

1 **SALES AND USE TAX - MOLTEN MAGNESIUM**

2 2015 GENERAL SESSION

3 STATE OF UTAH

4 **Chief Sponsor: Deidre M. Henderson**

5 House Sponsor: Merrill F. Nelson

7 **LONG TITLE**

8 **General Description:**

9 This bill amends provisions related to sales and use tax exemptions.

10 **Highlighted Provisions:**

11 This bill:

- 12 ▶ provides a sales and use tax exemption for a purchase or lease of molten
- 13 magnesium; and
- 14 ▶ makes technical and conforming changes.

15 **Money Appropriated in this Bill:**

16 None

17 **Other Special Clauses:**

18 This bill provides a special effective date.

19 This bill provides for retrospective operation.

20 **Utah Code Sections Affected:**

21 AMENDS:

22 **59-12-104**, as last amended by Laws of Utah 2014, Chapters 24, 27, 122, 376, and 380

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

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

26 **59-12-104. Exemptions.**

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

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

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

32 (a) construction materials except:

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

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

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

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

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

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

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

48 (i) food and food ingredients; or

49 (ii) prepared food;

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

51 (i) alcoholic beverages;

52 (ii) food and food ingredients; or

53 (iii) prepared food;

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

55 (i) to a passenger;

56 (ii) by a commercial airline carrier; and

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

58 (c) services related to Subsection (4)(a) or (b);
59 (5) (a) (i) beginning on July 1, 2008, and ending on September 30, 2008, sales of parts
60 and equipment:
61 (A) (I) by an establishment described in NAICS Code 336411 or 336412 of the 2002
62 North American Industry Classification System of the federal Executive Office of the
63 President, Office of Management and Budget; and
64 (II) for:
65 (Aa) installation in an aircraft, including services relating to the installation of parts or
66 equipment in the aircraft;
67 (Bb) renovation of an aircraft; or
68 (Cc) repair of an aircraft; or
69 (B) for installation in an aircraft operated by a common carrier in interstate or foreign
70 commerce; or
71 (ii) beginning on October 1, 2008, sales of parts and equipment for installation in an
72 aircraft operated by a common carrier in interstate or foreign commerce; and
73 (b) notwithstanding the time period of Subsection 59-1-1410(8) for filing for a refund,
74 a person may claim the exemption allowed by Subsection (5)(a)(i)(B) for a sale by filing for a
75 refund:
76 (i) if the sale is made on or after July 1, 2008, but on or before September 30, 2008;
77 (ii) as if Subsection (5)(a)(i)(B) were in effect on the day on which the sale is made;
78 (iii) if the person did not claim the exemption allowed by Subsection (5)(a)(i)(B) for
79 the sale prior to filing for the refund;
80 (iv) for sales and use taxes paid under this chapter on the sale;
81 (v) in accordance with Section 59-1-1410; and
82 (vi) subject to any extension allowed for filing for a refund under Section 59-1-1410, if
83 the person files for the refund on or before September 30, 2011;
84 (6) sales of commercials, motion picture films, prerecorded audio program tapes or
85 records, and prerecorded video tapes by a producer, distributor, or studio to a motion picture

86 exhibitor, distributor, or commercial television or radio broadcaster;

87 (7) (a) subject to Subsection (7)(b), sales of cleaning or washing of tangible personal
88 property if the cleaning or washing of the tangible personal property is not assisted cleaning or
89 washing of tangible personal property;

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

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

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

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

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

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

106 (a) not registered in this state; and

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

108 (ii) used in this state:

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

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

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

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

114 the vehicle to the borders of this state;

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

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

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

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

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

120 (A) a drug;

121 (B) a syringe; or

122 (C) a stoma supply; and

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

124 commission may by rule define the terms:

125 (A) "syringe"; or

126 (B) "stoma supply";

127 (11) purchases or leases exempt under Section [19-12-201](#);

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

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

130 general public:

131 (A) a church; or

132 (B) a charitable institution;

133 (ii) an institution of higher education if:

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

135 (B) the item described in Subsection (12)(c) is prepaid as part of a student meal plan

