

Vehicle Sales Tax Amendments

2025 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Jordan D. Teuscher

LONG TITLE**General Description:**

This bill enacts a sales and use tax exemption for sales of motor vehicles in separate transactions.

Highlighted Provisions:

This bill:

- exempts the purchase price of the lower priced motor vehicle when a person buys and sells two motor vehicles in separate transactions;
- provides the method for claiming the sales and use tax exemption; 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:

59-12-104, as last amended by Laws of Utah 2024, Chapter 35

ENACTS:

59-12-104.11, Utah Code Annotated 1953

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

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

59-12-104 . Exemptions.

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

- (1) sales of aviation fuel, motor fuel, and special fuel subject to a Utah state excise tax under Chapter 13, Motor and Special Fuel Tax Act;
- (2) subject to Section 59-12-104.6, sales to the state, its institutions, and its political subdivisions; however, this exemption does not apply to sales of:
 - (a) construction materials except:

- (i) construction materials purchased by or on behalf of institutions of the public education system as defined in Utah Constitution, Article X, Section 2, provided the construction materials are clearly identified and segregated and installed or converted to real property which is owned by institutions of the public education system; and
- (ii) construction materials purchased by the state, its institutions, or its political subdivisions which are installed or converted to real property by employees of the state, its institutions, or its political subdivisions; or
- (b) tangible personal property in connection with the construction, operation, maintenance, repair, or replacement of a project, as defined in Section 11-13-103, or facilities providing additional project capacity, as defined in Section 11-13-103;
- (3)(a) sales of an item described in Subsection (3)(b) from a vending machine if:
- (i) the proceeds of each sale do not exceed \$1; and
- (ii) the seller or operator of the vending machine reports an amount equal to 150% of the cost of the item described in Subsection (3)(b) as goods consumed; and
- (b) Subsection (3)(a) applies to:
- (i) food and food ingredients; or
- (ii) prepared food;
- (4)(a) sales of the following to a commercial airline carrier for in-flight consumption:
- (i) alcoholic beverages;
- (ii) food and food ingredients; or
- (iii) prepared food;
- (b) sales of tangible personal property or a product transferred electronically:
- (i) to a passenger;
- (ii) by a commercial airline carrier; and
- (iii) during a flight for in-flight consumption or in-flight use by the passenger; or
- (c) services related to Subsection (4)(a) or (b);
- (5) sales of parts and equipment for installation in an aircraft operated by a common carrier in interstate or foreign commerce;
- (6) sales of commercials, motion picture films, prerecorded audio program tapes or records, and prerecorded video tapes by a producer, distributor, or studio to a motion picture exhibitor, distributor, or commercial television or radio broadcaster;
- (7)(a) except as provided in Subsection (85) and subject to Subsection (7)(b), sales of cleaning or washing of tangible personal property if the cleaning or washing of the

tangible personal property is not assisted cleaning or washing of tangible personal property;

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

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

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

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

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

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

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

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

(c)(i) the vehicle is not used in this state; or

(ii) the vehicle is used in this state:

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

(I) 30 days in any calendar year; or

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

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

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

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

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

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

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

- 100 (A) a drug;
- 101 (B) a syringe; or
- 102 (C) a stoma supply; and
- 103 (ii) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,
- 104 the commission may by rule define the terms:
- 105 (A) "syringe"; or
- 106 (B) "stoma supply";
- 107 (11) purchases or leases exempt under Section 19-12-201;
- 108 (12)(a) sales of an item described in Subsection (12)(c) served by:
- 109 (i) the following if the item described in Subsection (12)(c) is not available to the
- 110 general public:
- 111 (A) a church; or
- 112 (B) a charitable institution; or
- 113 (ii) an institution of higher education if:
- 114 (A) the item described in Subsection (12)(c) is not available to the general public;
- 115 or
- 116 (B) the item described in Subsection (12)(c) is prepaid as part of a student meal
- 117 plan offered by the institution of higher education; or
- 118 (b) sales of an item described in Subsection (12)(c) provided for a patient by:
- 119 (i) a medical facility; or
- 120 (ii) a nursing facility; and
- 121 (c) Subsections (12)(a) and (b) apply to:
- 122 (i) food and food ingredients;
- 123 (ii) prepared food; or
- 124 (iii) alcoholic beverages;
- 125 (13)(a) except as provided in Subsection (13)(b), the sale of tangible personal property
- 126 or a product transferred electronically by a person:
- 127 (i) regardless of the number of transactions involving the sale of that tangible
- 128 personal property or product transferred electronically by that person; and
- 129 (ii) not regularly engaged in the business of selling that type of tangible personal
- 130 property or product transferred electronically;
- 131 (b) this Subsection (13) does not apply if:
- 132 (i) the sale is one of a series of sales of a character to indicate that the person is
- 133 regularly engaged in the business of selling that type of tangible personal property

