

**TAX RESTRUCTURING REVISIONS**

2020 GENERAL SESSION

STATE OF UTAH

---

---

**LONG TITLE****General Description:**

This bill amends and enacts provisions related to state and local taxes and revenue.

**Highlighted Provisions:**

This bill:

- ▶ decreases the corporate franchise and income tax rate and the individual income tax rate;
- ▶ amends the calculation of certain tax credits to match the applicable income tax rate;
- ▶ repeals certain transfers from the General Fund into the Education Fund;
- ▶ modifies the calculation of the Utah personal exemption for purposes of the taxpayer tax credit;
- ▶ enacts a nonrefundable tax credit for social security benefits that are included in the claimant's federal adjusted gross income;
- ▶ provides that an individual who claims the tax credit for social security benefits may not also claim the retirement tax credit on the same return;
- ▶ enacts a refundable state earned income tax credit for certain individuals who are experiencing intergenerational poverty;
- ▶ enacts a refundable grocery tax credit;
- ▶ provides for apportionment of the state earned income tax credit and the grocery tax credit;
- ▶ increases the state sales and use tax rate on food and food ingredients;
- ▶ imposes state and local sales and use tax on amounts paid or charged for certain services;
- ▶ modifies the sales and use tax dedications for the Transportation Investment Fund of 2005;
- ▶ directs a portion of growth in the amount of revenue collected from the sales and use tax on the sale of food and food ingredients be deposited into the Transit and

- 33           Transportation Investment Fund;
- 34           ▶ repeals certain sales and use tax exemptions;
- 35           ▶ creates a sales and use tax exemption for feminine hygiene products and for sales by
- 36           certain individuals under 18 years of age;
- 37           ▶ modifies the amount of sales and use tax revenue due to the State Tax Commission
- 38           that a seller may retain;
- 39           ▶ enacts an additional excise tax on diesel fuel;
- 40           ▶ increases the state motor vehicle rental tax;
- 41           ▶ provides a repeal date for the program that allows certain clean fuel vehicles to
- 42           travel in a high occupancy vehicle lane regardless of the number of occupants;
- 43           ▶ directs the Utah Department of Transportation to implement one or more strategies
- 44           to manage congestion on state highways and to generate highway user fees;
- 45           ▶ requires the Utah Department of Transportation to submit an annual report to a
- 46           legislative committee recommending strategies to expand enrollment in the road
- 47           usage charge program;
- 48           ▶ addresses the requirements for using a high occupancy toll lane;
- 49           ▶ modifies the permissible uses for funds in the Tollway Special Revenue Fund; and
- 50           ▶ makes technical and conforming changes.

51   **Money Appropriated in this Bill:**

52           None

53   **Other Special Clauses:**

54           This bill provides a special effective date.

55           This bill provides retrospective operation.

56   **Utah Code Sections Affected:**

57   AMENDS:

58           **26-36b-208**, as last amended by Laws of Utah 2019, Chapters 1 and 393

59           **32B-2-301**, as last amended by Laws of Utah 2018, Chapter 329

60           **32B-2-304**, as last amended by Laws of Utah 2019, Chapter 403

61           **32B-2-305**, as last amended by Laws of Utah 2013, Chapter 400

62           **35A-8-308**, as last amended by Laws of Utah 2017, Chapters 181 and 421

63           **35A-8-309**, as last amended by Laws of Utah 2019, Chapter 493

64           **59-7-104**, as last amended by Laws of Utah 2019, Chapter 418  
65           **59-7-201**, as last amended by Laws of Utah 2018, Chapter 456  
66           **59-7-610**, as last amended by Laws of Utah 2019, Chapter 247  
67           **59-7-618**, as last amended by Laws of Utah 2017, Chapter 265  
68           **59-7-620**, as last amended by Laws of Utah 2017, Chapter 222  
69           **59-10-104**, as last amended by Laws of Utah 2018, Chapter 456  
70           **59-10-529.1**, as enacted by Laws of Utah 2015, Chapter 369  
71           **59-10-1005**, as last amended by Laws of Utah 2017, Chapter 148  
72           **59-10-1007**, as last amended by Laws of Utah 2019, Chapter 247  
73           **59-10-1017**, as last amended by Laws of Utah 2017, Chapter 389  
74           **59-10-1017.1**, as enacted by Laws of Utah 2017, Chapter 389  
75           **59-10-1018**, as last amended by Laws of Utah 2018, Second Special Session, Chapter 3  
76           **59-10-1019**, as renumbered and amended by Laws of Utah 2008, Chapter 389  
77           **59-10-1022**, as enacted by Laws of Utah 2008, Chapter 389  
78           **59-10-1023**, as enacted by Laws of Utah 2008, Chapter 389  
79           **59-10-1028**, as last amended by Laws of Utah 2012, Chapter 399  
80           **59-10-1033**, as last amended by Laws of Utah 2017, Chapter 265  
81           **59-10-1035**, as last amended by Laws of Utah 2017, Chapter 222  
82           **59-10-1105**, as last amended by Laws of Utah 2016, Chapter 375  
83           **59-10-1403.3**, as enacted by Laws of Utah 2017, Chapter 270  
84           **59-12-102**, as last amended by Laws of Utah 2019, Chapters 325, 481, and 486  
85           **59-12-103**, as last amended by Laws of Utah 2019, Chapters 1, 136, and 479  
86           **59-12-104**, as last amended by Laws of Utah 2019, Chapters 136 and 486  
87           **59-12-107**, as last amended by Laws of Utah 2019, Chapter 486  
88           **59-12-1201**, as last amended by Laws of Utah 2016, Chapters 184 and 291  
89           **59-13-202**, as last amended by Laws of Utah 2016, Third Special Session, Chapter 1  
90           **63I-2-272**, as last amended by Laws of Utah 2019, Chapters 136 and 246  
91           **72-1-201**, as last amended by Laws of Utah 2019, Chapter 431  
92           **72-1-213.1**, as enacted by Laws of Utah 2019, Chapter 479  
93           **72-2-120**, as last amended by Laws of Utah 2018, Chapter 269

94           **72-2-124**, as last amended by Laws of Utah 2019, Chapters 327 and 479

95           **72-6-118**, as last amended by Laws of Utah 2018, Chapter 269

96 ENACTS:

97           **35A-9-214**, Utah Code Annotated 1953

98           **59-10-1041**, Utah Code Annotated 1953

99           **59-10-1102.1**, Utah Code Annotated 1953

100          **59-10-1113**, Utah Code Annotated 1953

101          **59-10-1114**, Utah Code Annotated 1953

102          **59-12-130**, Utah Code Annotated 1953

103          **59-13-323**, Utah Code Annotated 1953

104          **63I-2-241**, Utah Code Annotated 1953

105 REPEALS AND REENACTS:

106          **59-12-108**, as last amended by Laws of Utah 2018, Second Special Session, Chapter 6

107 REPEALS:

108          **59-12-104.4**, as enacted by Laws of Utah 2011, Chapter 314

109

---

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

111          Section 1. Section **26-36b-208** is amended to read:

112          **26-36b-208. Medicaid Expansion Fund.**

113          (1) There is created an expendable special revenue fund known as the Medicaid  
114 Expansion Fund.

115          (2) The fund consists of:

116               (a) assessments collected under this chapter;

117               (b) intergovernmental transfers under Section 26-36b-206;

118               (c) savings attributable to the health coverage improvement program as determined by  
119 the department;

120               (d) savings attributable to the enhancement waiver program as determined by the  
121 department;

122               (e) savings attributable to the Medicaid waiver expansion as determined by the  
123 department;

124               (f) savings attributable to the inclusion of psychotropic drugs on the preferred drug list

125 under Subsection 26-18-2.4(3) as determined by the department;

126 (g) [~~revenues~~] revenue collected from the sales tax described in Subsection  
127 59-12-103[~~(13)~~](12);

128 (h) gifts, grants, donations, or any other conveyance of money that may be made to the  
129 fund from private sources;

130 (i) interest earned on money in the fund; and

131 (j) additional amounts as appropriated by the Legislature.

132 (3) (a) The fund shall earn interest.

133 (b) All interest earned on fund money shall be deposited into the fund.

134 (4) (a) A state agency administering the provisions of this chapter may use money from  
135 the fund to pay the costs, not otherwise paid for with federal funds or other revenue sources, of:

136 (i) the health coverage improvement program;

137 (ii) the enhancement waiver program;

138 (iii) a Medicaid waiver expansion; and

139 (iv) the outpatient upper payment limit supplemental payments under Section  
140 26-36b-210.

141 (b) A state agency administering the provisions of this chapter may not use:

142 (i) funds described in Subsection (2)(b) to pay the cost of private outpatient upper  
143 payment limit supplemental payments; or

144 (ii) money in the fund for any purpose not described in Subsection (4)(a).

145 Section 2. Section **32B-2-301** is amended to read:

146 **32B-2-301. State property -- Liquor Control Fund -- Money to be retained by**  
147 **department -- Department building process.**

148 (1) The following are property of the state:

149 (a) the money received in the administration of this title, except as otherwise provided;

150 and

151 (b) property acquired, administered, possessed, or received by the department.

152 (2) (a) There is created an enterprise fund known as the "Liquor Control Fund."

153 (b) [~~Except as provided in Section 32B-2-304, the~~] The department shall deposit the  
154 following into the Liquor Control Fund:

155 (i) money received in the administration of this title; and

- 156 (ii) money received from the markup described in Section 32B-2-304.
- 157 (c) The department may draw from the Liquor Control Fund only to the extent  
158 appropriated by the Legislature or provided by statute.
- 159 (d) The net position of the Liquor Control Fund may not fall below zero.
- 160 (3) (a) Notwithstanding Subsection (2)(c), the department may draw by warrant from  
161 the Liquor Control Fund without an appropriation for an expenditure that is directly incurred by  
162 the department:
- 163 (i) to purchase an alcoholic product;
- 164 (ii) to transport an alcoholic product from the supplier to a warehouse of the  
165 department; or
- 166 (iii) for variances related to an alcoholic product, including breakage or theft.
- 167 (b) If the balance of the Liquor Control Fund is not adequate to cover a warrant that the  
168 department draws against the Liquor Control Fund, to the extent necessary to cover the  
169 warrant, the cash resources of the General Fund may be used.
- 170 (4) (a) As used in this Subsection (4), "base budget" means the same as that term is  
171 defined in legislative rule.
- 172 (b) The department's base budget shall include as an appropriation from the Liquor  
173 Control Fund:
- 174 (i) credit card related fees paid by the department;
- 175 (ii) package agency compensation; and
- 176 (iii) the department's costs of shipping and warehousing alcoholic products.
- 177 (5) (a) The Division of Finance shall transfer annually from the Liquor Control Fund to  
178 the General Fund a sum equal to the amount of net profit earned from the sale of liquor since  
179 the preceding transfer of money under this Subsection (5).
- 180 (b) After each fiscal year, the Division of Finance shall calculate the amount for the  
181 transfer on or before September 1 and the Division of Finance shall make the transfer on or  
182 before September 30.
- 183 (c) The Division of Finance may make year-end closing entries in the Liquor Control  
184 Fund to comply with Subsection 51-5-6(2).
- 185 (6) (a) By the end of each day, the department shall:
- 186 (i) make a deposit to a qualified depository, as defined in Section 51-7-3; and

187 (ii) report the deposit to the state treasurer.

188 (b) A commissioner or department employee is not personally liable for a loss caused  
189 by the default or failure of a qualified depository.

190 (c) Money deposited in a qualified depository is entitled to the same priority of  
191 payment as other public funds of the state.

192 (7) Before the Division of Finance makes the transfer described in Subsection (5), the  
193 department may retain each fiscal year from the Liquor Control Fund \$1,000,000 that the  
194 department may use for:

195 (a) capital equipment purchases;

196 (b) salary increases for department employees;

197 (c) performance awards for department employees; or

198 (d) information technology enhancements because of changes or trends in technology.

199 Section 3. Section **32B-2-304** is amended to read:

200 **32B-2-304. Liquor price -- School lunch program -- Remittance of markup.**

201 (1) For purposes of this section:

202 (a) (i) "Landed case cost" means:

203 (A) the cost of the product; and

204 (B) inbound shipping costs incurred by the department.

205 (ii) "Landed case cost" does not include the outbound shipping cost from a warehouse  
206 of the department to a state store.

207 (b) "Proof gallon" means the same as that term is defined in 26 U.S.C. Sec. 5002.

208 (c) Notwithstanding Section 32B-1-102, "small brewer" means a brewer who  
209 manufactures in a calendar year less than 40,000 barrels of beer, heavy beer, and flavored malt  
210 beverage.

211 (2) Except as provided in Subsection (3):

212 (a) spirituous liquor sold by the department within the state shall be marked up in an  
213 amount not less than 88% above the landed case cost to the department;

214 (b) wine sold by the department within the state shall be marked up in an amount not  
215 less than 88% above the landed case cost to the department;

216 (c) heavy beer sold by the department within the state shall be marked up in an amount  
217 not less than 66.5% above the landed case cost to the department; and

218 (d) a flavored malt beverage sold by the department within the state shall be marked up  
219 in an amount not less than 88% above the landed case cost to the department.

220 (3) (a) Liquor sold by the department to a military installation in Utah shall be marked  
221 up in an amount not less than 17% above the landed case cost to the department.

222 (b) Except for spirituous liquor sold by the department to a military installation in  
223 Utah, spirituous liquor that is sold by the department within the state shall be marked up 49%  
224 above the landed case cost to the department if:

225 (i) the spirituous liquor is manufactured by a manufacturer producing less than 30,000  
226 proof gallons of spirituous liquor in a calendar year; and

227 (ii) the manufacturer applies to the department for a reduced markup.

228 (c) Except for wine sold by the department to a military installation in Utah, wine that  
229 is sold by the department within the state shall be marked up 49% above the landed case cost to  
230 the department if:

231 (i) (A) except as provided in Subsection (3)(c)(i)(B), the wine is manufactured by a  
232 manufacturer producing less than 20,000 gallons of wine in a calendar year; or

233 (B) for hard cider, the hard cider is manufactured by a manufacturer producing less  
234 than 620,000 gallons of hard cider in a calendar year; and

235 (ii) the manufacturer applies to the department for a reduced markup.

236 (d) Except for heavy beer sold by the department to a military installation in Utah,  
237 heavy beer that is sold by the department within the state shall be marked up 32% above the  
238 landed case cost to the department if:

239 (i) a small brewer manufactures the heavy beer; and

240 (ii) the small brewer applies to the department for a reduced markup.

241 (e) The department shall verify an amount described in Subsection (3)(b), (c), or (d)  
242 pursuant to a federal or other verifiable production report.

243 (f) For purposes of determining whether an alcoholic product qualifies for a markup  
244 under this Subsection (3), the department shall evaluate whether the manufacturer satisfies the  
245 applicable production requirement without considering the manufacturer's production of any  
246 other type of alcoholic product.

247 ~~[(4) The department shall deposit 10% of the total gross revenue from sales of liquor~~  
248 ~~with the state treasurer to be credited to the Uniform School Fund and used to support the~~



249 ~~school lunch program administered by the State Board of Education under Section 53E-3-510.]~~

250 ~~(5)~~ (4) This section does not prohibit the department from selling discontinued items  
251 at a discount.

252 Section 4. Section **32B-2-305** is amended to read:

253 **32B-2-305. Alcoholic Beverage Control Act Enforcement Fund.**

254 (1) As used in this section:

255 (a) "Alcohol-related law enforcement officer" is as defined in Section 32B-1-201.

256 (b) "Enforcement ratio" is as defined in Section 32B-1-201.

257 (c) "Fund" means the Alcoholic Beverage Control Act Enforcement Fund created in  
258 this section.

259 (2) There is created an expendable special revenue fund known as the "Alcoholic  
260 Beverage Control Act Enforcement Fund."

261 (3) (a) The fund consists of:

262 (i) deposits made under Subsection (4); and

263 (ii) interest earned on the fund.

264 (b) The fund shall earn interest. Interest on the fund shall be deposited into the fund.

265 (4) ~~[After the deposit made under Section 32B-2-304 for the school lunch program,~~  
266 ~~the] The~~ department shall deposit 1% of the total gross revenue from the sale of liquor with the  
267 state treasurer to be credited to the fund to be used by the Department of Public Safety as  
268 provided in Subsection (5).

269 (5) (a) The Department of Public Safety shall expend money from the fund to  
270 supplement appropriations by the Legislature so that the Department of Public Safety maintains  
271 a sufficient number of alcohol-related law enforcement officers such that beginning on July 1,  
272 2012, each year the enforcement ratio as of July 1 is equal to or less than the number specified  
273 in Section 32B-1-201.

274 (b) Beginning July 1, 2012, four alcohol-related law enforcement officers shall have as  
275 a primary focus the enforcement of this title in relationship to restaurants.

276 Section 5. Section **35A-8-308** is amended to read:

277 **35A-8-308. Throughput Infrastructure Fund.**

278 (1) There is created an enterprise fund known as the Throughput Infrastructure Fund.

279 (2) The fund consists of money generated from the following revenue sources:

280 (a) all amounts transferred to the fund [~~under Subsection 59-12-103(12)~~] by statute;  
281 (b) any voluntary contributions received;  
282 (c) appropriations made to the fund by the Legislature; and  
283 (d) all amounts received from the repayment of loans made by the impact board under  
284 Section 35A-8-309.

285 (3) The state treasurer shall:

286 (a) invest the money in the fund by following the procedures and requirements of Title  
287 51, Chapter 7, State Money Management Act; and

288 (b) deposit all interest or other earnings derived from those investments into the fund.  
289 Section 6. Section **35A-8-309** is amended to read:

290 **35A-8-309. Throughput Infrastructure Fund administered by impact board --**  
291 **Uses -- Review by board -- Annual report -- First project.**

292 (1) The impact board shall:

293 (a) make grants and loans from the Throughput Infrastructure Fund created in Section  
294 35A-8-308 for a throughput infrastructure project;

295 (b) use money transferred to the Throughput Infrastructure Fund [~~in accordance with~~  
296 ~~Subsection 59-12-103(12)~~] by statute to provide a loan or grant to finance the cost of  
297 acquisition or construction of a throughput infrastructure project to one or more local political  
298 subdivisions, including a Utah interlocal agency created under Title 11, Chapter 13, Interlocal  
299 Cooperation Act;

300 (c) administer the Throughput Infrastructure Fund in a manner that will keep a portion  
301 of the fund revolving;

302 (d) determine provisions for repayment of loans;

303 (e) establish criteria for awarding loans and grants; and

304 (f) establish criteria for determining eligibility for assistance under this section.

305 (2) The cost of acquisition or construction of a throughput infrastructure project  
306 includes amounts for working capital, reserves, transaction costs, and other amounts  
307 determined by the impact board to be allocable to a throughput infrastructure project.

308 (3) The impact board may restructure or forgive all or part of a local political  
309 subdivision's or interlocal agency's obligation to repay loans for extenuating circumstances.

310 (4) To receive assistance under this section, a local political subdivision or an

311 interlocal agency shall submit a formal application containing the information that the impact  
312 board requires.

313 (5) (a) The impact board shall:

314 (i) review the proposed uses of the Throughput Infrastructure Fund for a loan or grant  
315 before approving the loan or grant and may condition its approval on whatever assurances the  
316 impact board considers necessary to ensure that proceeds of the loan or grant will be used in  
317 accordance with this section;

318 (ii) ensure that each loan specifies terms for interest deferments, accruals, and  
319 scheduled principal repayment; and

320 (iii) ensure that repayment terms are evidenced by bonds, notes, or other obligations of  
321 the appropriate local political subdivision or interlocal agency issued to the impact board and  
322 payable from the net revenues of a throughput infrastructure project.

323 (b) An instrument described in Subsection (5)(a)(iii) may be:

324 (i) non-recourse to the local political subdivision or interlocal agency; and

325 (ii) limited to a pledge of the net revenues from a throughput infrastructure project.

326 (6) (a) Subject to the restriction in Subsection (6)(b), the impact board shall allocate  
327 from the Throughput Infrastructure Fund to the board those amounts that are appropriated by  
328 the Legislature for the administration of the Throughput Infrastructure Fund.

329 (b) The amount described in Subsection (6)(a) may not exceed 2% of the annual  
330 receipts to the fund.

331 (7) The board shall include in the annual written report described in Section  
332 35A-1-109:

333 (a) the number and type of loans and grants made under this section; and

334 (b) a list of local political subdivisions or interlocal agencies that received assistance  
335 under this section.

336 (8) (a) The first throughput infrastructure project considered by the impact board shall  
337 be a bulk commodities ocean terminal project.

338 (b) Upon receipt of an application from an interlocal agency created for the sole  
339 purpose of undertaking a throughput infrastructure project that is a bulk commodities ocean  
340 terminal project, the impact board shall:

341 (i) grant up to 2% of the money in the Throughput Infrastructure Fund to the interlocal

342 agency to pay or reimburse costs incurred by the interlocal agency preliminary to its acquisition  
343 of the throughput infrastructure project; and

344 (ii) fund the interlocal agency's application if the application meets all criteria  
345 established by the impact board.

346 Section 7. Section **35A-9-214** is enacted to read:

347 **35A-9-214. Intergenerational poverty report to State Tax Commission.**

348 (1) As used in this section, "commission" means the State Tax Commission.

349 (2) (a) Each year, the department shall:

350 (i) identify individuals in the state who are experiencing intergenerational poverty in  
351 accordance with Subsection (3); and

352 (ii) on or before March 1, provide the commission an electronic report that states, for  
353 each individual identified in accordance with Subsection (2)(a) during the preceding year:

354 (A) the individual's name; and

355 (B) the individual's social security number.

356 (b) The department and the commission shall ensure that the information contained in  
357 each electronic report is secure and confidential.

358 (3) For purposes of Subsection (2)(a), the department shall identify each individual:

359 (a) who received public assistance during the previous calendar year;

360 (b) who received public assistance for 12 months or more since the individual reached  
361 18 years of age; and

362 (c) (i) who received public assistance for 12 months or more before the individual  
363 reached 18 years of age; or

364 (ii) whose family received public assistance for 12 months or more before the  
365 individual reached 18 years of age.

366 Section 8. Section **59-7-104** is amended to read:

367 **59-7-104. Tax -- Minimum tax.**

368 (1) Each domestic and foreign corporation, except a corporation that is exempt under  
369 Section 59-7-102, shall pay an annual tax to the state based on the corporation's Utah taxable  
370 income for the taxable year for the privilege of exercising the corporation's corporate franchise,  
371 as defined in Section 59-7-101, or for the privilege of doing business, as defined in Section  
372 59-7-101, in the state.

373 (2) The tax shall be [~~4.95%~~] 4.58% of a corporation's Utah taxable income.

374 (3) The minimum tax a corporation shall pay under this chapter is \$100.

375 Section 9. Section **59-7-201** is amended to read:

376 **59-7-201. Tax -- Minimum tax.**

377 (1) There is imposed upon each corporation, except a corporation that is exempt under  
378 Section 59-7-102, a tax upon the corporation's Utah taxable income for the taxable year that is  
379 derived from sources within this state other than income for any period that the corporation is  
380 required to include in the corporation's tax base under Section 59-7-104.

381 (2) The tax imposed by Subsection (1) shall be [~~4.95%~~] 4.58% of a corporation's Utah  
382 taxable income.

383 (3) In no case shall the tax be less than \$100.

384 Section 10. Section **59-7-610** is amended to read:

385 **59-7-610. Recycling market development zones tax credits.**

386 (1) Subject to other provisions of this section, a taxpayer that is a business operating in  
387 a recycling market development zone as defined in Section 63N-2-402 may claim the following  
388 nonrefundable tax credits:

389 (a) a tax credit [~~of 5% of~~] equal to the product of the percentage listed in Subsection  
390 59-7-104(2) and the purchase price paid for machinery and equipment used directly in:

391 (i) commercial composting; or

392 (ii) manufacturing facilities or plant units that:

393 (A) manufacture, process, compound, or produce recycled items of tangible personal  
394 property for sale; or

395 (B) reduce or reuse postconsumer waste material; and

396 (b) a tax credit equal to the lesser of:

397 (i) 20% of net expenditures to third parties for rent, wages, supplies, tools, test  
398 inventory, and utilities made by the taxpayer for establishing and operating recycling or  
399 composting technology in Utah; and

400 (ii) \$2,000.

401 (2) (a) To claim a tax credit described in Subsection (1), the taxpayer shall receive  
402 from the Governor's Office of Economic Development a written certification, on a form  
403 approved by the commission, that includes:

404 (i) a statement that the taxpayer is operating a business within the boundaries of a  
405 recycling market development zone;

406 (ii) for claims of the tax credit described in Subsection (1)(a):

407 (A) the type of the machinery and equipment that the taxpayer purchased;

408 (B) the date that the taxpayer purchased the machinery and equipment;

409 (C) the purchase price for the machinery and equipment;

410 (D) the total purchase price for all machinery and equipment for which the taxpayer is  
411 claiming a tax credit;

412 (E) a statement that the machinery and equipment are integral to the composting or  
413 recycling process; and

414 (F) the amount of the taxpayer's tax credit; and

415 (iii) for claims of the tax credit described in Subsection (1)(b):

416 (A) the type of net expenditure that the taxpayer made to a third party;

417 (B) the date that the taxpayer made the payment to a third party;

418 (C) the amount that the taxpayer paid to each third party;

419 (D) the total amount that the taxpayer paid to all third parties;

420 (E) a statement that the net expenditures support the establishment and operation of  
421 recycling or composting technology in Utah; and

422 (F) the amount of the taxpayer's tax credit.

423 (b) (i) The Governor's Office of Economic Development shall provide a taxpayer  
424 seeking to claim a tax credit under Subsection (1) with a copy of the written certification.

425 (ii) The taxpayer shall retain a copy of the written certification for the same period of  
426 time that a person is required to keep books and records under Section 59-1-1406.

427 (c) The Governor's Office of Economic Development shall submit to the commission  
428 an electronic list that includes:

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

431 (ii) for each taxpayer, the amount of each tax credit listed on the written certification.

432 (3) A taxpayer may not claim a tax credit under Subsection (1)(a), Subsection (1)(b), or  
433 both that exceeds 40% of the taxpayer's state income tax liability as the tax liability is  
434 calculated:

- 435 (a) for the taxable year in which the taxpayer made the purchases or payments;
- 436 (b) before any other tax credits the taxpayer may claim for the taxable year; and
- 437 (c) before the taxpayer claiming a tax credit authorized by this section.
- 438 (4) The commission shall make rules governing what information a taxpayer shall file
- 439 with the commission to verify the entitlement to and amount of a tax credit.
- 440 (5) Except as provided in Subsections (6) through (8), a taxpayer may carry forward, to
- 441 the next three taxable years, the amount of the tax credit that exceeds the taxpayer's income tax
- 442 liability for the taxable year.
- 443 (6) A taxpayer may not claim or carry forward a tax credit described in Subsection
- 444 (1)(a) in a taxable year during which the taxpayer claims or carries forward a tax credit under
- 445 Section 63N-2-213.
- 446 (7) A taxpayer may not claim or carry forward a tax credit described in Subsection
- 447 (1)(b) in a taxable year during which the taxpayer claims or carries forward a tax credit under
- 448 Section 63N-2-213.
- 449 (8) A taxpayer may not claim or carry forward a tax credit under this section for a
- 450 taxable year during which the taxpayer claims the targeted business income tax credit under
- 451 Section 59-7-624.
- 452 Section 11. Section **59-7-618** is amended to read:
- 453 **59-7-618. Tax credit related to alternative fuel heavy duty vehicles.**
- 454 (1) As used in this section:
- 455 (a) "Board" means the Air Quality Board created under Title 19, Chapter 2, Air
- 456 Conservation Act.
- 457 (b) "Director" means the director of the Division of Air Quality appointed under
- 458 Section 19-2-107.
- 459 (c) "Heavy duty vehicle" means a commercial category 7 or 8 vehicle, according to
- 460 vehicle classifications established by the Federal Highway Administration.
- 461 (d) "Natural gas" includes compressed natural gas and liquified natural gas.
- 462 (e) "Qualified heavy duty vehicle" means a heavy duty vehicle that:
- 463 (i) has never been titled or registered and has been driven less than 7,500 miles; and
- 464 (ii) is fueled by natural gas, has a 100% electric drivetrain, or has a hydrogen-electric
- 465 drivetrain.

466 (f) "Qualified purchase" means the purchase of a qualified heavy duty vehicle.

467 (g) "Qualified taxpayer" means a taxpayer that:

468 (i) purchases a qualified heavy duty vehicle; and

469 (ii) receives a tax credit certificate from the director.

470 (h) "Small fleet" means 40 or fewer heavy duty vehicles registered in the state and  
471 owned by a single taxpayer.

472 (i) "Tax credit certificate" means a certificate issued by the director certifying that a  
473 taxpayer is entitled to a tax credit as provided in this section and stating the amount of the tax  
474 credit.

475 (2) A qualified taxpayer may claim a nonrefundable tax credit against tax otherwise  
476 due under this chapter or Chapter 8, Gross Receipts Tax on Certain Corporations Not Required  
477 to Pay Corporate Franchise or Income Tax Act:

478 (a) in an amount equal to:

479 (i) \$25,000, if the qualified purchase of a natural gas heavy duty vehicle occurs during  
480 calendar year 2015 or calendar year 2016;

481 (ii) \$25,000, if the qualified purchase occurs during calendar year 2017;

482 (iii) \$20,000, if the qualified purchase occurs during calendar year 2018;

483 (iv) \$18,000, if the qualified purchase occurs during calendar year 2019; and

484 (v) \$15,000, if the qualified purchase occurs during calendar year 2020; and

485 (b) if the qualified taxpayer certifies under oath that over 50% of the miles that the  
486 heavy duty vehicle that is the subject of the qualified purchase will travel annually will be  
487 within the state.

488 (3) (a) Except as provided in Subsection (3)(b), a taxpayer may not submit an  
489 application for, and the director may not issue to the taxpayer, a tax credit certificate under this  
490 section in any taxable year for a qualified purchase if the director has already issued tax credit  
491 certificates to the taxpayer for 10 qualified purchases in the same taxable year.

492 (b) If, by May 1 of any year, more than 30% of the aggregate annual total amount of  
493 tax credits under Subsection (5) has not been claimed, a taxpayer may submit an application  
494 for, and the director may issue to the taxpayer, one or more tax credit certificates for up to eight  
495 additional qualified purchases, even if the director has already issued to that taxpayer tax credit  
496 certificates for the maximum number of qualified purchases allowed under Subsection (3)(a).



497 (4) (a) Subject to Subsection (4)(b), the director shall reserve 25% of all tax credits  
498 available under this section for qualified taxpayers with a small fleet.

499 (b) Subsection (4)(a) does not prevent a taxpayer from submitting an application for, or  
500 the director from issuing, a tax credit certificate if, before October 1, qualified taxpayers with a  
501 small fleet have not reserved under Subsection (5)(b) tax credits for the full amount reserved  
502 under Subsection (4)(a).

503 (5) (a) The aggregate annual total amount of tax credits represented by tax credit  
504 certificates that the director issues under this section and Section 59-10-1033 may not exceed  
505 \$500,000.

506 (b) The board shall, in accordance with Title 63G, Chapter 3, Utah Administrative  
507 Rulemaking Act, make rules to establish a process under which a taxpayer may reserve a  
508 potential tax credit under this section for a limited time to allow the taxpayer to make a  
509 qualified purchase with the assurance that the aggregate limit under Subsection (5)(a) will not  
510 be met before the taxpayer is able to submit an application for a tax credit certificate.

511 (6) (a) (i) A taxpayer wishing to claim a tax credit under this section shall, using forms  
512 the board requires by rule:

513 (A) submit to the director an application for a tax credit;

514 (B) provide the director proof of a qualified purchase; and

515 (C) submit to the director the certification under oath required under Subsection (2)(b).

516 (ii) Upon receiving the application, proof, and certification required under Subsection  
517 (6)(a)(i), the director shall provide the taxpayer a written statement from the director  
518 acknowledging receipt of the proof.

519 (b) If the director determines that a taxpayer qualifies for a tax credit under this section,  
520 the director shall:

521 (i) determine the amount of tax credit the taxpayer is allowed under this section; and

522 (ii) provide the taxpayer with a written tax credit certificate:

523 (A) stating that the taxpayer has qualified for a tax credit; and

524 (B) showing the amount of tax credit for which the taxpayer has qualified under this  
525 section.

