f)(ii)(A).

3513 (g) If the agreement required by Subsection (11)(a) terminates, a reduction of tax is not
3514 permitted under this Subsection (11) beginning on the first day of the calendar quarter after a
3515 30-day period beginning on the day the agreement terminates.

3516 (h) If there is a conflict between this Subsection (11) and the agreement required by
3517 Subsection (11)(a), this Subsection (11) governs.

3518 (12) (a) (i) Subject to Subsections (12)(a)(ii) and (iii), a tax imposed under this section
3519 on compressed natural gas is imposed at a rate of:

3520 (A) until June 30, 2016, 10-1/2 cents per gasoline gallon equivalent;

3521 (B) beginning on July 1, 2016, and until June 30, 2017, 12-1/2 cents per gasoline
3522 gallon equivalent;

3523 (C) beginning on July 1, 2017, and until June 30, 2018, 14-1/2 cents per gasoline
3524 gallon equivalent; and

3525 (D) beginning on or after July 1, 2018, 16-1/2 cents per gasoline gallon equivalent.

3526 (ii) Beginning on January 1, 2020, the commission shall, on January 1, annually adjust
3527 the rate of a tax imposed under this section on compressed natural gas by taking the rate for the
3528 previous calendar year and adding an amount equal to the greater of:

3529 (A) an amount calculated by multiplying the rate of a tax imposed under this section on
3530 compressed natural gas for the previous calendar year by the actual percent change during the

3531 previous fiscal year in the Consumer Price Index; and

3532 (B) 0.

3533 (iii) The rate of a tax imposed under this section on compressed natural gas determined
3534 by the commission under Subsection (12)(a)(ii) may not exceed 22-1/2 cents per gasoline
3535 gallon equivalent.

3536 (b) (i) Subject to Subsections (12)(b)(ii) and (iii), a tax imposed under this section on
3537 liquified natural gas is imposed at a rate of:

3538 (A) until June 30, 2016, 10-1/2 cents per diesel gallon equivalent;

3539 (B) beginning on July 1, 2016, and until June 30, 2017, 12-1/2 cents per diesel gallon
3540 equivalent;

3541 (C) beginning on July 1, 2017, and until June 30, 2018, 14-1/2 cents per diesel gallon
3542 equivalent; and

3543 (D) beginning on or after July 1, 2018, 16-1/2 cents per diesel gallon equivalent.

3544 (ii) Beginning on January 1, 2020, the commission shall, on January 1, annually adjust
3545 the rate of a tax imposed under this section on liquified natural gas by taking the rate for the
3546 previous calendar year and adding an amount equal to the greater of:

3547 (A) an amount calculated by multiplying the rate of a tax imposed under this section on
3548 liquified natural gas for the previous calendar year by the actual percent change during the
3549 previous fiscal year in the Consumer Price Index; and

3550 (B) 0.

3551 (iii) The rate of a tax imposed under this section on liquified natural gas determined by
3552 the commission under Subsection (12)(b)(ii) may not exceed 22-1/2 cents per diesel gallon
3553 equivalent.

3554 ~~[(c) (i) Subject to Subsections (12)(c)(ii) and (iii), a tax imposed under this section on~~
3555 ~~hydrogen used to operate or propel a motor vehicle upon the public highways of the state is~~
3556 ~~imposed at a rate of:]~~

3557 ~~[(A) until June 30, 2016, 10-1/2 cents per gasoline gallon equivalent;]~~

3558 ~~[(B) beginning on July 1, 2016, and until June 30, 2017, 12-1/2 cents per gasoline~~
3559 ~~gallon equivalent;]~~

3560 ~~[(C) beginning on July 1, 2017, and until June 30, 2018, 14-1/2 cents per gasoline~~
3561 ~~gallon equivalent; and]~~

3562 [~~(D)~~ beginning on or after July 1, 2018, 16-1/2 cents per gasoline gallon equivalent.]

3563 [~~(ii)~~ Beginning on January 1, 2020, the commission shall, on January 1, annually adjust

3564 the rate of a tax imposed under this section on hydrogen used to operate or propel a motor

3565 vehicle upon the public highways of the state by taking the rate for the previous calendar year

3566 and adding an amount equal to the greater of:]

3567 [~~(A)~~ an amount calculated by multiplying the rate of a tax imposed under this section

3568 on hydrogen used to operate or propel a motor vehicle upon the public highways of the state for

3569 the previous calendar year by the actual percent change during the previous fiscal year in the

3570 Consumer Price Index; and]

3571 [~~(B)~~ 0.]