- 134 or product transferred electronically;
- 135 (ii) the person holds that person out as regularly engaged in the business of selling
- 136 that type of tangible personal property or product transferred electronically;
- 137 (iii) the person sells an item of tangible personal property or product transferred
- 138 electronically that the person purchased as a sale that is exempt under Subsection
- 139 (25); or
- 140 (iv) the sale is of a vehicle or vessel required to be titled or registered under the laws
- 141 of this state in which case the tax is based upon:
- 142 (A) the bill of sale, lease agreement, or other written evidence of value of the
- 143 vehicle or vessel being sold; or
- 144 (B) in the absence of a bill of sale, lease agreement, or other written evidence of
- 145 value, the fair market value of the vehicle or vessel being sold at the time of the
- 146 sale as determined by the commission; and
- 147 (c) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
- 148 commission shall make rules establishing the circumstances under which:
- 149 (i) a person is regularly engaged in the business of selling a type of tangible personal
- 150 property or product transferred electronically;
- 151 (ii) a sale of tangible personal property or a product transferred electronically is one
- 152 of a series of sales of a character to indicate that a person is regularly engaged in
- 153 the business of selling that type of tangible personal property or product
- 154 transferred electronically; or
- 155 (iii) a person holds that person out as regularly engaged in the business of selling a
- 156 type of tangible personal property or product transferred electronically;
- 157 (14) amounts paid or charged for a purchase or lease of machinery, equipment, normal
- 158 operating repair or replacement parts, or materials, except for office equipment or office
- 159 supplies, by:
- 160 (a) a manufacturing facility that:
- 161 (i) is located in the state; and
- 162 (ii) uses or consumes the machinery, equipment, normal operating repair or
- 163 replacement parts, or materials:
- 164 (A) in the manufacturing process to manufacture an item sold as tangible personal
- 165 property, as the commission may define that phrase in accordance with Title
- 166 63G, Chapter 3, Utah Administrative Rulemaking Act; or
- 167 (B) for a scrap recycler, to process an item sold as tangible personal property, as

- 168 the commission may define that phrase in accordance with Title 63G, Chapter
169 3, Utah Administrative Rulemaking Act;
- 170 (b) an establishment, as the commission defines that term in accordance with Title 63G,
171 Chapter 3, Utah Administrative Rulemaking Act, that:
- 172 (i) is described in NAICS Subsector 212, Mining (except Oil and Gas), or NAICS
173 Code 213113, Support Activities for Coal Mining, 213114, Support Activities for
174 Metal Mining, or 213115, Support Activities for Nonmetallic Minerals (except
175 Fuels) Mining, of the 2002 North American Industry Classification System of the
176 federal Executive Office of the President, Office of Management and Budget;
- 177 (ii) is located in the state; and
- 178 (iii) uses or consumes the machinery, equipment, normal operating repair or
179 replacement parts, or materials in:
- 180 (A) the production process to produce an item sold as tangible personal property,
181 as the commission may define that phrase in accordance with Title 63G,
182 Chapter 3, Utah Administrative Rulemaking Act;
- 183 (B) research and development, as the commission may define that phrase in
184 accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act;
- 185 (C) transporting, storing, or managing tailings, overburden, or similar waste
186 materials produced from mining;
- 187 (D) developing or maintaining a road, tunnel, excavation, or similar feature used
188 in mining; or
- 189 (E) preventing, controlling, or reducing dust or other pollutants from mining; or
- 190 (c) an establishment, as the commission defines that term in accordance with Title 63G,
191 Chapter 3, Utah Administrative Rulemaking Act, that:
- 192 (i) is described in NAICS Code 518112, Web Search Portals, of the 2002 North
193 American Industry Classification System of the federal Executive Office of the
194 President, Office of Management and Budget;
- 195 (ii) is located in the state; and
- 196 (iii) uses or consumes the machinery, equipment, normal operating repair or
197 replacement parts, or materials in the operation of the web search portal;
- 198 (15)(a) sales of the following if the requirements of Subsection (15)(b) are met:
- 199 (i) tooling;
- 200 (ii) special tooling;
- 201 (iii) support equipment;

- 202 (iv) special test equipment; or
- 203 (v) parts used in the repairs or renovations of tooling or equipment described in
- 204 Subsections (15)(a)(i) through (iv); and
- 205 (b) sales of tooling, equipment, or parts described in Subsection (15)(a) are exempt if:
- 206 (i) the tooling, equipment, or parts are used or consumed exclusively in the
- 207 performance of any aerospace or electronics industry contract with the United
- 208 States government or any subcontract under that contract; and
- 209 (ii) under the terms of the contract or subcontract described in Subsection (15)(b)(i),
- 210 title to the tooling, equipment, or parts is vested in the United States government
- 211 as evidenced by:
- 212 (A) a government identification tag placed on the tooling, equipment, or parts; or
- 213 (B) listing on a government-approved property record if placing a government
- 214 identification tag on the tooling, equipment, or parts is impractical;
- 215 (16) sales of newspapers or newspaper subscriptions;
- 216 (17)(a) except as provided in Subsection (17)(b), tangible personal property or a product
- 217 transferred electronically traded in as full or part payment of the purchase price,
- 218 except that for purposes of calculating sales or use tax upon vehicles not sold by a
- 219 vehicle dealer, trade-ins are limited to other vehicles only, and the tax is based upon:
- 220 (i) the bill of sale or other written evidence of value of the vehicle being sold and the
- 221 vehicle being traded in; or
- 222 (ii) in the absence of a bill of sale or other written evidence of value, the then existing
- 223 fair market value of the vehicle being sold and the vehicle being traded in, as
- 224 determined by the commission; and
- 225 (b) Subsection (17)(a) does not apply to the following items of tangible personal
- 226 property or products transferred electronically traded in as full or part payment of the
- 227 purchase price:
- 228 (i) money;
- 229 (ii) electricity;
- 230 (iii) water;
- 231 (iv) gas; or
- 232 (v) steam;
- 233 (18)(a)(i) except as provided in Subsection (18)(b), sales of tangible personal
- 234 property or a product transferred electronically used or consumed primarily and
- 235 directly in farming operations, regardless of whether the tangible personal