526 (c) A qualified taxpayer shall retain the tax credit certificate.

527 (d) The director shall at least annually submit to the commission a list of all qualified

528 taxpayers to which the director has issued a tax credit certificate and the amount of each tax  
529 credit represented by the tax credit certificates.

530 (7) The tax credit under this section is allowed only:

531 (a) against a tax owed under this chapter or Chapter 8, Gross Receipts Tax on Certain  
532 Corporations Not Required to Pay Corporate Franchise or Income Tax Act, in the taxable year  
533 by the qualified taxpayer;

534 (b) for the taxable year in which the qualified purchase occurs; and

535 (c) once per vehicle.

536 (8) A qualified taxpayer may not assign a tax credit or a tax credit certificate under this  
537 section to another person.

538 (9) If the qualified taxpayer receives a tax credit certificate under this section that  
539 allows a tax credit in an amount that exceeds the qualified taxpayer's tax liability under this  
540 chapter or Chapter 8, Gross Receipts Tax on Certain Corporations Not Required to Pay  
541 Corporate Franchise or Income Tax Act, for a taxable year, the qualified taxpayer may carry  
542 forward the amount of the tax credit that exceeds the tax liability for a period that does not  
543 exceed the next five taxable years.

544 ~~[(10)(a) In accordance with any rules prescribed by the commission under Subsection~~  
545 ~~(10)(b), the Division of Finance shall transfer at least annually from the General Fund into the~~  
546 ~~Education Fund the aggregate amount of all tax credits claimed under this section.]~~

547 ~~[(b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,~~  
548 ~~the commission may make rules for making a transfer from the General Fund into the~~  
549 ~~Education Fund as required by Subsection (10)(a).]~~

550 Section 12. Section **59-7-620** is amended to read:

551 **59-7-620. Nonrefundable tax credit for contribution to state Achieving a Better**  
552 **Life Experience Program account.**

553 (1) As used in this section:

554 (a) "Account" means an account in a qualified ABLE program where the designated  
555 beneficiary of the account is a resident of this state.

556 (b) "Contributor" means a corporation that:

557 (i) makes a contribution to an account; and

558 (ii) receives a statement from the qualified ABLE program itemizing the contribution.

559 (c) "Designated beneficiary" means the same as that term is defined in 26 U.S.C. Sec.  
560 529A.

561 (d) "Qualified ABLE program" means the same as that term is defined in Section  
562 35A-12-102.

563 (2) A contributor to an account may claim a nonrefundable tax credit as provided in  
564 this section.

565 (3) Subject to the other provisions of this section, the tax credit is equal to the product  
566 of:

567 (a) [~~5%~~] the percentage listed in Subsection 59-7-104(2); and

568 (b) the total amount of contributions:

569 (i) the contributor makes for the taxable year; and

570 (ii) for which the contributor receives a statement from the qualified ABLE program  
571 itemizing the contributions.

572 (4) A contributor may not claim a tax credit under this section:

573 (a) for an amount of excess contribution to an account that is returned to the  
574 contributor; or

575 (b) with respect to an amount the contributor deducts on a federal income tax return.

576 (5) A tax credit under this section may not be carried forward or carried back.

577 Section 13. Section **59-10-104** is amended to read:

578 **59-10-104. Tax basis -- Tax rate -- Exemption.**

579 (1) A tax is imposed on the state taxable income of a resident individual as provided in  
580 this section.

581 (2) For purposes of Subsection (1), for a taxable year, the tax is an amount equal to the  
582 product of:

583 (a) the resident individual's state taxable income for that taxable year; and

584 (b) [~~4.95%~~] 4.58%.

585 (3) This section does not apply to a resident individual exempt from taxation under  
586 Section 59-10-104.1.

587 Section 14. Section **59-10-529.1** is amended to read:

588 **59-10-529.1. Time period for commission to issue a refund.**

589 (1) Except as provided in Subsection (2), the commission may not issue a refund

590 before March 1.

591 (2) The commission may issue a refund before March 1 if, before March 1, the  
592 commission determines that:

593 (a) (i) an employer has filed the one or more forms in accordance with Subsection  
594 59-10-406(8) the employer is required to file with respect to an individual; and

595 (ii) for a refund of a tax credit described in Section 59-10-1112, the Department of  
596 Workforce Services has submitted the electronic report required by Section 35A-9-214; and

597 (b) the individual has filed a return in accordance with this chapter.

598 Section 15. Section **59-10-1005** is amended to read:

599 **59-10-1005. Tax credit for at-home parent.**

600 (1) As used in this section:

601 (a) "At-home parent" means a parent:

602 (i) who provides full-time care at the parent's residence for one or more of the parent's  
603 own qualifying children;

604 (ii) who claims the qualifying child as a dependent on the parent's individual income  
605 tax return for the taxable year for which the parent claims the credit; and

606 (iii) if the sum of the following amounts are \$3,000 or less for the taxable year for  
607 which the parent claims the credit:

608 (A) the total wages, tips, and other compensation listed on all of the parent's federal  
609 Forms W-2; and

610 (B) the gross income listed on the parent's federal Form 1040 Schedule C, Profit or  
611 Loss From Business.

612 (b) "Parent" means an individual who:

613 (i) is the biological mother or father of a qualifying child;

614 (ii) is the stepfather or stepmother of a qualifying child;

615 (iii) (A) legally adopts a qualifying child; or

616 (B) has a qualifying child placed in the individual's home:

617 (I) by a child-placing agency, as defined in Section 62A-2-101; and

618 (II) for the purpose of legally adopting the child;

619 (iv) is a foster parent of a qualifying child; or

620 (v) is a legal guardian of a qualifying child.

621 (c) "Qualifying child" means a child who is no more than 12 months of age on the last  
622 day of the taxable year for which the tax credit is claimed.

623 (2) For a taxable year beginning on or after January 1, 2000, a claimant may claim on  
624 the claimant's individual income tax return a nonrefundable tax credit of \$100 for each  
625 qualifying child if:

626 (a) the claimant or another claimant filing a joint individual income tax return with the  
627 claimant is an at-home parent; and

628 (b) the adjusted gross income of all of the claimants filing the individual income tax  
629 return is less than or equal to \$50,000.

630 (3) A claimant may not carry forward or carry back a tax credit authorized by this  
631 section.

632 ~~[(4)(a) In accordance with any rules prescribed by the commission under Subsection~~  
633 ~~(4)(b), the Division of Finance shall transfer at least annually from the General Fund into the~~  
634 ~~Education Fund the aggregate amount of all tax credits claimed under this section.]~~

635 ~~[(b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,~~  
636 ~~the commission may make rules for making a transfer from the General Fund into the~~  
637 ~~Education Fund as required by Subsection (4)(a).]~~

638 Section 16. Section **59-10-1007** is amended to read:

639 **59-10-1007. Recycling market development zones tax credits.**

640 (1) Subject to other provisions of this section, a claimant, estate, or trust in a recycling  
641 market development zone as defined in Section 63N-2-402 may claim the following  
642 nonrefundable tax credits:

643 (a) a tax credit ~~[of 5% of]~~ equal to the product of the percentage listed in Subsection  
644 59-10-104(2) and the purchase price paid for machinery and equipment used directly in:

645 (i) commercial composting; or

646 (ii) manufacturing facilities or plant units that:

647 (A) manufacture, process, compound, or produce recycled items of tangible personal  
648 property for sale; or

649 (B) reduce or reuse postconsumer waste material; and

650 (b) a tax credit equal to the lesser of:

651 (i) 20% of net expenditures to third parties for rent, wages, supplies, tools, test

652 inventory, and utilities made by the claimant, estate, or trust for establishing and operating  
653 recycling or composting technology in Utah; and

654 (ii) \$2,000.

655 (2) (a) To claim a tax credit described in Subsection (1), the claimant, estate, or trust  
656 shall receive from the Governor's Office of Economic Development a written certification, on a  
657 form approved by the commission, that includes:

658 (i) a statement that the claimant, estate, or trust is operating within the boundaries of a  
659 recycling market development zone;

660 (ii) for claims of the tax credit described in Subsection (1)(a):

661 (A) the type of the machinery and equipment that the claimant, estate, or trust  
662 purchased;

663 (B) the date that the claimant, estate, or trust purchased the machinery and equipment;

664 (C) the purchase price for the machinery and equipment;

665 (D) the total purchase price for all machinery and equipment for which the claimant,  
666 estate, or trust is claiming a tax credit;

667 (E) the amount of the claimant's, estate's, or trust's tax credit; and

668 (F) a statement that the machinery and equipment are integral to the composting or  
669 recycling process; and

670 (iii) for claims of the tax credit described in Subsection (1)(b):

671 (A) the type of net expenditure that the claimant, estate, or trust made to a third party;

672 (B) the date that the claimant, estate, or trust made the payment to a third party;

673 (C) the amount that the claimant, estate, or trust paid to each third party;

674 (D) the total amount that the claimant, estate, or trust paid to all third parties;

675 (E) a statement that the net expenditures support the establishment and operation of  
676 recycling or composting technology in Utah; and

677 (F) the amount of the claimant's, estate's, or trust's tax credit.

678 (b) (i) The Governor's Office of Economic Development shall provide a claimant,  
679 estate, or trust seeking to claim a tax credit under Subsection (1) with a copy of the written  
680 certification.

681 (ii) The claimant, estate, or trust shall retain a copy of the written certification for the  
682 same period of time that a person is required to keep books and records under Section

683 59-1-1406.

684 (c) The Governor's Office of Economic Development shall submit to the commission  
685 an electronic list that includes:

686 (i) the name and identifying information of each claimant, estate, or trust to which the  
687 office issues a written certification; and

688 (ii) for each claimant, estate, or trust, the amount of each tax credit listed on the written  
689 certification.

690 (3) A claimant, estate, or trust may not claim a tax credit under Subsection (1)(a),  
691 Subsection (1)(b), or both that exceeds 40% of the claimant's, estate's, or trust's state income  
692 tax liability as the tax liability is calculated:

693 (a) for the taxable year in which the claimant, estate, or trust made the purchases or  
694 payments;

695 (b) before any other tax credits the claimant, estate, or trust may claim for the taxable  
696 year; and

697 (c) before the claimant, estate, or trust claiming a tax credit authorized by this section.

698 (4) The commission shall make rules governing what information a claimant, estate, or  
699 trust shall file with the commission to verify the entitlement to and amount of a tax credit.

700 (5) Except as provided in Subsections (6) through (8), a claimant, estate, or trust may  
701 carry forward, to the next three taxable years, the amount of the tax credit that exceeds the  
702 taxpayer's income tax liability for the taxable year.

703 (6) A claimant, estate, or trust may not claim or carry forward a tax credit described in  
704 Subsection (1)(a) in a taxable year during which the claimant, estate, or trust claims or carries  
705 forward a tax credit under Section 63N-2-213.

706 (7) A claimant, estate, or trust may not claim a tax credit described in Subsection (1)(b)  
707 in a taxable year during which the claimant, estate, or trust claims or carries forward a tax  
708 credit under Section 63N-2-213.

709 (8) A claimant, estate, or trust may not claim or carry forward a tax credit available  
710 under this section for a taxable year during which the claimant, estate, or trust claims the  
711 targeted business income tax credit under Section 59-10-1112.

712 Section 17. Section **59-10-1017** is amended to read:

713 **59-10-1017. Utah Educational Savings Plan tax credit.**

- 714 (1) As used in this section:
- 715 (a) "Account owner" means the same as that term is defined in Section 53B-8a-102.
- 716 (b) "Grantor trust" means the same as that term is defined in Section 53B-8a-102.5.
- 717 (c) "Higher education costs" means the same as that term is defined in Section
- 718 53B-8a-102.5.
- 719 (d) "Maximum amount of a qualified investment for the taxable year" means, for a
- 720 taxable year, the product of [5%] the percentage listed in Subsection 59-10-104(2) and:
- 721 (i) subject to Subsection (1)(d)(iii), for a claimant, estate, or trust that is an account
- 722 owner, if that claimant, estate, or trust is other than husband and wife account owners who file
- 723 a single return jointly, the maximum amount of a qualified investment:
- 724 (A) listed in Subsection 53B-8a-106(1)(e)(ii); and
- 725 (B) increased or kept for that taxable year in accordance with Subsections
- 726 53B-8a-106(1)(f) and (g);
- 727 (ii) subject to Subsection (1)(d)(iii), for claimants who are husband and wife account
- 728 owners who file a single return jointly, the maximum amount of a qualified investment:
- 729 (A) listed in Subsection 53B-8a-106(1)(e)(iii); and
- 730 (B) increased or kept for that taxable year in accordance with Subsections
- 731 53B-8a-106(1)(f) and (g); or
- 732 (iii) for a grantor trust:
- 733 (A) if the owner of the grantor trust has a single filing status or head of household
- 734 filing status as defined in Section 59-10-1018, the amount described in Subsection (1)(d)(i); or
- 735 (B) if the owner of the grantor trust has a joint filing status as defined in Section
- 736 59-10-1018, the amount described in Subsection (1)(d)(ii).
- 737 (e) "Owner of the grantor trust" means the same as that term is defined in Section
- 738 53B-8a-102.5.
- 739 (f) "Qualified investment" means the same as that term is defined in Section
- 740 53B-8a-102.5.
- 741 (2) Except as provided in Section 59-10-1002.2 and subject to the other provisions of
- 742 this section, a claimant, estate, or trust that is an account owner may claim a nonrefundable tax
- 743 credit equal to the product of:
- 744 (a) the amount of a qualified investment made:



- 745 (i) during the taxable year; and
- 746 (ii) into an account owned by the claimant, estate, or trust; and
- 747 (b) [~~5%~~] the percentage listed in Subsection 59-10-104(2).
- 748 (3) A claimant, estate, or trust, or a person other than the claimant, estate, or trust, may
- 749 make a qualified investment described in Subsection (2).
- 750 (4) A claimant, estate, or trust that is an account owner may not claim a tax credit
- 751 under this section with respect to any portion of a qualified investment described in Subsection
- 752 (2) that a claimant, estate, trust, or person described in Subsection (3) deducts on a federal
- 753 income tax return.
- 754 (5) A tax credit under this section may not exceed the maximum amount of a qualified
- 755 investment for the taxable year.
- 756 (6) A claimant, estate, or trust that is an account owner may not carry forward or carry
- 757 back the tax credit under this section.
- 758 (7) A claimant, estate, or trust may claim a tax credit under this section in addition to
- 759 the tax credit described in Section 59-10-1017.1.
- 760 Section 18. Section **59-10-1017.1** is amended to read:
- 761 **59-10-1017.1. Student Prosperity Savings Program tax credit.**
- 762 (1) As used in this section, "qualified donation" means an amount donated, in
- 763 accordance with Section 53B-8a-203, to the Student Prosperity Savings Program created in
- 764 Section 53B-8a-202.
- 765 (2) A claimant, estate, or trust may claim a nonrefundable tax credit for a qualified
- 766 donation.
- 767 (3) The tax credit equals the product of:
- 768 (a) the qualified donation; and
- 769 (b) [~~5%~~] the percentage listed in Subsection 59-10-104(2).
- 770 (4) A claimant, estate, or trust may not claim a tax credit under this section with
- 771 respect to any portion of a qualified donation that a claimant, estate, or trust deducts on a
- 772 federal income tax return.
- 773 (5) A claimant, estate, or trust may not carry forward or carry back the portion of the
- 774 tax credit allowed by this section that exceeds the claimant's, estate's, or trust's tax liability for
- 775 the taxable year in which the claimant, estate, or trust claims the tax credit.

776 (6) A claimant, estate, or trust may claim a tax credit under this section in addition to  
777 the tax credit described in Section 59-10-1017.

778 Section 19. Section **59-10-1018** is amended to read:

779 **59-10-1018. Definitions -- Nonrefundable taxpayer tax credits.**

780 (1) As used in this section:

781 (a) "Head of household filing status" means a head of household, as defined in Section  
782 2(b), Internal Revenue Code, who files a single federal individual income tax return for the  
783 taxable year.

784 (b) "Joint filing status" means:

785 (i) spouses who file a single return jointly under this chapter for a taxable year; or

786 (ii) a surviving spouse, as defined in Section 2(a), Internal Revenue Code, who files a  
787 single federal individual income tax return for the taxable year.

788 (c) "Qualifying dependent" means an individual with respect to whom the claimant is  
789 allowed to claim a tax credit under Section 24, Internal Revenue Code, on the claimant's  
790 federal individual income tax return for the taxable year.

791 (d) "Single filing status" means:

792 (i) a single individual who files a single federal individual income tax return for the  
793 taxable year; or

794 (ii) a married individual who:

795 (A) does not file a single federal individual income tax return jointly with that married  
796 individual's spouse for the taxable year; and

797 (B) files a single federal individual income tax return for the taxable year.

798 (e) "State or local income tax" means the lesser of:

799 (i) the amount of state or local income tax that the claimant:

800 (A) pays for the taxable year; and

801 (B) reports on the claimant's federal individual income tax return for the taxable year,  
802 regardless of whether the claimant is allowed an itemized deduction on the claimant's federal  
803 individual income tax return for the taxable year for the full amount of state or local income tax  
804 paid; and

805 (ii) \$10,000.

806 (f) (i) "Utah itemized deduction" means the amount the claimant deducts as allowed as

807 an itemized deduction on the claimant's federal individual income tax return for that taxable  
808 year minus any amount of state or local income tax for the taxable year.

809 (ii) "Utah itemized deduction" does not include any amount of qualified business  
810 income that the claimant subtracts as allowed by Section 199A, Internal Revenue Code, on the  
811 claimant's federal income tax return for that taxable year.

812 (g) "Utah personal exemption" means, subject to Subsection (6), [~~\$565~~] \$2,500  
813 multiplied by the number of the claimant's qualifying dependents.

814 (2) Except as provided in Section 59-10-1002.2, and subject to Subsections (3) through  
815 (5), a claimant may claim a nonrefundable tax credit against taxes otherwise due under this part  
816 equal to the sum of:

817 (a) (i) for a claimant that deducts the standard deduction on the claimant's federal  
818 individual income tax return for the taxable year, 6% of the amount the claimant deducts as  
819 allowed as the standard deduction on the claimant's federal individual income tax return for  
820 that taxable year; or

821 (ii) for a claimant that itemizes deductions on the claimant's federal individual income  
822 tax return for the taxable year, 6% of the amount of the claimant's Utah itemized deduction;  
823 and

824 (b) 6% of the claimant's Utah personal exemption.

825 (3) A claimant may not carry forward or carry back a tax credit under this section.

826 (4) The tax credit allowed by Subsection (2) shall be reduced by \$.013 for each dollar  
827 by which a claimant's state taxable income exceeds:

828 (a) for a claimant who has a single filing status, [~~\$12,000~~] \$14,256;

829 (b) for a claimant who has a head of household filing status, [~~\$18,000~~] \$21,384; or

830 (c) for a claimant who has a joint filing status, [~~\$24,000~~] \$28,512.

831 (5) (a) For a taxable year beginning on or after January 1, [~~2009~~] 2021, the commission  
832 shall increase or decrease annually the following dollar amounts by a percentage equal to the  
833 percentage difference between the consumer price index for the preceding calendar year and  
834 the consumer price index for calendar year [~~2007~~] 2019:

835 (i) the dollar amount listed in Subsection (4)(a); and

836 (ii) the dollar amount listed in Subsection (4)(b).

837 (b) After the commission increases or decreases the dollar amounts listed in Subsection

838 (5)(a), the commission shall round those dollar amounts listed in Subsection (5)(a) to the  
839 nearest whole dollar.

840 (c) After the commission rounds the dollar amounts as required by Subsection (5)(b),  
841 the commission shall increase or decrease the dollar amount listed in Subsection (4)(c) so that  
842 the dollar amount listed in Subsection (4)(c) is equal to the product of:

- 843 (i) the dollar amount listed in Subsection (4)(a); and
- 844 (ii) two.

845 (d) For purposes of Subsection (5)(a), the commission shall calculate the consumer  
846 price index as provided in Sections 1(f)(4) and 1(f)(5), Internal Revenue Code.

847 (6) (a) For a taxable year beginning on or after January 1, 2019, the commission shall  
848 increase annually the Utah personal exemption amount listed in Subsection (1)(g) by a  
849 percentage equal to the percentage by which the consumer price index for the preceding  
850 calendar year exceeds the consumer price index for calendar year 2017.

851 (b) After the commission increases the Utah personal exemption amount as described  
852 in Subsection (6)(a), the commission shall round the Utah personal exemption amount to the  
853 nearest whole dollar.

854 (c) For purposes of Subsection (6)(a), the commission shall calculate the consumer  
855 price index as provided in Sections 1(f)(4) and 1(f)(5), Internal Revenue Code.

856 Section 20. Section **59-10-1019** is amended to read:

857 **59-10-1019. Definitions -- Nonrefundable retirement tax credits.**

858 (1) As used in this section:

859 (a) "Eligible over age 65 [~~or older~~] retiree" means a claimant, regardless of whether  
860 that claimant is retired, who:

- 861 (i) is over 65 years of age [~~or older~~]; and
- 862 (ii) was born on or before December 31, 1952.

863 [~~(b) (i) "Eligible retirement income" means income received by an eligible under age~~  
864 ~~65 retiree as a pension or annuity if that pension or annuity is:]~~

865 [~~(A) paid to the eligible under age 65 retiree or the surviving spouse of an eligible~~  
866 ~~under age 65 retiree; and]~~

867 [~~(B) (i) paid from an annuity contract purchased by an employer under a plan that~~  
868 ~~meets the requirements of Section 404(a)(2), Internal Revenue Code;]~~

869 ~~[(H) purchased by an employee under a plan that meets the requirements of Section~~  
870 ~~408, Internal Revenue Code; or]~~

871 ~~[(HH) paid by:]~~

872 ~~[(Aa) the United States;]~~

873 ~~[(Bb) a state or a political subdivision of a state; or]~~

874 ~~[(Cc) the District of Columbia.]~~

875 ~~[(ii) "Eligible retirement income" does not include amounts received by the spouse of a~~  
876 ~~living eligible under age 65 retiree because of the eligible under age 65 retiree's having been~~  
877 ~~employed in a community property state.]~~

878 ~~[(c) "Eligible under age 65 retiree" means a claimant, regardless of whether that~~  
879 ~~claimant is retired, who:]~~

880 ~~[(i) is younger than 65 years of age;]~~

881 ~~[(ii) was born on or before December 31, 1952; and]~~

882 ~~[(iii) has eligible retirement income for the taxable year for which a tax credit is~~  
883 ~~claimed under this section.]~~

884 ~~[(d)] (b) "Head of household filing status" [is as] means the same as that term is~~  
885 ~~defined in Section 59-10-1018.~~

886 ~~[(e)] (c) "Joint filing status" [is as] means the same as that term is defined in Section~~  
887 ~~59-10-1018.~~

888 ~~[(f)] (d) "Married filing separately status" means a married individual who:~~

889 (i) does not file a single federal individual income tax return jointly with that married  
890 individual's spouse for the taxable year; and

891 (ii) files a single federal individual income tax return for the taxable year.

892 ~~[(g)] (e) "Modified adjusted gross income" means the sum of an eligible over age 65~~  
893 ~~[or older retiree's or eligible under age 65 retiree's] retiree's:~~

894 (i) adjusted gross income for the taxable year for which a tax credit is claimed under  
895 this section;

896 (ii) any interest income that is not included in adjusted gross income for the taxable  
897 year described in Subsection (1)~~[(g)](e)~~(i); and

898 (iii) any addition to adjusted gross income required by Section 59-10-114 for the  
899 taxable year described in Subsection (1)~~[(g)](e)~~(i).

900 ~~(h)~~ (f) "Single filing status" means a single individual who files a single federal  
 901 individual income tax return for the taxable year.

902 (2) Except as provided in Section 59-10-1002.2 and Subsection (6) and subject to  
 903 Subsections (3) through (5)~~[(a)]~~ each eligible over age 65 ~~[or older]~~ retiree may claim a  
 904 nonrefundable tax credit of \$450 against taxes otherwise due under this part~~[, or]~~.

905 ~~[(b) each eligible under age 65 retiree may claim a nonrefundable tax credit against~~  
 906 ~~taxes otherwise due under this part in an amount equal to the lesser of:]~~

907 ~~[(i) \$288; or]~~

908 ~~[(ii) the product of:]~~

909 ~~[(A) the eligible under age 65 retiree's eligible retirement income for the taxable year~~  
 910 ~~for which the eligible under age 65 retiree claims a tax credit under this section; and]~~

911 ~~[(B) 6%.]~~

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

913 (3) An eligible over age 65 retiree may not carry forward or carry back a tax credit  
 914 under this section.

915 (4) The ~~[sum of the tax credits]~~ tax credit allowed by Subsection (2) claimed on ~~[one]~~ a  
 916 return filed under this part shall be reduced by \$.025 for each dollar by which modified  
 917 adjusted gross income for purposes of the return exceeds:

918 (a) for a federal individual income tax return that is allowed a married filing separately  
 919 status, \$16,000;

920 (b) for a federal individual income tax return that is allowed a single filing status,  
 921 \$25,000;

922 (c) for a federal individual income tax return that is allowed a head of household filing  
 923 status, \$32,000; or

924 (d) for a return under this chapter that is allowed a joint filing status, \$32,000.

925 ~~[(5) For purposes of determining the ownership of items of retirement income under~~  
 926 ~~this section, common law doctrine shall be applied in all cases even though some items of~~  
 927 ~~retirement income may have originated from service or investments in a community property~~  
 928 ~~state.]~~

929 (5) An individual may not claim a tax credit under this section if a tax credit under  
 930 Section 59-10-1041 is claimed on the same return.

931 Section 21. Section **59-10-1022** is amended to read:

932 **59-10-1022. Nonrefundable tax credit for capital gain transactions.**

933 (1) As used in this section:

934 (a) (i) "Capital gain transaction" means a transaction that results in a:

935 (A) short-term capital gain; or

936 (B) long-term capital gain.

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

938 commission may by rule define the term "transaction."

939 (b) "Commercial domicile" means the principal place from which the trade or business

940 of a Utah small business corporation is directed or managed.

941 (c) "Long-term capital gain" is as defined in Section 1222, Internal Revenue Code.

942 (d) "Qualifying stock" means stock that is:

943 (i) (A) common; or

944 (B) preferred;

945 (ii) as defined by the commission by rule made in accordance with Title 63G, Chapter

946 3, Utah Administrative Rulemaking Act, originally issued to:

947 (A) a claimant, estate, or trust; or

948 (B) a partnership if the claimant, estate, or trust that claims a tax credit under this

949 section:

950 (I) was a partner on the day on which the stock was issued; and

951 (II) remains a partner until the last day of the taxable year for which the claimant,

952 estate, or trust claims a tax credit under this section; and

953 (iii) issued:

954 (A) by a Utah small business corporation;

955 (B) on or after January 1, 2008; and

956 (C) for:

957 (I) money; or

958 (II) other property, except for stock or securities.

959 (e) "Short-term capital gain" is as defined in Section 1222, Internal Revenue Code.

960 (f) (i) "Utah small business corporation" means a corporation that:

961 (A) except as provided in Subsection (1)(f)(ii), is a small business corporation as

962 defined in Section 1244(c)(3), Internal Revenue Code;

963 (B) except as provided in Subsection (1)(f)(iii), meets the requirements of Section

964 1244(c)(1)(C), Internal Revenue Code; and

965 (C) has its commercial domicile in this state.

966 (ii) The dollar amount listed in Section 1244(c)(3)(A) is considered to be \$2,500,000.

967 (iii) The phrase "the date the loss on such stock was sustained" in Sections  
968 1244(c)(1)(C) and 1244(c)(2), Internal Revenue Code, is considered to be "the last day of the  
969 taxable year for which the claimant, estate, or trust claims a tax credit under this section."

970 (2) For taxable years beginning on or after January 1, 2008, a claimant, estate, or trust  
971 that meets the requirements of Subsection (3) may claim a nonrefundable tax credit equal to the  
972 product of:

973 (a) the total amount of the claimant's, estate's, or trust's short-term capital gain or  
974 long-term capital gain on a capital gain transaction that occurs on or after January 1, 2008; and

975 (b) ~~5%~~ the percentage listed in Subsection 59-10-104(2).

976 (3) For purposes of Subsection (2), a claimant, estate, or trust may claim the  
977 nonrefundable tax credit allowed by Subsection (2) if:

978 (a) 70% or more of the gross proceeds of the capital gain transaction are expended:

979 (i) to purchase qualifying stock in a Utah small business corporation; and

980 (ii) within a 12-month period after the day on which the capital gain transaction occurs;

981 and

982 (b) prior to the purchase of the qualifying stock described in Subsection (3)(a)(i), the  
983 claimant, estate, or trust did not have an ownership interest in the Utah small business  
984 corporation that issued the qualifying stock.

985 (4) A claimant, estate, or trust may not carry forward or carry back a tax credit under  
986 this section.

987 (5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
988 commission may make rules:

989 (a) defining the term "gross proceeds"; and

990 (b) prescribing the circumstances under which a claimant, estate, or trust has an  
991 ownership interest in a Utah small business corporation.

992 Section 22. Section **59-10-1023** is amended to read:



993           **59-10-1023. Nonrefundable tax credit for amounts paid under a health benefit**  
994 **plan.**

995           (1) As used in this section:

996           (a) "Claimant with dependents" means a claimant:

997           (i) regardless of the claimant's filing status for purposes of filing a federal individual  
998 income tax return for the taxable year; and

999           (ii) who claims one or more dependents under Section 151, Internal Revenue Code, as  
1000 allowed on the claimant's federal individual income tax return for the taxable year.

1001           (b) "Eligible insured individual" means:

1002           (i) the claimant who is insured under a health benefit plan;

1003           (ii) the spouse of the claimant described in Subsection (1)(b)(i) if:

1004           (A) the claimant files a single return jointly under this chapter with the claimant's  
1005 spouse for the taxable year; and

1006           (B) the spouse is insured under the health benefit plan described in Subsection  
1007 (1)(b)(i); or

1008           (iii) a dependent of the claimant described in Subsection (1)(b)(i) if:

1009           (A) the claimant claims the dependent under Section 151, Internal Revenue Code, as  
1010 allowed on the claimant's federal individual income tax return for the taxable year; and

1011           (B) the dependent is insured under the health benefit plan described in Subsection  
1012 (1)(b)(i).