136 offered by the institution of higher education; or

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

138 (i) a medical facility; or

139 (ii) a nursing facility; and

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

141 (i) food and food ingredients;

142 (ii) prepared food; or
143 (iii) alcoholic beverages;
144 (13) (a) except as provided in Subsection (13)(b), the sale of tangible personal property
145 or a product transferred electronically by a person:
146 (i) regardless of the number of transactions involving the sale of that tangible personal
147 property or product transferred electronically by that person; and
148 (ii) not regularly engaged in the business of selling that type of tangible personal
149 property or product transferred electronically;
150 (b) this Subsection (13) does not apply if:
151 (i) the sale is one of a series of sales of a character to indicate that the person is
152 regularly engaged in the business of selling that type of tangible personal property or product
153 transferred electronically;
154 (ii) the person holds that person out as regularly engaged in the business of selling that
155 type of tangible personal property or product transferred electronically;
156 (iii) the person sells an item of tangible personal property or product transferred
157 electronically that the person purchased as a sale that is exempt under Subsection (25); or
158 (iv) the sale is of a vehicle or vessel required to be titled or registered under the laws of
159 this state in which case the tax is based upon:
160 (A) the bill of sale or other written evidence of value of the vehicle or vessel being
161 sold; or
162 (B) in the absence of a bill of sale or other written evidence of value, the fair market
163 value of the vehicle or vessel being sold at the time of the sale as determined by the
164 commission; and
165 (c) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
166 commission shall make rules establishing the circumstances under which:
167 (i) a person is regularly engaged in the business of selling a type of tangible personal
168 property or product transferred electronically;
169 (ii) a sale of tangible personal property or a product transferred electronically is one of

170 a series of sales of a character to indicate that a person is regularly engaged in the business of
171 selling that type of tangible personal property or product transferred electronically; or

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

174 (14) (a) amounts paid or charged for a purchase or lease:

175 (i) by a manufacturing facility located in the state; and

176 (ii) of machinery, equipment, or normal operating repair or replacement parts if the
177 machinery, equipment, or normal operating repair or replacement parts have an economic life
178 of three or more years and are used:

179 (A) in the manufacturing process to manufacture an item sold as tangible personal
180 property; or

181 (B) for a scrap recycler, to process an item sold as tangible personal property;

182 (b) amounts paid or charged for a purchase or lease:

183 (i) by an establishment:

184 (A) described in NAICS Subsector 212, Mining (except Oil and Gas), or NAICS Code
185 213113, Support Activities for Coal Mining, 213114, Support Activities for Metal Mining, or
186 213115, Support Activities for Nonmetallic Minerals (except Fuels) Mining, of the 2002 North
187 American Industry Classification System of the federal Executive Office of the President,
188 Office of Management and Budget; and

189 (B) located in the state; and

190 (ii) of machinery, equipment, or normal operating repair or replacement parts if the
191 machinery, equipment, or normal operating repair or replacement parts have an economic life
192 of three or more years and are used in:

193 (A) the production process to produce an item sold as tangible personal property;

194 (B) research and development;

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

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

198 mining; or
199 (E) preventing, controlling, or reducing dust or other pollutants from mining;
200 (c) amounts paid or charged for a purchase or lease:
201 (i) by an establishment:
202 (A) described in NAICS Code 518112, Web Search Portals, of the 2002 North
203 American Industry Classification System of the federal Executive Office of the President,
204 Office of Management and Budget; and
205 (B) located in the state; and
206 (ii) of machinery, equipment, or normal operating repair or replacement parts if the
207 machinery, equipment, or normal operating repair or replacement parts:
208 (A) are used in the operation of the web search portal; and
209 (B) have an economic life of three or more years;
210 (d) for purposes of this Subsection (14) and in accordance with Title 63G, Chapter 3,
211 Utah Administrative Rulemaking Act, the commission:
212 (i) shall by rule define the term "establishment"; and
213 (ii) may by rule define what constitutes:
214 (A) processing an item sold as tangible personal property;
215 (B) the production process, to produce an item sold as tangible personal property; or
216 (C) research and development; and
217 (e) on or before October 1, 2016, and every five years after October 1, 2016, the
218 commission shall:
219 (i) review the exemptions described in this Subsection (14) and make
220 recommendations to the Revenue and Taxation Interim Committee concerning whether the
221 exemptions should be continued, modified, or repealed; and
222 (ii) include in its report:
223 (A) an estimate of the cost of the exemptions;
224 (B) the purpose and effectiveness of the exemptions; and
225 (C) the benefits of the exemptions to the state;