3572 [~~(iii)~~ The rate of a tax imposed under this section on hydrogen used to operate or propel

3573 a motor vehicle upon the public highways of the state determined by the commission under

3574 Subsection (12)(c)(ii) may not exceed 22-1/2 cents per gasoline gallon equivalent.]

3575 [~~(d)~~] (c) (i) The commission shall annually:

3576 (A) adjust the fuel tax rates imposed under Subsections (12)(a)(ii)[;] and (b)(ii), [~~and~~

3577 ~~(c)(ii);~~] rounded to the nearest one-tenth of a cent;

3578 (B) publish the adjusted fuel tax as a cents per gallon rate; and

3579 (C) post or otherwise make public the adjusted fuel tax rate as determined in

3580 Subsection (12)[~~(d)~~](c)(i)(A) no later than 60 days prior to the annual effective date under

3581 Subsection (12)[~~(d)~~](c)(ii).

3582 (ii) The tax rates imposed under this Subsection (12) and adjusted as required under

3583 Subsection (12)[~~(d)~~](c)(i) shall take effect on January 1 of each year.

3584 Section 13. Section **63M-4-401** is amended to read:

3585 **63M-4-401. Office of Energy Development -- Creation -- Director -- Purpose --**

3586 **Rulemaking regarding confidential information -- Fees.**

3587 (1) There is created an Office of Energy Development.

3588 (2) (a) The governor's energy advisor shall serve as the director of the office or appoint

3589 a director of the office.

3590 (b) The director:

3591 (i) shall, if the governor's energy advisor appoints a director under Subsection (2)(a),

3592 report to the governor's energy advisor; and

3593 (ii) may appoint staff as funding within existing budgets allows.

3594 (c) The office may consolidate energy staff and functions existing in the state energy
3595 program.

3596 (3) The purposes of the office are to:

3597 (a) serve as the primary resource for advancing energy and mineral development in the
3598 state;

3599 (b) implement:

3600 (i) the state energy policy under Section 63M-4-301; and

3601 (ii) the governor's energy and mineral development goals and objectives;

3602 (c) advance energy education, outreach, and research, including the creation of
3603 elementary, higher education, and technical college energy education programs;

3604 (d) promote energy and mineral development workforce initiatives; and

3605 (e) support collaborative research initiatives targeted at Utah-specific energy and
3606 mineral development.

3607 (4) By following the procedures and requirements of Title 63J, Chapter 5, Federal
3608 Funds Procedures Act, the office may:

3609 (a) seek federal grants or loans;

3610 (b) seek to participate in federal programs; and

3611 (c) in accordance with applicable federal program guidelines, administer federally
3612 funded state energy programs.

3613 (5) The office shall perform the duties required by Sections 11-42a-106[;] and
3614 59-5-102[, 59-7-614.7, 59-10-1029, Part 5, Alternative Energy Development Tax Credit Act,]
3615 and Part 6, High Cost Infrastructure Development Tax Credit Act.

3616 (6) (a) For purposes of administering this section, the office may make rules, by
3617 following the procedures and requirements of Title 63G, Chapter 3, Utah Administrative
3618 Rulemaking Act, to maintain as confidential, and not as a public record, information that the
3619 office receives from any source.

3620 (b) The office shall maintain information the office receives from any source at the
3621 level of confidentiality assigned by the source.

3622 (7) The office may charge application, filing, and processing fees in amounts
3623 determined by the office in accordance with Section 63J-1-504 as dedicated credits for

3624 performing office duties described in this part.

3625 Section 14. Section **63M-4-602** is amended to read:

3626 **63M-4-602. Definitions.**

3627 As used in this part:

3628 (1) "Applicant" means a person that conducts business in the state and that applies for a
3629 tax credit under this part.

3630 (2) "Fuel standard compliance project" means a project designed to retrofit a fuel
3631 refinery in order to make the refinery capable of producing fuel that complies with the United
3632 States Environmental Protection Agency's Tier 3 gasoline sulfur standard described in 40
3633 C.F.R. Sec. 79.54.