1013           (c) "Excluded expenses" means an amount a claimant pays for insurance offered under  
1014 a health benefit plan for a taxable year if:

1015           (i) the claimant claims a tax credit for that amount under Section 35, Internal Revenue  
1016 Code:

1017           (A) on the claimant's federal individual income tax return for the taxable year; and

1018           (B) with respect to an eligible insured individual;

1019           (ii) the claimant deducts that amount under Section 162 or 213, Internal Revenue  
1020 Code:

1021           (A) on the claimant's federal individual income tax return for the taxable year; and

1022           (B) with respect to an eligible insured individual; or

1023           (iii) the claimant excludes that amount from gross income under Section 106 or 125,

- 1024 Internal Revenue Code, with respect to an eligible insured individual.
- 1025 (d) (i) "Health benefit plan" is as defined in Section 31A-1-301.
- 1026 (ii) "Health benefit plan" does not include equivalent self-insurance as defined by the
- 1027 Insurance Department by rule made in accordance with Title 63G, Chapter 3, Utah
- 1028 Administrative Rulemaking Act.
- 1029 (e) "Joint claimant with no dependents" means a husband and wife who:
- 1030 (i) file a single return jointly under this chapter for the taxable year; and
- 1031 (ii) do not claim a dependent under Section 151, Internal Revenue Code, on the
- 1032 husband's and wife's federal individual income tax return for the taxable year.
- 1033 (f) "Single claimant with no dependents" means:
- 1034 (i) a single individual who:
- 1035 (A) files a single federal individual income tax return for the taxable year; and
- 1036 (B) does not claim a dependent under Section 151, Internal Revenue Code, on the
- 1037 single individual's federal individual income tax return for the taxable year;
- 1038 (ii) a head of household:
- 1039 (A) as defined in Section 2(b), Internal Revenue Code, who files a single federal
- 1040 individual income tax return for the taxable year; and
- 1041 (B) who does not claim a dependent under Section 151, Internal Revenue Code, on the
- 1042 head of household's federal individual income tax return for the taxable year; or
- 1043 (iii) a married individual who:
- 1044 (A) does not file a single federal individual income tax return jointly with that married
- 1045 individual's spouse for the taxable year; and
- 1046 (B) does not claim a dependent under Section 151, Internal Revenue Code, on that
- 1047 married individual's federal individual income tax return for the taxable year.
- 1048 (2) Subject to Subsection (3), and except as provided in Subsection (4), for taxable
- 1049 years beginning on or after January 1, 2009, a claimant may claim a nonrefundable tax credit
- 1050 equal to the product of:
- 1051 (a) the difference between:
- 1052 (i) the total amount the claimant pays during the taxable year for:
- 1053 (A) insurance offered under a health benefit plan; and
- 1054 (B) an eligible insured individual; and

- 1055 (ii) excluded expenses; and
- 1056 (b) [~~5%~~] the percentage listed in Subsection 59-10-104(2).
- 1057 (3) The maximum amount of a tax credit described in Subsection (2) a claimant may
- 1058 claim on a return for a taxable year is:
- 1059 (a) for a single claimant with no dependents, \$300;
- 1060 (b) for a joint claimant with no dependents, \$600; or
- 1061 (c) for a claimant with dependents, \$900.
- 1062 (4) A claimant may not claim a tax credit under this section if the claimant is eligible to
- 1063 participate in insurance offered under a health benefit plan maintained and funded in whole or
- 1064 in part by:
- 1065 (a) the claimant's employer; or
- 1066 (b) another person's employer.
- 1067 (5) A claimant may not carry forward or carry back a tax credit under this section.
- 1068 Section 23. Section **59-10-1028** is amended to read:
- 1069 **59-10-1028. Nonrefundable tax credit for capital gain transactions on the**
- 1070 **exchange of one form of legal tender for another form of legal tender.**
- 1071 (1) As used in this section:
- 1072 (a) "Capital gain transaction" means a transaction that results in a:
- 1073 (i) short-term capital gain; or
- 1074 (ii) long-term capital gain.
- 1075 (b) "Long-term capital gain" is as defined in Section 1222, Internal Revenue Code.
- 1076 (c) "Long-term capital loss" is as defined in Section 1222, Internal Revenue Code.
- 1077 (d) "Net capital gain" means the amount by which the sum of long-term capital gains
- 1078 and short-term capital gains on a claimant's, estate's, or trust's transactions from exchanges
- 1079 made for a taxable year of one form of legal tender for another form of legal tender exceeds the
- 1080 sum of long-term capital losses and short-term capital losses on those transactions for that
- 1081 taxable year.
- 1082 (e) "Short-term capital loss" is as defined in Section 1222, Internal Revenue Code.
- 1083 (f) "Short-term capital gain" is as defined in Section 1222, Internal Revenue Code.
- 1084 (2) Except as provided in Section 59-10-1002.2, for taxable years beginning on or after
- 1085 January 1, 2012, a claimant, estate, or trust may claim a nonrefundable tax credit equal to the

1086 product of:

1087 (a) to the extent a net capital gain is included in taxable income, the amount of the  
1088 claimant's, estate's, or trust's net capital gain on capital gain transactions from exchanges made  
1089 on or after January 1, 2012, for a taxable year, of one form of legal tender for another form of  
1090 legal tender; and

1091 (b) [~~5%~~] the percentage listed in Subsection 59-10-104(2).

1092 (3) A claimant, estate, or trust may not carry forward or carry back a tax credit under  
1093 this section.

1094 (4) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
1095 commission may make rules to implement this section.

1096 Section 24. Section **59-10-1033** is amended to read:

1097 **59-10-1033. Tax credit related to alternative fuel heavy duty vehicles.**

1098 (1) As used in this section:

1099 (a) "Board" means the Air Quality Board created under Title 19, Chapter 2, Air  
1100 Conservation Act.

1101 (b) "Director" means the director of the Division of Air Quality appointed under  
1102 Section 19-2-107.

1103 (c) "Heavy duty vehicle" means a commercial category 7 or 8 vehicle, according to  
1104 vehicle classifications established by the Federal Highway Administration.

1105 (d) "Natural gas" includes compressed natural gas and liquified natural gas.

1106 (e) "Qualified heavy duty vehicle" means a heavy duty vehicle that:

1107 (i) has never been titled or registered and has been driven less than 7,500 miles; and

1108 (ii) is fueled by natural gas, has a 100% electric drivetrain, or has a hydrogen-electric  
1109 drivetrain.

1110 (f) "Qualified purchase" means the purchase of a qualified heavy duty vehicle.

1111 (g) "Qualified taxpayer" means a claimant, estate, or trust that:

1112 (i) purchases a qualified heavy duty vehicle; and

1113 (ii) receives a tax credit certificate from the director.

1114 (h) "Small fleet" means 40 or fewer heavy duty vehicles registered in the state and  
1115 owned by a single claimant, estate, or trust.

1116 (i) "Tax credit certificate" means a certificate issued by the director certifying that a

1117 claimant, estate, or trust is entitled to a tax credit as provided in this section and stating the  
1118 amount of the tax credit.

1119 (2) A qualified taxpayer may claim a nonrefundable tax credit against tax otherwise  
1120 due under this chapter:

1121 (a) in an amount equal to:

1122 (i) \$25,000, if the qualified purchase of a natural gas heavy duty vehicle occurs during  
1123 calendar year 2015 or calendar year 2016;

1124 (ii) \$25,000, if the qualified purchase occurs during calendar year 2017;

1125 (iii) \$20,000, if the qualified purchase occurs during calendar year 2018;

1126 (iv) \$18,000, if the qualified purchase occurs during calendar year 2019; and

1127 (v) \$15,000, if the qualified purchase occurs during calendar year 2020; and

1128 (b) if the qualified taxpayer certifies under oath that over 50% of the miles that the  
1129 heavy duty vehicle that is the subject of the qualified purchase will travel annually will be  
1130 within the state.

1131 (3) (a) Except as provided in Subsection (3)(b), a claimant, estate, or trust may not  
1132 submit an application for, and the director may not issue to the claimant, estate, or trust, a tax  
1133 credit certificate under this section in any taxable year for a qualified purchase if the director  
1134 has already issued tax credit certificates to the claimant, estate, or trust for 10 qualified  
1135 purchases in the same taxable year.

1136 (b) If, by May 1 of any year, more than 30% of the aggregate annual total amount of  
1137 tax credits under Subsection (5) has not been claimed, a claimant, estate, or trust may submit  
1138 an application for, and the director may issue to the claimant, estate, or trust, one or more tax  
1139 credit certificates for up to eight additional qualified purchases, even if the director has already  
1140 issued to that claimant, estate, or trust tax credit certificates for the maximum number of  
1141 qualified purchases allowed under Subsection (3)(a).

1142 (4) (a) Subject to Subsection (4)(b), the director shall reserve 25% of all tax credits  
1143 available under this section for qualified taxpayers with a small fleet.

1144 (b) Subsection (4)(a) does not prevent a claimant, estate, or trust from submitting an  
1145 application for, or the director from issuing, a tax credit certificate if, before October 1,  
1146 qualified taxpayers with a small fleet have not reserved under Subsection (5)(b) tax credits for  
1147 the full amount reserved under Subsection (4)(a).

1148 (5) (a) The aggregate annual total amount of tax credits represented by tax credit  
1149 certificates that the director issues under this section and Section 59-7-618 may not exceed  
1150 \$500,000.

1151 (b) The board shall, in accordance with Title 63G, Chapter 3, Utah Administrative  
1152 Rulemaking Act, make rules to establish a process under which a claimant, estate, or trust may  
1153 reserve a potential tax credit under this section for a limited time to allow the claimant, estate,  
1154 or trust to make a qualified purchase with the assurance that the aggregate limit under  
1155 Subsection (5)(a) will not be met before the claimant, estate, or trust is able to submit an  
1156 application for a tax credit certificate.

1157 (6) (a) (i) A claimant, estate, or trust wishing to claim a tax credit under this section  
1158 shall, using forms the board requires by rule:

1159 (A) submit to the director an application for a tax credit;

1160 (B) provide the director proof of a qualified purchase; and

1161 (C) submit to the director the certification under oath required under Subsection (2)(b).

1162 (ii) Upon receiving the application, proof, and certification required under Subsection  
1163 (6)(a)(i), the director shall provide the claimant, estate, or trust a written statement from the  
1164 director acknowledging receipt of the proof.

1165 (b) If the director determines that a claimant, estate, or trust qualifies for a tax credit  
1166 under this section, the director shall:

1167 (i) determine the amount of tax credit the claimant, estate, or trust is allowed under this  
1168 section; and

1169 (ii) provide the claimant, estate, or trust with a written tax credit certificate:

1170 (A) stating that the claimant, estate, or trust has qualified for a tax credit; and

1171 (B) showing the amount of tax credit for which the claimant, estate, or trust has  
1172 qualified under this section.

1173 (c) A qualified taxpayer shall retain the tax credit certificate.

1174 (d) The director shall at least annually submit to the commission a list of all qualified  
1175 taxpayers to which the director has issued a tax credit certificate and the amount of each tax  
1176 credit represented by the tax credit certificates.

1177 (7) The tax credit under this section is allowed only:

1178 (a) against a tax owed under this chapter in the taxable year by the qualified taxpayer;

1179 (b) for the taxable year in which the qualified purchase occurs; and

1180 (c) once per vehicle.

1181 (8) A qualified taxpayer may not assign a tax credit or a tax credit certificate under this  
1182 section to another person.

1183 (9) If the qualified taxpayer receives a tax credit certificate under this section that  
1184 allows a tax credit in an amount that exceeds the qualified taxpayer's tax liability under this  
1185 chapter for a taxable year, the qualified taxpayer may carry forward the amount of the tax credit  
1186 that exceeds the tax liability for a period that does not exceed the next five taxable years.

1187 ~~[(10)(a) In accordance with any rules prescribed by the commission under Subsection~~  
1188 ~~(10)(b), the Division of Finance shall transfer at least annually from the General Fund into the~~  
1189 ~~Education Fund the aggregate amount of all tax credits claimed under this section.]~~

1190 ~~[(b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,~~  
1191 ~~the commission may make rules for making a transfer from the General Fund into the~~  
1192 ~~Education Fund as required by Subsection (10)(a).]~~

1193 Section 25. Section **59-10-1035** is amended to read:

1194 **59-10-1035. Nonrefundable tax credit for contribution to state Achieving a Better**  
1195 **Life Experience Program account.**

1196 (1) As used in this section:

1197 (a) "Account" means an account in a qualified ABLE program where the designated  
1198 beneficiary of the account is a resident of this state.

1199 (b) "Contributor" means a claimant, estate, or trust that:

1200 (i) makes a contribution to an account; and

1201 (ii) receives a statement from the qualified ABLE program itemizing the contribution.

1202 (c) "Designated beneficiary" means the same as that term is defined in 26 U.S.C. Sec.  
1203 529A.

1204 (d) "Qualified ABLE program" means the same as that term is defined in Section  
1205 35A-12-102.

1206 (2) A contributor to an account may claim a nonrefundable tax credit as provided in  
1207 this section.

1208 (3) Subject to the other provisions of this section, the tax credit is equal to the product  
1209 of:

- 1210 (a) [~~5%~~] the percentage listed in Subsection 59-10-104(2); and  
1211 (b) the total amount of contributions:  
1212 (i) the contributor makes for the taxable year; and  
1213 (ii) for which the contributor receives a statement from the qualified ABL program  
1214 itemizing the contributions.
- 1215 (4) A contributor may not claim a tax credit under this section:  
1216 (a) for an amount of excess contribution to an account that is returned to the  
1217 contributor; or  
1218 (b) with respect to an amount the contributor deducts on a federal income tax return.
- 1219 (5) A tax credit under this section may not be carried forward or carried back.
- 1220 Section 26. Section **59-10-1041** is enacted to read:
- 1221 **59-10-1041. Nonrefundable tax credit for social security benefits.**
- 1222 (1) As used in this section:
- 1223 (a) "Head of household filing status" means the same as that term is defined in Section  
1224 59-10-1018.
- 1225 (b) "Joint filing status" means the same as that term is defined in Section 59-10-1018.
- 1226 (c) "Married filing separately status" means a married individual who:  
1227 (i) does not file a single federal individual income tax return jointly with that married  
1228 individual's spouse for the taxable year; and  
1229 (ii) files a single federal individual income tax return for the taxable year.
- 1230 (d) "Modified adjusted gross income" means the sum of a claimant's:  
1231 (i) adjusted gross income for the taxable year for which a tax credit is claimed under  
1232 this section;  
1233 (ii) any interest income that is not included in adjusted gross income for the taxable  
1234 year described in Subsection (1)(d)(i); and  
1235 (iii) any addition to adjusted gross income required by Section 59-10-114 for the  
1236 taxable year described in Subsection (1)(d)(i).
- 1237 (e) "Single filing status" means a single individual who files a single federal individual  
1238 income tax return for the taxable year.
- 1239 (f) "Social security benefit" means an amount received by a claimant as a monthly  
1240 benefit in accordance with the Social Security Act, 42 U.S.C. Sec. 401 et seq.



1241 (2) Except as provided in Section 59-10-1002.2 and Subsection (3), a claimant may  
1242 claim a nonrefundable tax credit against taxes otherwise due under this part equal to the  
1243 product of:

1244 (a) the percentage listed in Subsection 59-10-104(2); and

1245 (b) the claimant's social security benefit that is included in adjusted gross income on  
1246 the claimant's federal income tax return for the taxable year.

1247 (3) A claimant may not:

1248 (a) carry forward or carry back a tax credit under this section; or

1249 (b) claim a tax credit under this section if a tax is claimed under Section 59-10-1019 on  
1250 the same return.

1251 (4) The tax credit allowed by Subsection (2) claimed on a return filed under this part  
1252 shall be reduced by \$.025 for each dollar by which modified adjusted gross income for  
1253 purposes of the return exceeds:

1254 (a) for a federal individual income tax return that is allowed a married filing separately  
1255 status, \$24,000;

1256 (b) for a federal individual income tax return that is allowed a single filing status,  
1257 \$30,000;

1258 (c) for a federal individual income tax return that is allowed a head of household filing  
1259 status, \$48,000; or

1260 (d) for a return under this chapter that is allowed a joint filing status, \$48,000.

1261 (5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
1262 commission may make rules governing the calculation and method for claiming a tax credit  
1263 described in this section.

1264 Section 27. Section **59-10-1102.1** is enacted to read:

1265 **59-10-1102.1. Apportionment of tax credit.**

1266 (1) A part-year resident individual who claims the tax credit described in Section  
1267 59-10-1113 may only claim an apportioned amount of the tax credit equal to the product of:

1268 (a) the state income tax percentage for the part-year resident individual; and

1269 (b) the amount of the tax credit that the part-year resident individual would have been  
1270 allowed to claim but for the apportionment requirement of this section.

1271 (2) A nonresident individual or a part-year resident individual who claims the tax credit

1272 described in Section 59-10-1114 may only claim an apportioned amount of the tax credit equal  
 1273 to the product of:

1274 (a) the state income tax percentage for the nonresident individual or the state income  
 1275 tax percentage for the part-year resident individual; and

1276 (b) the amount of the tax credit that the nonresident individual or the part-year resident  
 1277 individual would have been allowed to claim but for the apportionment requirement of this  
 1278 section.

1279 Section 28. Section **59-10-1105** is amended to read:

1280 **59-10-1105. Tax credit for hand tools used in farming operations -- Procedures**  
 1281 **for refund -- Transfers from General Fund to Education Fund -- Rulemaking authority.**

1282 (1) [~~For a taxable year beginning on or after January 1, 2004, a~~] A claimant, estate, or  
 1283 trust may claim a refundable tax credit:

1284 (a) as provided in this section;

1285 (b) against taxes otherwise due under this chapter; and

1286 (c) in an amount equal to the amount of tax the claimant, estate, or trust pays:

1287 (i) on a purchase of a hand tool:

1288 (A) if the purchase is made on or after July 1, 2004;

1289 (B) if the hand tool is used or consumed primarily and directly in a farming operation  
 1290 in the state; and

1291 (C) if the unit purchase price of the hand tool is more than \$250; and

1292 (ii) under Chapter 12, Sales and Use Tax Act, on the purchase described in Subsection

1293 (1)(c)(i).

1294 (2) A claimant, estate, or trust:

1295 (a) shall retain the following to establish the amount of tax the claimant, estate, or trust  
 1296 paid under Chapter 12, Sales and Use Tax Act, on the purchase described in Subsection

1297 (1)(c)(i):

1298 (i) a receipt;

1299 (ii) an invoice; or

1300 (iii) a document similar to a document described in Subsection (2)(a)(i) or (ii); and

1301 (b) may not carry forward or carry back a tax credit under this section.

1302 (3) (a) In accordance with any rules prescribed by the commission under Subsection

1303 (3)(b)~~[(i)]~~, the commission shall make a refund to a claimant, estate, or trust that claims a tax  
 1304 credit under this section if the amount of the tax credit exceeds the claimant's, estate's, or trust's  
 1305 tax liability under this chapter ~~[, and]~~.

1306 ~~[(ii) the Division of Finance shall transfer at least annually from the General Fund into~~  
 1307 ~~the Education Fund an amount equal to the aggregate amount of all tax credits claimed under~~  
 1308 ~~this section.]~~

1309 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
 1310 commission may make rules providing procedures for making~~[(i)]~~ a refund to a claimant,  
 1311 estate, or trust as required by Subsection (3)(a)~~[(i); or]~~.

1312 ~~[(ii) transfers from the General Fund into the Education Fund as required by~~  
 1313 ~~Subsection (3)(a)(ii):]~~

1314 Section 29. Section **59-10-1113** is enacted to read:

1315 **59-10-1113. Refundable grocery tax credit.**

1316 (1) As used in this section:

1317 (a) "Federal poverty level" means the poverty guidelines established by the Secretary of  
 1318 the United States Department of Health and Human Services under 42 U.S.C. Sec. 9909(2).

1319 (b) "Modified adjusted gross income" means the sum of a claimant's:

1320 (i) adjusted gross income for the taxable year for which a tax credit is claimed under  
 1321 this section;

1322 (ii) any interest income that is not included in adjusted gross income for the taxable  
 1323 year described in Subsection (1)(b)(i); and

1324 (iii) any addition to adjusted gross income required by Section 59-10-114 for the  
 1325 taxable year described in Subsection (1)(b)(i).

1326 (c) "Phaseout amount" means an amount equal to 0.0035% of the product of \$125 and  
 1327 the number of the claimant's qualifying household members.

1328 (d) "Qualifying household member" means:

1329 (i) the qualifying individual;

1330 (ii) the qualifying individual's spouse, if the qualifying individual:

1331 (A) files a single return jointly under this chapter with the qualifying individual's  
 1332 spouse for a taxable year; or

1333 (B) is a surviving spouse, as defined in Section 2(a), Internal Revenue Code, who files

1334 a single federal individual income tax return for a taxable year; and

1335 (iii) a qualifying dependant.

1336 (e) "Qualifying dependant" means the same as that term is defined in Section  
1337 59-10-1018.

1338 (f) "Qualifying individual" means a resident individual.

1339 (2) Subject to Section 59-10-1102.1 and the provisions of this section a qualifying  
1340 individual may claim a refundable grocery tax credit equal to \$125 multiplied by the number of  
1341 qualifying household members.

1342 (3) (a) If a qualifying household member was incarcerated for any part of the taxable  
1343 year for which the qualifying individual claims the grocery tax credit for the qualifying  
1344 household member, the qualifying individual's credit for the qualifying household member who  
1345 was incarcerated is a proportionate amount of the full grocery tax credit.

1346 (b) The proportionate amount of the grocery tax credit is calculated as follows:

1347 (i) divide the number of months that the qualifying household member was not  
1348 incarcerated by 12; and

1349 (ii) multiply the amount calculated in Subsection (3)(b)(i) by the total grocery tax  
1350 credit amount described in Subsection (2) for the qualifying household member who was  
1351 incarcerated.

1352 (4) The tax credit described in this section is reduced by the phaseout amount for each  
1353 dollar by which the claimant's modified adjusted gross income exceeds the lesser of:

1354 (a) 138% of the federal poverty level for the claimant's household size; or

1355 (b) 138% of the federal poverty level for a household with five individuals.

1356 (5) (a) To claim the tax credit described in this section, a qualifying individual shall  
1357 file a return under this chapter.

1358 (b) A qualifying individual who is not required to file a return under this chapter for the  
1359 taxable year in which the qualifying individual claims a credit under this section, may claim the  
1360 tax credit described in this section by filing a form prescribed by the commission by rule made  
1361 in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act.

1362 Section 30. Section **59-10-1114** is enacted to read:

1363 **59-10-1114. Refundable state earned income tax credit.**

1364 (1) As used in this section:

1365           (a) "Department" means the Department of Workforce Services created in Section  
1366 35A-1-103.

1367           (b) "Federal earned income tax credit" means the federal earned income tax credit  
1368 described in Section 32, Internal Revenue Code.

1369           (c) "Qualifying claimant" means a resident individual or nonresident individual who:

1370           (i) is identified by the department as experiencing intergenerational poverty in  
1371 accordance with Section 35A-9-214; and

1372           (ii) claimed the federal earned income tax credit for the previous taxable year.

1373           (2) Except as provided in Section 59-10-1102.1, a qualifying claimant may claim a  
1374 refundable earned income tax credit equal to 10% of the amount of the federal earned income  
1375 tax credit that the qualifying claimant was entitled to claim on a federal income tax return in  
1376 the previous taxable year.

1377           (3) (a) The commission shall use the electronic report described in Section 35A-9-214  
1378 to verify that a qualifying claimant is identified as experiencing intergenerational poverty.

1379           (b) The commission may not use the electronic report described in Section 35A-9-214  
1380 for any other purpose.

1381           Section 31. Section **59-10-1403.3** is amended to read:

1382           **59-10-1403.3. Refund of amounts paid or withheld for a pass-through entity.**

1383           (1) As used in this section:

1384           (a) "Committee" means the Revenue and Taxation Interim Committee.

1385           (b) "Qualifying excess withholding" means an amount that:

1386           (i) is paid or withheld:

1387           (A) by a pass-through entity that has a different taxable year than the pass-through  
1388 entity that requests a refund under this section; and

1389           (B) on behalf of the pass-through entity that requests the refund, if the pass-through  
1390 entity that requests the refund also is a pass-through entity taxpayer; and

1391           (ii) is equal to the difference between:

1392           (A) the amount paid or withheld for the taxable year on behalf of the pass-through  
1393 entity that requests the refund; and

1394           (B) the product of [5%] the percentage listed in Subsection 59-10-104(2) and the  
1395 income, described in Subsection 59-10-1403.2(1)(a)(i), of the pass-through entity that requests

1396 the refund.

1397 (2) ~~[For a taxable year ending on or after July 1, 2017, a]~~ A pass-through entity may  
1398 claim a refund of qualifying excess withholding, if the amount of the qualifying excess  
1399 withholding is equal to or greater than \$250,000.

1400 (3) A pass-through entity that requests a refund of qualifying excess withholding under  
1401 this section shall:

1402 (a) apply to the commission for a refund on or, subject to Subsection (4), after the day  
1403 on which the pass-through entity files the pass-through entity's income tax return; and

1404 (b) provide any information that the commission may require to determine that the  
1405 pass-through entity is eligible to receive the refund.

1406 (4) A pass-through entity shall claim a refund of qualifying excess withholding under  
1407 this section within 30 days after the earlier of the day on which:

1408 (a) the pass-through entity files an income tax return; or

1409 (b) the pass-through entity's income tax return is due, including any extension of due  
1410 date authorized in statute.

1411 (5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
1412 commission may make rules establishing the information that a pass-through entity shall  
1413 provide to the commission to obtain a refund of qualifying excess withholding under this  
1414 section.

1415 ~~[(6)(a) On or before November 30, 2018, the committee shall review the \$250,000  
1416 threshold described in Subsection (2) for the purpose of assessing whether the threshold  
1417 amount should be maintained, increased, or decreased.]~~

1418 ~~[(b) To assist the committee in conducting the review described in Subsection (6)(a),  
1419 the commission shall provide the committee with:]~~

1420 ~~[(i) the total number of refund requests made under this section;]~~

1421 ~~[(ii) the total costs of any refunds issued under this section;]~~

1422 ~~[(iii) the costs of any audits conducted on refund requests made under this section; and]~~

1423 ~~[(iv) an estimation of:]~~

1424 ~~[(A) the number of refund requests the commission expects to receive if the Legislature  
1425 increases the threshold;]~~

1426 ~~[(B) the number of refund requests the commission expects to receive if the Legislature~~

1427 ~~decreases the threshold, and]~~

1428  ~~[(C) the costs of any audits the commission would conduct if the Legislature increases~~

1429  ~~or decreases the threshold.]~~

1430 Section 32. Section **59-12-102** is amended to read:

1431 **59-12-102. Definitions.**

1432 As used in this chapter:

1433 (1) "800 service" means a telecommunications service that:

1434 (a) allows a caller to dial a toll-free number without incurring a charge for the call; and

1435 (b) is typically marketed:

1436 (i) under the name 800 toll-free calling;

1437 (ii) under the name 855 toll-free calling;

1438 (iii) under the name 866 toll-free calling;

1439 (iv) under the name 877 toll-free calling;

1440 (v) under the name 888 toll-free calling; or

1441 (vi) under a name similar to Subsections (1)(b)(i) through (v) as designated by the

1442 Federal Communications Commission.

1443 (2) (a) "900 service" means an inbound toll telecommunications service that:

1444 (i) a subscriber purchases;

1445 (ii) allows a customer of the subscriber described in Subsection (2)(a)(i) to call in to

1446 the subscriber's:

1447 (A) prerecorded announcement; or

1448 (B) live service; and

1449 (iii) is typically marketed:

1450 (A) under the name 900 service; or

1451 (B) under a name similar to Subsection (2)(a)(iii)(A) as designated by the Federal

1452 Communications Commission.

1453 (b) "900 service" does not include a charge for:

1454 (i) a collection service a seller of a telecommunications service provides to a

1455 subscriber; or

1456 (ii) the following a subscriber sells to the subscriber's customer:

1457 (A) a product; or

- 1458 (B) a service.
- 1459 (3) (a) "Admission or user fees" includes season passes.
- 1460 (b) "Admission or user fees" does not include annual membership dues to private  
1461 organizations.
- 1462 (4) "Affiliate" or "affiliated person" means a person that, with respect to another  
1463 person:
- 1464 (a) has an ownership interest of more than 5%, whether direct or indirect, in that other  
1465 person; or
- 1466 (b) is related to the other person because a third person, or a group of third persons who  
1467 are affiliated persons with respect to each other, holds an ownership interest of more than 5%,  
1468 whether direct or indirect, in the related persons.
- 1469 (5) "Agreement" means the Streamlined Sales and Use Tax Agreement adopted on  
1470 November 12, 2002, including amendments made to the Streamlined Sales and Use Tax  
1471 Agreement after November 12, 2002.
- 1472 (6) "Agreement combined tax rate" means the sum of the tax rates:
- 1473 (a) listed under Subsection (7); and
- 1474 (b) that are imposed within a local taxing jurisdiction.
- 1475 (7) "Agreement sales and use tax" means a tax imposed under:
- 1476 (a) Subsection 59-12-103(2)(a)(i)(A);
- 1477 (b) Subsection 59-12-103(2)(b)(i);
- 1478 (c) Subsection 59-12-103(2)(c)(i);
- 1479 (d) Subsection 59-12-103(2)(d)(i)(A)(I);
- 1480 (e) Section 59-12-204;
- 1481 (f) Section 59-12-401;
- 1482 (g) Section 59-12-402;
- 1483 (h) Section 59-12-402.1;
- 1484 (i) Section 59-12-703;
- 1485 (j) Section 59-12-802;
- 1486 (k) Section 59-12-804;
- 1487 (l) Section 59-12-1102;
- 1488 (m) Section 59-12-1302;



- 1489 (n) Section 59-12-1402;
- 1490 (o) Section 59-12-1802;
- 1491 (p) Section 59-12-2003;
- 1492 (q) Section 59-12-2103;
- 1493 (r) Section 59-12-2213;
- 1494 (s) Section 59-12-2214;
- 1495 (t) Section 59-12-2215;
- 1496 (u) Section 59-12-2216;
- 1497 (v) Section 59-12-2217;
- 1498 (w) Section 59-12-2218;
- 1499 (x) Section 59-12-2219; or
- 1500 (y) Section 59-12-2220.
- 1501 (8) "Aircraft" means the same as that term is defined in Section 72-10-102.
- 1502 (9) "Aircraft maintenance, repair, and overhaul provider" means a business entity:
- 1503 (a) except for:
- 1504 (i) an airline as defined in Section 59-2-102; or
- 1505 (ii) an affiliated group, as defined in Section 59-7-101, except that "affiliated group"
- 1506 includes a corporation that is qualified to do business but is not otherwise doing business in the
- 1507 state, of an airline; and
- 1508 (b) that has the workers, expertise, and facilities to perform the following, regardless of
- 1509 whether the business entity performs the following in this state:
- 1510 (i) check, diagnose, overhaul, and repair:
- 1511 (A) an onboard system of a fixed wing turbine powered aircraft; and
- 1512 (B) the parts that comprise an onboard system of a fixed wing turbine powered aircraft;
- 1513 (ii) assemble, change, dismantle, inspect, and test a fixed wing turbine powered aircraft
- 1514 engine;
- 1515 (iii) perform at least the following maintenance on a fixed wing turbine powered
- 1516 aircraft:
- 1517 (A) an inspection;
- 1518 (B) a repair, including a structural repair or modification;
- 1519 (C) changing landing gear; and

- 1520 (D) addressing issues related to an aging fixed wing turbine powered aircraft;
- 1521 (iv) completely remove the existing paint of a fixed wing turbine powered aircraft and
- 1522 completely apply new paint to the fixed wing turbine powered aircraft; and
- 1523 (v) refurbish the interior of a fixed wing turbine powered aircraft in a manner that
- 1524 results in a change in the fixed wing turbine powered aircraft's certification requirements by the
- 1525 authority that certifies the fixed wing turbine powered aircraft.
- 1526 (10) "Alcoholic beverage" means a beverage that:
- 1527 (a) is suitable for human consumption; and
- 1528 (b) contains .5% or more alcohol by volume.
- 1529 (11) "Alternative energy" means:
- 1530 (a) biomass energy;
- 1531 (b) geothermal energy;
- 1532 (c) hydroelectric energy;
- 1533 (d) solar energy;
- 1534 (e) wind energy; or
- 1535 (f) energy that is derived from:
- 1536 (i) coal-to-liquids;
- 1537 (ii) nuclear fuel;
- 1538 (iii) oil-impregnated diatomaceous earth;
- 1539 (iv) oil sands;
- 1540 (v) oil shale;
- 1541 (vi) petroleum coke; or
- 1542 (vii) waste heat from:
- 1543 (A) an industrial facility; or
- 1544 (B) a power station in which an electric generator is driven through a process in which
- 1545 water is heated, turns into steam, and spins a steam turbine.
- 1546 (12) (a) Subject to Subsection (12)(b), "alternative energy electricity production
- 1547 facility" means a facility that:
- 1548 (i) uses alternative energy to produce electricity; and
- 1549 (ii) has a production capacity of two megawatts or greater.
- 1550 (b) A facility is an alternative energy electricity production facility regardless of

1551 whether the facility is:

1552 (i) connected to an electric grid; or

1553 (ii) located on the premises of an electricity consumer.

1554 (13) (a) "Ancillary service" means a service associated with, or incidental to, the  
1555 provision of telecommunications service.

1556 (b) "Ancillary service" includes:

1557 (i) a conference bridging service;

1558 (ii) a detailed communications billing service;

1559 (iii) directory assistance;

1560 (iv) a vertical service; or

1561 (v) a voice mail service.

1562 (14) "Area agency on aging" means the same as that term is defined in Section  
1563 62A-3-101.

1564 [~~(15) "Assisted amusement device" means an amusement device, skill device, or ride  
1565 device that is started and stopped by an individual:]~~

1566 [~~(a) who is not the purchaser or renter of the right to use or operate the amusement  
1567 device, skill device, or ride device; and]~~

1568 [~~(b) at the direction of the seller of the right to use the amusement device, skill device,  
1569 or ride device.]~~

1570 [~~(16)~~ (15) "Assisted cleaning or washing of tangible personal property" means  
1571 cleaning or washing of tangible personal property if the cleaning or washing labor is primarily  
1572 performed by an individual:

1573 (a) who is not the purchaser of the cleaning or washing of the tangible personal  
1574 property; and

1575 (b) at the direction of the seller of the cleaning or washing of the tangible personal  
1576 property.