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

227 (i) tooling;

228 (ii) special tooling;

229 (iii) support equipment;

230 (iv) special test equipment; or

231 (v) parts used in the repairs or renovations of tooling or equipment described in

232 Subsections (15)(a)(i) through (iv); and

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

234 (i) the tooling, equipment, or parts are used or consumed exclusively in the

235 performance of any aerospace or electronics industry contract with the United States

236 government or any subcontract under that contract; and

237 (ii) under the terms of the contract or subcontract described in Subsection (15)(b)(i),

238 title to the tooling, equipment, or parts is vested in the United States government as evidenced

239 by:

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

241 (B) listing on a government-approved property record if placing a government

242 identification tag on the tooling, equipment, or parts is impractical;

243 (16) sales of newspapers or newspaper subscriptions;

244 (17) (a) except as provided in Subsection (17)(b), tangible personal property or a

245 product transferred electronically traded in as full or part payment of the purchase price, except

246 that for purposes of calculating sales or use tax upon vehicles not sold by a vehicle dealer,

247 trade-ins are limited to other vehicles only, and the tax is based upon:

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

249 vehicle being traded in; or

250 (ii) in the absence of a bill of sale or other written evidence of value, the then existing

251 fair market value of the vehicle being sold and the vehicle being traded in, as determined by the

252 commission; and

253 (b) Subsection (17)(a) does not apply to the following items of tangible personal

254 property or products transferred electronically traded in as full or part payment of the purchase
255 price:

256 (i) money;

257 (ii) electricity;

258 (iii) water;

259 (iv) gas; or

260 (v) steam;

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

265 (A) becomes part of real estate; or

266 (B) is installed by a:

267 (I) farmer;

268 (II) contractor; or

269 (III) subcontractor; or

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

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

275 (i) (A) subject to Subsection (18)(b)(i)(B), the following if used in a manner that is
276 incidental to farming:

277 (I) machinery;

278 (II) equipment;

279 (III) materials; or

280 (IV) supplies; and

281 (B) tangible personal property that is considered to be used in a manner that is

282 incidental to farming includes:

283 (I) hand tools; or

284 (II) maintenance and janitorial equipment and supplies;

285 (ii) (A) subject to Subsection (18)(b)(ii)(B), tangible personal property or a product

286 transferred electronically if the tangible personal property or product transferred electronically

287 is used in an activity other than farming; and

288 (B) tangible personal property or a product transferred electronically that is considered

289 to be used in an activity other than farming includes:

290 (I) office equipment and supplies; or

291 (II) equipment and supplies used in:

292 (Aa) the sale or distribution of farm products;

293 (Bb) research; or

294 (Cc) transportation; or

295 (iii) a vehicle required to be registered by the laws of this state during the period

296 ending two years after the date of the vehicle's purchase;

297 (19) sales of hay;

298 (20) exclusive sale during the harvest season of seasonal crops, seedling plants, or

299 garden, farm, or other agricultural produce if the seasonal crops are, seedling plants are, or

300 garden, farm, or other agricultural produce is sold by:

301 (a) the producer of the seasonal crops, seedling plants, or garden, farm, or other

302 agricultural produce;

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

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

305 (21) purchases made using a coupon as defined in 7 U.S.C. Sec. 2012 that is issued

306 under the Food Stamp Program, 7 U.S.C. Sec. 2011 et seq.;

307 (22) sales of nonreturnable containers, nonreturnable labels, nonreturnable bags,

308 nonreturnable shipping cases, and nonreturnable casings to a manufacturer, processor,

309 wholesaler, or retailer for use in packaging tangible personal property to be sold by that

310 manufacturer, processor, wholesaler, or retailer;

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

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

313 (i) the product is:

314 (A) purchased outside of this state;

315 (B) brought into this state:

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

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

318 purchase;

319 (C) used for the personal use or enjoyment of the nonresident person described in

320 Subsection (24)(a)(i)(B)(II) while that nonresident person is within the state; and

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

322 (ii) for:

323 (A) a product other than a boat described in Subsection (24)(a)(ii)(B), the first use of

324 the product for a purpose for which the product is designed occurs outside of this state;

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

326 (C) a vehicle other than a vehicle sold to an authorized carrier, the vehicle is registered

327 outside of this state;

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

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

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

331 (c) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, for

332 purposes of Subsection (24)(a), the commission may by rule define what constitutes the

333 following:

334 (i) conducting business in this state if that phrase has the same meaning in this

335 Subsection (24) as in Subsection (63);

336 (ii) the first use of a product if that phrase has the same meaning in this Subsection (24)

337 as in Subsection (63); or

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

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

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

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

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

352 (29) sales or leases of rolls, rollers, refractory brick, electric motors, or other
353 replacement parts used in the furnaces, mills, or ovens of a steel mill described in SIC Code
354 3312 of the 1987 Standard Industrial Classification Manual of the federal Executive Office of
355 the President, Office of Management and Budget;

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

358 (a) not registered in this state; and

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

360 (ii) used in this state:

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

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

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

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

369 (31) sales of aircraft manufactured in Utah;

370 (32) amounts paid for the purchase of telecommunications service for purposes of
371 providing telecommunications service;

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

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

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

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

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

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

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

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

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

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

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

383 (37) (a) sales to a ski resort of electricity to operate a passenger ropeway as defined in
384 Section [72-11-102](#); and

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

387 (38) sales to a ski resort of:

388 (a) snowmaking equipment;

389 (b) ski slope grooming equipment;

390 (c) passenger ropeways as defined in Section [72-11-102](#); or

391 (d) parts used in the repairs or renovations of equipment or passenger ropeways
392 described in Subsections (38)(a) through (c);

393 (39) sales of natural gas, electricity, heat, coal, fuel oil, or other fuels for industrial use;

394 (40) (a) subject to Subsection (40)(b), sales or rentals of the right to use or operate for
395 amusement, entertainment, or recreation an unassisted amusement device as defined in Section
396 59-12-102;

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

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

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

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

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

410 (i) a governmental entity; or

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

412 (A) a school; or

413 (B) the State Board of Education; or

414 (b) sales of publications by a governmental entity;

415 (42) amounts paid for admission to an athletic event at an institution of higher
416 education that is subject to the provisions of Title IX of the Education Amendments of 1972,
417 20 U.S.C. Sec. 1681 et seq.;

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

419 (i) an area agency on aging; or

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

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

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

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

426 (b) ultimately become incorporated into real property;

427 (45) an amount paid by or charged to a purchaser for accommodations and services
428 described in Subsection 59-12-103(1)(i) to the extent the amount is exempt under Section
429 59-12-104.2;

430 (46) beginning on September 1, 2001, the lease or use of a vehicle issued a temporary
431 sports event registration certificate in accordance with Section 41-3-306 for the event period
432 specified on the temporary sports event registration certificate;

433 (47) (a) sales or uses of electricity, if the sales or uses are made under a tariff adopted
434 by the Public Service Commission of Utah only for purchase of electricity produced from a
435 new alternative energy source, as designated in the tariff by the Public Service Commission of
436 Utah; and

437 (b) the exemption under Subsection (47)(a) applies to the portion of the tariff rate a
438 customer pays under the tariff described in Subsection (47)(a) that exceeds the tariff rate under
439 the tariff described in Subsection (47)(a) that the customer would have paid absent the tariff;

440 (48) sales or rentals of mobility enhancing equipment if a person presents a
441 prescription for the mobility enhancing equipment;

442 (49) sales of water in a:

443 (a) pipe;

444 (b) conduit;

445 (c) ditch; or

446 (d) reservoir;

447 (50) sales of currency or coins that constitute legal tender of a state, the United States,
448 or a foreign nation;