3634 (3) "High cost infrastructure project" means a project:

3635 (a) (i) that expands or creates new industrial, mining, manufacturing, or agriculture
3636 activity in the state, not including a retail business;

3637 (ii) that involves new investment of at least \$50,000,000 in an existing industrial,
3638 mining, manufacturing, or agriculture entity, by the entity; or

3639 (iii) for the construction of a plant or other facility, including a fueling station, for the
3640 storage, production, or distribution of hydrogen fuel used for transportation, electricity
3641 generation, or industrial use;

3642 (b) that requires or is directly facilitated by infrastructure construction; and

3643 (c) for which the cost of infrastructure construction to the entity creating the project is
3644 greater than:

3645 (i) 10% of the total cost of the project; or

3646 (ii) \$10,000,000.

3647 (4) "Infrastructure" means:

3648 (a) an energy delivery project as defined in Section [63H-2-102](#);

3649 (b) a railroad as defined in Section [54-2-1](#);

3650 (c) a fuel standard compliance project;

3651 (d) a road improvement project;

3652 (e) a water self-supply project;

3653 (f) a water removal system project;

3654 (g) a solution-mined subsurface salt cavern; or

3655 (h) a project that is designed to:
3656 (i) increase the capacity for water delivery to a water user in the state; ~~[or]~~
3657 (ii) increase the capability of an existing water delivery system or related facility to
3658 deliver water to a water user in the state~~[-];~~ or
3659 (i) a hydrogen fuel production or distribution project.
3660 (5) (a) "Infrastructure cost-burdened entity" means an applicant that enters into an
3661 agreement with the office that qualifies the applicant to receive a tax credit as provided in this
3662 part.
3663 (b) "Infrastructure cost-burdened entity" includes a pass-through entity taxpayer, as
3664 defined in Section [59-10-1402](#), of a person described in Subsection (5)(a).
3665 (6) "Infrastructure-related revenue" means an amount of tax revenue, for an entity
3666 creating a high cost infrastructure project, in a taxable year, that is directly attributable to a high
3667 cost infrastructure project, under:
3668 (a) Title 59, Chapter 7, Corporate Franchise and Income Taxes;
3669 (b) Title 59, Chapter 10, Individual Income Tax Act; and
3670 (c) Title 59, Chapter 12, Sales and Use Tax Act.
3671 (7) "Office" means the Office of Energy Development created in Section [63M-4-401](#).
3672 (8) "Tax credit" means a tax credit under Section [59-7-619](#) or [59-10-1034](#).
3673 (9) "Tax credit certificate" means a certificate issued by the office to an infrastructure
3674 cost-burdened entity that:
3675 (a) lists the name of the infrastructure cost-burdened entity;
3676 (b) lists the infrastructure cost-burdened entity's taxpayer identification number;
3677 (c) lists, for a taxable year, the amount of the tax credit authorized for the infrastructure
3678 cost-burdened entity under this part; and
3679 (d) includes other information as determined by the office.
3680 **Section 15. Repealer.**
3681 This bill repeals:
3682 Section [59-7-614.7](#), **Nonrefundable alternative energy development tax credit.**
3683 Section [59-10-1029](#), **Nonrefundable alternative energy development tax credit.**
3684 Section [63M-4-501](#), **Title.**
3685 Section [63M-4-502](#), **Definitions.**

3686 Section [63M-4-503](#), Tax credits.

3687 Section [63M-4-504](#), Qualifications for tax credit -- Procedure.

3688 Section [63M-4-505](#), Report to the Legislature.

3689 Section 16. **Effective date.**

3690 (1) Except as provided in Subsections (2) and (3), this bill takes effect on July 1, 2021.

3691 (2) The changes to the following sections take effect on January 1, 2022:

3692 (a) Section [59-7-159](#);

3693 (b) Section [59-10-137](#);

3694 (c) Section [59-12-102](#);

3695 (d) Section [59-12-103](#); and

3696 (e) Section [63M-4-401](#).

3697 (3) The changes to the following sections take effect for a taxable year beginning on or

3698 after January 1, 2022:

3699 (a) Section [59-7-614](#);

3700 (b) Section [59-7-614.7](#);

3701 (c) Section [59-10-1014](#);

3702 (d) Section [59-10-1029](#);

3703 (e) Section [59-10-1106](#);

3704 (f) Section [63M-4-401](#);

3705 (g) Section [63M-4-501](#);

3706 (h) Section [63M-4-502](#);

3707 (i) Section [63M-4-503](#);

3708 (j) Section [63M-4-504](#);

3709 (k) Section [63M-4-505](#); and

3710 (l) Section [63M-4-602](#).