1577 [~~(17)~~ (16) "Authorized carrier" means:

1578 (a) in the case of vehicles operated over public highways, the holder of credentials  
1579 indicating that the vehicle is or will be operated pursuant to both the International Registration  
1580 Plan and the International Fuel Tax Agreement;

1581 (b) in the case of aircraft, the holder of a Federal Aviation Administration operating

1582 certificate or air carrier's operating certificate; or

1583 (c) in the case of locomotives, freight cars, railroad work equipment, or other rolling  
1584 stock, a person who uses locomotives, freight cars, railroad work equipment, or other rolling  
1585 stock in more than one state.

1586 ~~[(18)]~~ (17) (a) Except as provided in Subsection ~~[(18)]~~ (17)(b), "biomass energy"  
1587 means any of the following that is used as the primary source of energy to produce fuel or  
1588 electricity:

1589 (i) material from a plant or tree; or

1590 (ii) other organic matter that is available on a renewable basis, including:

1591 (A) slash and brush from forests and woodlands;

1592 (B) animal waste;

1593 (C) waste vegetable oil;

1594 (D) methane or synthetic gas produced at a landfill, as a byproduct of the treatment of  
1595 wastewater residuals, or through the conversion of a waste material through a nonincineration,  
1596 thermal conversion process;

1597 (E) aquatic plants; and

1598 (F) agricultural products.

1599 (b) "Biomass energy" does not include:

1600 (i) black liquor; or

1601 (ii) treated woods.

1602 ~~[(19)]~~ (18) (a) "Bundled transaction" means the sale of two or more items of tangible  
1603 personal property, products, or services if the tangible personal property, products, or services  
1604 are:

1605 (i) distinct and identifiable; and

1606 (ii) sold for one nonitemized price.

1607 (b) "Bundled transaction" does not include:

1608 (i) the sale of tangible personal property if the sales price varies, or is negotiable, on  
1609 the basis of the selection by the purchaser of the items of tangible personal property included in  
1610 the transaction;

1611 (ii) the sale of real property;

1612 (iii) the sale of services to real property;

- 1613 (iv) the retail sale of tangible personal property and a service if:
- 1614 (A) the tangible personal property:
- 1615 (I) is essential to the use of the service; and
- 1616 (II) is provided exclusively in connection with the service; and
- 1617 (B) the service is the true object of the transaction;
- 1618 (v) the retail sale of two services if:
- 1619 (A) one service is provided that is essential to the use or receipt of a second service;
- 1620 (B) the first service is provided exclusively in connection with the second service; and
- 1621 (C) the second service is the true object of the transaction;
- 1622 (vi) a transaction that includes tangible personal property or a product subject to
- 1623 taxation under this chapter and tangible personal property or a product that is not subject to
- 1624 taxation under this chapter if the:
- 1625 (A) seller's purchase price of the tangible personal property or product subject to
- 1626 taxation under this chapter is de minimis; or
- 1627 (B) seller's sales price of the tangible personal property or product subject to taxation
- 1628 under this chapter is de minimis; and
- 1629 (vii) the retail sale of tangible personal property that is not subject to taxation under
- 1630 this chapter and tangible personal property that is subject to taxation under this chapter if:
- 1631 (A) that retail sale includes:
- 1632 (I) food and food ingredients;
- 1633 (II) a drug;
- 1634 (III) durable medical equipment;
- 1635 (IV) mobility enhancing equipment;
- 1636 (V) an over-the-counter drug;
- 1637 (VI) a prosthetic device; or
- 1638 (VII) a medical supply; and
- 1639 (B) subject to Subsection [~~(19)~~] (18)(f):
- 1640 (I) the seller's purchase price of the tangible personal property subject to taxation under
- 1641 this chapter is 50% or less of the seller's total purchase price of that retail sale; or
- 1642 (II) the seller's sales price of the tangible personal property subject to taxation under
- 1643 this chapter is 50% or less of the seller's total sales price of that retail sale.

1644 (c) (i) For purposes of Subsection [~~(19)~~] (18)(a)(i), tangible personal property, a  
1645 product, or a service that is distinct and identifiable does not include:

1646 (A) packaging that:

1647 (I) accompanies the sale of the tangible personal property, product, or service; and

1648 (II) is incidental or immaterial to the sale of the tangible personal property, product, or  
1649 service;

1650 (B) tangible personal property, a product, or a service provided free of charge with the  
1651 purchase of another item of tangible personal property, a product, or a service; or

1652 (C) an item of tangible personal property, a product, or a service included in the  
1653 definition of "purchase price."

1654 (ii) For purposes of Subsection [~~(19)~~] (18)(c)(i)(B), an item of tangible personal  
1655 property, a product, or a service is provided free of charge with the purchase of another item of  
1656 tangible personal property, a product, or a service if the sales price of the purchased item of  
1657 tangible personal property, product, or service does not vary depending on the inclusion of the  
1658 tangible personal property, product, or service provided free of charge.

1659 (d) (i) For purposes of Subsection [~~(19)~~] (18)(a)(ii), property sold for one nonitemized  
1660 price does not include a price that is separately identified by tangible personal property,  
1661 product, or service on the following, regardless of whether the following is in paper format or  
1662 electronic format:

1663 (A) a binding sales document; or

1664 (B) another supporting sales-related document that is available to a purchaser.

1665 (ii) For purposes of Subsection [~~(19)~~] (18)(d)(i), a binding sales document or another  
1666 supporting sales-related document that is available to a purchaser includes:

1667 (A) a bill of sale;

1668 (B) a contract;

1669 (C) an invoice;

1670 (D) a lease agreement;

1671 (E) a periodic notice of rates and services;

1672 (F) a price list;

1673 (G) a rate card;

1674 (H) a receipt; or

1675 (I) a service agreement.

1676 (e) (i) For purposes of Subsection [~~(19)~~] (18)(b)(vi), the sales price of tangible personal  
1677 property or a product subject to taxation under this chapter is de minimis if:

1678 (A) the seller's purchase price of the tangible personal property or product is 10% or  
1679 less of the seller's total purchase price of the bundled transaction; or

1680 (B) the seller's sales price of the tangible personal property or product is 10% or less of  
1681 the seller's total sales price of the bundled transaction.

1682 (ii) For purposes of Subsection [~~(19)~~] (18)(b)(vi), a seller:

1683 (A) shall use the seller's purchase price or the seller's sales price to determine if the  
1684 purchase price or sales price of the tangible personal property or product subject to taxation  
1685 under this chapter is de minimis; and

1686 (B) may not use a combination of the seller's purchase price and the seller's sales price  
1687 to determine if the purchase price or sales price of the tangible personal property or product  
1688 subject to taxation under this chapter is de minimis.

1689 (iii) For purposes of Subsection [~~(19)~~] (18)(b)(vi), a seller shall use the full term of a  
1690 service contract to determine if the sales price of tangible personal property or a product is de  
1691 minimis.

1692 (f) For purposes of Subsection [~~(19)~~] (18)(b)(vii)(B), a seller may not use a  
1693 combination of the seller's purchase price and the seller's sales price to determine if tangible  
1694 personal property subject to taxation under this chapter is 50% or less of the seller's total  
1695 purchase price or sales price of that retail sale.

1696 (19) "Capital improvement" means an addition or alteration to real property that:

1697 (a) (i) substantially adds to the value of the real property; or

1698 (ii) appreciably prolongs the useful life of the real property;

1699 (b) (i) becomes part of the real property; or

1700 (ii) is permanently affixed to the real property so that removal would cause material  
1701 damage to the real property or the addition or alteration; and

1702 (c) is intended to become a permanent installation.

1703 (20) "Certified automated system" means software certified by the governing board of  
1704 the agreement that:

1705 (a) calculates the agreement sales and use tax imposed within a local taxing

1706 jurisdiction:

1707 (i) on a transaction; and

1708 (ii) in the states that are members of the agreement;

1709 (b) determines the amount of agreement sales and use tax to remit to a state that is a

1710 member of the agreement; and

1711 (c) maintains a record of the transaction described in Subsection (20)(a)(i).

1712 (21) "Certified service provider" means an agent certified:

1713 (a) by the governing board of the agreement; and

1714 (b) to perform a seller's sales and use tax functions for an agreement sales and use tax,

1715 as outlined in the contract between the governing board of the agreement and the certified

1716 service provider, other than the seller's obligation under Section 59-12-124 to remit a tax on the

1717 seller's own purchases.

1718 (22) (a) Subject to Subsection (22)(b), "clothing" means all human wearing apparel

1719 suitable for general use.

1720 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the

1721 commission shall make rules:

1722 (i) listing the items that constitute "clothing"; and

1723 (ii) that are consistent with the list of items that constitute "clothing" under the

1724 agreement.

1725 (23) "Coal-to-liquid" means the process of converting coal into a liquid synthetic fuel.

1726 (24) "Commercial use" means the use of gas, electricity, heat, coal, fuel oil, or other

1727 fuels that does not constitute industrial use under Subsection [~~(57)~~] (60) or residential use

1728 under Subsection [~~(111)~~] (117).

1729 (25) (a) "Common carrier" means a person engaged in or transacting the business of

1730 transporting passengers, freight, merchandise, or other property for hire within this state.

1731 (b) (i) "Common carrier" does not include a person that, at the time the person is

1732 traveling to or from that person's place of employment, transports a passenger to or from the

1733 passenger's place of employment.

1734 (ii) For purposes of Subsection (25)(b)(i), in accordance with Title 63G, Chapter 3,

1735 Utah Administrative Rulemaking Act, the commission may make rules defining what

1736 constitutes a person's place of employment.



- 1737 (c) "Common carrier" does not include a person that provides transportation network  
1738 services, as defined in Section 13-51-102.
- 1739 (26) "Component part" includes:
- 1740 (a) poultry, dairy, and other livestock feed, and their components;
- 1741 (b) baling ties and twine used in the baling of hay and straw;
- 1742 (c) fuel used for providing temperature control of orchards and commercial  
1743 greenhouses doing a majority of their business in wholesale sales, and for providing power for  
1744 off-highway type farm machinery; and
- 1745 (d) feed, seeds, and seedlings.
- 1746 (27) "Computer" means an electronic device that accepts information:
- 1747 (a) (i) in digital form; or
- 1748 (ii) in a form similar to digital form; and
- 1749 (b) manipulates that information for a result based on a sequence of instructions.
- 1750 (28) "Computer software" means a set of coded instructions designed to cause:
- 1751 (a) a computer to perform a task; or
- 1752 (b) automatic data processing equipment to perform a task.
- 1753 (29) "Computer software maintenance contract" means a contract that obligates a seller  
1754 of computer software to provide a customer with:
- 1755 (a) future updates or upgrades to computer software;
- 1756 (b) support services with respect to computer software; or
- 1757 (c) a combination of Subsections (29)(a) and (b).
- 1758 (30) (a) "Conference bridging service" means an ancillary service that links two or  
1759 more participants of an audio conference call or video conference call.
- 1760 (b) "Conference bridging service" may include providing a telephone number as part of  
1761 the ancillary service described in Subsection (30)(a).
- 1762 (c) "Conference bridging service" does not include a telecommunications service used  
1763 to reach the ancillary service described in Subsection (30)(a).
- 1764 (31) "Construction materials" means any tangible personal property that will be  
1765 converted into real property.
- 1766 (32) "Delivered electronically" means delivered to a purchaser by means other than  
1767 tangible storage media.

1768            (33) (a) "Dating referral services" means services that are primarily intended to  
1769 introduce or match adults for social or romantic activities, including computer dating or video  
1770 dating services.

1771            (b) "Dating referral services" does not include an escort service as defined in Section  
1772 59-27-102.

1773            [~~(33)~~] (34) (a) "Delivery charge" means a charge:

1774            (i) by a seller of:

1775            (A) tangible personal property;

1776            (B) a product transferred electronically; or

1777            (C) a service; and

1778            (ii) for preparation and delivery of the tangible personal property, product transferred  
1779 electronically, or services described in Subsection [~~(33)~~] (34)(a)(i) to a location designated by  
1780 the purchaser.

1781            (b) "Delivery charge" includes a charge for the following:

1782            (i) transportation;

1783            (ii) shipping;

1784            (iii) postage;

1785            (iv) handling;

1786            (v) crating; or

1787            (vi) packing.

1788            [~~(34)~~] (35) "Detailed telecommunications billing service" means an ancillary service of  
1789 separately stating information pertaining to individual calls on a customer's billing statement.

1790            [~~(35)~~] (36) "Dietary supplement" means a product, other than tobacco, that:

1791            (a) is intended to supplement the diet;

1792            (b) contains one or more of the following dietary ingredients:

1793            (i) a vitamin;

1794            (ii) a mineral;

1795            (iii) an herb or other botanical;

1796            (iv) an amino acid;

1797            (v) a dietary substance for use by humans to supplement the diet by increasing the total  
1798 dietary intake; or

- 1799 (vi) a concentrate, metabolite, constituent, extract, or combination of any ingredient  
1800 described in Subsections [~~(35)~~] (36)(b)(i) through (v);
- 1801 (c) (i) except as provided in Subsection [~~(35)~~] (36)(c)(ii), is intended for ingestion in:  
1802 (A) tablet form;  
1803 (B) capsule form;  
1804 (C) powder form;  
1805 (D) softgel form;  
1806 (E) gelcap form; or  
1807 (F) liquid form; or  
1808 (ii) if the product is not intended for ingestion in a form described in Subsections [~~(35)~~]  
1809 (36)(c)(i)(A) through (F), is not represented:  
1810 (A) as conventional food; and  
1811 (B) for use as a sole item of:  
1812 (I) a meal; or  
1813 (II) the diet; and  
1814 (d) is required to be labeled as a dietary supplement:  
1815 (i) identifiable by the "Supplemental Facts" box found on the label; and  
1816 (ii) as required by 21 C.F.R. Sec. 101.36.
- 1817 [~~(36)~~] (37) (a) "Digital audio work" means a work that results from the fixation of a  
1818 series of musical, spoken, or other sounds.  
1819 (b) "Digital audio work" includes a ringtone.
- 1820 [~~(37)~~] (38) "Digital audio-visual work" means a series of related images which, when  
1821 shown in succession, imparts an impression of motion, together with accompanying sounds, if  
1822 any.
- 1823 [~~(38)~~] (39) "Digital book" means a work that is generally recognized in the ordinary  
1824 and usual sense as a book.
- 1825 [~~(39)~~] (40) (a) "Direct mail" means printed material delivered or distributed by United  
1826 States mail or other delivery service:  
1827 (i) to:  
1828 (A) a mass audience; or  
1829 (B) addressees on a mailing list provided:

- 1830 (I) by a purchaser of the mailing list; or
- 1831 (II) at the discretion of the purchaser of the mailing list; and
- 1832 (ii) if the cost of the printed material is not billed directly to the recipients.
- 1833 (b) "Direct mail" includes tangible personal property supplied directly or indirectly by a
- 1834 purchaser to a seller of direct mail for inclusion in a package containing the printed material.
- 1835 (c) "Direct mail" does not include multiple items of printed material delivered to a
- 1836 single address.
- 1837 [~~(40)~~] (41) "Directory assistance" means an ancillary service of providing:
- 1838 (a) address information; or
- 1839 (b) telephone number information.
- 1840 [~~(41)~~] (42) (a) "Disposable home medical equipment or supplies" means medical
- 1841 equipment or supplies that:
- 1842 (i) cannot withstand repeated use; and
- 1843 (ii) are purchased by, for, or on behalf of a person other than:
- 1844 (A) a health care facility as defined in Section 26-21-2;
- 1845 (B) a health care provider as defined in Section 78B-3-403;
- 1846 (C) an office of a health care provider described in Subsection [~~(41)~~] (42)(a)(ii)(B); or
- 1847 (D) a person similar to a person described in Subsections [~~(41)~~] (42)(a)(ii)(A) through
- 1848 (C).
- 1849 (b) "Disposable home medical equipment or supplies" does not include:
- 1850 (i) a drug;
- 1851 (ii) durable medical equipment;
- 1852 (iii) a hearing aid;
- 1853 (iv) a hearing aid accessory;
- 1854 (v) mobility enhancing equipment; or
- 1855 (vi) tangible personal property used to correct impaired vision, including:
- 1856 (A) eyeglasses; or
- 1857 (B) contact lenses.
- 1858 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
- 1859 commission may by rule define what constitutes medical equipment or supplies.
- 1860 [~~(42)~~] (43) "Drilling equipment manufacturer" means a facility:

- 1861 (a) located in the state;
- 1862 (b) with respect to which 51% or more of the manufacturing activities of the facility
- 1863 consist of manufacturing component parts of drilling equipment;
- 1864 (c) that uses pressure of 800,000 or more pounds per square inch as part of the
- 1865 manufacturing process; and
- 1866 (d) that uses a temperature of 2,000 or more degrees Fahrenheit as part of the
- 1867 manufacturing process.
- 1868 ~~[(43)]~~ (44) (a) "Drug" means a compound, substance, or preparation, or a component of
- 1869 a compound, substance, or preparation that is:
- 1870 (i) recognized in:
- 1871 (A) the official United States Pharmacopoeia;
- 1872 (B) the official Homeopathic Pharmacopoeia of the United States;
- 1873 (C) the official National Formulary; or
- 1874 (D) a supplement to a publication listed in Subsections ~~[(43)]~~ (44)(a)(i)(A) through
- 1875 (C);
- 1876 (ii) intended for use in the:
- 1877 (A) diagnosis of disease;
- 1878 (B) cure of disease;
- 1879 (C) mitigation of disease;
- 1880 (D) treatment of disease; or
- 1881 (E) prevention of disease; or
- 1882 (iii) intended to affect:
- 1883 (A) the structure of the body; or
- 1884 (B) any function of the body.
- 1885 (b) "Drug" does not include:
- 1886 (i) food and food ingredients;
- 1887 (ii) a dietary supplement;
- 1888 (iii) an alcoholic beverage; or
- 1889 (iv) a prosthetic device.
- 1890 ~~[(44)]~~ (45) (a) Except as provided in Subsection ~~[(44)]~~ (45)(c), "durable medical
- 1891 equipment" means equipment that:

- 1892 (i) can withstand repeated use;
- 1893 (ii) is primarily and customarily used to serve a medical purpose;
- 1894 (iii) generally is not useful to a person in the absence of illness or injury; and
- 1895 (iv) is not worn in or on the body.
- 1896 (b) "Durable medical equipment" includes parts used in the repair or replacement of the
- 1897 equipment described in Subsection [~~(44)~~] (45)(a).
- 1898 (c) "Durable medical equipment" does not include mobility enhancing equipment.
- 1899 [~~(45)~~] (46) "Electronic" means:
- 1900 (a) relating to technology; and
- 1901 (b) having:
- 1902 (i) electrical capabilities;
- 1903 (ii) digital capabilities;
- 1904 (iii) magnetic capabilities;
- 1905 (iv) wireless capabilities;
- 1906 (v) optical capabilities;
- 1907 (vi) electromagnetic capabilities; or
- 1908 (vii) capabilities similar to Subsections [~~(45)~~] (46)(b)(i) through (vi).
- 1909 [~~(46)~~] (47) "Electronic financial payment service" means an establishment:
- 1910 (a) within NAICS Code 522320, Financial Transactions Processing, Reserve, and
- 1911 Clearinghouse Activities, of the 2012 North American Industry Classification System of the
- 1912 federal Executive Office of the President, Office of Management and Budget; and
- 1913 (b) that performs electronic financial payment services.
- 1914 [~~(47)~~] (48) "Employee" means the same as that term is defined in Section 59-10-401.
- 1915 (49) "Esthetics service" means a service that constitutes:
- 1916 (i) the practice of basic esthetics as defined in Section 58-11a-102;
- 1917 (ii) the practice of master-level esthetics as defined in Section 58-11a-102; or
- 1918 (iii) the practice of nail technology as defined in Section 58-11a-102.
- 1919 (50) (a) "Feminine hygiene products" means:
- 1920 (i) tampons;
- 1921 (ii) panty liners;
- 1922 (iii) menstrual cups;

- 1923 (iv) sanitary napkins; or
- 1924 (v) other similar tangible personal property designed for feminine hygiene in
- 1925 connection with the human menstrual cycle.
- 1926 (b) "Feminine hygiene products" does not include:
- 1927 (i) soaps or cleaning solutions;
- 1928 (ii) shampoo;
- 1929 (iii) toothpaste;
- 1930 (iv) mouthwash;
- 1931 (v) antiperspirants; or
- 1932 (vi) suntan lotions or screens.
- 1933 [~~(48)~~] (51) "Fixed guideway" means a public transit facility that uses and occupies:
- 1934 (a) rail for the use of public transit; or
- 1935 (b) a separate right-of-way for the use of public transit.
- 1936 [~~(49)~~] (52) "Fixed wing turbine powered aircraft" means an aircraft that:
- 1937 (a) is powered by turbine engines;
- 1938 (b) operates on jet fuel; and
- 1939 (c) has wings that are permanently attached to the fuselage of the aircraft.
- 1940 [~~(50)~~] (53) "Fixed wireless service" means a telecommunications service that provides
- 1941 radio communication between fixed points.
- 1942 [~~(51)~~] (54) (a) "Food and food ingredients" means substances:
- 1943 (i) regardless of whether the substances are in:
- 1944 (A) liquid form;
- 1945 (B) concentrated form;
- 1946 (C) solid form;
- 1947 (D) frozen form;
- 1948 (E) dried form; or
- 1949 (F) dehydrated form; and
- 1950 (ii) that are:
- 1951 (A) sold for:
- 1952 (I) ingestion by humans; or
- 1953 (II) chewing by humans; and

- 1954 (B) consumed for the substance's:
- 1955 (I) taste; or
- 1956 (II) nutritional value.
- 1957 (b) "Food and food ingredients" includes an item described in Subsection [~~(95)~~
- 1958 (100)(b)(iii).
- 1959 (c) "Food and food ingredients" does not include:
- 1960 (i) an alcoholic beverage;
- 1961 (ii) tobacco; or
- 1962 (iii) prepared food.
- 1963 [~~(52)~~] (55) (a) "Fundraising sales" means sales:
- 1964 (i) (A) made by a school; or
- 1965 (B) made by a school student;
- 1966 (ii) that are for the purpose of raising funds for the school to purchase equipment,
- 1967 materials, or provide transportation; and
- 1968 (iii) that are part of an officially sanctioned school activity.
- 1969 (b) For purposes of Subsection [~~(52)~~] (55)(a)(iii), "officially sanctioned school activity"
- 1970 means a school activity:
- 1971 (i) that is conducted in accordance with a formal policy adopted by the school or school
- 1972 district governing the authorization and supervision of fundraising activities;
- 1973 (ii) that does not directly or indirectly compensate an individual teacher or other
- 1974 educational personnel by direct payment, commissions, or payment in kind; and
- 1975 (iii) the net or gross revenues from which are deposited in a dedicated account
- 1976 controlled by the school or school district.
- 1977 [~~(53)~~] (56) "Geothermal energy" means energy contained in heat that continuously
- 1978 flows outward from the earth that is used as the sole source of energy to produce electricity.
- 1979 [~~(54)~~] (57) "Governing board of the agreement" means the governing board of the
- 1980 agreement that is:
- 1981 (a) authorized to administer the agreement; and
- 1982 (b) established in accordance with the agreement.
- 1983 [~~(55)~~] (58) (a) [~~For purposes of Subsection 59-12-104(41), "governmental]~~
- 1984 "Governmental entity" means:



- 1985 (i) the executive branch of the state, including all departments, institutions, boards,  
1986 divisions, bureaus, offices, commissions, and committees;
- 1987 (ii) the judicial branch of the state, including the courts, the Judicial Council, the  
1988 Administrative Office of the Courts, and similar administrative units in the judicial branch;
- 1989 (iii) the legislative branch of the state, including the House of Representatives, the  
1990 Senate, the Legislative Printing Office, the Office of Legislative Research and General  
1991 Counsel, the Office of the Legislative Auditor General, and the Office of the Legislative Fiscal  
1992 Analyst;
- 1993 (iv) the National Guard;
- 1994 (v) an independent entity as defined in Section 63E-1-102; or
- 1995 (vi) a political subdivision as defined in Section 17B-1-102.
- 1996 (b) "Governmental entity" does not include the state systems of public and higher  
1997 education, including:
- 1998 (i) a school;
- 1999 (ii) the State Board of Education;
- 2000 (iii) the State Board of Regents; or
- 2001 (iv) an institution of higher education described in Section 53B-1-102.
- 2002 [~~56~~] (59) "Hydroelectric energy" means water used as the sole source of energy to  
2003 produce electricity.
- 2004 [~~57~~] (60) "Industrial use" means the use of natural gas, electricity, heat, coal, fuel oil,  
2005 or other fuels:
- 2006 (a) in mining or extraction of minerals;
- 2007 (b) in agricultural operations to produce an agricultural product up to the time of  
2008 harvest or placing the agricultural product into a storage facility, including:
- 2009 (i) commercial greenhouses;
- 2010 (ii) irrigation pumps;
- 2011 (iii) farm machinery;
- 2012 (iv) implements of husbandry as defined in Section 41-1a-102 that are not registered  
2013 under Title 41, Chapter 1a, Part 2, Registration; and
- 2014 (v) other farming activities;
- 2015 (c) in manufacturing tangible personal property at an establishment described in:

- 2016 (i) SIC Codes 2000 to 3999 of the 1987 Standard Industrial Classification Manual of  
 2017 the federal Executive Office of the President, Office of Management and Budget; or  
 2018 (ii) a NAICS code within NAICS Sector 31-33, Manufacturing, of the 2017 North  
 2019 American Industry Classification System of the federal Executive Office of the President,  
 2020 Office of Management and Budget;
- 2021 (d) by a scrap recycler if:
- 2022 (i) from a fixed location, the scrap recycler utilizes machinery or equipment to process  
 2023 one or more of the following items into prepared grades of processed materials for use in new  
 2024 products:
- 2025 (A) iron;  
 2026 (B) steel;  
 2027 (C) nonferrous metal;  
 2028 (D) paper;  
 2029 (E) glass;  
 2030 (F) plastic;  
 2031 (G) textile; or  
 2032 (H) rubber; and
- 2033 (ii) the new products under Subsection [~~(57)~~] (60)(d)(i) would otherwise be made with  
 2034 nonrecycled materials; or
- 2035 (e) in producing a form of energy or steam described in Subsection 54-2-1(3)(a) by a  
 2036 cogeneration facility as defined in Section 54-2-1.
- 2037 [~~(58)~~] (61) (a) [~~Except as provided in Subsection (58)(b), "installation~~] "Installation  
 2038 charge" means a charge for installing:
- 2039 (i) tangible personal property; or  
 2040 (ii) a product transferred electronically.
- 2041 (b) "Installation charge" does not include a charge for:
- 2042 (i) repairs or renovations of:  
 2043 (A) tangible personal property; or  
 2044 (B) a product transferred electronically;
- 2045 (ii) attaching tangible personal property or a product transferred electronically:  
 2046 (A) to other tangible personal property; and

2047 (B) as part of a manufacturing or fabrication process.

2048 ~~[(59)]~~ (62) "Institution of higher education" means an institution of higher education  
2049 listed in Section 53B-2-101.

2050 ~~[(60)]~~ (63) (a) "Lease" or "rental" means a transfer of possession or control of tangible  
2051 personal property or a product transferred electronically for:

2052 (i) (A) a fixed term; or  
2053 (B) an indeterminate term; and  
2054 (ii) consideration.

2055 (b) "Lease" or "rental" includes an agreement covering a motor vehicle and trailer if the  
2056 amount of consideration may be increased or decreased by reference to the amount realized  
2057 upon sale or disposition of the property as defined in Section 7701(h)(1), Internal Revenue  
2058 Code.

2059 (c) "Lease" or "rental" does not include:

2060 (i) a transfer of possession or control of property under a security agreement or  
2061 deferred payment plan that requires the transfer of title upon completion of the required  
2062 payments;

2063 (ii) a transfer of possession or control of property under an agreement that requires the  
2064 transfer of title:

2065 (A) upon completion of required payments; and  
2066 (B) if the payment of an option price does not exceed the greater of:  
2067 (I) \$100; or  
2068 (II) 1% of the total required payments; or  
2069 (iii) providing tangible personal property along with an operator for a fixed period of  
2070 time or an indeterminate period of time if the operator is necessary for equipment to perform as  
2071 designed.

2072 (d) For purposes of Subsection ~~[(60)]~~ (63)(c)(iii), an operator is necessary for  
2073 equipment to perform as designed if the operator's duties exceed the:

2074 (i) set-up of tangible personal property;  
2075 (ii) maintenance of tangible personal property; or  
2076 (iii) inspection of tangible personal property.

2077 ~~[(61)] "Life science establishment" means an establishment in this state that is classified~~

2078 under the following NAICS codes of the 2007 North American Industry Classification System  
2079 of the federal Executive Office of the President, Office of Management and Budget:]

2080 [~~(a)~~ NAICS Code 33911, Medical Equipment and Supplies Manufacturing;]

2081 [~~(b)~~ NAICS Code 334510, Electromedical and Electrotherapeutic Apparatus

2082 Manufacturing; or]

2083 [~~(c)~~ NAICS Code 334517, Irradiation Apparatus Manufacturing.]

2084 [~~(62)~~ "Life science research and development facility" means a facility owned, leased,

2085 or rented by a life science establishment if research and development is performed in 51% or

2086 more of the total area of the facility.]

2087 [~~(63)~~] (64) "Load and leave" means delivery to a purchaser by use of a tangible storage

2088 media if the tangible storage media is not physically transferred to the purchaser.

2089 [~~(64)~~] (65) "Local taxing jurisdiction" means a:

2090 (a) county that is authorized to impose an agreement sales and use tax;

2091 (b) city that is authorized to impose an agreement sales and use tax; or

2092 (c) town that is authorized to impose an agreement sales and use tax.

2093 [~~(65)~~] (66) "Manufactured home" means the same as that term is defined in Section

2094 15A-1-302.