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

- 450 (i) does not constitute legal tender of a state, the United States, or a foreign nation; and
- 451 (ii) has a gold, silver, or platinum content of 50% or more; and
- 452 (b) Subsection (51)(a) applies to a gold, silver, or platinum:
- 453 (i) ingot;
- 454 (ii) bar;
- 455 (iii) medallion; or
- 456 (iv) decorative coin;
- 457 (52) amounts paid on a sale-leaseback transaction;
- 458 (53) sales of a prosthetic device:
- 459 (a) for use on or in a human; and
- 460 (b) (i) for which a prescription is required; or
- 461 (ii) if the prosthetic device is purchased by a hospital or other medical facility;
- 462 (54) (a) except as provided in Subsection (54)(b), purchases, leases, or rentals of
- 463 machinery or equipment by an establishment described in Subsection (54)(c) if the machinery
- 464 or equipment is primarily used in the production or postproduction of the following media for
- 465 commercial distribution:
- 466 (i) a motion picture;
- 467 (ii) a television program;
- 468 (iii) a movie made for television;
- 469 (iv) a music video;
- 470 (v) a commercial;
- 471 (vi) a documentary; or
- 472 (vii) a medium similar to Subsections (54)(a)(i) through (vi) as determined by the
- 473 commission by administrative rule made in accordance with Subsection (54)(d); or
- 474 (b) purchases, leases, or rentals of machinery or equipment by an establishment
- 475 described in Subsection (54)(c) that is used for the production or postproduction of the
- 476 following are subject to the taxes imposed by this chapter:
- 477 (i) a live musical performance;

478 (ii) a live news program; or
479 (iii) a live sporting event;
480 (c) the following establishments listed in the 1997 North American Industry
481 Classification System of the federal Executive Office of the President, Office of Management
482 and Budget, apply to Subsections (54)(a) and (b):
483 (i) NAICS Code 512110; or
484 (ii) NAICS Code 51219; and
485 (d) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
486 commission may by rule:
487 (i) prescribe what constitutes a medium similar to Subsections (54)(a)(i) through (vi);
488 or
489 (ii) define:
490 (A) "commercial distribution";
491 (B) "live musical performance";
492 (C) "live news program"; or
493 (D) "live sporting event";
494 (55) (a) leases of seven or more years or purchases made on or after July 1, 2004, but
495 on or before June 30, 2027, of tangible personal property that:
496 (i) is leased or purchased for or by a facility that:
497 (A) is an alternative energy electricity production facility;
498 (B) is located in the state; and
499 (C) (I) becomes operational on or after July 1, 2004; or
500 (II) has its generation capacity increased by one or more megawatts on or after July 1,
501 2004, as a result of the use of the tangible personal property;
502 (ii) has an economic life of five or more years; and
503 (iii) is used to make the facility or the increase in capacity of the facility described in
504 Subsection (55)(a)(i) operational up to the point of interconnection with an existing
505 transmission grid including:

- 506 (A) a wind turbine;
- 507 (B) generating equipment;
- 508 (C) a control and monitoring system;
- 509 (D) a power line;
- 510 (E) substation equipment;
- 511 (F) lighting;
- 512 (G) fencing;
- 513 (H) pipes; or
- 514 (I) other equipment used for locating a power line or pole; and
- 515 (b) this Subsection (55) does not apply to:
 - 516 (i) tangible personal property used in construction of:
 - 517 (A) a new alternative energy electricity production facility; or
 - 518 (B) the increase in the capacity of an alternative energy electricity production facility;
 - 519 (ii) contracted services required for construction and routine maintenance activities;
- 520 and
 - 521 (iii) unless the tangible personal property is used or acquired for an increase in capacity
 - 522 of the facility described in Subsection (55)(a)(i)(C)(II), tangible personal property used or
 - 523 acquired after:
 - 524 (A) the alternative energy electricity production facility described in Subsection
 - 525 (55)(a)(i) is operational as described in Subsection (55)(a)(iii); or
 - 526 (B) the increased capacity described in Subsection (55)(a)(i) is operational as described
 - 527 in Subsection (55)(a)(iii);
 - 528 (56) (a) leases of seven or more years or purchases made on or after July 1, 2004, but
 - 529 on or before June 30, 2027, of tangible personal property that:
 - 530 (i) is leased or purchased for or by a facility that:
 - 531 (A) is a waste energy production facility;
 - 532 (B) is located in the state; and
 - 533 (C) (I) becomes operational on or after July 1, 2004; or