property or product transferred electronically:

(A) becomes part of real estate; or

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

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

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

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

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

(I) hand tools; or

(II) maintenance and janitorial equipment and supplies;

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

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

(I) office equipment and supplies; or

(II) equipment and supplies used in:

(Aa) the sale or distribution of farm products;

(Bb) research; or

(Cc) transportation; or

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

(19) sales of hay;

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

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

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

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

- (21) purchases made using a coupon as defined in 7 U.S.C. Sec. 2012 that is issued under the Food Stamp Program, 7 U.S.C. Sec. 2011 et seq.;
- (22) sales of nonreturnable containers, nonreturnable labels, nonreturnable bags, nonreturnable shipping cases, and nonreturnable casings to a manufacturer, processor, wholesaler, or retailer for use in packaging tangible personal property to be sold by that manufacturer, processor, wholesaler, or retailer;
- (23) a product stored in the state for resale;
- (24)(a) purchases of a product if:
- (i) the product is:
 - (A) purchased outside of this state;
 - (B) brought into this state:
 - (I) at any time after the purchase described in Subsection (24)(a)(i)(A); and
 - (II) by a nonresident person who is not living or working in this state at the time of the purchase;
 - (C) used for the personal use or enjoyment of the nonresident person described in Subsection (24)(a)(i)(B)(II) while that nonresident person is within the state; and
 - (D) not used in conducting business in this state; and
 - (ii) for:
 - (A) a product other than a boat described in Subsection (24)(a)(ii)(B), the first use of the product for a purpose for which the product is designed occurs outside of this state;
 - (B) a boat, the boat is registered outside of this state; or
 - (C) a vehicle other than a vehicle sold to an authorized carrier, the vehicle is registered outside of this state;
- (b) the exemption provided for in Subsection (24)(a) does not apply to:
- (i) a lease or rental of a product; or
 - (ii) a sale of a vehicle exempt under Subsection (33); and
- (c) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, for purposes of Subsection (24)(a), the commission may by rule define what constitutes the following:
- (i) conducting business in this state if that phrase has the same meaning in this Subsection (24) as in Subsection (63);
 - (ii) the first use of a product if that phrase has the same meaning in this Subsection

- (24) as in Subsection (63); or
- (iii) a purpose for which a product is designed if that phrase has the same meaning in this Subsection (24) as in Subsection (63);
- (25) a product purchased for resale in the regular course of business, either in its original form or as an ingredient or component part of a manufactured or compounded product;
- (26) a product upon which a sales or use tax was paid to some other state, or one of its subdivisions, except that the state shall be paid any difference between the tax paid and the tax imposed by this part and Part 2, Local Sales and Use Tax Act, and no adjustment is allowed if the tax paid was greater than the tax imposed by this part and Part 2, Local Sales and Use Tax Act;
- (27) any sale of a service described in Subsections 59-12-103(1)(b), (c), and (d) to a person for use in compounding a service taxable under the subsections;
- (28) purchases made in accordance with the special supplemental nutrition program for women, infants, and children established in 42 U.S.C. Sec. 1786;
- (29) sales or leases of rolls, rollers, refractory brick, electric motors, or other replacement parts used in the furnaces, mills, or ovens of a steel mill described in SIC Code 3312 of the 1987 Standard Industrial Classification Manual of the federal Executive Office of the President, Office of Management and Budget;
- (30) sales of a boat of a type required to be registered under Title 73, Chapter 18, State Boating Act, a boat trailer, or an outboard motor if the boat, boat trailer, or outboard motor is:
- (a) not registered in this state; and
- (b)(i) not used in this state; or
- (ii) used in this state:
- (A) if the boat, boat trailer, or outboard motor is not used to conduct business, for a time period that does not exceed the longer of:
- (I) 30 days in any calendar year; or
- (II) the time period necessary to transport the boat, boat trailer, or outboard motor to the borders of this state; or
- (B) if the boat, boat trailer, or outboard motor is used to conduct business, for the time period necessary to transport the boat, boat trailer, or outboard motor to the borders of this state;
- (31) sales of aircraft manufactured in Utah;
- (32) amounts paid for the purchase of telecommunications service for purposes of

338 providing telecommunications service;

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

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

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

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

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

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

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

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

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

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

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

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

351 Section 72-11-102; and

352 (b) the commission shall by rule determine the method for calculating sales exempt