2095 [~~(66)~~] (67) "Manufacturing facility" means:

2096 (a) an establishment described in:

2097 (i) SIC Codes 2000 to 3999 of the 1987 Standard Industrial Classification Manual of

2098 the federal Executive Office of the President, Office of Management and Budget; or

2099 (ii) a NAICS code within NAICS Sector 31-33, Manufacturing, of the 2017 North

2100 American Industry Classification System of the federal Executive Office of the President,

2101 Office of Management and Budget;

2102 (b) a scrap recycler if:

2103 (i) from a fixed location, the scrap recycler utilizes machinery or equipment to process

2104 one or more of the following items into prepared grades of processed materials for use in new

2105 products:

2106 (A) iron;

2107 (B) steel;

2108 (C) nonferrous metal;

- 2109 (D) paper;
- 2110 (E) glass;
- 2111 (F) plastic;
- 2112 (G) textile; or
- 2113 (H) rubber; and
- 2114 (ii) the new products under Subsection [~~(66)~~] (67)(b)(i) would otherwise be made with
- 2115 nonrecycled materials; or
- 2116 (c) a cogeneration facility as defined in Section 54-2-1 if the cogeneration facility is
- 2117 placed in service on or after May 1, 2006.
- 2118 [~~(67)~~] (68) (a) "Marketplace" means a physical or electronic place, platform, or forum
- 2119 where tangible personal property, a product transferred electronically, or a service is offered for
- 2120 sale.
- 2121 (b) "Marketplace" includes a store, a booth, an Internet website, a catalog, or a
- 2122 dedicated sales software application.
- 2123 [~~(68)~~] (69) (a) "Marketplace facilitator" means a person, including an affiliate of the
- 2124 person, that enters into a contract, an agreement, or otherwise with sellers, for consideration, to
- 2125 facilitate the sale of a seller's product through a marketplace that the person owns, operates, or
- 2126 controls and that directly or indirectly:
- 2127 (i) does any of the following:
- 2128 (A) lists, makes available, or advertises tangible personal property, a product
- 2129 transferred electronically, or a service for sale by a marketplace seller on a marketplace that the
- 2130 person owns, operates, or controls;
- 2131 (B) facilitates the sale of a marketplace seller's tangible personal property, product
- 2132 transferred electronically, or service by transmitting or otherwise communicating an offer or
- 2133 acceptance of a retail sale between the marketplace seller and a purchaser using the
- 2134 marketplace;
- 2135 (C) owns, rents, licenses, makes available, or operates any electronic or physical
- 2136 infrastructure or any property, process, method, copyright, trademark, or patent that connects a
- 2137 marketplace seller to a purchaser for the purpose of making a retail sale of tangible personal
- 2138 property, a product transferred electronically, or a service;
- 2139 (D) provides a marketplace for making, or otherwise facilitates, a retail sale of tangible

2140 personal property, a product transferred electronically, or a service, regardless of ownership or  
2141 control of the tangible personal property, the product transferred electronically, or the service  
2142 that is the subject of the retail sale;

2143 (E) provides software development or research and development activities related to  
2144 any activity described in this Subsection [~~(68)~~] (69)(a)(i), if the software development or  
2145 research and development activity is directly related to the person's marketplace;

2146 (F) provides or offers fulfillment or storage services for a marketplace seller;

2147 (G) sets prices for the sale of tangible personal property, a product transferred  
2148 electronically, or a service by a marketplace seller;

2149 (H) provides or offers customer service to a marketplace seller or a marketplace seller's  
2150 purchaser or accepts or assists with taking orders, returns, or exchanges of tangible personal  
2151 property, a product transferred electronically, or a service sold by a marketplace seller on the  
2152 person's marketplace; or

2153 (I) brands or otherwise identifies sales as those of the person; and

2154 (ii) does any of the following:

2155 (A) collects the sales price or purchase price of a retail sale of tangible personal  
2156 property, a product transferred electronically, or a service;

2157 (B) provides payment processing services for a retail sale of tangible personal property,  
2158 a product transferred electronically, or a service;

2159 (C) charges, collects, or otherwise receives a selling fee, listing fee, referral fee, closing  
2160 fee, a fee for inserting or making available tangible personal property, a product transferred  
2161 electronically, or a service on the person's marketplace, or other consideration for the  
2162 facilitation of a retail sale of tangible personal property, a product transferred electronically, or  
2163 a service, regardless of ownership or control of the tangible personal property, the product  
2164 transferred electronically, or the service that is the subject of the retail sale;

2165 (D) through terms and conditions, an agreement, or another arrangement with a third  
2166 person, collects payment from a purchase for a retail sale of tangible personal property, a  
2167 product transferred electronically, or a service and transmits that payment to the marketplace  
2168 seller, regardless of whether the third person receives compensation or other consideration in  
2169 exchange for the service; or

2170 (E) provides a virtual currency for a purchaser to use to purchase tangible personal

2171 property, a product transferred electronically, or service offered for sale.

2172 (b) "Marketplace facilitator" does not include a person that only provides payment  
2173 processing services.

2174 ~~[(69)]~~ (70) "Marketplace seller" means a seller that makes one or more retail sales  
2175 through a marketplace that a marketplace facilitator owns, operates, or controls, regardless of  
2176 whether the seller is required to be registered to collect and remit the tax under this part.

2177 ~~[(70)]~~ (71) "Member of the immediate family of the producer" means a person who is  
2178 related to a producer described in Subsection 59-12-104(20)(a) as a:

2179 (a) child or stepchild, regardless of whether the child or stepchild is:

2180 (i) an adopted child or adopted stepchild; or

2181 (ii) a foster child or foster stepchild;

2182 (b) grandchild or stepgrandchild;

2183 (c) grandparent or stepgrandparent;

2184 (d) nephew or stepnephew;

2185 (e) niece or stepniece;

2186 (f) parent or stepparent;

2187 (g) sibling or stepsibling;

2188 (h) spouse;

2189 (i) person who is the spouse of a person described in Subsections ~~[(70)]~~ (71)(a) through  
2190 (g); or

2191 (j) person similar to a person described in Subsections ~~[(70)]~~ (71)(a) through (i) as  
2192 determined by the commission by rule made in accordance with Title 63G, Chapter 3, Utah  
2193 Administrative Rulemaking Act.

2194 ~~[(71)]~~ (72) "Mobile home" means the same as that term is defined in Section  
2195 15A-1-302.

2196 ~~[(72)]~~ (73) "Mobile telecommunications service" means the same as that term is  
2197 defined in the Mobile Telecommunications Sourcing Act, 4 U.S.C. Sec. 124.

2198 ~~[(73)]~~ (74) (a) "Mobile wireless service" means a telecommunications service,  
2199 regardless of the technology used, if:

2200 (i) the origination point of the conveyance, routing, or transmission is not fixed;

2201 (ii) the termination point of the conveyance, routing, or transmission is not fixed; or

2202 (iii) the origination point described in Subsection [~~(73)~~] (74)(a)(i) and the termination  
2203 point described in Subsection [~~(73)~~] (74)(a)(ii) are not fixed.

2204 (b) "Mobile wireless service" includes a telecommunications service that is provided  
2205 by a commercial mobile radio service provider.

2206 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
2207 commission may by rule define "commercial mobile radio service provider."

2208 [~~(74)~~] (75) (a) [~~Except as provided in Subsection (74)(c), "mobility]~~ "Mobility  
2209 enhancing equipment" means equipment that is:

2210 (i) primarily and customarily used to provide or increase the ability to move from one  
2211 place to another;

2212 (ii) appropriate for use in a:

2213 (A) home; or

2214 (B) motor vehicle; and

2215 (iii) not generally used by persons with normal mobility.

2216 (b) "Mobility enhancing equipment" includes parts used in the repair or replacement of  
2217 the equipment described in Subsection [~~(74)~~] (75)(a).

2218 (c) "Mobility enhancing equipment" does not include:

2219 (i) a motor vehicle;

2220 (ii) equipment on a motor vehicle if that equipment is normally provided by the motor  
2221 vehicle manufacturer;

2222 (iii) durable medical equipment; or

2223 (iv) a prosthetic device.

2224 [~~(75)~~] (76) "Model 1 seller" means a seller registered under the agreement that has  
2225 selected a certified service provider as the seller's agent to perform the seller's sales and use tax  
2226 functions for agreement sales and use taxes, as outlined in the contract between the governing  
2227 board of the agreement and the certified service provider, other than the seller's obligation  
2228 under Section 59-12-124 to remit a tax on the seller's own purchases.

2229 [~~(76)~~] (77) "Model 2 seller" means a seller registered under the agreement that:

2230 (a) except as provided in Subsection [~~(76)~~] (77)(b), has selected a certified automated  
2231 system to perform the seller's sales tax functions for agreement sales and use taxes; and

2232 (b) retains responsibility for remitting all of the sales tax:



- 2233 (i) collected by the seller; and
- 2234 (ii) to the appropriate local taxing jurisdiction.
- 2235 ~~[(77)]~~ (78) (a) Subject to Subsection ~~[(77)]~~ (78)(b), "model 3 seller" means a seller
- 2236 registered under the agreement that has:
- 2237 (i) sales in at least five states that are members of the agreement;
- 2238 (ii) total annual sales ~~[revenues]~~ revenue of at least \$500,000,000;
- 2239 (iii) a proprietary system that calculates the amount of tax:
- 2240 (A) for an agreement sales and use tax; and
- 2241 (B) due to each local taxing jurisdiction; and
- 2242 (iv) entered into a performance agreement with the governing board of the agreement.
- 2243 (b) ~~[For purposes of Subsection (77) (78)(a), "model]~~ "Model 3 seller" includes an
- 2244 affiliated group of sellers using the same proprietary system.
- 2245 ~~[(78)]~~ (79) "Model 4 seller" means a seller that is registered under the agreement and is
- 2246 not a model 1 seller, model 2 seller, or model 3 seller.
- 2247 ~~[(79)]~~ (80) "Modular home" means a modular unit as defined in Section 15A-1-302.
- 2248 ~~[(80)]~~ (81) "Motor vehicle" means the same as that term is defined in Section
- 2249 41-1a-102.
- 2250 (82) (a) "Nonemergent veterinary service" means one or more of the following services
- 2251 performed on an animal as defined in Section 58-28-102:
- 2252 (i) care related to spaying or neutering;
- 2253 (ii) preventative care, including administration of a vaccination;
- 2254 (iii) if performed for diagnostic purposes, an examination or laboratory test; or
- 2255 (iv) routine dental care;
- 2256 (v) euthanasia; or
- 2257 (vi) cremation.
- 2258 (b) "Nonemergent veterinary service" does not include a service described in
- 2259 Subsection (82)(a) performed on an animal as defined in Section 58-28-102 used for
- 2260 agricultural purposes.
- 2261 (83) (a) "Nonmedical massage service" means a service that constitutes the practice of
- 2262 massage therapy as defined in Section 58-47b-102.
- 2263 (b) "Nonmedical massage service" does not include a service described in Subsection

- 2264 (83)(a) if the service is:
- 2265 (i) performed by one of the following individuals for a medical purpose:
- 2266 (A) a physician or surgeon licensed under Title 58, Chapter 67, Utah Medical Practice
- 2267 Act;
- 2268 (B) a physician assistant licensed under Title 58, Chapter 70a, Utah Physician Assistant
- 2269 Act;
- 2270 (C) a nurse licensed under Title 58, Chapter 31b, Nurse Practice Act, or under Title 58,
- 2271 Chapter 44a, Nurse Midwife Practice Act;
- 2272 (D) a physical therapist licensed under Title 58, Chapter 24b, Physical Therapy
- 2273 Practice Act;
- 2274 (E) a physical therapist assistant licensed under Title 58, Chapter 24b, Physical
- 2275 Therapy Practice Act, while under the general supervision of a physical therapist;
- 2276 (F) an osteopathic physician or surgeon licensed under Title 58, Chapter 68, Utah
- 2277 Osteopathic Medical Practice Act;
- 2278 (G) a chiropractic physician licensed under Title 58, Chapter 73, Chiropractic
- 2279 Physician Practice Act;
- 2280 (H) a hospital staff member employed by a hospital, who practices massage as part of
- 2281 the staff member's responsibilities;
- 2282 (I) a naturopathic physician licensed under Title 58, Chapter 71, Naturopathic
- 2283 Physician Practice Act; or
- 2284 (J) an occupational therapist licensed under Title 58, Chapter 42a, Occupational
- 2285 Therapy Practice Act; or
- 2286 (ii) ordered by an individual described in Subsection (83)(b)(i) for a medical purpose.
- 2287 ~~[(81)]~~ (84) "Oil sands" means impregnated bituminous sands that:
- 2288 (a) contain a heavy, thick form of petroleum that is released when heated, mixed with
- 2289 other hydrocarbons, or otherwise treated;
- 2290 (b) yield mixtures of liquid hydrocarbon; and
- 2291 (c) require further processing other than mechanical blending before becoming finished
- 2292 petroleum products.
- 2293 ~~[(82)]~~ (85) "Oil shale" means a group of fine black to dark brown shales containing
- 2294 kerogen material that yields petroleum upon heating and distillation.

2295 [(83)] (86) "Optional computer software maintenance contract" means a computer  
2296 software maintenance contract that a customer is not obligated to purchase as a condition to the  
2297 retail sale of computer software.

2298 [(84)] (87) (a) "Other fuels" means products that burn independently to produce heat or  
2299 energy.

2300 (b) "Other fuels" includes oxygen when it is used in the manufacturing of tangible  
2301 personal property.

2302 [(85)] (88) (a) "Paging service" means a telecommunications service that provides  
2303 transmission of a coded radio signal for the purpose of activating a specific pager.

2304 (b) For purposes of Subsection [(85)] (88)(a), the transmission of a coded radio signal  
2305 includes a transmission by message or sound.

2306 (89) "Pawn transaction" means the same as that term is defined in Section 13-32a-102.

2307 [(86)] (90) "Pawnbroker" means the same as that term is defined in Section  
2308 13-32a-102.

2309 [(87) "Pawn transaction" means the same as that term is defined in Section  
2310 13-32a-102.]

2311 [(88)] (91) (a) "Permanently attached to real property" means that for tangible personal  
2312 property attached to real property:

2313 (i) the attachment of the tangible personal property to the real property:

2314 (A) is essential to the use of the tangible personal property; and

2315 (B) suggests that the tangible personal property will remain attached to the real  
2316 property in the same place over the useful life of the tangible personal property; or

2317 (ii) if the tangible personal property is detached from the real property, the detachment  
2318 would:

2319 (A) cause substantial damage to the tangible personal property; or

2320 (B) require substantial alteration or repair of the real property to which the tangible  
2321 personal property is attached.

2322 (b) "Permanently attached to real property" includes:

2323 (i) the attachment of an accessory to the tangible personal property if the accessory is:

2324 (A) essential to the operation of the tangible personal property; and

2325 (B) attached only to facilitate the operation of the tangible personal property;

2326 (ii) a temporary detachment of tangible personal property from real property for a  
2327 repair or renovation if the repair or renovation is performed where the tangible personal  
2328 property and real property are located; or

2329 (iii) property attached to oil, gas, or water pipelines, except for the property listed in  
2330 Subsection [~~(88)~~] (91)(c)(iii) or (iv).

2331 (c) "Permanently attached to real property" does not include:

2332 (i) the attachment of portable or movable tangible personal property to real property if  
2333 that portable or movable tangible personal property is attached to real property only for:

2334 (A) convenience;

2335 (B) stability; or

2336 (C) for an obvious temporary purpose;

2337 (ii) the detachment of tangible personal property from real property except for the  
2338 detachment described in Subsection [~~(88)~~] (91)(b)(ii);

2339 (iii) an attachment of the following tangible personal property to real property if the  
2340 attachment to real property is only through a line that supplies water, electricity, gas,  
2341 telecommunications, cable, or supplies a similar item as determined by the commission by rule  
2342 made in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act:

2343 (A) a computer;

2344 (B) a telephone;

2345 (C) a television; or

2346 (D) tangible personal property similar to Subsections [~~(88)~~] (91)(c)(iii)(A) through (C)  
2347 as determined by the commission by rule made in accordance with Title 63G, Chapter 3, Utah  
2348 Administrative Rulemaking Act; or

2349 (iv) an item listed in Subsection [~~(129)~~] (136)(c).

2350 [~~(89)~~] (92) "Person" includes any individual, firm, partnership, joint venture,  
2351 association, corporation, estate, trust, business trust, receiver, syndicate, this state, any county,  
2352 city, municipality, district, or other local governmental entity of the state, or any group or  
2353 combination acting as a unit.

2354 (93) "Personal service" means:

2355 (a) hair removal services;

2356 (b) body piercing services;

- 2357           (c) tattoo services;  
2358           (d) permanent make-up services; or  
2359           (e) tanning services.
- 2360           (94) (a) "Personal transportation service" means the transportation of one or more  
2361 individuals by motor vehicle.
- 2362           (b) "Personal transportation" includes taxicab service, limousine service, driver service,  
2363 shuttle service, and a prearranged ride as defined in Section 13-51-102.
- 2364           (c) "Personal transportation service" does not include:
- 2365           (i) services provided by a governmental entity;  
2366           (ii) transportation by air, water, or rail; or  
2367           (iii) transportation by ambulance as defined in Section 26-8a-102.
- 2368           ~~(90)~~ (95) "Place of primary use":
- 2369           (a) for telecommunications service other than mobile telecommunications service,  
2370 means the street address representative of where the customer's use of the telecommunications  
2371 service primarily occurs, which shall be:
- 2372           (i) the residential street address of the customer; or  
2373           (ii) the primary business street address of the customer; or
- 2374           (b) for mobile telecommunications service, means the same as that term is defined in  
2375 the Mobile Telecommunications Sourcing Act, 4 U.S.C. Sec. 124.
- 2376           ~~(91)~~ (96) (a) "Postpaid calling service" means a telecommunications service a person  
2377 obtains by making a payment on a call-by-call basis:
- 2378           (i) through the use of a:
- 2379           (A) bank card;  
2380           (B) credit card;  
2381           (C) debit card; or  
2382           (D) travel card; or
- 2383           (ii) by a charge made to a telephone number that is not associated with the origination  
2384 or termination of the telecommunications service.
- 2385           (b) "Postpaid calling service" includes a service, except for a prepaid wireless calling  
2386 service, that would be a prepaid wireless calling service if the service were exclusively a  
2387 telecommunications service.

2388            [~~92~~] (97) "Postproduction" means an activity related to the finishing or duplication of  
2389 a medium described in Subsection 59-12-104(54)(a).

2390            [~~93~~] (98) "Prepaid calling service" means a telecommunications service:

2391            (a) that allows a purchaser access to telecommunications service that is exclusively  
2392 telecommunications service;

2393            (b) that:

2394            (i) is paid for in advance; and

2395            (ii) enables the origination of a call using an:

2396            (A) access number; or

2397            (B) authorization code;

2398            (c) that is dialed:

2399            (i) manually; or

2400            (ii) electronically; and

2401            (d) sold in predetermined units or dollars that decline:

2402            (i) by a known amount; and

2403            (ii) with use.

2404            [~~94~~] (99) "Prepaid wireless calling service" means a telecommunications service:

2405            (a) that provides the right to utilize:

2406            (i) mobile wireless service; and

2407            (ii) other service that is not a telecommunications service, including:

2408            (A) the download of a product transferred electronically;

2409            (B) a content service; or

2410            (C) an ancillary service;

2411            (b) that:

2412            (i) is paid for in advance; and

2413            (ii) enables the origination of a call using an:

2414            (A) access number; or

2415            (B) authorization code;

2416            (c) that is dialed:

2417            (i) manually; or

2418            (ii) electronically; and

- 2419 (d) sold in predetermined units or dollars that decline:
- 2420 (i) by a known amount; and
- 2421 (ii) with use.
- 2422 [~~95~~] (100) (a) "Prepared food" means:
- 2423 (i) food:
- 2424 (A) sold in a heated state; or
- 2425 (B) heated by a seller;
- 2426 (ii) two or more food ingredients mixed or combined by the seller for sale as a single
- 2427 item; or
- 2428 (iii) except as provided in Subsection [~~95~~] (100)(c), food sold with an eating utensil
- 2429 provided by the seller, including a:
- 2430 (A) plate;
- 2431 (B) knife;
- 2432 (C) fork;
- 2433 (D) spoon;
- 2434 (E) glass;
- 2435 (F) cup;
- 2436 (G) napkin; or
- 2437 (H) straw.
- 2438 (b) "Prepared food" does not include:
- 2439 (i) food that a seller only:
- 2440 (A) cuts;
- 2441 (B) repackages; or
- 2442 (C) pasteurizes; or
- 2443 (ii) (A) the following:
- 2444 (I) raw egg;
- 2445 (II) raw fish;
- 2446 (III) raw meat;
- 2447 (IV) raw poultry; or
- 2448 (V) a food containing an item described in Subsections [~~95~~] (100)(b)(ii)(A)(I)
- 2449 through (IV); and

2450 (B) if the Food and Drug Administration recommends in Chapter 3, Part 401.11 of the  
2451 Food and Drug Administration's Food Code that a consumer cook the items described in  
2452 Subsection [~~(95)~~] (100)(b)(ii)(A) to prevent food borne illness; or  
2453 (iii) the following if sold without eating utensils provided by the seller:  
2454 (A) food and food ingredients sold by a seller if the seller's proper primary  
2455 classification under the 2002 North American Industry Classification System of the federal  
2456 Executive Office of the President, Office of Management and Budget, is manufacturing in  
2457 Sector 311, Food Manufacturing, except for Subsector 3118, Bakeries and Tortilla  
2458 Manufacturing;  
2459 (B) food and food ingredients sold in an unheated state:  
2460 (I) by weight or volume; and  
2461 (II) as a single item; or  
2462 (C) a bakery item, including:  
2463 (I) a bagel;  
2464 (II) a bar;  
2465 (III) a biscuit;  
2466 (IV) bread;  
2467 (V) a bun;  
2468 (VI) a cake;  
2469 (VII) a cookie;  
2470 (VIII) a croissant;  
2471 (IX) a danish;  
2472 (X) a donut;  
2473 (XI) a muffin;  
2474 (XII) a pastry;  
2475 (XIII) a pie;  
2476 (XIV) a roll;  
2477 (XV) a tart;  
2478 (XVI) a torte; or  
2479 (XVII) a tortilla.  
2480 (c) An eating utensil provided by the seller does not include the following used to



- 2481 transport the food:
- 2482 (i) a container; or
- 2483 (ii) packaging.
- 2484 ~~[(96)] (101)~~ "Prescription" means an order, formula, or recipe that is issued:
- 2485 (a) (i) orally;
- 2486 (ii) in writing;
- 2487 (iii) electronically; or
- 2488 (iv) by any other manner of transmission; and
- 2489 (b) by a licensed practitioner authorized by the laws of a state.
- 2490 ~~[(97)] (102)~~ (a) ~~[Except as provided in Subsection (97)(b)(ii) or (iii), "prewritten]~~
- 2491 "Prewritten computer software" means computer software that is not designed and developed:
- 2492 (i) by the author or other creator of the computer software; and
- 2493 (ii) to the specifications of a specific purchaser.
- 2494 (b) "Prewritten computer software" includes:
- 2495 (i) a prewritten upgrade to computer software if the prewritten upgrade to the computer
- 2496 software is not designed and developed:
- 2497 (A) by the author or other creator of the computer software; and
- 2498 (B) to the specifications of a specific purchaser;
- 2499 (ii) computer software designed and developed by the author or other creator of the
- 2500 computer software to the specifications of a specific purchaser if the computer software is sold
- 2501 to a person other than the purchaser; or
- 2502 (iii) except as provided in Subsection ~~[(97)] (102)~~(c), prewritten computer software or
- 2503 a prewritten portion of prewritten computer software:
- 2504 (A) that is modified or enhanced to any degree; and
- 2505 (B) if the modification or enhancement described in Subsection ~~[(97)] (102)~~(b)(iii)(A)
- 2506 is designed and developed to the specifications of a specific purchaser.
- 2507 (c) "Prewritten computer software" does not include a modification or enhancement
- 2508 described in Subsection ~~[(97)] (102)~~(b)(iii) if the charges for the modification or enhancement
- 2509 are:
- 2510 (i) reasonable; and
- 2511 (ii) subject to Subsections 59-12-103(2)(e)(ii) and (2)(f)(i), separately stated on the

2512 invoice or other statement of price provided to the purchaser at the time of sale or later, as  
2513 demonstrated by:

2514 (A) the books and records the seller keeps at the time of the transaction in the regular  
2515 course of business, including books and records the seller keeps at the time of the transaction in  
2516 the regular course of business for nontax purposes;

2517 (B) a preponderance of the facts and circumstances at the time of the transaction; and

2518 (C) the understanding of all of the parties to the transaction.

2519 ~~[(98)]~~ (103) (a) "Private communications service" means a telecommunications  
2520 service:

2521 (i) that entitles a customer to exclusive or priority use of one or more communications  
2522 channels between or among termination points; and

2523 (ii) regardless of the manner in which the one or more communications channels are  
2524 connected.

2525 (b) "Private communications service" includes the following provided in connection  
2526 with the use of one or more communications channels:

2527 (i) an extension line;

2528 (ii) a station;

2529 (iii) switching capacity; or

2530 (iv) another associated service that is provided in connection with the use of one or  
2531 more communications channels as defined in Section 59-12-215.

2532 ~~[(99)]~~ (104) (a) ~~[Except as provided in Subsection (99)(b), "product"]~~ "Product  
2533 transferred electronically" means a product transferred electronically that would be subject to a  
2534 tax under this chapter if that product was transferred in a manner other than electronically.

2535 (b) "Product transferred electronically" does not include:

2536 (i) an ancillary service;

2537 (ii) computer software; or

2538 (iii) a telecommunications service.

2539 ~~[(100)]~~ (105) (a) "Prosthetic device" means a device that is worn on or in the body to:

2540 (i) artificially replace a missing portion of the body;

2541 (ii) prevent or correct a physical deformity or physical malfunction; or

2542 (iii) support a weak or deformed portion of the body.

- 2543 (b) "Prosthetic device" includes:
- 2544 (i) parts used in the repairs or renovation of a prosthetic device;
- 2545 (ii) replacement parts for a prosthetic device;
- 2546 (iii) a dental prosthesis; or
- 2547 (iv) a hearing aid.
- 2548 (c) "Prosthetic device" does not include:
- 2549 (i) corrective eyeglasses; or
- 2550 (ii) contact lenses.
- 2551 [~~(101)~~] (106) (a) "Protective equipment" means an item:
- 2552 (i) for human wear; and
- 2553 (ii) that is:
- 2554 (A) designed as protection:
- 2555 (I) to the wearer against injury or disease; or
- 2556 (II) against damage or injury of other persons or property; and
- 2557 (B) not suitable for general use.
- 2558 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
- 2559 commission shall make rules:
- 2560 (i) listing the items that constitute "protective equipment"; and
- 2561 (ii) that are consistent with the list of items that constitute "protective equipment"
- 2562 under the agreement.
- 2563 [~~(102)~~] (107) (a) For purposes of Subsection 59-12-104(41), "publication" means any
- 2564 written or printed matter, other than a photocopy:
- 2565 (i) regardless of:
- 2566 (A) characteristics;
- 2567 (B) copyright;
- 2568 (C) form;
- 2569 (D) format;
- 2570 (E) method of reproduction; or
- 2571 (F) source; and
- 2572 (ii) made available in printed or electronic format.
- 2573 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the

2574 commission may by rule define the term "photocopy."  
2575           ~~[(103)]~~ (108) (a) "Purchase price" and "sales price" mean the total amount of  
2576 consideration:  
2577           (i) valued in money; and  
2578           (ii) for which tangible personal property, a product transferred electronically, or  
2579 services are:  
2580           (A) sold;  
2581           (B) leased; or  
2582           (C) rented.  
2583           (b) "Purchase price" and "sales price" include:  
2584           (i) the seller's cost of the tangible personal property, a product transferred  
2585 electronically, or services sold;  
2586           (ii) expenses of the seller, including:  
2587           (A) the cost of materials used;  
2588           (B) a labor cost;  
2589           (C) a service cost;  
2590           (D) interest;  
2591           (E) a loss;  
2592           (F) the cost of transportation to the seller; ~~[or]~~  
2593           (G) a tax imposed on the seller;  
2594           (H) a delivery charge; or  
2595           (I) an installation charge;  
2596           (iii) a charge by the seller for any service necessary to complete the sale; or  
2597           (iv) consideration a seller receives from a person other than the purchaser if:  
2598           (A) (I) the seller actually receives consideration from a person other than the purchaser;  
2599 and  
2600           (II) the consideration described in Subsection ~~[(103)]~~ (108)(b)(iv)(A)(I) is directly  
2601 related to a price reduction or discount on the sale;  
2602           (B) the seller has an obligation to pass the price reduction or discount through to the  
2603 purchaser;  
2604           (C) the amount of the consideration attributable to the sale is fixed and determinable by

2605 the seller at the time of the sale to the purchaser; and

2606 (D) (I) (Aa) the purchaser presents a certificate, coupon, or other documentation to the  
2607 seller to claim a price reduction or discount; and

2608 (Bb) a person other than the seller authorizes, distributes, or grants the certificate,  
2609 coupon, or other documentation with the understanding that the person other than the seller  
2610 will reimburse any seller to whom the certificate, coupon, or other documentation is presented;

2611 (II) the purchaser identifies that purchaser to the seller as a member of a group or  
2612 organization allowed a price reduction or discount, except that a preferred customer card that is  
2613 available to any patron of a seller does not constitute membership in a group or organization  
2614 allowed a price reduction or discount; or

2615 (III) the price reduction or discount is identified as a third party price reduction or  
2616 discount on the:

2617 (Aa) invoice the purchaser receives; or

2618 (Bb) certificate, coupon, or other documentation the purchaser presents.

2619 (c) "Purchase price" and "sales price" do not include:

2620 (i) a discount:

2621 (A) in a form including:

2622 (I) cash;

2623 (II) term; or

2624 (III) coupon;

2625 (B) that is allowed by a seller;

2626 (C) taken by a purchaser on a sale; and

2627 (D) that is not reimbursed by a third party; or

2628 (ii) subject to Subsections 59-12-103(2)(e)(ii) and (2)(f)(i), the following if separately  
2629 stated on an invoice, bill of sale, or similar document provided to the purchaser at the time of  
2630 sale or later, as demonstrated by the books and records the seller keeps at the time of the  
2631 transaction in the regular course of business, including books and records the seller keeps at the  
2632 time of the transaction in the regular course of business for nontax purposes, by a  
2633 preponderance of the facts and circumstances at the time of the transaction, and by the  
2634 understanding of all of the parties to the transaction:

2635 (A) the following from credit extended on the sale of tangible personal property or

2636 services:

2637 (I) a carrying charge;

2638 (II) a financing charge; or

2639 (III) an interest charge;

2640 [~~(B)~~ a delivery charge;]

2641 [~~(C)~~ an installation charge;]

2642 [~~(D)~~] (B) a manufacturer rebate on a motor vehicle; or

2643 [~~(E)~~] (C) a tax or fee legally imposed directly on the consumer.

2644 [~~(104)~~] (109) "Purchaser" means a person to whom:

2645 (a) a sale of tangible personal property is made;

2646 (b) a product is transferred electronically; or

2647 (c) a service is furnished.

2648 [~~(105)~~] (110) "Qualifying enterprise data center" means an establishment that will:

2649 (a) own and operate a data center facility that will house a group of networked server

2650 computers in one physical location in order to centralize the dissemination, management, and

2651 storage of data and information;

2652 (b) be located in the state;

2653 (c) be a new operation constructed on or after July 1, 2016;

2654 (d) consist of one or more buildings that total 150,000 or more square feet;

2655 (e) be owned or leased by:

2656 (i) the establishment; or

2657 (ii) a person under common ownership, as defined in Section 59-7-101, of the

2658 establishment; and

2659 (f) be located on one or more parcels of land that are owned or leased by:

2660 (i) the establishment; or

2661 (ii) a person under common ownership, as defined in Section 59-7-101, of the

2662 establishment.

2663 [~~(106)~~] (111) "Regularly rented" means:

2664 (a) rented to a guest for value three or more times during a calendar year; or

2665 (b) advertised or held out to the public as a place that is regularly rented to guests for

2666 value.

2667 ~~[(107)]~~ (112) "Rental" means the same as that term is defined in Subsection ~~[(60)]~~ (63).

2668 (113) (a) "Repair, cleaning, or maintenance of real property" means a service intended

2669 to:

2670 (i) keep real property in a condition of fitness, efficiency, readiness, or safety; or

2671 (ii) restore real property to a condition of fitness, efficiency, readiness, or safety.

2672 (b) "Repair, cleaning, or maintenance of real property" does not include a service  
2673 provided to make a capital improvement.

2674 ~~[(108)]~~ (114) (a) ~~[Except as provided in Subsection (108)(b), "repairs]~~ "Repairs or  
2675 renovations of tangible personal property" means:

2676 (i) a repair or renovation of tangible personal property that is not permanently attached  
2677 to real property; or

2678 (ii) attaching tangible personal property or a product transferred electronically to other  
2679 tangible personal property or detaching tangible personal property or a product transferred  
2680 electronically from other tangible personal property if:

2681 (A) the other tangible personal property to which the tangible personal property or  
2682 product transferred electronically is attached or from which the tangible personal property or  
2683 product transferred electronically is detached is not permanently attached to real property; and

2684 (B) the attachment of tangible personal property or a product transferred electronically  
2685 to other tangible personal property or detachment of tangible personal property or a product  
2686 transferred electronically from other tangible personal property is made in conjunction with a  
2687 repair or replacement of tangible personal property or a product transferred electronically.

2688 (b) "Repairs or renovations of tangible personal property" does not include:

2689 (i) attaching prewritten computer software to other tangible personal property if the  
2690 other tangible personal property to which the prewritten computer software is attached is not  
2691 permanently attached to real property; or

2692 (ii) detaching prewritten computer software from other tangible personal property if the  
2693 other tangible personal property from which the prewritten computer software is detached is  
2694 not permanently attached to real property.

2695 ~~[(109)]~~ (115) "Research and development" means the process of inquiry or  
2696 experimentation aimed at the discovery of facts, devices, technologies, or applications and the  
2697 process of preparing those devices, technologies, or applications for marketing.

2698           ~~[(110)]~~ (116) (a) "Residential telecommunications services" means a  
2699 telecommunications service or an ancillary service that is provided to an individual for personal  
2700 use:

2701           (i) at a residential address; or

2702           (ii) at an institution, including a nursing home or a school, if the telecommunications  
2703 service or ancillary service is provided to and paid for by the individual residing at the  
2704 institution rather than the institution.