534 (II) has its generation capacity increased by one or more megawatts on or after July 1,
535 2004, as a result of the use of the tangible personal property;

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

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

540 (A) generating equipment;

541 (B) a control and monitoring system;

542 (C) a power line;

543 (D) substation equipment;

544 (E) lighting;

545 (F) fencing;

546 (G) pipes; or

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

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

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

550 (A) a new waste energy facility; or

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

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

553 and

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

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

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

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

562 (i) is leased or purchased for or by a facility that:
563 (A) is located in the state;
564 (B) produces fuel from alternative energy, including:
565 (I) methanol; or
566 (II) ethanol; and
567 (C) (I) becomes operational on or after July 1, 2004; or
568 (II) has its capacity to produce fuel increase by 25% or more on or after July 1, 2004, as
569 a result of the installation of the tangible personal property;
570 (ii) has an economic life of five or more years; and
571 (iii) is installed on the facility described in Subsection (57)(a)(i);
572 (b) this Subsection (57) does not apply to:
573 (i) tangible personal property used in construction of:
574 (A) a new facility described in Subsection (57)(a)(i); or
575 (B) the increase in capacity of the facility described in Subsection (57)(a)(i); or
576 (ii) contracted services required for construction and routine maintenance activities;
577 and
578 (iii) unless the tangible personal property is used or acquired for an increase in capacity
579 described in Subsection (57)(a)(i)(C)(II), tangible personal property used or acquired after:
580 (A) the facility described in Subsection (57)(a)(i) is operational; or
581 (B) the increased capacity described in Subsection (57)(a)(i) is operational;
582 (58) (a) subject to Subsection (58)(b) or (c), sales of tangible personal property or a
583 product transferred electronically to a person within this state if that tangible personal property
584 or product transferred electronically is subsequently shipped outside the state and incorporated
585 pursuant to contract into and becomes a part of real property located outside of this state;
586 (b) the exemption under Subsection (58)(a) is not allowed to the extent that the other
587 state or political entity to which the tangible personal property is shipped imposes a sales, use,
588 gross receipts, or other similar transaction excise tax on the transaction against which the other
589 state or political entity allows a credit for sales and use taxes imposed by this chapter; and

590 (c) notwithstanding the time period of Subsection 59-1-1410(8) for filing for a refund,
591 a person may claim the exemption allowed by this Subsection (58) for a sale by filing for a
592 refund:

593 (i) if the sale is made on or after July 1, 2004, but on or before June 30, 2008;

594 (ii) as if this Subsection (58) as in effect on July 1, 2008, were in effect on the day on
595 which the sale is made;

596 (iii) if the person did not claim the exemption allowed by this Subsection (58) for the
597 sale prior to filing for the refund;

598 (iv) for sales and use taxes paid under this chapter on the sale;

599 (v) in accordance with Section 59-1-1410; and

600 (vi) subject to any extension allowed for filing for a refund under Section 59-1-1410, if
601 the person files for the refund on or before June 30, 2011;

602 (59) purchases:

603 (a) of one or more of the following items in printed or electronic format:

604 (i) a list containing information that includes one or more:

605 (A) names; or

606 (B) addresses; or

607 (ii) a database containing information that includes one or more:

608 (A) names; or

609 (B) addresses; and

610 (b) used to send direct mail;

611 (60) redemptions or repurchases of a product by a person if that product was:

612 (a) delivered to a pawnbroker as part of a pawn transaction; and

613 (b) redeemed or repurchased within the time period established in a written agreement
614 between the person and the pawnbroker for redeeming or repurchasing the product;

615 (61) (a) purchases or leases of an item described in Subsection (61)(b) if the item:

616 (i) is purchased or leased by, or on behalf of, a telecommunications service provider;