353 under Subsection (37)(a) that are not separately metered and accounted for in utility

354 billings;

355 (38) sales to a ski resort of:

356 (a) snowmaking equipment;

357 (b) ski slope grooming equipment;

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

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

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

361 (39) subject to Subsection 59-12-103(2)(j), sales of natural gas, electricity, heat, coal, fuel

362 oil, or other fuels for industrial use;

363 (40)(a) subject to Subsection (40)(b), sales or rentals of the right to use or operate for

364 amusement, entertainment, or recreation an unassisted amusement device as defined

365 in Section 59-12-102;

366 (b) if a seller that sells or rents at the same business location the right to use or operate

367 for amusement, entertainment, or recreation one or more unassisted amusement

368 devices and one or more assisted amusement devices, the exemption described in

369 Subsection (40)(a) applies if the seller separately accounts for the sales or rentals of

370 the right to use or operate for amusement, entertainment, or recreation for the assisted

371 amusement devices; and

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

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

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

(41)(a) sales of photocopies by:

(i) a governmental entity; or

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

(A) a school; or

(B) the State Board of Education; or

(b) sales of publications by a governmental entity;

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

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

(i) an area agency on aging; or

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

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

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

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

(b) ultimately become incorporated into real property;

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

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

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

406 tariff by the Public Service Commission; and

407 (b) for a residential use customer only, the exemption under Subsection (47)(a) applies

408 only to the portion of the tariff rate a customer pays under the tariff described in

409 Subsection (47)(a) that exceeds the tariff rate under the tariff described in Subsection

410 (47)(a) that the customer would have paid absent the tariff;

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

412 the mobility enhancing equipment;

413 (49) sales of water in a:

414 (a) pipe;

415 (b) conduit;

416 (c) ditch; or

417 (d) reservoir;

418 (50) sales of currency or coins that constitute legal tender of a state, the United States, or a

419 foreign nation;

420 (51)(a) sales of an item described in Subsection (51)(b) if the item:

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

422 and

423 (ii) has a gold, silver, or platinum content of 50% or more; and

424 (b) Subsection (51)(a) applies to a gold, silver, or platinum:

425 (i) ingot;

426 (ii) bar;

427 (iii) medallion; or

428 (iv) decorative coin;

429 (52) amounts paid on a sale-leaseback transaction;

430 (53) sales of a prosthetic device:

431 (a) for use on or in a human; and

432 (b)(i) for which a prescription is required; or

433 (ii) if the prosthetic device is purchased by a hospital or other medical facility;

434 (54)(a) except as provided in Subsection (54)(b), purchases, leases, or rentals of

435 machinery or equipment by an establishment described in Subsection (54)(c) if the

436 machinery or equipment is primarily used in the production or postproduction of the

437 following media for commercial distribution:

438 (i) a motion picture;

439 (ii) a television program;

- 440 (iii) a movie made for television;
441 (iv) a music video;
442 (v) a commercial;
443 (vi) a documentary; or
444 (vii) a medium similar to Subsections (54)(a)(i) through (vi) as determined by the
445 commission by administrative rule made in accordance with Subsection (54)(d); or
446 (b) purchases, leases, or rentals of machinery or equipment by an establishment
447 described in Subsection (54)(c) that is used for the production or postproduction of
448 the following are subject to the taxes imposed by this chapter:
449 (i) a live musical performance;
450 (ii) a live news program; or
451 (iii) a live sporting event;
452 (c) the following establishments listed in the 1997 North American Industry
453 Classification System of the federal Executive Office of the President, Office of
454 Management and Budget, apply to Subsections (54)(a) and (b):
455 (i) NAICS Code 512110; or
456 (ii) NAICS Code 51219; and
457 (d) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
458 commission may by rule:
459 (i) prescribe what constitutes a medium similar to Subsections (54)(a)(i) through (vi);
460 or
461 (ii) define:
462 (A) "commercial distribution";
463 (B) "live musical performance";
464 (C) "live news program"; or
465 (D) "live sporting event";
466 (55)(a) leases of seven or more years or purchases made on or after July 1, 2004, but on
467 or before June 30, 2027, of tangible personal property that:
468 (i) is leased or purchased for or by a facility that:
469 (A) is an alternative energy electricity production facility;
470 (B) is located in the state; and
471 (C)(I) becomes operational on or after July 1, 2004; or
472 (II) has its generation capacity increased by one or more megawatts on or after
473 July 1, 2004, as a result of the use of the tangible personal property;