2705           (b) For purposes of Subsection ~~[(110)]~~ (116)(a)(i), a residential address includes an:

2706           (i) apartment; or

2707           (ii) other individual dwelling unit.

2708           ~~[(111)]~~ (117) "Residential use" means the use in or around a home, apartment building,  
2709 sleeping quarters, and similar facilities or accommodations.

2710           ~~[(112)]~~ (118) "Retail sale" or "sale at retail" means a sale, lease, or rental for a purpose  
2711 other than:

2712           (a) resale;

2713           (b) sublease; or

2714           (c) subrent.

2715           ~~[(113)]~~ (119) (a) "Retailer" means any person, unless prohibited by the Constitution of  
2716 the United States or federal law, that is engaged in a regularly organized business in tangible  
2717 personal property or any other taxable transaction under Subsection 59-12-103(1), and who is  
2718 selling to the user or consumer and not for resale.

2719           (b) "Retailer" includes commission merchants, auctioneers, and any person regularly  
2720 engaged in the business of selling to users or consumers within the state.

2721           ~~[(114)]~~ (120) (a) "Sale" means any transfer of title, exchange, or barter, conditional or  
2722 otherwise, in any manner, of tangible personal property or any other taxable transaction under  
2723 Subsection 59-12-103(1), for consideration.

2724           (b) "Sale" includes:

2725           (i) installment and credit sales;

2726           (ii) any closed transaction constituting a sale;

2727           (iii) any sale of electrical energy, gas, services, or entertainment taxable under this

2728 chapter;



2729 (iv) any transaction if the possession of property is transferred but the seller retains the  
2730 title as security for the payment of the price; and

2731 (v) any transaction under which right to possession, operation, or use of any article of  
2732 tangible personal property is granted under a lease or contract and the transfer of possession  
2733 would be taxable if an outright sale were made.

2734 [~~(115)~~] (121) "Sale at retail" means the same as that term is defined in Subsection  
2735 [~~(112)~~] (118).

2736 [~~(116)~~] (122) "Sale-leaseback transaction" means a transaction by which title to  
2737 tangible personal property or a product transferred electronically that is subject to a tax under  
2738 this chapter is transferred:

2739 (a) by a purchaser-lessee;

2740 (b) to a lessor;

2741 (c) for consideration; and

2742 (d) if:

2743 (i) the purchaser-lessee paid sales and use tax on the purchaser-lessee's initial purchase  
2744 of the tangible personal property or product transferred electronically;

2745 (ii) the sale of the tangible personal property or product transferred electronically to the  
2746 lessor is intended as a form of financing:

2747 (A) for the tangible personal property or product transferred electronically; and

2748 (B) to the purchaser-lessee; and

2749 (iii) in accordance with generally accepted accounting principles, the purchaser-lessee  
2750 is required to:

2751 (A) capitalize the tangible personal property or product transferred electronically for  
2752 financial reporting purposes; and

2753 (B) account for the lease payments as payments made under a financing arrangement.

2754 [~~(117)~~] (123) "Sales price" means the same as that term is defined in Subsection  
2755 [~~(103)~~] (108).

2756 [~~(118)~~] (124) (a) "Sales relating to schools" means the following sales by, amounts  
2757 paid to, or amounts charged by a school:

2758 (i) sales that are directly related to the school's educational functions or activities  
2759 including:

- 2760 (A) the sale of:
- 2761 (I) textbooks;
- 2762 (II) textbook fees;
- 2763 (III) laboratory fees;
- 2764 (IV) laboratory supplies; or
- 2765 (V) safety equipment;
- 2766 (B) the sale of a uniform, protective equipment, or sports or recreational equipment
- 2767 that:
- 2768 (I) a student is specifically required to wear as a condition of participation in a
- 2769 school-related event or school-related activity; and
- 2770 (II) is not readily adaptable to general or continued usage to the extent that it takes the
- 2771 place of ordinary clothing;
- 2772 (C) sales of the following if the net or gross revenues generated by the sales are
- 2773 deposited into a school district fund or school fund dedicated to school meals:
- 2774 (I) food and food ingredients; or
- 2775 (II) prepared food; or
- 2776 (D) transportation charges for official school activities; or
- 2777 (ii) amounts paid to or amounts charged by a school for admission to a school-related
- 2778 event or school-related activity.
- 2779 (b) "Sales relating to schools" does not include:
- 2780 (i) bookstore sales of items that are not educational materials or supplies;
- 2781 (ii) except as provided in Subsection [~~(118)~~] (124)(a)(i)(B):
- 2782 (A) clothing;
- 2783 (B) clothing accessories or equipment;
- 2784 (C) protective equipment; or
- 2785 (D) sports or recreational equipment; or
- 2786 (iii) amounts paid to or amounts charged by a school for admission to a school-related
- 2787 event or school-related activity if the amounts paid or charged are passed through to a person:
- 2788 (A) other than a:
- 2789 (I) school;
- 2790 (II) nonprofit organization authorized by a school board or a governing body of a

- 2791 private school to organize and direct a competitive secondary school activity; or  
 2792 (III) nonprofit association authorized by a school board or a governing body of a  
 2793 private school to organize and direct a competitive secondary school activity; and  
 2794 (B) that is required to collect sales and use taxes under this chapter.  
 2795 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
 2796 commission may make rules defining the term "passed through."  
 2797 [~~(119)~~] (125) For purposes of this section and Section 59-12-104, "school" means:  
 2798 (a) an elementary school or a secondary school that:  
 2799 (i) is a:  
 2800 (A) public school; or  
 2801 (B) private school; and  
 2802 (ii) provides instruction for one or more grades kindergarten through 12; or  
 2803 (b) a public school district.  
 2804 [~~(120)~~] (126) (a) "Seller" means a person that makes a sale, lease, or rental of:  
 2805 (i) tangible personal property;  
 2806 (ii) a product transferred electronically; or  
 2807 (iii) a service.  
 2808 (b) "Seller" includes a marketplace facilitator.  
 2809 (127) "Seller-hosted prewritten computer software" means prewritten computer  
 2810 software that is accessed through the Internet or a seller-hosted server, regardless of whether:  
 2811 (a) the access is permanent; or  
 2812 (b) any downloading occurs.  
 2813 [~~(121)~~] (128) (a) "Semiconductor fabricating, processing, research, or development  
 2814 materials" means tangible personal property or a product transferred electronically if the  
 2815 tangible personal property or product transferred electronically is:  
 2816 (i) used primarily in the process of:  
 2817 (A) (I) manufacturing a semiconductor;  
 2818 (II) fabricating a semiconductor; or  
 2819 (III) research or development of a:  
 2820 (Aa) semiconductor; or  
 2821 (Bb) semiconductor manufacturing process; or

- 2822 (B) maintaining an environment suitable for a semiconductor; or  
2823 (ii) consumed primarily in the process of:  
2824 (A) (I) manufacturing a semiconductor;  
2825 (II) fabricating a semiconductor; or  
2826 (III) research or development of a:  
2827 (Aa) semiconductor; or  
2828 (Bb) semiconductor manufacturing process; or  
2829 (B) maintaining an environment suitable for a semiconductor.  
2830 (b) "Semiconductor fabricating, processing, research, or development materials"  
2831 includes:  
2832 (i) parts used in the repairs or renovations of tangible personal property or a product  
2833 transferred electronically described in Subsection [~~(121)~~] (128)(a); or  
2834 (ii) a chemical, catalyst, or other material used to:  
2835 (A) produce or induce in a semiconductor a:  
2836 (I) chemical change; or  
2837 (II) physical change;  
2838 (B) remove impurities from a semiconductor; or  
2839 (C) improve the marketable condition of a semiconductor.  
2840 [~~(122)~~] (129) "Senior citizen center" means a facility having the primary purpose of  
2841 providing services to the aged as defined in Section 62A-3-101.  
2842 [~~(123)~~] (130) (a) [~~Subject to Subsections (123)(b) and (c), "short-term"~~] "Short-term  
2843 lodging consumable" means tangible personal property that:  
2844 (i) a business that provides accommodations and services described in Subsection  
2845 59-12-103(1)(i) purchases as part of a transaction to provide the accommodations and services  
2846 to a purchaser;  
2847 (ii) is intended to be consumed by the purchaser; and  
2848 (iii) is:  
2849 (A) included in the purchase price of the accommodations and services; and  
2850 (B) not separately stated on an invoice, bill of sale, or other similar document provided  
2851 to the purchaser.  
2852 (b) "Short-term lodging consumable" includes:

- 2853 (i) a beverage;
- 2854 (ii) a brush or comb;
- 2855 (iii) a cosmetic;
- 2856 (iv) a hair care product;
- 2857 (v) lotion;
- 2858 (vi) a magazine;
- 2859 (vii) makeup;
- 2860 (viii) a meal;
- 2861 (ix) mouthwash;
- 2862 (x) nail polish remover;
- 2863 (xi) a newspaper;
- 2864 (xii) a notepad;
- 2865 (xiii) a pen;
- 2866 (xiv) a pencil;
- 2867 (xv) a razor;
- 2868 (xvi) saline solution;
- 2869 (xvii) a sewing kit;
- 2870 (xviii) shaving cream;
- 2871 (xix) a shoe shine kit;
- 2872 (xx) a shower cap;
- 2873 (xxi) a snack item;
- 2874 (xxii) soap;
- 2875 (xxiii) toilet paper;
- 2876 (xxiv) a toothbrush;
- 2877 (xxv) toothpaste; or
- 2878 (xxvi) an item similar to Subsections [~~(123)~~] (130)(b)(i) through (xxv) as the
- 2879 commission may provide by rule made in accordance with Title 63G, Chapter 3, Utah
- 2880 Administrative Rulemaking Act.
- 2881 (c) "Short-term lodging consumable" does not include:
- 2882 (i) tangible personal property that is cleaned or washed to allow the tangible personal
- 2883 property to be reused; or

- 2884 (ii) a product transferred electronically.
- 2885 [(124)] (131) "Simplified electronic return" means the electronic return:
- 2886 (a) described in Section 318(C) of the agreement; and
- 2887 (b) approved by the governing board of the agreement.
- 2888 [(125)] (132) "Solar energy" means the sun used as the sole source of energy for
- 2889 producing electricity.
- 2890 [(126)] (133) (a) "Sports or recreational equipment" means an item:
- 2891 (i) designed for human use; and
- 2892 (ii) that is:
- 2893 (A) worn in conjunction with:
- 2894 (I) an athletic activity; or
- 2895 (II) a recreational activity; and
- 2896 (B) not suitable for general use.
- 2897 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
- 2898 commission shall make rules:
- 2899 (i) listing the items that constitute "sports or recreational equipment"; and
- 2900 (ii) that are consistent with the list of items that constitute "sports or recreational
- 2901 equipment" under the agreement.
- 2902 [(127)] (134) "State" means the state of Utah, its departments, and agencies.
- 2903 [(128)] (135) "Storage" means any keeping or retention of tangible personal property or
- 2904 any other taxable transaction under Subsection 59-12-103(1), in this state for any purpose
- 2905 except sale in the regular course of business.
- 2906 [(129)] (136) (a) [~~Except as provided in Subsection (129)(d) or (e), "tangible~~]
- 2907 "Tangible personal property" means personal property that:
- 2908 (i) may be:
- 2909 (A) seen;
- 2910 (B) weighed;
- 2911 (C) measured;
- 2912 (D) felt; or
- 2913 (E) touched; or
- 2914 (ii) is in any manner perceptible to the senses.

2915 (b) "Tangible personal property" includes:

2916 (i) electricity;

2917 (ii) water;

2918 (iii) gas;

2919 (iv) steam; or

2920 (v) prewritten computer software, regardless of the manner in which the prewritten  
2921 computer software is transferred.

2922 (c) "Tangible personal property" includes the following regardless of whether the item  
2923 is attached to real property:

2924 (i) a dishwasher;

2925 (ii) a dryer;

2926 (iii) a freezer;

2927 (iv) a microwave;

2928 (v) a refrigerator;

2929 (vi) a stove;

2930 (vii) a washer; or

2931 (viii) an item similar to Subsections [~~129~~] (136)(c)(i) through (vii) as determined by  
2932 the commission by rule made in accordance with Title 63G, Chapter 3, Utah Administrative  
2933 Rulemaking Act.

2934 (d) "Tangible personal property" does not include a product that is transferred  
2935 electronically.

2936 (e) "Tangible personal property" does not include the following if attached to real  
2937 property, regardless of whether the attachment to real property is only through a line that  
2938 supplies water, electricity, gas, telephone, cable, or supplies a similar item as determined by the  
2939 commission by rule made in accordance with Title 63G, Chapter 3, Utah Administrative  
2940 Rulemaking Act:

2941 (i) a hot water heater;

2942 (ii) a water filtration system; or

2943 (iii) a water softener system.

2944 [~~130~~] (137) (a) "Telecommunications enabling or facilitating equipment, machinery,  
2945 or software" means an item listed in Subsection [~~130~~] (137)(b) if that item is purchased or

2946 leased primarily to enable or facilitate one or more of the following to function:

2947 (i) telecommunications switching or routing equipment, machinery, or software; or

2948 (ii) telecommunications transmission equipment, machinery, or software.

2949 (b) The following apply to Subsection [~~(130)~~] (137)(a):

2950 (i) a pole;

2951 (ii) software;

2952 (iii) a supplementary power supply;

2953 (iv) temperature or environmental equipment or machinery;

2954 (v) test equipment;

2955 (vi) a tower; or

2956 (vii) equipment, machinery, or software that functions similarly to an item listed in

2957 Subsections [~~(130)~~] (137)(b)(i) through (vi) as determined by the commission by rule made in

2958 accordance with Subsection [~~(130)~~] (137)(c).

2959 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the

2960 commission may by rule define what constitutes equipment, machinery, or software that

2961 functions similarly to an item listed in Subsections [~~(130)~~] (137)(b)(i) through (vi).

2962 [~~(131)~~] (138) "Telecommunications equipment, machinery, or software required for

2963 911 service" means equipment, machinery, or software that is required to comply with 47

2964 C.F.R. Sec. 20.18.

2965 [~~(132)~~] (139) "Telecommunications maintenance or repair equipment, machinery, or

2966 software" means equipment, machinery, or software purchased or leased primarily to maintain

2967 or repair one or more of the following, regardless of whether the equipment, machinery, or

2968 software is purchased or leased as a spare part or as an upgrade or modification to one or more

2969 of the following:

2970 (a) telecommunications enabling or facilitating equipment, machinery, or software;

2971 (b) telecommunications switching or routing equipment, machinery, or software; or

2972 (c) telecommunications transmission equipment, machinery, or software.

2973 [~~(133)~~] (140) (a) "Telecommunications service" means the electronic conveyance,

2974 routing, or transmission of audio, data, video, voice, or any other information or signal to a

2975 point, or among or between points.

2976 (b) "Telecommunications service" includes:



- 2977 (i) an electronic conveyance, routing, or transmission with respect to which a computer  
2978 processing application is used to act:
- 2979 (A) on the code, form, or protocol of the content;
- 2980 (B) for the purpose of electronic conveyance, routing, or transmission; and
- 2981 (C) regardless of whether the service:
- 2982 (I) is referred to as voice over Internet protocol service; or
- 2983 (II) is classified by the Federal Communications Commission as enhanced or value  
2984 added;
- 2985 (ii) an 800 service;
- 2986 (iii) a 900 service;
- 2987 (iv) a fixed wireless service;
- 2988 (v) a mobile wireless service;
- 2989 (vi) a postpaid calling service;
- 2990 (vii) a prepaid calling service;
- 2991 (viii) a prepaid wireless calling service; or
- 2992 (ix) a private communications service.
- 2993 (c) "Telecommunications service" does not include:
- 2994 (i) advertising, including directory advertising;
- 2995 (ii) an ancillary service;
- 2996 (iii) a billing and collection service provided to a third party;
- 2997 (iv) a data processing and information service if:
- 2998 (A) the data processing and information service allows data to be:
- 2999 (I) (Aa) acquired;
- 3000 (Bb) generated;
- 3001 (Cc) processed;
- 3002 (Dd) retrieved; or
- 3003 (Ee) stored; and
- 3004 (II) delivered by an electronic transmission to a purchaser; and
- 3005 (B) the purchaser's primary purpose for the underlying transaction is the processed data  
3006 or information;
- 3007 (v) installation or maintenance of the following on a customer's premises:

- 3008 (A) equipment; or
- 3009 (B) wiring;
- 3010 (vi) Internet access service;
- 3011 (vii) a paging service;
- 3012 (viii) a product transferred electronically, including:
- 3013 (A) music;
- 3014 (B) reading material;
- 3015 (C) a ring tone;
- 3016 (D) software; or
- 3017 (E) video;
- 3018 (ix) a radio and television audio and video programming service:
- 3019 (A) regardless of the medium; and
- 3020 (B) including:
- 3021 (I) furnishing conveyance, routing, or transmission of a television audio and video
- 3022 programming service by a programming service provider;
- 3023 (II) cable service as defined in 47 U.S.C. Sec. 522(6); or
- 3024 (III) audio and video programming services delivered by a commercial mobile radio
- 3025 service provider as defined in 47 C.F.R. Sec. 20.3;
- 3026 (x) a value-added nonvoice data service; or
- 3027 (xi) tangible personal property.
- 3028 [~~(134)~~] (141) (a) "Telecommunications service provider" means a person that:
- 3029 (i) owns, controls, operates, or manages a telecommunications service; and
- 3030 (ii) engages in an activity described in Subsection [~~(134)~~] (141)(a)(i) for the shared use
- 3031 with or resale to any person of the telecommunications service.
- 3032 (b) A person described in Subsection [~~(134)~~] (141)(a) is a telecommunications service
- 3033 provider whether or not the Public Service Commission of Utah regulates:
- 3034 (i) that person; or
- 3035 (ii) the telecommunications service that the person owns, controls, operates, or
- 3036 manages.
- 3037 [~~(135)~~] (142) (a) "Telecommunications switching or routing equipment, machinery, or
- 3038 software" means an item listed in Subsection [~~(135)~~] (142)(b) if that item is purchased or

3039 leased primarily for switching or routing:

- 3040 (i) an ancillary service;
- 3041 (ii) data communications;
- 3042 (iii) voice communications; or
- 3043 (iv) telecommunications service.

3044 (b) The following apply to Subsection [~~(135)~~] (142)(a):

- 3045 (i) a bridge;
- 3046 (ii) a computer;
- 3047 (iii) a cross connect;
- 3048 (iv) a modem;
- 3049 (v) a multiplexer;
- 3050 (vi) plug in circuitry;
- 3051 (vii) a router;
- 3052 (viii) software;
- 3053 (ix) a switch; or
- 3054 (x) equipment, machinery, or software that functions similarly to an item listed in

3055 Subsections [~~(135)~~] (142)(b)(i) through (ix) as determined by the commission by rule made in  
3056 accordance with Subsection [~~(135)~~] (142)(c).

3057 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
3058 commission may by rule define what constitutes equipment, machinery, or software that  
3059 functions similarly to an item listed in Subsections [~~(135)~~] (142)(b)(i) through (ix).

3060 [~~(136)~~] (143) (a) "Telecommunications transmission equipment, machinery, or  
3061 software" means an item listed in Subsection [~~(136)~~] (143)(b) if that item is purchased or  
3062 leased primarily for sending, receiving, or transporting:

- 3063 (i) an ancillary service;
- 3064 (ii) data communications;
- 3065 (iii) voice communications; or
- 3066 (iv) telecommunications service.

3067 (b) The following apply to Subsection [~~(136)~~] (143)(a):

- 3068 (i) an amplifier;
- 3069 (ii) a cable;

- 3070 (iii) a closure;
- 3071 (iv) a conduit;
- 3072 (v) a controller;
- 3073 (vi) a duplexer;
- 3074 (vii) a filter;
- 3075 (viii) an input device;
- 3076 (ix) an input/output device;
- 3077 (x) an insulator;
- 3078 (xi) microwave machinery or equipment;
- 3079 (xii) an oscillator;
- 3080 (xiii) an output device;
- 3081 (xiv) a pedestal;
- 3082 (xv) a power converter;
- 3083 (xvi) a power supply;
- 3084 (xvii) a radio channel;
- 3085 (xviii) a radio receiver;
- 3086 (xix) a radio transmitter;
- 3087 (xx) a repeater;
- 3088 (xxi) software;
- 3089 (xxii) a terminal;
- 3090 (xxiii) a timing unit;
- 3091 (xxiv) a transformer;
- 3092 (xxv) a wire; or
- 3093 (xxvi) equipment, machinery, or software that functions similarly to an item listed in
- 3094 Subsections ~~[(136)]~~ (143)(b)(i) through (xxv) as determined by the commission by rule made in
- 3095 accordance with Subsection ~~[(136)]~~ (143)(c).
- 3096 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
- 3097 commission may by rule define what constitutes equipment, machinery, or software that
- 3098 functions similarly to an item listed in Subsections ~~[(136)]~~ (143)(b)(i) through (xxv).
- 3099 ~~[(137)-(a)]~~ "Textbook for a higher education course" means a textbook or other printed
- 3100 material that is required for a course:]

- 3101 ~~[(i) offered by an institution of higher education; and]~~  
 3102 ~~[(ii) that the purchaser of the textbook or other printed material attends or will attend.]~~  
 3103 ~~[(b) "Textbook for a higher education course" includes a textbook in electronic~~  
 3104 ~~format.]~~
- 3105 ~~[(138)]~~ (144) "Tobacco" means:  
 3106 (a) a cigarette;  
 3107 (b) a cigar;  
 3108 (c) chewing tobacco;  
 3109 (d) pipe tobacco; or  
 3110 (e) any other item that contains tobacco.
- 3111 ~~[(139) "Unassisted amusement device" means an amusement device, skill device, or~~  
 3112 ~~ride device that is started and stopped by the purchaser or renter of the right to use or operate~~  
 3113 ~~the amusement device, skill device, or ride device.]~~
- 3114 ~~[(140)]~~ (145) (a) "Use" means the exercise of any right or power over tangible personal  
 3115 property, a product transferred electronically, or a service under Subsection 59-12-103(1),  
 3116 incident to the ownership or the leasing of that tangible personal property, product transferred  
 3117 electronically, or service.
- 3118 (b) "Use" does not include the sale, display, demonstration, or trial of tangible personal  
 3119 property, a product transferred electronically, or a service in the regular course of business and  
 3120 held for resale.
- 3121 ~~[(141)]~~ (146) "Value-added nonvoice data service" means a service:  
 3122 (a) that otherwise meets the definition of a telecommunications service except that a  
 3123 computer processing application is used to act primarily for a purpose other than conveyance,  
 3124 routing, or transmission; and  
 3125 (b) with respect to which a computer processing application is used to act on data or  
 3126 information:  
 3127 (i) code;  
 3128 (ii) content;  
 3129 (iii) form; or  
 3130 (iv) protocol.
- 3131 ~~[(142)]~~ (147) (a) Subject to Subsection ~~[(142)]~~ (147)(b), "vehicle" means the following

3132 that are required to be titled, registered, or titled and registered:

3133 (i) an aircraft as defined in Section 72-10-102;

3134 (ii) a vehicle as defined in Section 41-1a-102;

3135 (iii) an off-highway vehicle as defined in Section 41-22-2; or

3136 (iv) a vessel as defined in Section 41-1a-102.

3137 (b) For purposes of Subsection 59-12-104~~(33)~~(31) only, "vehicle" includes:

3138 (i) a vehicle described in Subsection ~~[(142)]~~ (147)(a); or

3139 (ii) (A) a locomotive;

3140 (B) a freight car;

3141 (C) railroad work equipment; or

3142 (D) other railroad rolling stock.

3143 ~~[(143)]~~ (148) "Vehicle dealer" means a person engaged in the business of buying,  
3144 selling, or exchanging a vehicle ~~[as defined in Subsection (142)]~~.

3145 ~~[(144)]~~ (149) (a) "Vertical service" means an ancillary service that:

3146 (i) is offered in connection with one or more telecommunications services; and

3147 (ii) offers an advanced calling feature that allows a customer to:

3148 (A) identify a caller; and

3149 (B) manage multiple calls and call connections.

3150 (b) "Vertical service" includes an ancillary service that allows a customer to manage a  
3151 conference bridging service.

3152 ~~[(145)]~~ (150) (a) "Voice mail service" means an ancillary service that enables a  
3153 customer to receive, send, or store a recorded message.

3154 (b) "Voice mail service" does not include a vertical service that a customer is required  
3155 to have in order to utilize a voice mail service.

3156 ~~[(146)]~~ (151) (a) ~~[Except as provided in Subsection (146)(b), "waste"]~~ "Waste energy  
3157 facility" means a facility that generates electricity:

3158 (i) using as the primary source of energy waste materials that would be placed in a  
3159 landfill or refuse pit if it were not used to generate electricity, including:

3160 (A) tires;

3161 (B) waste coal;

3162 (C) oil shale; or

- 3163 (D) municipal solid waste; and
- 3164 (ii) in amounts greater than actually required for the operation of the facility.
- 3165 (b) "Waste energy facility" does not include a facility that incinerates:
- 3166 (i) hospital waste as defined in 40 C.F.R. 60.51c; or
- 3167 (ii) medical/infectious waste as defined in 40 C.F.R. 60.51c.
- 3168 [~~(147)~~] (152) "Watercraft" means a vessel as defined in Section 73-18-2.
- 3169 [~~(148)~~] (153) "Wind energy" means wind used as the sole source of energy to produce
- 3170 electricity.
- 3171 [~~(149)~~] (154) "ZIP Code" means a Zoning Improvement Plan Code assigned to a
- 3172 geographic location by the United States Postal Service.
- 3173 Section 33. Section **59-12-103** is amended to read:
- 3174 **59-12-103. Sales and use tax base -- Rates -- Effective dates -- Use of sales and use**
- 3175 **tax revenue.**
- 3176 (1) A tax is imposed on the purchaser as provided in this part on the purchase price or
- 3177 sales price for amounts paid or charged for the following transactions:
- 3178 (a) retail sales of tangible personal property made within the state;
- 3179 (b) amounts paid for:
- 3180 (i) telecommunications service, other than mobile telecommunications service or a 900
- 3181 service, that originates and terminates within the boundaries of this state;
- 3182 (ii) mobile telecommunications service that originates and terminates within the
- 3183 boundaries of one state only to the extent permitted by the Mobile Telecommunications
- 3184 Sourcing Act, 4 U.S.C. Sec. 116 et seq.; [~~or~~]
- 3185 (iii) a 900 service; or
- 3186 [~~(iii)~~] (iv) an ancillary service associated with a:
- 3187 (A) telecommunications service described in Subsection (1)(b)(i); [~~or~~]
- 3188 (B) mobile telecommunications service described in Subsection (1)(b)(ii); or
- 3189 (C) 900 service;
- 3190 (c) sales of the following for commercial use:
- 3191 (i) gas;
- 3192 (ii) electricity;
- 3193 (iii) heat;

- 3194 (iv) coal;
- 3195 (v) fuel oil; or
- 3196 (vi) other fuels;
- 3197 (d) sales of the following for residential use:
- 3198 (i) gas;
- 3199 (ii) electricity;
- 3200 (iii) heat;
- 3201 (iv) coal;
- 3202 (v) fuel oil; or
- 3203 (vi) other fuels;
- 3204 (e) sales of prepared food;
- 3205 (f) except as provided in Section 59-12-104, amounts paid or charged as admission or
- 3206 user fees for theaters, movies, operas, museums, planetariums, shows of any type or nature,
- 3207 exhibitions, concerts, carnivals, amusement parks, amusement rides, circuses, menageries,
- 3208 fairs, races, contests, sporting events, dances, boxing matches, wrestling matches, closed circuit
- 3209 television broadcasts, billiard parlors, pool parlors, bowling lanes, golf, miniature golf, golf
- 3210 driving ranges, batting cages, skating rinks, ski lifts, ski runs, ski trails, snowmobile trails,
- 3211 tennis courts, swimming pools, water slides, river runs, jeep tours, boat tours, scenic cruises,
- 3212 horseback rides, sports activities, or any other amusement, entertainment, recreation,
- 3213 exhibition, cultural, or athletic activity;
- 3214 (g) amounts paid or charged for services for repairs or renovations of tangible personal
- 3215 property, unless Section 59-12-104 provides for an exemption from sales and use tax for:
- 3216 (i) the tangible personal property; and
- 3217 (ii) parts used in the repairs or renovations of the tangible personal property described
- 3218 in Subsection (1)(g)(i), regardless of whether:
- 3219 (A) any parts are actually used in the repairs or renovations of that tangible personal
- 3220 property; or
- 3221 (B) the particular parts used in the repairs or renovations of that tangible personal
- 3222 property are exempt from a tax under this chapter;
- 3223 (h) ~~except as provided in Subsection 59-12-104(7),~~ amounts paid or charged for
- 3224 assisted cleaning or washing of tangible personal property;



- 3225 (i) amounts paid or charged for tourist home, hotel, motel, or trailer court  
3226 accommodations and services that are regularly rented for less than 30 consecutive days;
- 3227 (j) amounts paid or charged for laundry or dry cleaning services;
- 3228 (k) amounts paid or charged for leases or rentals of tangible personal property if within  
3229 this state the tangible personal property is:
- 3230 (i) stored;
- 3231 (ii) used; or
- 3232 (iii) otherwise consumed;
- 3233 (l) amounts paid or charged for tangible personal property if within this state the  
3234 tangible personal property is:
- 3235 (i) stored;
- 3236 (ii) used; or
- 3237 (iii) consumed; [~~and~~]
- 3238 (m) amounts paid or charged for a sale:
- 3239 (i) (A) of a product transferred electronically; or
- 3240 (B) of a repair or renovation of a product transferred electronically; and
- 3241 (ii) regardless of whether the sale provides:
- 3242 (A) a right of permanent use of the product; or
- 3243 (B) a right to use the product that is less than a permanent use, including a right:
- 3244 (I) for a definite or specified length of time; and
- 3245 (II) that terminates upon the occurrence of a condition[-];
- 3246 (n) amounts paid or charged for access to digital audio-visual works, digital audio  
3247 works, digital books, or gaming services, including the streaming of or subscription for access  
3248 to digital audio-visual works, digital audio works, digital books, or gaming services regardless  
3249 of:
- 3250 (i) the delivery method; or
- 3251 (ii) whether the amount paid or charged for access provides a right to:
- 3252 (A) single-use access to the digital audio-visual works, digital audio works, digital  
3253 books, or gaming services; or
- 3254 (B) access the digital audio-visual works, digital audio works, digital books, or gaming  
3255 services through a subscription, including a right that terminates upon the occurrence of a

- 3256 condition:
- 3257 (o) amounts paid or charged for the storage, use, or other consumption of:
- 3258 (i) prewritten computer software delivered electronically or by load and leave; or
- 3259 (ii) seller-hosted prewritten computer software; and
- 3260 (p) amounts paid or charged for the following services:
- 3261 (i) repair, cleaning, or maintenance of real property;
- 3262 (ii) personal transportation that originates in the state and terminates in the state;
- 3263 (iii) scenic or sightseeing transportation;
- 3264 (iv) storage of tangible personal property not held for sale in the regular course of
- 3265 business:
- 3266 (v) parking, garaging, or storing a motor vehicle, excluding valet;
- 3267 (vi) tow truck service as defined in Section 72-9-102, including any related fees;
- 3268 (vii) nonemergent veterinary services;
- 3269 (viii) pet boarding;
- 3270 (ix) esthetics services;
- 3271 (x) personal services;
- 3272 (xi) nonmedical massage services;
- 3273 (xii) steam baths, sauna baths, Turkish baths, and similar services;
- 3274 (xiii) dating referral services;
- 3275 (xiv) escort service as defined in Section 59-27-102;
- 3276 (xv) astrology reading;
- 3277 (xvi) fortune telling, including palm reading, tarot card reading, and psychic reading;
- 3278 and
- 3279 (xvii) identity theft protection.
- 3280 (2) (a) Except as provided in Subsections (2)(b) through (e), a state tax and a local tax
- 3281 are imposed on a transaction described in Subsection (1) equal to the sum of:
- 3282 (i) a state tax imposed on the transaction at a tax rate equal to the sum of:
- 3283 [~~(A) (I) through March 31, 2019, 4.70%; and~~]
- 3284 [~~(H)~~] (A) [~~beginning on April 1, 2019;~~] 4.70% plus the rate specified in Subsection
- 3285 [~~(13)~~] (12)(a); and
- 3286 (B) (I) the tax rate the state imposes in accordance with Part 18, Additional State Sales

3287 and Use Tax Act, if the location of the transaction as determined under Sections 59-12-211  
3288 through 59-12-215 is in a county in which the state imposes the tax under Part 18, Additional  
3289 State Sales and Use Tax Act; and

3290 (II) the tax rate the state imposes in accordance with Part 20, Supplemental State Sales  
3291 and Use Tax Act, if the location of the transaction as determined under Sections 59-12-211  
3292 through 59-12-215 is in a city, town, or the unincorporated area of a county in which the state  
3293 imposes the tax under Part 20, Supplemental State Sales and Use Tax Act; and

3294 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the  
3295 transaction under this chapter other than this part.

