

SALES AND USE TAX REFUND MODIFICATIONS

2021 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Christine F. Watkins

Senate Sponsor: _____

LONG TITLE**General Description:**

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

Highlighted Provisions:

This bill:

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

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

ENACTS:

59-12-104.8, Utah Code Annotated 1953

*Be it enacted by the Legislature of the state of Utah:*Section 1. Section **59-12-104.8** is enacted to read:**59-12-104.8. Refund for state sales and use tax on purchases or lease of**

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

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

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

(b) is located in the state; and

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

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

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

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

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

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

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

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

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

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

59 and
60 (iii) for a purchase or lease made on or after January 1, 2025, 100% of the sales and use
61 tax paid under Subsection [59-12-103](#)(2)(a)(i)(A).
62 (c) A person shall file for a refund under this Subsection (2):
63 (i) in an electronic format prescribed by the commission; and
64 (ii) no more frequently than once per month.
65 (3) The commission may calculate and retain from each refund issued under this
66 section an amount to cover the commission's actual cost of administering the refund.
67 **Section 2. Effective date.**
68 This bill takes effect July 1, 2023.