- 474 (ii) has an economic life of five or more years; and
- 475 (iii) is used to make the facility or the increase in capacity of the facility described in
- 476 Subsection (55)(a)(i) operational up to the point of interconnection with an
- 477 existing transmission grid including:
- 478 (A) a wind turbine;
- 479 (B) generating equipment;
- 480 (C) a control and monitoring system;
- 481 (D) a power line;
- 482 (E) substation equipment;
- 483 (F) lighting;
- 484 (G) fencing;
- 485 (H) pipes; or
- 486 (I) other equipment used for locating a power line or pole; and
- 487 (b) this Subsection (55) does not apply to:
- 488 (i) tangible personal property used in construction of:
- 489 (A) a new alternative energy electricity production facility; or
- 490 (B) the increase in the capacity of an alternative energy electricity production
- 491 facility;
- 492 (ii) contracted services required for construction and routine maintenance activities;
- 493 and
- 494 (iii) unless the tangible personal property is used or acquired for an increase in
- 495 capacity of the facility described in Subsection (55)(a)(i)(C)(II), tangible personal
- 496 property used or acquired after:
- 497 (A) the alternative energy electricity production facility described in Subsection
- 498 (55)(a)(i) is operational as described in Subsection (55)(a)(iii); or
- 499 (B) the increased capacity described in Subsection (55)(a)(i) is operational as
- 500 described in Subsection (55)(a)(iii);
- 501 (56)(a) leases of seven or more years or purchases made on or after July 1, 2004, but on
- 502 or before June 30, 2027, of tangible personal property that:
- 503 (i) is leased or purchased for or by a facility that:
- 504 (A) is a waste energy production facility;
- 505 (B) is located in the state; and
- 506 (C)(I) becomes operational on or after July 1, 2004; or
- 507 (II) has its generation capacity increased by one or more megawatts on or after

- 508 July 1, 2004, as a result of the use of the tangible personal property;
- 509 (ii) has an economic life of five or more years; and
- 510 (iii) is used to make the facility or the increase in capacity of the facility described in
- 511 Subsection (56)(a)(i) operational up to the point of interconnection with an
- 512 existing transmission grid including:
- 513 (A) generating equipment;
- 514 (B) a control and monitoring system;
- 515 (C) a power line;
- 516 (D) substation equipment;
- 517 (E) lighting;
- 518 (F) fencing;
- 519 (G) pipes; or
- 520 (H) other equipment used for locating a power line or pole; and
- 521 (b) this Subsection (56) does not apply to:
- 522 (i) tangible personal property used in construction of:
- 523 (A) a new waste energy facility; or
- 524 (B) the increase in the capacity of a waste energy facility;
- 525 (ii) contracted services required for construction and routine maintenance activities;
- 526 and
- 527 (iii) unless the tangible personal property is used or acquired for an increase in
- 528 capacity described in Subsection (56)(a)(i)(C)(II), tangible personal property used
- 529 or acquired after:
- 530 (A) the waste energy facility described in Subsection (56)(a)(i) is operational as
- 531 described in Subsection (56)(a)(iii); or
- 532 (B) the increased capacity described in Subsection (56)(a)(i) is operational as
- 533 described in Subsection (56)(a)(iii);
- 534 (57)(a) leases of five or more years or purchases made on or after July 1, 2004, but on or
- 535 before June 30, 2027, of tangible personal property that:
- 536 (i) is leased or purchased for or by a facility that:
- 537 (A) is located in the state;
- 538 (B) produces fuel from alternative energy, including:
- 539 (I) methanol; or
- 540 (II) ethanol; and
- 541 (C)(I) becomes operational on or after July 1, 2004; or

- 542 (II) has its capacity to produce fuel increase by 25% or more on or after July 1,
543 2004, as a result of the installation of the tangible personal property;
- 544 (ii) has an economic life of five or more years; and
- 545 (iii) is installed on the facility described in Subsection (57)(a)(i);
- 546 (b) this Subsection (57) does not apply to:
- 547 (i) tangible personal property used in construction of:
- 548 (A) a new facility described in Subsection (57)(a)(i); or
- 549 (B) the increase in capacity of the facility described in Subsection (57)(a)(i); or
- 550 (ii) contracted services required for construction and routine maintenance activities;
- 551 and
- 552 (iii) unless the tangible personal property is used or acquired for an increase in
- 553 capacity described in Subsection (57)(a)(i)(C)(II), tangible personal property used
- 554 or acquired after:
- 555 (A) the facility described in Subsection (57)(a)(i) is operational; or
- 556 (B) the increased capacity described in Subsection (57)(a)(i) is operational;
- 557 (58)(a) subject to Subsection (58)(b), sales of tangible personal property or a product
- 558 transferred electronically to a person within this state if that tangible personal
- 559 property or product transferred electronically is subsequently shipped outside the
- 560 state and incorporated pursuant to contract into and becomes a part of real property
- 561 located outside of this state; and
- 562 (b) the exemption under Subsection (58)(a) is not allowed to the extent that the other
- 563 state or political entity to which the tangible personal property is shipped imposes a
- 564 sales, use, gross receipts, or other similar transaction excise tax on the transaction
- 565 against which the other state or political entity allows a credit for sales and use taxes
- 566 imposed by this chapter;
- 567 (59) purchases:
- 568 (a) of one or more of the following items in printed or electronic format:
- 569 (i) a list containing information that includes one or more:
- 570 (A) names; or
- 571 (B) addresses; or
- 572 (ii) a database containing information that includes one or more:
- 573 (A) names; or
- 574 (B) addresses; and
- 575 (b) used to send direct mail;