3296 (b) Except as provided in Subsection (2)(d) or (e), a state tax and a local tax are  
3297 imposed on a transaction described in Subsection (1)(d) equal to the sum of:

3298 (i) a state tax imposed on the transaction at a tax rate of 2%; and

3299 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the  
3300 transaction under this chapter other than this part.

3301 (c) Except as provided in Subsection (2)(d) or (e), a state tax and a local tax are  
3302 imposed on amounts paid or charged for food and food ingredients equal to the sum of:

3303 (i) a state tax imposed on the amounts paid or charged for food and food ingredients at  
3304 [~~a tax rate of 1.75%~~] the tax rate described in Subsection (2)(a)(i)(A); and

3305 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the  
3306 amounts paid or charged for food and food ingredients under this chapter other than this part.

3307 (d) (i) For a bundled transaction that is attributable to food and food ingredients and  
3308 tangible personal property other than food and food ingredients, a state tax and a local tax is  
3309 imposed on the entire bundled transaction equal to the sum of:

3310 (A) a state tax imposed on the entire bundled transaction equal to the sum of:

3311 (I) the tax rate described in Subsection (2)(a)(i)(A); and

3312 (II) (Aa) the tax rate the state imposes in accordance with Part 18, Additional State  
3313 Sales and Use Tax Act, if the location of the transaction as determined under Sections  
3314 59-12-211 through 59-12-215 is in a county in which the state imposes the tax under Part 18,  
3315 Additional State Sales and Use Tax Act; and

3316 (Bb) the tax rate the state imposes in accordance with Part 20, Supplemental State  
3317 Sales and Use Tax Act, if the location of the transaction as determined under Sections

3318 59-12-211 through 59-12-215 is in a city, town, or the unincorporated area of a county in which  
3319 the state imposes the tax under Part 20, Supplemental State Sales and Use Tax Act; and

3320 (B) a local tax imposed on the entire bundled transaction at the sum of the tax rates  
3321 described in Subsection (2)(a)(ii).

3322 (ii) If an optional computer software maintenance contract is a bundled transaction that  
3323 consists of taxable and nontaxable products that are not separately itemized on an invoice or  
3324 similar billing document, the purchase of the optional computer software maintenance contract  
3325 is 40% taxable under this chapter and 60% nontaxable under this chapter.

3326 (iii) Subject to Subsection (2)(d)(iv), for a bundled transaction other than a bundled  
3327 transaction described in Subsection (2)(d)(i) or (ii):

3328 (A) if the sales price of the bundled transaction is attributable to tangible personal  
3329 property, a product, or a service that is subject to taxation under this chapter and tangible  
3330 personal property, a product, or service that is not subject to taxation under this chapter, the  
3331 entire bundled transaction is subject to taxation under this chapter unless:

3332 (I) the seller is able to identify by reasonable and verifiable standards the tangible  
3333 personal property, product, or service that is not subject to taxation under this chapter from the  
3334 books and records the seller keeps in the seller's regular course of business; or

3335 (II) state or federal law provides otherwise; or

3336 (B) if the sales price of a bundled transaction is attributable to two or more items of  
3337 tangible personal property, products, or services that are subject to taxation under this chapter  
3338 at different rates, the entire bundled transaction is subject to taxation under this chapter at the  
3339 higher tax rate unless:

3340 (I) the seller is able to identify by reasonable and verifiable standards the tangible  
3341 personal property, product, or service that is subject to taxation under this chapter at the lower  
3342 tax rate from the books and records the seller keeps in the seller's regular course of business; or

3343 (II) state or federal law provides otherwise.

3344 (iv) For purposes of Subsection (2)(d)(iii), books and records that a seller keeps in the  
3345 seller's regular course of business includes books and records the seller keeps in the regular  
3346 course of business for nontax purposes.

3347 (e) (i) Except as otherwise provided in this chapter and subject to Subsections (2)(e)(ii)  
3348 and (iii), if a transaction consists of the sale, lease, or rental of tangible personal property, a

3349 product, or a service that is subject to taxation under this chapter, and the sale, lease, or rental  
3350 of tangible personal property, other property, a product, or a service that is not subject to  
3351 taxation under this chapter, the entire transaction is subject to taxation under this chapter unless  
3352 the seller, at the time of the transaction:

3353 (A) separately states the portion of the transaction that is not subject to taxation under  
3354 this chapter on an invoice, bill of sale, or similar document provided to the purchaser; or

3355 (B) is able to identify by reasonable and verifiable standards, from the books and  
3356 records the seller keeps in the seller's regular course of business, the portion of the transaction  
3357 that is not subject to taxation under this chapter.

3358 (ii) A purchaser and a seller may correct the taxability of a transaction if:

3359 (A) after the transaction occurs, the purchaser and the seller discover that the portion of  
3360 the transaction that is not subject to taxation under this chapter was not separately stated on an  
3361 invoice, bill of sale, or similar document provided to the purchaser because of an error or  
3362 ignorance of the law; and

3363 (B) the seller is able to identify by reasonable and verifiable standards, from the books  
3364 and records the seller keeps in the seller's regular course of business, the portion of the  
3365 transaction that is not subject to taxation under this chapter.

3366 (iii) For purposes of Subsections (2)(e)(i) and (ii), books and records that a seller keeps  
3367 in the seller's regular course of business includes books and records the seller keeps in the  
3368 regular course of business for nontax purposes.

3369 (f) (i) If the sales price of a transaction is attributable to two or more items of tangible  
3370 personal property, products, or services that are subject to taxation under this chapter at  
3371 different rates, the entire purchase is subject to taxation under this chapter at the higher tax rate  
3372 unless the seller, at the time of the transaction:

3373 (A) separately states the items subject to taxation under this chapter at each of the  
3374 different rates on an invoice, bill of sale, or similar document provided to the purchaser; or

3375 (B) is able to identify by reasonable and verifiable standards the tangible personal  
3376 property, product, or service that is subject to taxation under this chapter at the lower tax rate  
3377 from the books and records the seller keeps in the seller's regular course of business.

3378 (ii) For purposes of Subsection (2)(f)(i), books and records that a seller keeps in the  
3379 seller's regular course of business includes books and records the seller keeps in the regular

3380 course of business for nontax purposes.

3381 (g) Subject to Subsections (2)(h) and (i), a tax rate repeal or tax rate change for a tax  
3382 rate imposed under the following shall take effect on the first day of a calendar quarter:

3383 (i) Subsection (2)(a)(i)(A);

3384 (ii) Subsection (2)(b)(i);

3385 (iii) Subsection (2)(c)(i); or

3386 (iv) Subsection (2)(d)(i)(A)(I).

3387 (h) (i) A tax rate increase takes effect on the first day of the first billing period that  
3388 begins on or after the effective date of the tax rate increase if the billing period for the  
3389 transaction begins before the effective date of a tax rate increase imposed under:

3390 (A) Subsection (2)(a)(i)(A);

3391 (B) Subsection (2)(b)(i);

3392 (C) Subsection (2)(c)(i); or

3393 (D) Subsection (2)(d)(i)(A)(I).

3394 (ii) The repeal of a tax or a tax rate decrease applies to a billing period if the billing  
3395 statement for the billing period is rendered on or after the effective date of the repeal of the tax  
3396 or the tax rate decrease imposed under:

3397 (A) Subsection (2)(a)(i)(A);

3398 (B) Subsection (2)(b)(i);

3399 (C) Subsection (2)(c)(i); or

3400 (D) Subsection (2)(d)(i)(A)(I).

3401 (i) (i) For a tax rate described in Subsection (2)(i)(ii), if a tax due on a catalogue sale is  
3402 computed on the basis of sales and use tax rates published in the catalogue, a tax rate repeal or  
3403 change in a tax rate takes effect:

3404 (A) on the first day of a calendar quarter; and

3405 (B) beginning 60 days after the effective date of the tax rate repeal or tax rate change.

3406 (ii) Subsection (2)(i)(i) applies to the tax rates described in the following:

3407 (A) Subsection (2)(a)(i)(A);

3408 (B) Subsection (2)(b)(i);

3409 (C) Subsection (2)(c)(i); or

3410 (D) Subsection (2)(d)(i)(A)(I).

3411 (iii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,  
3412 the commission may by rule define the term "catalogue sale."

3413 (3) (a) The following state taxes shall be deposited into the General Fund:

3414 (i) the tax imposed by Subsection (2)(a)(i)(A);

3415 (ii) the tax imposed by Subsection (2)(b)(i);

3416 (iii) the tax imposed by Subsection (2)(c)(i); or

3417 (iv) the tax imposed by Subsection (2)(d)(i)(A)(I).

3418 (b) The following local taxes shall be distributed to a county, city, or town as provided  
3419 in this chapter:

3420 (i) the tax imposed by Subsection (2)(a)(ii);

3421 (ii) the tax imposed by Subsection (2)(b)(ii);

3422 (iii) the tax imposed by Subsection (2)(c)(ii); and

3423 (iv) the tax imposed by Subsection (2)(d)(i)(B).

3424 (4) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,  
3425 2003, the lesser of the following amounts shall be expended as provided in Subsections (4)(b)  
3426 through (g):

3427 (i) for taxes listed under Subsection (3)(a), the amount of tax revenue generated:

3428 (A) by a 1/16% tax rate on the transactions described in Subsection (1); and

3429 (B) for the fiscal year; or

3430 (ii) \$17,500,000.

3431 (b) (i) For a fiscal year beginning on or after July 1, 2003, 14% of the amount  
3432 described in Subsection (4)(a) shall be transferred each year as dedicated credits to the  
3433 Department of Natural Resources to:

3434 (A) implement the measures described in Subsections 79-2-303(3)(a) through (d) to  
3435 protect sensitive plant and animal species; or

3436 (B) award grants, up to the amount authorized by the Legislature in an appropriations  
3437 act, to political subdivisions of the state to implement the measures described in Subsections  
3438 79-2-303(3)(a) through (d) to protect sensitive plant and animal species.

3439 (ii) Money transferred to the Department of Natural Resources under Subsection  
3440 (4)(b)(i) may not be used to assist the United States Fish and Wildlife Service or any other  
3441 person to list or attempt to have listed a species as threatened or endangered under the

3442 Endangered Species Act of 1973, 16 U.S.C. Sec. 1531 et seq.

3443 (iii) At the end of each fiscal year:

3444 (A) 50% of any unexpended dedicated credits shall lapse to the Water Resources

3445 Conservation and Development Fund created in Section 73-10-24;

3446 (B) 25% of any unexpended dedicated credits shall lapse to the Utah Wastewater Loan

3447 Program Subaccount created in Section 73-10c-5; and

3448 (C) 25% of any unexpended dedicated credits shall lapse to the Drinking Water Loan

3449 Program Subaccount created in Section 73-10c-5.

3450 (c) For a fiscal year beginning on or after July 1, 2003, 3% of the amount described in

3451 Subsection (4)(a) shall be deposited each year in the Agriculture Resource Development Fund

3452 created in Section 4-18-106.

3453 (d) (i) For a fiscal year beginning on or after July 1, 2003, 1% of the amount described

3454 in Subsection (4)(a) shall be transferred each year as dedicated credits to the Division of Water

3455 Rights to cover the costs incurred in hiring legal and technical staff for the adjudication of

3456 water rights.

3457 (ii) At the end of each fiscal year:

3458 (A) 50% of any unexpended dedicated credits shall lapse to the Water Resources

3459 Conservation and Development Fund created in Section 73-10-24;

3460 (B) 25% of any unexpended dedicated credits shall lapse to the Utah Wastewater Loan

3461 Program Subaccount created in Section 73-10c-5; and

3462 (C) 25% of any unexpended dedicated credits shall lapse to the Drinking Water Loan

3463 Program Subaccount created in Section 73-10c-5.

3464 (e) (i) For a fiscal year beginning on or after July 1, 2003, 41% of the amount described

3465 in Subsection (4)(a) shall be deposited into the Water Resources Conservation and

3466 Development Fund created in Section 73-10-24 for use by the Division of Water Resources.

3467 (ii) In addition to the uses allowed of the Water Resources Conservation and

3468 Development Fund under Section 73-10-24, the Water Resources Conservation and

3469 Development Fund may also be used to:

3470 (A) conduct hydrologic and geotechnical investigations by the Division of Water

3471 Resources in a cooperative effort with other state, federal, or local entities, for the purpose of

3472 quantifying surface and ground water resources and describing the hydrologic systems of an



3473 area in sufficient detail so as to enable local and state resource managers to plan for and  
3474 accommodate growth in water use without jeopardizing the resource;

3475 (B) fund state required dam safety improvements; and

3476 (C) protect the state's interest in interstate water compact allocations, including the  
3477 hiring of technical and legal staff.

3478 (f) For a fiscal year beginning on or after July 1, 2003, 20.5% of the amount described  
3479 in Subsection (4)(a) shall be deposited into the Utah Wastewater Loan Program Subaccount  
3480 created in Section 73-10c-5 for use by the Water Quality Board to fund wastewater projects.

3481 (g) For a fiscal year beginning on or after July 1, 2003, 20.5% of the amount described  
3482 in Subsection (4)(a) shall be deposited into the Drinking Water Loan Program Subaccount  
3483 created in Section 73-10c-5 for use by the Division of Drinking Water to:

3484 (i) provide for the installation and repair of collection, treatment, storage, and  
3485 distribution facilities for any public water system, as defined in Section 19-4-102;

3486 (ii) develop underground sources of water, including springs and wells; and

3487 (iii) develop surface water sources.

3488 (5) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,  
3489 2006, the difference between the following amounts shall be expended as provided in this  
3490 Subsection (5), if that difference is greater than \$1:

3491 (i) for taxes listed under Subsection (3)(a), the amount of tax revenue generated for the  
3492 fiscal year by a 1/16% tax rate on the transactions described in Subsection (1); and

3493 (ii) \$17,500,000.

3494 (b) (i) The first \$500,000 of the difference described in Subsection (5)(a) shall be:

3495 (A) transferred each fiscal year to the Department of Natural Resources as dedicated  
3496 credits; and

3497 (B) expended by the Department of Natural Resources for watershed rehabilitation or  
3498 restoration.

3499 (ii) At the end of each fiscal year, 100% of any unexpended dedicated credits described  
3500 in Subsection (5)(b)(i) shall lapse to the Water Resources Conservation and Development Fund  
3501 created in Section 73-10-24.

3502 (c) (i) After making the transfer required by Subsection (5)(b)(i), \$150,000 of the  
3503 remaining difference described in Subsection (5)(a) shall be:

3504 (A) transferred each fiscal year to the Division of Water Resources as dedicated  
3505 credits; and

3506 (B) expended by the Division of Water Resources for cloud-seeding projects  
3507 authorized by Title 73, Chapter 15, Modification of Weather.

3508 (ii) At the end of each fiscal year, 100% of any unexpended dedicated credits described  
3509 in Subsection (5)(c)(i) shall lapse to the Water Resources Conservation and Development Fund  
3510 created in Section 73-10-24.

3511 (d) After making the transfers required by Subsections (5)(b) and (c), 85% of the  
3512 remaining difference described in Subsection (5)(a) shall be deposited into the Water  
3513 Resources Conservation and Development Fund created in Section 73-10-24 for use by the  
3514 Division of Water Resources for:

3515 (i) preconstruction costs:

3516 (A) as defined in Subsection 73-26-103(6) for projects authorized by Title 73, Chapter  
3517 26, Bear River Development Act; and

3518 (B) as defined in Subsection 73-28-103(8) for the Lake Powell Pipeline project  
3519 authorized by Title 73, Chapter 28, Lake Powell Pipeline Development Act;

3520 (ii) the cost of employing a civil engineer to oversee any project authorized by Title 73,  
3521 Chapter 26, Bear River Development Act;

3522 (iii) the cost of employing a civil engineer to oversee the Lake Powell Pipeline project  
3523 authorized by Title 73, Chapter 28, Lake Powell Pipeline Development Act; and

3524 (iv) other uses authorized under Sections 73-10-24, 73-10-25.1, and 73-10-30, and  
3525 Subsection (4)(e)(ii) after funding the uses specified in Subsections (5)(d)(i) through (iii).

3526 (e) After making the transfers required by Subsections (5)(b) and (c) and subject to  
3527 Subsection (5)(f), 15% of the remaining difference described in Subsection (5)(a) shall be  
3528 transferred each year as dedicated credits to the Division of Water Rights to cover the costs  
3529 incurred for employing additional technical staff for the administration of water rights.

3530 (f) At the end of each fiscal year, any unexpended dedicated credits described in  
3531 Subsection (5)(e) over \$150,000 lapse to the Water Resources Conservation and Development  
3532 Fund created in Section 73-10-24.

3533 (6) Notwithstanding Subsection (3)(a) and for taxes listed under Subsection (3)(a), the  
3534 amount of revenue generated by a 1/16% tax rate on the transactions described in Subsection

3535 (1) for the fiscal year shall be deposited as follows:

3536 (a) for fiscal year 2016-17 only, 100% of the revenue described in this Subsection (6)  
3537 shall be deposited into the Transportation Investment Fund of 2005 created by Section  
3538 72-2-124;

3539 (b) for fiscal year 2017-18 only:

3540 (i) 80% of the revenue described in this Subsection (6) shall be deposited into the  
3541 Transportation Investment Fund of 2005 created by Section 72-2-124; and

3542 (ii) 20% of the revenue described in this Subsection (6) shall be deposited into the  
3543 Water Infrastructure Restricted Account created by Section 73-10g-103;

3544 (c) for fiscal year 2018-19 only:

3545 (i) 60% of the revenue described in this Subsection (6) shall be deposited into the  
3546 Transportation Investment Fund of 2005 created by Section 72-2-124; and

3547 (ii) 40% of the revenue described in this Subsection (6) shall be deposited into the  
3548 Water Infrastructure Restricted Account created by Section 73-10g-103;

3549 (d) for fiscal year 2019-20 only:

3550 (i) 40% of the revenue described in this Subsection (6) shall be deposited into the  
3551 Transportation Investment Fund of 2005 created by Section 72-2-124; and

3552 (ii) 60% of the revenue described in this Subsection (6) shall be deposited into the  
3553 Water Infrastructure Restricted Account created by Section 73-10g-103;

3554 (e) for fiscal year 2020-21 only:

3555 (i) 20% of the revenue described in this Subsection (6) shall be deposited into the  
3556 Transportation Investment Fund of 2005 created by Section 72-2-124; and

3557 (ii) 80% of the revenue described in this Subsection (6) shall be deposited into the  
3558 Water Infrastructure Restricted Account created by Section 73-10g-103; and

3559 (f) for a fiscal year beginning on or after July 1, 2021, 100% of the revenue described  
3560 in this Subsection (6) shall be deposited into the Water Infrastructure Restricted Account  
3561 created by Section 73-10g-103.

3562 (7) (a) Notwithstanding Subsection (3)(a), in addition to the amounts deposited in  
3563 Subsection (6), and subject to Subsection (7)(b), for a fiscal year beginning on or after July 1,  
3564 [~~2012~~] 2020, the Division of Finance shall deposit into the Transportation Investment Fund of  
3565 2005 created by Section 72-2-124;

3566 (i) a portion of the taxes listed under Subsection (3)(a) in an amount equal to 8.3% of  
3567 the ~~[revenues]~~ revenue collected from the following taxes, which represents a portion of the  
3568 approximately 17% of sales and use tax ~~[revenues]~~ revenue generated annually by the sales and  
3569 use tax on vehicles and vehicle-related products:

3570 (A) the tax imposed by Subsection (2)(a)(i)(A) at a 4.7% rate;

3571 (B) the tax imposed by Subsection (2)(b)(i);

3572 (C) the tax imposed by Subsection (2)(c)(i); and

3573 (D) the tax imposed by Subsection (2)(d)(i)(A)(I); plus

3574 (ii) an amount equal to 30% of the growth in the amount of revenues collected in the  
3575 current fiscal year from the sales and use taxes described in Subsections (7)(a)(i)(A) through  
3576 (D) that exceeds the amount collected from the sales and use taxes described in Subsections  
3577 (7)(a)(i)(A) through (D) in the 2010-11 fiscal year.

3578 (b) (i) Subject to Subsections (7)(b)(ii) and (iii), in any fiscal year that the portion of  
3579 the sales and use taxes deposited under Subsection (7)(a) represents an amount that is a total  
3580 lower percentage of the sales and use taxes described in Subsections (7)(a)(i)(A) through (D)  
3581 generated in the current fiscal year than the total percentage of sales and use taxes deposited in  
3582 the previous fiscal year, the Division of Finance shall deposit an amount under Subsection  
3583 (7)(a) equal to the product of:

3584 (A) the total percentage of sales and use taxes deposited under Subsection (7)(a) in the  
3585 previous fiscal year; and

3586 (B) the total sales and use tax revenue generated by the taxes described in Subsections  
3587 (7)(a)(i)(A) through (D) in the current fiscal year.

3588 (ii) In any fiscal year in which the portion of the sales and use taxes deposited under  
3589 Subsection (7)(a) would exceed ~~[17%]~~ 15.2% of the ~~[revenues]~~ revenue collected from the  
3590 sales and use taxes described in Subsections (7)(a)(i)(A) through (D) in the current fiscal year,  
3591 the Division of Finance shall deposit ~~[17%]~~ 15.2% of the ~~[revenues]~~ revenue collected from the  
3592 sales and use taxes described in Subsections (7)(a)(i)(A) through (D) for the current fiscal year  
3593 under Subsection (7)(a).

3594 (iii) In all subsequent fiscal years after a year in which ~~[17%]~~ 15.2% of the ~~[revenues]~~  
3595 revenue collected from the sales and use taxes described in Subsections (7)(a)(i)(A) through  
3596 (D) was deposited under Subsection (7)(a), the Division of Finance shall annually deposit

3597 ~~[17%]~~ 15.2% of the ~~[revenues]~~ revenue collected from the sales and use taxes described in  
 3598 Subsections (7)(a)(i)(A) through (D) in the current fiscal year under Subsection (7)(a).

3599 ~~[(8)(a) Notwithstanding Subsection (3)(a), and in addition to the amounts deposited~~  
 3600 ~~under Subsections (6) and (7), for the 2016-17 fiscal year only, the Division of Finance shall~~  
 3601 ~~deposit \$64,000,000 of the revenues generated by the taxes listed under Subsection (3)(a) into~~  
 3602 ~~the Transportation Investment Fund of 2005 created by Section 72-2-124.]~~

3603 ~~[(b) Notwithstanding Subsection (3)(a), and in addition to the amounts deposited under~~  
 3604 ~~Subsections (6) and (7), for the 2017-18 fiscal year only, the Division of Finance shall deposit~~  
 3605 ~~\$63,000,000 of the revenues generated by the taxes listed under Subsection (3)(a) into the~~  
 3606 ~~Transportation Investment Fund of 2005 created by Section 72-2-124.]~~

3607 ~~[(c)(i) Notwithstanding Subsection (3)(a), in addition to the amounts deposited under~~  
 3608 ~~Subsections (6) and (7), and subject to Subsection (8)(c)(ii), for a fiscal year beginning on or~~  
 3609 ~~after July 1, 2018, the commission shall annually deposit into the Transportation Investment~~  
 3610 ~~Fund of 2005 created by Section 72-2-124 a portion of the taxes listed under Subsection (3)(a)~~  
 3611 ~~in an amount equal to 3.68% of the revenues collected from the following taxes:]~~

3612 ~~[(A) the tax imposed by Subsection (2)(a)(i)(A) at a 4.7% rate;]~~

3613 ~~[(B) the tax imposed by Subsection (2)(b)(i);]~~

3614 ~~[(C) the tax imposed by Subsection (2)(c)(i); and]~~

3615 ~~[(D) the tax imposed by Subsection (2)(d)(i)(A)(I).]~~

3616 ~~[(ii) For a fiscal year beginning on or after July 1, 2019, the commission shall annually~~  
 3617 ~~reduce the deposit into the Transportation Investment Fund of 2005 under Subsection (8)(c)(i)~~  
 3618 ~~by an amount that is equal to 35% of the amount of revenue generated in the current fiscal year~~  
 3619 ~~by the portion of the tax imposed on motor and special fuel that is sold, used, or received for~~  
 3620 ~~sale or use in this state that exceeds 29.4 cents per gallon.]~~

3621 ~~[(iii)]~~ (8) The commission shall deposit annually ~~[deposit the amount described in~~  
 3622 ~~Subsection (8)(c)(ii)]~~ an amount equal to 50% of the growth in the amount of revenue collected  
 3623 in the current fiscal year from the tax imposed under Subsection (2)(c)(i) that exceeds the  
 3624 amount collected from the tax imposed under Subsection (2)(c)(i) in the 2020-2021 fiscal year  
 3625 into the Transit and Transportation Investment Fund created in Section 72-2-124.

3626 (9) Notwithstanding Subsection (3)(a), for each fiscal year beginning with fiscal year  
 3627 2009-10, \$533,750 shall be deposited into the Qualified Emergency Food Agencies Fund

3628 created by Section 35A-8-1009 and expended as provided in Section 35A-8-1009.

3629 (10) (a) Notwithstanding Subsection (3)(a), except as provided in Subsection (10)(c),  
3630 in addition to any amounts deposited under Subsections (6), (7), and (8), and for the 2016-17  
3631 fiscal year only, the Division of Finance shall deposit into the Transportation Investment Fund  
3632 of 2005 created by Section 72-2-124 the amount of tax revenue generated by a .05% tax rate on  
3633 the transactions described in Subsection (1).

3634 (b) Notwithstanding Subsection (3)(a), except as provided in Subsection (10)(c), and in  
3635 addition to any amounts deposited under Subsections (6), (7), and (8), the Division of Finance  
3636 shall deposit into the Transportation Investment Fund of 2005 created by Section 72-2-124 the  
3637 amount of revenue described as follows:

3638 (i) for fiscal year 2017-18 only, 83.33% of the amount of revenue generated by a .05%  
3639 tax rate on the transactions described in Subsection (1);

3640 (ii) for fiscal year 2018-19 only, 66.67% of the amount of revenue generated by a .05%  
3641 tax rate on the transactions described in Subsection (1);

3642 (iii) for fiscal year 2019-20 only, 50% of the amount of revenue generated by a .05%  
3643 tax rate on the transactions described in Subsection (1);

3644 (iv) for fiscal year 2020-21 only, 33.33% of the amount of revenue generated by a  
3645 .05% tax rate on the transactions described in Subsection (1); and

3646 (v) for fiscal year 2021-22 only, 16.67% of the amount of revenue generated by a .05%  
3647 tax rate on the transactions described in Subsection (1).

3648 (c) For purposes of Subsections (10)(a) and (b), the Division of Finance may not  
3649 deposit into the Transportation Investment Fund of 2005 any tax revenue generated by amounts  
3650 paid or charged for food and food ingredients, except for tax revenue generated by a bundled  
3651 transaction attributable to food and food ingredients and tangible personal property other than  
3652 food and food ingredients described in Subsection (2)(d).

3653 (11) Notwithstanding Subsection (3)(a), beginning the second fiscal year after the  
3654 fiscal year during which the Division of Finance receives notice under Section 63N-2-510 that  
3655 construction on a qualified hotel, as defined in Section 63N-2-502, has begun, the Division of  
3656 Finance shall, for two consecutive fiscal years, [~~annually~~] deposit annually \$1,900,000 of the  
3657 revenue generated by the taxes listed under Subsection (3)(a) into the Hotel Impact Mitigation  
3658 Fund, created in Section 63N-2-512.

3659           ~~[(12)(a) Notwithstanding Subsection (3)(a), for the 2016-17 fiscal year only, the~~  
 3660 ~~Division of Finance shall deposit \$26,000,000 of the revenues generated by the taxes listed~~  
 3661 ~~under Subsection (3)(a) into the Throughput Infrastructure Fund created by Section~~  
 3662 ~~35A-8-308.]~~

3663           ~~[(b) Notwithstanding Subsection (3)(a), for the 2017-18 fiscal year only, the Division~~  
 3664 ~~of Finance shall deposit \$27,000,000 of the revenues generated by the taxes listed under~~  
 3665 ~~Subsection (3)(a) into the Throughput Infrastructure Fund created by Section 35A-8-308.]~~

3666           ~~[(13)]~~ (12) (a) The rate specified in this subsection is 0.15%.

3667           (b) Notwithstanding Subsection (3)(a), the Division of Finance shall~~[-(i) on or before~~  
 3668 ~~September 30, 2019, transfer the amount of revenue collected from the rate described in~~  
 3669 ~~Subsection (13)(a) beginning on April 1, 2019, and ending on June 30, 2019, on the~~  
 3670 ~~transactions that are subject to the sales and use tax under Subsection (2)(a)(i)(A) into the~~  
 3671 ~~Medicaid Expansion Fund created in Section 26-36b-208; and (ii)]~~ for a fiscal year beginning  
 3672 on or after July 1, 2019, ~~annually~~ transfer annually the amount of revenue collected from the  
 3673 rate described in Subsection ~~[(13)]~~ (12)(a) on the transactions that are subject to the sales and  
 3674 use tax under Subsection (2)(a)(i)(A) into the Medicaid Expansion Fund created in Section  
 3675 26-36b-208.