617 and

- 618 (ii) has a useful economic life of one or more years; and
- 619 (b) the following apply to Subsection (61)(a):
 - 620 (i) telecommunications enabling or facilitating equipment, machinery, or software;
 - 621 (ii) telecommunications equipment, machinery, or software required for 911 service;
 - 622 (iii) telecommunications maintenance or repair equipment, machinery, or software;
 - 623 (iv) telecommunications switching or routing equipment, machinery, or software; or
 - 624 (v) telecommunications transmission equipment, machinery, or software;
- 625 (62) (a) beginning on July 1, 2006, and ending on June 30, 2027, purchases of tangible
626 personal property or a product transferred electronically that are used in the research and
627 development of alternative energy technology; and
- 628 (b) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
629 commission may, for purposes of Subsection (62)(a), make rules defining what constitutes
630 purchases of tangible personal property or a product transferred electronically that are used in
631 the research and development of alternative energy technology;
- 632 (63) (a) purchases of tangible personal property or a product transferred electronically
633 if:
 - 634 (i) the tangible personal property or product transferred electronically is:
 - 635 (A) purchased outside of this state;
 - 636 (B) brought into this state at any time after the purchase described in Subsection
637 (63)(a)(i)(A); and
 - 638 (C) used in conducting business in this state; and
 - 639 (ii) for:
 - 640 (A) tangible personal property or a product transferred electronically other than the
641 tangible personal property described in Subsection (63)(a)(ii)(B), the first use of the property
642 for a purpose for which the property is designed occurs outside of this state; or
 - 643 (B) a vehicle other than a vehicle sold to an authorized carrier, the vehicle is registered
644 outside of this state;
- 645 (b) the exemption provided for in Subsection (63)(a) does not apply to:

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

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

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

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

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

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

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

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

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

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

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

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

668 (65) sales:

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

671 (b) of tangible personal property to a subcontractor of a public transit district, if the
672 tangible personal property is:

673 (i) clearly identified; and

- 674 (ii) installed or converted to real property owned by the public transit district;
- 675 (66) sales of construction materials:
- 676 (a) purchased on or after July 1, 2010;
- 677 (b) purchased by, on behalf of, or for the benefit of an international airport:
- 678 (i) located within a county of the first class; and
- 679 (ii) that has a United States customs office on its premises; and
- 680 (c) if the construction materials are:
- 681 (i) clearly identified;
- 682 (ii) segregated; and
- 683 (iii) installed or converted to real property:
- 684 (A) owned or operated by the international airport described in Subsection (66)(b); and
- 685 (B) located at the international airport described in Subsection (66)(b);
- 686 (67) sales of construction materials:
- 687 (a) purchased on or after July 1, 2008;
- 688 (b) purchased by, on behalf of, or for the benefit of a new airport:
- 689 (i) located within a county of the second class; and
- 690 (ii) that is owned or operated by a city in which an airline as defined in Section
- 691 [59-2-102](#) is headquartered; and
- 692 (c) if the construction materials are:
- 693 (i) clearly identified;
- 694 (ii) segregated; and
- 695 (iii) installed or converted to real property:
- 696 (A) owned or operated by the new airport described in Subsection (67)(b);
- 697 (B) located at the new airport described in Subsection (67)(b); and
- 698 (C) as part of the construction of the new airport described in Subsection (67)(b);
- 699 (68) sales of fuel to a common carrier that is a railroad for use in a locomotive engine;
- 700 (69) purchases and sales described in Section [63H-4-111](#);
- 701 (70) (a) sales of tangible personal property to an aircraft maintenance, repair, and

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

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

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

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

713 (b) by a seller, other than a bookstore owned by an institution of higher education, if
714 51% or more of that seller's sales revenue for the previous calendar quarter are sales of a
715 textbook for a higher education course;

716 (72) a license fee or tax a municipality imposes in accordance with Subsection
717 10-1-203(5) on a purchaser from a business for which the municipality provides an enhanced
718 level of municipal services;

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

722 (a) clearly identified;

723 (b) segregated; and

724 (c) installed or converted to real property;

725 (74) amounts paid or charged for:

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

727 (i) are used in performing qualified research:

728 (A) as defined in Section 59-7-612;

729 (B) in the state; and

730 (C) with respect to which the purchaser pays or incurs a qualified research expense as
731 defined in Section 59-7-612; and

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

733 (b) normal operating repair or replacement parts:

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

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

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

738 (a) for a sale:

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

740 (ii) the seller or the purchaser paid a tax under this chapter on the purchase of that
741 tangible personal property prior to making the sale; or

742 (b) for a lease:

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

744 (ii) the lessor or the lessee paid a tax under this chapter on the purchase of that tangible
745 personal property prior to making the lease;

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

747 (i) the purchaser is an establishment described in NAICS Subsector 713, Amusement,
748 Gambling, and Recreation Industries, of the 2012 North American Industry Classification
749 System of the federal Executive Office of the President, Office of Management and Budget;

750 (ii) the machinery or equipment:

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

752 (B) is used by one or more persons who pay admission or user fees described in
753 Subsection 59-12-103(1)(f) to the purchaser of the machinery and equipment; and

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

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

756 59-12-103(1)(f); and

757 (B) subject to taxation under this chapter;

758 (b) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
759 commission may make rules for verifying that 51% of a purchaser's sales revenue for the
760 previous calendar quarter is:

761 (i) amounts paid or charged as admission or user fees described in Subsection
762 59-12-103(1)(f); and

763 (ii) subject to taxation under this chapter; and

764 (c) on or before the November 2018 interim meeting, and every five years after the
765 November 2018 interim meeting, the commission shall review the exemption provided in this
766 Subsection (76) and report to the Revenue and Taxation Interim Committee on:

767 (i) the revenue lost to the state and local taxing jurisdictions as a result of the
768 exemption;

769 (ii) the purpose and effectiveness of the exemption; and

770 (iii) whether the exemption benefits the state;

771 (77) purchases of a short-term lodging consumable by a business that provides
772 accommodations and services described in Subsection 59-12-103(1)(i);

773 (78) amounts paid or charged to access a database:

774 (a) if the primary purpose for accessing the database is to view or retrieve information
775 from the database; and

776 (b) not including amounts paid or charged for a:

777 (i) digital audiowork;

778 (ii) digital audio-visual work; or

779 (iii) digital book;

780 (79) amounts paid or charged for a purchase or lease made by an electronic financial
781 payment service, of:

782 (a) machinery and equipment that:

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

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

785 (b) normal operating repair or replacement parts that:

- 786 (i) are used in the operation of the electronic financial payment service; and
- 787 (ii) have an economic life of three or more years;
- 788 (80) beginning on April 1, 2013, sales of a fuel cell as defined in Section 54-15-102;
- 789 (81) amounts paid or charged for a purchase or lease of tangible personal property or a
- 790 product transferred electronically if the tangible personal property or product transferred
- 791 electronically:
- 792 (a) is stored, used, or consumed in the state; and
- 793 (b) is temporarily brought into the state from another state:
- 794 (i) during a disaster period as defined in Section 53-2a-1202;
- 795 (ii) by an out-of-state business as defined in Section 53-2a-1202;
- 796 (iii) for a declared state disaster or emergency as defined in Section 53-2a-1202; and
- 797 (iv) for disaster- or emergency-related work as defined in Section 53-2a-1202; [~~and~~]
- 798 (82) sales of goods and services at a morale, welfare, and recreation facility, as defined
- 799 in Section 39-9-102, made pursuant to Title 39, Chapter 9, State Morale, Welfare, and
- 800 Recreation Program[-]; and
- 801 (83) amounts paid or charged for a purchase or lease of molten magnesium.

802 Section 2. **Effective date -- Retrospective operation.**

- 803 (1) If approved by two-thirds of all the members elected to each house, this bill takes
- 804 effect upon approval by the governor, or the day following the constitutional time limit of Utah
- 805 Constitution, Article VII, Section 8, without the governor's signature, or in the case of a veto,
- 806 the date of veto override.
- 807 (2) This bill has retrospective operation to January 1, 2010, for a transaction that is the
- 808 subject of an appeal pending on, or filed on or after, September 1, 2013.