- 576 (60) redemptions or repurchases of a product by a person if that product was:
577 (a) delivered to a pawnbroker as part of a pawn transaction; and
578 (b) redeemed or repurchased within the time period established in a written agreement
579 between the person and the pawnbroker for redeeming or repurchasing the product;
- 580 (61)(a) purchases or leases of an item described in Subsection (61)(b) if the item:
581 (i) is purchased or leased by, or on behalf of, a telecommunications service provider;
582 and
583 (ii) has a useful economic life of one or more years; and
584 (b) the following apply to Subsection (61)(a):
585 (i) telecommunications enabling or facilitating equipment, machinery, or software;
586 (ii) telecommunications equipment, machinery, or software required for 911 service;
587 (iii) telecommunications maintenance or repair equipment, machinery, or software;
588 (iv) telecommunications switching or routing equipment, machinery, or software; or
589 (v) telecommunications transmission equipment, machinery, or software;
- 590 (62)(a) beginning on July 1, 2006, and ending on June 30, 2027, purchases of tangible
591 personal property or a product transferred electronically that are used in the research
592 and development of alternative energy technology; and
593 (b) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
594 commission may, for purposes of Subsection (62)(a), make rules defining what
595 constitutes purchases of tangible personal property or a product transferred
596 electronically that are used in the research and development of alternative energy
597 technology;
- 598 (63)(a) purchases of tangible personal property or a product transferred electronically if:
599 (i) the tangible personal property or product transferred electronically is:
600 (A) purchased outside of this state;
601 (B) brought into this state at any time after the purchase described in Subsection
602 (63)(a)(i)(A); and
603 (C) used in conducting business in this state; and
604 (ii) for:
605 (A) tangible personal property or a product transferred electronically other than
606 the tangible personal property described in Subsection (63)(a)(ii)(B), the first
607 use of the property for a purpose for which the property is designed occurs
608 outside of this state; or
609 (B) a vehicle other than a vehicle sold to an authorized carrier, the vehicle is

- 610 registered outside of this state and not required to be registered in this state
611 under Section 41-1a-202 or 73-18-9 based on residency;
- 612 (b) the exemption provided for in Subsection (63)(a) does not apply to:
- 613 (i) a lease or rental of tangible personal property or a product transferred
614 electronically; or
- 615 (ii) a sale of a vehicle exempt under Subsection (33); and
- 616 (c) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, for
617 purposes of Subsection (63)(a), the commission may by rule define what constitutes
618 the following:
- 619 (i) conducting business in this state if that phrase has the same meaning in this
620 Subsection (63) as in Subsection (24);
- 621 (ii) the first use of tangible personal property or a product transferred electronically if
622 that phrase has the same meaning in this Subsection (63) as in Subsection (24); or
- 623 (iii) a purpose for which tangible personal property or a product transferred
624 electronically is designed if that phrase has the same meaning in this Subsection
625 (63) as in Subsection (24);
- 626 (64) sales of disposable home medical equipment or supplies if:
- 627 (a) a person presents a prescription for the disposable home medical equipment or
628 supplies;
- 629 (b) the disposable home medical equipment or supplies are used exclusively by the
630 person to whom the prescription described in Subsection (64)(a) is issued; and
- 631 (c) the disposable home medical equipment and supplies are listed as eligible for
632 payment under:
- 633 (i) Title XVIII, federal Social Security Act; or
- 634 (ii) the state plan for medical assistance under Title XIX, federal Social Security Act;
- 635 (65) sales:
- 636 (a) to a public transit district under Title 17B, Chapter 2a, Part 8, Public Transit District
637 Act; or
- 638 (b) of tangible personal property to a subcontractor of a public transit district, if the
639 tangible personal property is:
- 640 (i) clearly identified; and
- 641 (ii) installed or converted to real property owned by the public transit district;
- 642 (66) sales of construction materials:
- 643 (a) purchased on or after July 1, 2010;

- (b) purchased by, on behalf of, or for the benefit of an international airport:
 - (i) located within a county of the first class; and
 - (ii) that has a United States customs office on its premises; and
- (c) if the construction materials are:
 - (i) clearly identified;
 - (ii) segregated; and
 - (iii) installed or converted to real property:
 - (A) owned or operated by the international airport described in Subsection (66)(b);
 - and
 - (B) located at the international airport described in Subsection (66)(b);
- (67) sales of construction materials:
 - (a) purchased on or after July 1, 2008;
 - (b) purchased by, on behalf of, or for the benefit of a new airport:
 - (i) located within a county of the second class; and
 - (ii) that is owned or operated by a city in which an airline as defined in Section 59-2-102 is headquartered; and
 - (c) if the construction materials are:
 - (i) clearly identified;
 - (ii) segregated; and
 - (iii) installed or converted to real property:
 - (A) owned or operated by the new airport described in Subsection (67)(b);
 - (B) located at the new airport described in Subsection (67)(b); and
 - (C) as part of the construction of the new airport described in Subsection (67)(b);
- (68) except for the tax imposed by Subsection 59-12-103(2)(d), sales of fuel to a common carrier that is a railroad for use in a locomotive engine;
- (69) purchases and sales described in Section 63H-4-111;
- (70)(a) sales of tangible personal property to an aircraft maintenance, repair, and overhaul provider for use in the maintenance, repair, overhaul, or refurbishment in this state of a fixed wing turbine powered aircraft if that fixed wing turbine powered aircraft's registration lists a state or country other than this state as the location of registry of the fixed wing turbine powered aircraft; or
- (b) sales of tangible personal property by an aircraft maintenance, repair, and overhaul provider in connection with the maintenance, repair, overhaul, or refurbishment in this state of a fixed wing turbine powered aircraft if that fixed wing turbine powered

678 aircraft's registration lists a state or country other than this state as the location of
679 registry of the fixed wing turbine powered aircraft;

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

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

682 (b) by a seller, other than a bookstore owned by an institution of higher education, if

683 51% or more of that seller's sales revenue for the previous calendar quarter are sales

684 of a textbook for a higher education course;

685 (72) a license fee or tax a municipality imposes in accordance with Subsection 10-1-203(5)

686 on a purchaser from a business for which the municipality provides an enhanced level of

687 municipal services;

688 (73) amounts paid or charged for construction materials used in the construction of a new or

689 expanding life science research and development facility in the state, if the construction

690 materials are:

691 (a) clearly identified;

692 (b) segregated; and

693 (c) installed or converted to real property;

694 (74) amounts paid or charged for:

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

696 (i) are used in performing qualified research:

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

698 (B) in the state; and

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

700 (b) normal operating repair or replacement parts:

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

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

703 (75) a sale or lease of tangible personal property used in the preparation of prepared food if:

704 (a) for a sale:

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

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

707 tangible personal property prior to making the sale; or

708 (b) for a lease:

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

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

711 tangible personal property prior to making the lease;

- 712 (76)(a) purchases of machinery or equipment if:
- 713 (i) the purchaser is an establishment described in NAICS Subsector 713, Amusement,
- 714 Gambling, and Recreation Industries, of the 2012 North American Industry
- 715 Classification System of the federal Executive Office of the President, Office of
- 716 Management and Budget;
- 717 (ii) the machinery or equipment:
- 718 (A) has an economic life of three or more years; and
- 719 (B) is used by one or more persons who pay admission or user fees described in
- 720 Subsection 59-12-103(1)(f) to the purchaser of the machinery and equipment;
- 721 and
- 722 (iii) 51% or more of the purchaser's sales revenue for the previous calendar quarter is:
- 723 (A) amounts paid or charged as admission or user fees described in Subsection
- 724 59-12-103(1)(f); and
- 725 (B) subject to taxation under this chapter; and
- 726 (b) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
- 727 commission may make rules for verifying that 51% of a purchaser's sales revenue for
- 728 the previous calendar quarter is:
- 729 (i) amounts paid or charged as admission or user fees described in Subsection
- 730 59-12-103(1)(f); and
- 731 (ii) subject to taxation under this chapter;
- 732 (77) purchases of a short-term lodging consumable by a business that provides
- 733 accommodations and services described in Subsection 59-12-103(1)(i);
- 734 (78) amounts paid or charged to access a database:
- 735 (a) if the primary purpose for accessing the database is to view or retrieve information
- 736 from the database; and
- 737 (b) not including amounts paid or charged for a:
- 738 (i) digital audio work;
- 739 (ii) digital audio-visual work; or
- 740 (iii) digital book;
- 741 (79) amounts paid or charged for a purchase or lease made by an electronic financial
- 742 payment service, of:
- 743 (a) machinery and equipment that:
- 744 (i) are used in the operation of the electronic financial payment service; and
- 745 (ii) have an economic life of three or more years; and

(b) normal operating repair or replacement parts that:

(i) are used in the operation of the electronic financial payment service; and

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

(80) sales of a fuel cell as defined in Section 54-15-102;

(81) amounts paid or charged for a purchase or lease of tangible personal property or a product transferred electronically if the tangible personal property or product transferred electronically:

(a) is stored, used, or consumed in the state; and

(b) is temporarily brought into the state from another state:

(i) during a disaster period as defined in Section 53-2a-1202;

(ii) by an out-of-state business as defined in Section 53-2a-1202;

(iii) for a declared state disaster or emergency as defined in Section 53-2a-1202; and

(iv) for disaster- or emergency-related work as defined in Section 53-2a-1202;

(82) sales of goods and services at a morale, welfare, and recreation facility, as defined in Section 39A-7-102, made pursuant to Title 39A, Chapter 7, Morale, Welfare, and Recreation Program;

(83) amounts paid or charged for a purchase or lease of molten magnesium;

(84) amounts paid or charged for a purchase or lease made by a qualifying data center or an occupant of a qualifying data center of machinery, equipment, or normal operating repair or replacement parts, if the machinery, equipment, or normal operating repair or replacement parts:

(a) are used in:

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

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

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

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

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

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

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

- 780 (i) the production process to produce gasoline or diesel fuel, or at which blendstock is
781 added to gasoline or diesel fuel;
- 782 (ii) research and development;
- 783 (iii) transporting, storing, or managing raw materials, work in process, finished
784 products, and waste materials produced from refining gasoline or diesel fuel, or
785 adding blendstock to gasoline or diesel fuel;
- 786 (iv) developing or maintaining a road, tunnel, excavation, or similar feature used in
787 refining; or
- 788 (v) preventing, controlling, or reducing pollutants from refining; and
- 789 (c) if the person holds a valid refiner tax exemption certification as defined in Section
790 79-6-701;
- 791 (87) amounts paid to or charged by a proprietor for accommodations and services, as
792 defined in Section 63H-1-205, if the proprietor is subject to the MIDA accommodations
793 tax imposed under Section 63H-1-205;
- 794 (88) amounts paid or charged for a purchase or lease of machinery, equipment, normal
795 operating repair or replacement parts, or materials, except for office equipment or office
796 supplies, by an establishment, as the commission defines that term in accordance with
797 Title 63G, Chapter 3, Utah Administrative Rulemaking Act, that:
- 798 (a) is described in NAICS Code 621511, Medical Laboratories, of the 2017 North
799 American Industry Classification System of the federal Executive Office of the
800 President, Office of Management and Budget;
- 801 (b) is located in this state; and
- 802 (c) uses the machinery, equipment, normal operating repair or replacement parts, or
803 materials in the operation of the establishment;
- 804 (89) amounts paid or charged for an item exempt under Section 59-12-104.10;
- 805 (90) sales of a note, leaf, foil, or film, if the item:
- 806 (a) is used as currency;
- 807 (b) does not constitute legal tender of a state, the United States, or a foreign nation; and
- 808 (c) has a gold, silver, or platinum metallic content of 50% or more, exclusive of any
809 transparent polymer holder, coating, or encasement;
- 810 (91) amounts paid or charged for admission to an indoor skydiving, rock climbing, or
811 surfing facility, if a trained instructor:
- 812 (a) is present with the participant, in person or by video, for the duration of the activity;
813 and

- (b) actively instructs the participant, including providing observation or feedback;
- (92) amounts paid or charged in connection with the construction, operation, maintenance, repair, or replacement of facilities owned by or constructed for:
- (a) a distribution electrical cooperative, as defined in Section 54-2-1; or
- (b) a wholesale electrical cooperative, as defined in Section 54-2-1;
- (93) amounts paid by the service provider for tangible personal property, other than machinery, equipment, parts, office supplies, electricity, gas, heat, steam, or other fuels, that:
- (a) is consumed in the performance of a service that is subject to tax under Subsection 59-12-103(1)(b), (f), (g), (h), (i), or (j);
- (b) has to be consumed for the service provider to provide the service described in Subsection (93)(a); and
- (c) will be consumed in the performance of the service described in Subsection (93)(a), to one or more customers, to the point that the tangible personal property disappears or cannot be used for any other purpose;
- (94) sales of rail rolling stock manufactured in Utah;
- (95) amounts paid or charged for sales of sand, gravel, rock aggregate, cement products, or construction materials between establishments, as the commission defines that term in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, if:
- (a) the establishments are related directly or indirectly through 100% common ownership or control; and
- (b) each establishment is described in one of the following subsectors of the 2022 North American Industry Classification System of the federal Executive Office of the President, Office of Management and Budget:
- (i) NAICS Subsector 237, Heavy and Civil Engineering Construction; or
- (ii) NAICS Subsector 327, Nonmetallic Mineral Product Manufacturing;
- (96) sales of construction materials used for the construction of a qualified stadium, as defined in Section 11-70-101; ~~and~~
- (97) amounts paid or charged for sales of a cannabinoid product as that term is defined in Section 4-41-102[-] ; and
- (98) as provided in Section 59-12-104.11, an amount equal to the sales price of the lower priced motor vehicle when a person buys a motor vehicle in one transaction and sells a motor vehicle in a separate transaction that occurs within 30 days before or after the purchase transaction.

Section 2. Section **59-12-104.11** is enacted to read:

59-12-104.11 . Exemption for vehicles sold and purchased in separate transactions.

(1) As used in this section, "replacement vehicle" means a motor vehicle:

(a) purchased in a separate transaction:

(i) from the sale of another motor vehicle that is titled in Utah; and

(ii) within 30 days before or after the date of the sale of the motor vehicle described in Subsection (1)(a)(i);

(b) titled in the state; and

(c) for which the titleholder matches the titleholder of the motor vehicle described in Subsection (1)(a)(i) immediately before the sale.

(2)(a) A person may claim the exemption described in Subsection 59-12-104(98) if the person:

(i) purchases a replacement vehicle;

(ii) does not receive the exemption described in Subsection 59-12-104(17); and

(iii) applies for a sales and use tax refund from the Motor Vehicle Division created in Section 41-1a-106.

(b) The amount of the sales and use tax refund is equal to the lesser of:

(i) the sales and use tax paid on the sales price listed on the title for the motor vehicle described in Subsection (1)(a)(i); or

(ii) the sales and use tax paid on the sales price listed on the title for the replacement vehicle.

(c) Only one exemption authorized in Subsection 59-12-104(98) and described in this section may be claimed per sold motor vehicle.

(3) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission may make rules governing the information required to claim a sales and use tax refund under this section.

Section 3. Effective Date.

This bill takes effect on January 1, 2026.