3676           Section 34. Section **59-12-104** is amended to read:

3677           **59-12-104. Exemptions.**

3678           Exemptions from the taxes imposed by this chapter, other than a tax imposed under  
 3679 Section 59-12-130, are as follows:

3680           (1) (a) sales of aviation fuel~~[-, motor fuel, and special]~~ or diesel fuel subject to a ~~[Utah]~~  
 3681 state excise tax under Chapter 13, Motor and Special Fuel Tax Act; or

3682           (b) sales of motor fuel or special fuel that are subject to Section 59-12-130;

3683           (2) subject to Section 59-12-104.6, sales to the state, its institutions, and its political  
 3684 subdivisions; however, this exemption does not apply to sales of:

3685           (a) construction materials except:

3686           (i) construction materials purchased by or on behalf of institutions of the public  
 3687 education system as defined in Utah Constitution, Article X, Section 2, provided the  
 3688 construction materials are clearly identified and segregated and installed or converted to real  
 3689 property which is owned by institutions of the public education system; and

3690 (ii) construction materials purchased by the state, its institutions, or its political  
 3691 subdivisions which are installed or converted to real property by employees of the state, its  
 3692 institutions, or its political subdivisions; or

3693 (b) tangible personal property in connection with the construction, operation,  
 3694 maintenance, repair, or replacement of a project, as defined in Section 11-13-103, or facilities  
 3695 providing additional project capacity, as defined in Section 11-13-103;

3696 [~~(3) (a) sales of an item described in Subsection (3)(b) from a vending machine if:~~]

3697 [~~(i) the proceeds of each sale do not exceed \$1; and]~~

3698 [~~(ii) the seller or operator of the vending machine reports an amount equal to 150% of~~  
 3699 ~~the cost of the item described in Subsection (3)(b) as goods consumed; and]~~

3700 [~~(b) Subsection (3)(a) applies to:~~]

3701 [~~(i) food and food ingredients; or]~~

3702 [~~(ii) prepared food;]~~

3703 [~~(4)~~] (3) (a) sales of the following to a commercial airline carrier for in-flight

3704 consumption:

3705 (i) alcoholic beverages;

3706 (ii) food and food ingredients; or

3707 (iii) prepared food;

3708 (b) sales of tangible personal property or a product transferred electronically:

3709 (i) to a passenger;

3710 (ii) by a commercial airline carrier; and

3711 (iii) during a flight for in-flight consumption or in-flight use by the passenger; or

3712 (c) services related to Subsection [~~(4)~~] (3)(a) or (b);

3713 [~~(5) (a) (i) beginning on July 1, 2008, and ending on September 30, 2008, sales of parts~~  
 3714 ~~and equipment:]~~

3715 [~~(A) (I) by an establishment described in NAICS Code 336411 or 336412 of the 2002~~

3716 ~~North American Industry Classification System of the federal Executive Office of the~~

3717 ~~President, Office of Management and Budget; and]~~

3718 [~~(H) for:]~~

3719 [~~(Aa) installation in an aircraft, including services relating to the installation of parts or~~

3720 ~~equipment in the aircraft;]~~



3721 ~~[(Bb) renovation of an aircraft; or]~~  
3722 ~~[(Cc) repair of an aircraft; or]~~  
3723 ~~[(B) for installation in an aircraft operated by a common carrier in interstate or foreign~~  
3724 ~~commerce; or]~~  
3725 ~~[(ii) beginning on October 1, 2008, sales of parts and equipment for installation in an~~  
3726 ~~aircraft operated by a common carrier in interstate or foreign commerce; and]~~  
3727 ~~[(b) notwithstanding the time period of Subsection 59-1-1410(8) for filing for a refund,~~  
3728 ~~a person may claim the exemption allowed by Subsection (5)(a)(i)(B) for a sale by filing for a~~  
3729 ~~refund;]~~  
3730 ~~[(i) if the sale is made on or after July 1, 2008, but on or before September 30, 2008;]~~  
3731 ~~[(ii) as if Subsection (5)(a)(i)(B) were in effect on the day on which the sale is made;]~~  
3732 ~~[(iii) if the person did not claim the exemption allowed by Subsection (5)(a)(i)(B) for~~  
3733 ~~the sale prior to filing for the refund;]~~  
3734 ~~[(iv) for sales and use taxes paid under this chapter on the sale;]~~  
3735 ~~[(v) in accordance with Section 59-1-1410; and]~~  
3736 ~~[(vi) subject to any extension allowed for filing for a refund under Section 59-1-1410,~~  
3737 ~~if the person files for the refund on or before September 30, 2011;]~~  
3738 (4) sales of parts and equipment for installation in an aircraft operated by a common  
3739 carrier in interstate or foreign commerce;  
3740 ~~[(6)]~~ (5) sales of commercials, motion picture films, prerecorded audio program tapes  
3741 or records, and prerecorded video tapes by a producer, distributor, or studio to a motion picture  
3742 exhibitor, distributor, or commercial television or radio broadcaster;  
3743 ~~[(7) (a) except as provided in Subsection (85) and subject to Subsection (7)(b), sales of~~  
3744 ~~cleaning or washing of tangible personal property if the cleaning or washing of the tangible~~  
3745 ~~personal property is not assisted cleaning or washing of tangible personal property;]~~  
3746 ~~[(b) if a seller that sells at the same business location assisted cleaning or washing of~~  
3747 ~~tangible personal property and cleaning or washing of tangible personal property that is not~~  
3748 ~~assisted cleaning or washing of tangible personal property, the exemption described in~~  
3749 ~~Subsection (7)(a) applies if the seller separately accounts for the sales of the assisted cleaning~~  
3750 ~~or washing of the tangible personal property; and]~~  
3751 ~~[(c) for purposes of Subsection (7)(b) and in accordance with Title 63G, Chapter 3,~~

3752 ~~Utah Administrative Rulemaking Act, the commission may make rules:]~~  
3753 ~~[(i) governing the circumstances under which sales are at the same business location;~~  
3754 ~~and]~~  
3755 ~~[(ii) establishing the procedures and requirements for a seller to separately account for~~  
3756 ~~sales of assisted cleaning or washing of tangible personal property;]~~  
3757 ~~[(8)] (6) sales made to or by religious or charitable institutions in the conduct of their~~  
3758 ~~regular religious or charitable functions and activities, if the requirements of Section~~  
3759 ~~59-12-104.1 are fulfilled;~~  
3760 ~~[(9)] (7) sales of a vehicle of a type required to be registered under the motor vehicle~~  
3761 ~~laws of this state if the vehicle is:~~  
3762 ~~(a) not registered in this state; and~~  
3763 ~~(b) (i) not used in this state; or~~  
3764 ~~(ii) used in this state:~~  
3765 ~~(A) if the vehicle is not used to conduct business, for a time period that does not~~  
3766 ~~exceed the longer of:~~  
3767 ~~(I) 30 days in any calendar year; or~~  
3768 ~~(II) the time period necessary to transport the vehicle to the borders of this state; or~~  
3769 ~~(B) if the vehicle is used to conduct business, for the time period necessary to transport~~  
3770 ~~the vehicle to the borders of this state;~~  
3771 ~~[(10)(a)] (8) amounts paid for [an item described in Subsection (10)(b) if]:~~  
3772 ~~(a) feminine hygiene products; or~~  
3773 ~~(b) a drug, syringe, or stoma supply if:~~  
3774 ~~(i) the item is intended for human use; and~~  
3775 ~~(ii) (A) a prescription was issued for the item; or~~  
3776 ~~(B) the item was purchased by a hospital or other medical facility; [and]~~  
3777 ~~[(b)(i) Subsection (10)(a) applies to:]~~  
3778 ~~[(A) a drug;]~~  
3779 ~~[(B) a syringe; or]~~  
3780 ~~[(C) a stoma supply; and]~~  
3781 ~~[(ii) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,~~  
3782 ~~the commission may by rule define the terms:]~~

3783           ~~[(A) "syringe"; or]~~  
3784           ~~[(B) "stoma supply";]~~  
3785           ~~[(11)]~~ (9) purchases or leases exempt under Section 19-12-201;  
3786           ~~[(12)]~~ (10) (a) sales of an item described in Subsection ~~[(12)]~~ (10)(c) served by:  
3787           (i) the following if the item described in Subsection ~~[(12)]~~ (10)(c) is not available to  
3788 the general public:  
3789           (A) a church; or  
3790           (B) a charitable institution; or  
3791           (ii) an institution of higher education if:  
3792           (A) the item described in Subsection ~~[(12)]~~ (10)(c) is not available to the general  
3793 public; or  
3794           (B) the item described in Subsection ~~[(12)]~~ (10)(c) is prepaid as part of a student meal  
3795 plan offered by the institution of higher education; or  
3796           (b) sales of an item described in Subsection ~~[(12)]~~ (10)(c) provided for a patient by:  
3797           (i) a medical facility; or  
3798           (ii) a nursing facility; and  
3799           (c) Subsections ~~[(12)]~~ (10)(a) and (b) apply to:  
3800           (i) food and food ingredients;  
3801           (ii) prepared food; or  
3802           (iii) alcoholic beverages;  
3803           ~~[(13)]~~ (11) (a) except as provided in Subsection ~~[(13)]~~ (11)(b), the sale of tangible  
3804 personal property or a product transferred electronically by a person:  
3805           (i) regardless of the number of transactions involving the sale of that tangible personal  
3806 property or product transferred electronically by that person; and  
3807           (ii) not regularly engaged in the business of selling that type of tangible personal  
3808 property or product transferred electronically;  
3809           (b) this Subsection ~~[(13)]~~ (11) does not apply if:  
3810           (i) the sale is one of a series of sales of a character to indicate that the person is  
3811 regularly engaged in the business of selling that type of tangible personal property or product  
3812 transferred electronically;  
3813           (ii) the person holds that person out as regularly engaged in the business of selling that

3814 type of tangible personal property or product transferred electronically;

3815 (iii) the person sells an item of tangible personal property or product transferred

3816 electronically that the person purchased as a sale that is exempt under Subsection [~~(25)~~] (22);

3817 or

3818 (iv) the sale is of a vehicle or vessel required to be titled or registered under the laws of

3819 this state in which case the tax is based upon:

3820 (A) the bill of sale or other written evidence of value of the vehicle or vessel being

3821 sold; or

3822 (B) in the absence of a bill of sale or other written evidence of value, the fair market

3823 value of the vehicle or vessel being sold at the time of the sale as determined by the

3824 commission; and

3825 (c) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the

3826 commission shall make rules establishing the circumstances under which:

3827 (i) a person is regularly engaged in the business of selling a type of tangible personal

3828 property or product transferred electronically;

3829 (ii) a sale of tangible personal property or a product transferred electronically is one of

3830 a series of sales of a character to indicate that a person is regularly engaged in the business of

3831 selling that type of tangible personal property or product transferred electronically; or

3832 (iii) a person holds that person out as regularly engaged in the business of selling a type

3833 of tangible personal property or product transferred electronically;

3834 [~~(14)~~] (12) amounts paid or charged for a purchase or lease of machinery, equipment,

3835 normal operating repair or replacement parts, or materials, except for office equipment or

3836 office supplies, by:

3837 (a) a manufacturing facility that:

3838 (i) is located in the state; and

3839 (ii) uses or consumes the machinery, equipment, normal operating repair or

3840 replacement parts, or materials:

3841 (A) in the manufacturing process to manufacture an item sold as tangible personal

3842 property, as the commission may define that phrase in accordance with Title 63G, Chapter 3,

3843 Utah Administrative Rulemaking Act; or

3844 (B) for a scrap recycler, to process an item sold as tangible personal property, as the

3845 commission may define that phrase in accordance with Title 63G, Chapter 3, Utah  
3846 Administrative Rulemaking Act;

3847 (b) an establishment, as the commission defines that term in accordance with Title  
3848 63G, Chapter 3, Utah Administrative Rulemaking Act, that:

3849 (i) is described in NAICS Subsector 212, Mining (except Oil and Gas), or NAICS  
3850 Code 213113, Support Activities for Coal Mining, 213114, Support Activities for Metal  
3851 Mining, or 213115, Support Activities for Nonmetallic Minerals (except Fuels) Mining, of the  
3852 2002 North American Industry Classification System of the federal Executive Office of the  
3853 President, Office of Management and Budget;

3854 (ii) is located in the state; and

3855 (iii) uses or consumes the machinery, equipment, normal operating repair or  
3856 replacement parts, or materials in:

3857 (A) the production process to produce an item sold as tangible personal property, as the  
3858 commission may define that phrase in accordance with Title 63G, Chapter 3, Utah  
3859 Administrative Rulemaking Act;

3860 (B) research and development, as the commission may define that phrase in accordance  
3861 with Title 63G, Chapter 3, Utah Administrative Rulemaking Act;

3862 (C) transporting, storing, or managing tailings, overburden, or similar waste materials  
3863 produced from mining;

3864 (D) developing or maintaining a road, tunnel, excavation, or similar feature used in  
3865 mining; or

3866 (E) preventing, controlling, or reducing dust or other pollutants from mining; or

3867 (c) an establishment, as the commission defines that term in accordance with Title 63G,  
3868 Chapter 3, Utah Administrative Rulemaking Act, that:

3869 (i) is described in NAICS Code 518112, Web Search Portals, of the 2002 North  
3870 American Industry Classification System of the federal Executive Office of the President,  
3871 Office of Management and Budget;

3872 (ii) is located in the state; and

3873 (iii) uses or consumes the machinery, equipment, normal operating repair or  
3874 replacement parts, or materials in the operation of the web search portal;

3875 [~~15~~] (13) (a) sales of the following if the requirements of Subsection [~~15~~] (13)(b)

3876 are met:

3877 (i) tooling;

3878 (ii) special tooling;

3879 (iii) support equipment;

3880 (iv) special test equipment; or

3881 (v) parts used in the repairs or renovations of tooling or equipment described in

3882 Subsections ~~[(15)]~~ (13)(a)(i) through (iv); and

3883 (b) sales of tooling, equipment, or parts described in Subsection ~~[(15)]~~ (13)(a) are

3884 exempt if:

3885 (i) the tooling, equipment, or parts are used or consumed exclusively in the

3886 performance of any aerospace or electronics industry contract with the United States

3887 government or any subcontract under that contract; and

3888 (ii) under the terms of the contract or subcontract described in Subsection ~~[(15)]~~

3889 (13)(b)(i), title to the tooling, equipment, or parts is vested in the United States government as

3890 evidenced by:

3891 (A) a government identification tag placed on the tooling, equipment, or parts; or

3892 (B) listing on a government-approved property record if placing a government

3893 identification tag on the tooling, equipment, or parts is impractical;

3894 ~~[(16) sales of newspapers or newspaper subscriptions;]~~

3895 ~~[(17)]~~ (14) (a) except as provided in Subsection ~~[(17)]~~ (14)(b), tangible personal

3896 property or a product transferred electronically traded in as full or part payment of the purchase

3897 price, except that for purposes of calculating sales or use tax upon vehicles not sold by a

3898 vehicle dealer, trade-ins are limited to other vehicles only, and the tax is based upon:

3899 (i) the bill of sale or other written evidence of value of the vehicle being sold and the

3900 vehicle being traded in; or

3901 (ii) in the absence of a bill of sale or other written evidence of value, the then existing

3902 fair market value of the vehicle being sold and the vehicle being traded in, as determined by the

3903 commission; and

3904 (b) Subsection ~~[(17)]~~ (14)(a) does not apply to the following items of tangible personal

3905 property or products transferred electronically traded in as full or part payment of the purchase

3906 price:

- 3907 (i) money;
- 3908 (ii) electricity;
- 3909 (iii) water;
- 3910 (iv) gas; or
- 3911 (v) steam;
- 3912 ~~[(18)]~~ (15) (a) (i) except as provided in Subsection ~~[(18)]~~ (15)(b), sales of tangible
- 3913 personal property or a product transferred electronically used or consumed primarily and
- 3914 directly in farming operations, regardless of whether the tangible personal property or product
- 3915 transferred electronically:
- 3916 (A) becomes part of real estate; or
- 3917 (B) is installed by a~~[:]~~ farmer, contractor, or subcontractor; or
- 3918 ~~[(F) farmer;]~~
- 3919 ~~[(H) contractor; or]~~
- 3920 ~~[(H) subcontractor; or]~~
- 3921 (ii) sales of parts used in the repairs or renovations of tangible personal property or a
- 3922 product transferred electronically if the tangible personal property or product transferred
- 3923 electronically is exempt under Subsection ~~[(18)]~~ (15)(a)(i); and
- 3924 (b) amounts paid or charged for the following are subject to the taxes imposed by this
- 3925 chapter:
- 3926 (i) (A) subject to Subsection ~~[(18)]~~ (15)(b)(i)(B), machinery, equipment, materials, or
- 3927 supplies if used in a manner that is incidental to farming; and
- 3928 (B) tangible personal property that is considered to be used in a manner that is
- 3929 incidental to farming includes:
- 3930 (I) hand tools; or
- 3931 (II) maintenance and janitorial equipment and supplies;
- 3932 (ii) (A) subject to Subsection ~~[(18)]~~ (15)(b)(ii)(B), tangible personal property or a
- 3933 product transferred electronically if the tangible personal property or product transferred
- 3934 electronically is used in an activity other than farming; and
- 3935 (B) tangible personal property or a product transferred electronically that is considered
- 3936 to be used in an activity other than farming includes:
- 3937 (I) office equipment and supplies; or

3938 (II) equipment and supplies used in:

3939 (Aa) the sale or distribution of farm products;

3940 (Bb) research; or

3941 (Cc) transportation; or

3942 (iii) a vehicle required to be registered by the laws of this state during the period

3943 ending two years after the date of the vehicle's purchase;

3944 [~~(19)~~] (16) sales of hay;

3945 [~~(20)~~] (17) exclusive sale during the harvest season of seasonal crops, seedling plants,

3946 or garden, farm, or other agricultural produce if the seasonal crops are, seedling plants are, or

3947 garden, farm, or other agricultural produce is sold by:

3948 (a) the producer of the seasonal crops, seedling plants, or garden, farm, or other

3949 agricultural produce;

3950 (b) an employee of the producer described in Subsection [~~(20)~~] (17)(a); or

3951 (c) a member of the immediate family of the producer described in Subsection [~~(20)~~]

3952 (17)(a);

3953 [~~(21)~~] (18) purchases made using a coupon as defined in 7 U.S.C. Sec. 2012 that is

3954 issued under the Food Stamp Program, 7 U.S.C. Sec. 2011 et seq.;

3955 [~~(22)~~] (19) sales of nonreturnable containers, nonreturnable labels, nonreturnable bags,

3956 nonreturnable shipping cases, and nonreturnable casings to a manufacturer, processor,

3957 wholesaler, or retailer for use in packaging tangible personal property to be sold by that

3958 manufacturer, processor, wholesaler, or retailer;

3959 [~~(23)~~] (20) a product stored in the state for resale;

3960 [~~(24)~~] (21) (a) purchases of a product if:

3961 (i) the product is:

3962 (A) purchased outside of this state;

3963 (B) brought into this state:

3964 (I) at any time after the purchase described in Subsection [~~(24)~~] (21)(a)(i)(A); and

3965 (II) by a nonresident person who is not living or working in this state at the time of the

3966 purchase;

3967 (C) used for the personal use or enjoyment of the nonresident person described in

3968 Subsection [~~(24)~~] (21)(a)(i)(B)(II) while that nonresident person is within the state; and



3969 (D) not used in conducting business in this state; and  
3970 (ii) for:  
3971 (A) a product other than a boat described in Subsection [~~(24)~~] (21)(a)(ii)(B), the first  
3972 use of the product for a purpose for which the product is designed occurs outside of this state;  
3973 (B) a boat, the boat is registered outside of this state; or  
3974 (C) a vehicle other than a vehicle sold to an authorized carrier, the vehicle is registered  
3975 outside of this state;  
3976 (b) the exemption provided for in Subsection [~~(24)~~] (21)(a) does not apply to:  
3977 (i) a lease or rental of a product; or  
3978 (ii) a sale of a vehicle exempt under Subsection [~~(33)~~] (30); and  
3979 (c) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, for  
3980 purposes of Subsection [~~(24)~~] (21)(a), the commission may by rule define what constitutes the  
3981 following:  
3982 (i) conducting business in this state if that phrase has the same meaning in this  
3983 Subsection [~~(24)~~] (21) as in Subsection [~~(63)~~] (54);  
3984 (ii) the first use of a product if that phrase has the same meaning in this Subsection  
3985 [~~(24)~~] (21) as in Subsection [~~(63)~~] (54); or  
3986 (iii) a purpose for which a product is designed if that phrase has the same meaning in  
3987 this Subsection [~~(24)~~] (21) as in Subsection [~~(63)~~] (54);  
3988 [~~(25)~~] (22) a product purchased for resale in the regular course of business, either in its  
3989 original form or as an ingredient or component part of a manufactured or compounded product;  
3990 [~~(26)~~] (23) a product upon which a sales or use tax was paid to some other state, or one  
3991 of its subdivisions, except that the state shall be paid any difference between the tax paid and  
3992 the tax imposed by this part and Part 2, Local Sales and Use Tax Act, and no adjustment is  
3993 allowed if the tax paid was greater than the tax imposed by this part and Part 2, Local Sales and  
3994 Use Tax Act;  
3995 [~~(27)~~] (24) any sale of a service described in Subsections 59-12-103(1)(b), (c), and (d)  
3996 to a person for use in compounding a service taxable under the subsections;  
3997 [~~(28)~~] (25) purchases made in accordance with the special supplemental nutrition  
3998 program for women, infants, and children established in 42 U.S.C. Sec. 1786;  
3999 [~~(29)~~] (26) sales or leases of rolls, rollers, refractory brick, electric motors, or other

4000 replacement parts used in the furnaces, mills, or ovens of a steel mill described in SIC Code  
4001 3312 of the 1987 Standard Industrial Classification Manual of the federal Executive Office of  
4002 the President, Office of Management and Budget;

4003 ~~[(30)]~~ (27) sales of a boat of a type required to be registered under Title 73, Chapter 18,  
4004 State Boating Act, a boat trailer, or an outboard motor if the boat, boat trailer, or outboard  
4005 motor is:

4006 (a) not registered in this state; and

4007 (b) (i) not used in this state; or

4008 (ii) used in this state:

4009 (A) if the boat, boat trailer, or outboard motor is not used to conduct business, for a  
4010 time period that does not exceed the longer of:

4011 (I) 30 days in any calendar year; or

4012 (II) the time period necessary to transport the boat, boat trailer, or outboard motor to  
4013 the borders of this state; or

4014 (B) if the boat, boat trailer, or outboard motor is used to conduct business, for the time  
4015 period necessary to transport the boat, boat trailer, or outboard motor to the borders of this  
4016 state;

4017 ~~[(31)]~~ (28) sales of aircraft manufactured in Utah;

4018 ~~[(32)]~~ (29) amounts paid for the purchase of telecommunications service for purposes  
4019 of providing telecommunications service;

4020 ~~[(33)]~~ (30) sales, leases, or uses of the following:

4021 (a) a vehicle by an authorized carrier; or

4022 (b) tangible personal property that is installed on a vehicle:

4023 (i) sold or leased to or used by an authorized carrier; and

4024 (ii) before the vehicle is placed in service for the first time;

4025 ~~[(34)]~~ (31) (a) 45% of the sales price of any new manufactured home; and

4026 (b) 100% of the sales price of any used manufactured home;

4027 ~~[(35)]~~ (32) sales relating to schools and fundraising sales;

4028 ~~[(36)]~~ (33) sales or rentals of durable medical equipment if:

4029 (a) a person presents a prescription for the durable medical equipment; and

4030 (b) the durable medical equipment is used for home use only;

4031 ~~[(37)(a) sales to a ski resort of electricity to operate a passenger ropeway as defined in~~  
4032 ~~Section 72-11-102; and]~~

4033 ~~[(b) the commission shall by rule determine the method for calculating sales exempt~~  
4034 ~~under Subsection (37)(a) that are not separately metered and accounted for in utility billings;]~~

4035 ~~[(38)] (34) sales to a ski resort of:~~

4036 (a) snowmaking equipment;

4037 (b) ski slope grooming equipment;

4038 (c) passenger ropeways as defined in Section 72-11-102; or

4039 (d) parts used in the repairs or renovations of equipment or passenger ropeways  
4040 described in Subsections ~~[(38)] (34)~~(a) through (c);

4041 ~~[(39)] (35) sales of natural gas, electricity, heat, coal, fuel oil, or other fuels for~~  
4042 ~~industrial use;~~

4043 ~~[(40)(a) subject to Subsection (40)(b), sales or rentals of the right to use or operate for~~  
4044 ~~amusement, entertainment, or recreation an unassisted amusement device as defined in Section~~  
4045 ~~59-12-102;]~~

4046 ~~[(b) if a seller that sells or rents at the same business location the right to use or operate~~  
4047 ~~for amusement, entertainment, or recreation one or more unassisted amusement devices and~~  
4048 ~~one or more assisted amusement devices, the exemption described in Subsection (40)(a)~~  
4049 ~~applies if the seller separately accounts for the sales or rentals of the right to use or operate for~~  
4050 ~~amusement, entertainment, or recreation for the assisted amusement devices; and]~~

4051 ~~[(c) for purposes of Subsection (40)(b) and in accordance with Title 63G, Chapter 3,~~  
4052 ~~Utah Administrative Rulemaking Act, the commission may make rules:]~~

4053 ~~[(i) governing the circumstances under which sales are at the same business location;~~  
4054 ~~and]~~

4055 ~~[(ii) establishing the procedures and requirements for a seller to separately account for~~  
4056 ~~the sales or rentals of the right to use or operate for amusement, entertainment, or recreation for~~  
4057 ~~assisted amusement devices;]~~

4058 ~~[(41)] (36) (a) sales of photocopies by:~~

4059 (i) a governmental entity; or

4060 (ii) an entity within the state system of public education, including:

4061 (A) a school; or

4062 (B) the State Board of Education; or

4063 (b) sales of publications by a governmental entity;

4064 ~~[(42) amounts paid for admission to an athletic event at an institution of higher~~

4065 ~~education that is subject to the provisions of Title IX of the Education Amendments of 1972,~~

4066 ~~20 U.S.C. Sec. 1681 et seq.;~~]

4067 ~~[(43)]~~ (37) (a) sales made to or by:

4068 (i) an area agency on aging; or

4069 (ii) a senior citizen center owned by a county, city, or town; or

4070 (b) sales made by a senior citizen center that contracts with an area agency on aging;

4071 ~~[(44)]~~ (38) sales or leases of semiconductor fabricating, processing, research, or

4072 development materials regardless of whether the semiconductor fabricating, processing,

4073 research, or development materials:

4074 (a) actually come into contact with a semiconductor; or

4075 (b) ultimately become incorporated into real property;

4076 ~~[(45)]~~ (39) an amount paid by or charged to a purchaser for accommodations and

4077 services described in Subsection 59-12-103(1)(i) to the extent the amount is exempt under

4078 Section 59-12-104.2;

4079 ~~[(46) beginning on September 1, 2001, the lease or use of a vehicle issued a temporary~~

4080 ~~sports event registration certificate in accordance with Section 41-3-306 for the event period~~

4081 ~~specified on the temporary sports event registration certificate;]~~

4082 ~~[(47) (a) sales or uses of electricity, if the sales or uses are made under a retail tariff~~

4083 ~~adopted by the Public Service Commission only for purchase of electricity produced from a~~

4084 ~~new alternative energy source built after January 1, 2016, as designated in the tariff by the~~

4085 ~~Public Service Commission; and]~~

4086 ~~[(b) for a residential use customer only, the exemption under Subsection (47)(a) applies~~

4087 ~~only to the portion of the tariff rate a customer pays under the tariff described in Subsection~~

4088 ~~(47)(a) that exceeds the tariff rate under the tariff described in Subsection (47)(a) that the~~

4089 ~~customer would have paid absent the tariff;]~~

4090 ~~[(48)]~~ (40) sales or rentals of mobility enhancing equipment if a person presents a

4091 prescription for the mobility enhancing equipment;

4092 ~~[(49)]~~ (41) sales of water in a:

- 4093 (a) pipe;
- 4094 (b) conduit;
- 4095 (c) ditch; or
- 4096 (d) reservoir;
- 4097 [~~(50)~~] (42) sales of currency or coins that constitute legal tender of a state, the United
- 4098 States, or a foreign nation;
- 4099 [~~(51)~~] (43) (a) sales of an item described in Subsection [~~(51)~~] (43)(b) if the item:
- 4100 (i) does not constitute legal tender of a state, the United States, or a foreign nation; and
- 4101 (ii) has a gold, silver, or platinum content of 50% or more; and
- 4102 (b) Subsection [~~(51)~~] (43)(a) applies to a gold, silver, or platinum:
- 4103 (i) ingot;
- 4104 (ii) bar;
- 4105 (iii) medallion; or
- 4106 (iv) decorative coin;
- 4107 [~~(52)~~] (44) amounts paid on a sale-leaseback transaction;
- 4108 [~~(53)~~] (45) sales of a prosthetic device:
- 4109 (a) for use on or in a human; and
- 4110 (b) (i) for which a prescription is required; or
- 4111 (ii) if the prosthetic device is purchased by a hospital or other medical facility;
- 4112 [~~(54)~~] (46) (a) except as provided in Subsection [~~(54)~~] (46)(b), purchases, leases, or
- 4113 rentals of machinery or equipment by an establishment described in Subsection [~~(54)~~] (46)(c) if
- 4114 the machinery or equipment is primarily used in the production or postproduction of the
- 4115 following media for commercial distribution:
- 4116 (i) a motion picture;
- 4117 (ii) a television program;
- 4118 (iii) a movie made for television;
- 4119 (iv) a music video;
- 4120 (v) a commercial;
- 4121 (vi) a documentary; or
- 4122 (vii) a medium similar to Subsections [~~(54)~~] (46)(a)(i) through (vi) as determined by
- 4123 the commission by administrative rule made in accordance with Subsection [~~(54)~~] (46)(d); or

4124 (b) purchases, leases, or rentals of machinery or equipment by an establishment  
4125 described in Subsection [~~54~~] (46)(c) that is used for the production or postproduction of the  
4126 following are subject to the taxes imposed by this chapter:

- 4127 (i) a live musical performance;
- 4128 (ii) a live news program; or
- 4129 (iii) a live sporting event;

4130 (c) the following establishments listed in the 1997 North American Industry  
4131 Classification System of the federal Executive Office of the President, Office of Management  
4132 and Budget, apply to Subsections [~~54~~] (46)(a) and (b):

- 4133 (i) NAICS Code 512110; or
- 4134 (ii) NAICS Code 51219; and
- 4135 (d) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
4136 commission may by rule:
  - 4137 (i) prescribe what constitutes a medium similar to Subsections [~~54~~] (46)(a)(i) through  
4138 (vi); or
  - 4139 (ii) define:
    - 4140 (A) "commercial distribution";
    - 4141 (B) "live musical performance";
    - 4142 (C) "live news program"; or
    - 4143 (D) "live sporting event";

4144 [~~55~~] (47) (a) leases of seven or more years or purchases made on or after July 1,  
4145 2004, but on or before June 30, 2027, of tangible personal property that:

- 4146 (i) is leased or purchased for or by a facility that:
  - 4147 (A) is an alternative energy electricity production facility;
  - 4148 (B) is located in the state; and
  - 4149 (C) (I) becomes operational on or after July 1, 2004; or
  - 4150 (II) has its generation capacity increased by one or more megawatts on or after July 1,  
4151 2004, as a result of the use of the tangible personal property;
- 4152 (ii) has an economic life of five or more years; and
- 4153 (iii) is used to make the facility or the increase in capacity of the facility described in  
4154 Subsection [~~55~~] (47)(a)(i) operational up to the point of interconnection with an existing

4155 transmission grid including:

4156 (A) a wind turbine;

4157 (B) generating equipment;

4158 (C) a control and monitoring system;

4159 (D) a power line;

4160 (E) substation equipment;

4161 (F) lighting;

4162 (G) fencing;

4163 (H) pipes; or

4164 (I) other equipment used for locating a power line or pole; and

4165 (b) this Subsection [~~55~~] (47) does not apply to:

4166 (i) tangible personal property used in construction of:

4167 (A) a new alternative energy electricity production facility; or

4168 (B) the increase in the capacity of an alternative energy electricity production facility;

4169 (ii) contracted services required for construction and routine maintenance activities;

4170 and

4171 (iii) unless the tangible personal property is used or acquired for an increase in capacity

4172 of the facility described in Subsection [~~55~~] (47)(a)(i)(C)(II), tangible personal property used

4173 or acquired after:

4174 (A) the alternative energy electricity production facility described in Subsection [~~55~~]

4175 (47)(a)(i) is operational as described in Subsection [~~55~~] (47)(a)(iii); or

4176 (B) the increased capacity described in Subsection [~~55~~] (47)(a)(i) is operational as

4177 described in Subsection [~~55~~] (47)(a)(iii);

4178 [~~56~~] (48) (a) leases of seven or more years or purchases made on or after July 1,

4179 2004, but on or before June 30, 2027, of tangible personal property that:

4180 (i) is leased or purchased for or by a facility that:

4181 (A) is a waste energy production facility;

4182 (B) is located in the state; and

4183 (C) (I) becomes operational on or after July 1, 2004; or

4184 (II) has its generation capacity increased by one or more megawatts on or after July 1,

4185 2004, as a result of the use of the tangible personal property;

- 4186 (ii) has an economic life of five or more years; and
- 4187 (iii) is used to make the facility or the increase in capacity of the facility described in
- 4188 Subsection [~~(56)~~] (48)(a)(i) operational up to the point of interconnection with an existing
- 4189 transmission grid including:
- 4190 (A) generating equipment;
- 4191 (B) a control and monitoring system;
- 4192 (C) a power line;
- 4193 (D) substation equipment;
- 4194 (E) lighting;
- 4195 (F) fencing;
- 4196 (G) pipes; or
- 4197 (H) other equipment used for locating a power line or pole; and
- 4198 (b) this Subsection [~~(56)~~] (48) does not apply to:
- 4199 (i) tangible personal property used in construction of:
- 4200 (A) a new waste energy facility; or
- 4201 (B) the increase in the capacity of a waste energy facility;
- 4202 (ii) contracted services required for construction and routine maintenance activities;
- 4203 and
- 4204 (iii) unless the tangible personal property is used or acquired for an increase in capacity
- 4205 described in Subsection [~~(56)~~] (48)(a)(i)(C)(II), tangible personal property used or acquired
- 4206 after:
- 4207 (A) the waste energy facility described in Subsection [~~(56)~~] (48)(a)(i) is operational as
- 4208 described in Subsection [~~(56)~~] (48)(a)(iii); or
- 4209 (B) the increased capacity described in Subsection [~~(56)~~] (48)(a)(i) is operational as
- 4210 described in Subsection [~~(56)~~] (48)(a)(iii);
- 4211 [~~(57)~~] (49) (a) leases of five or more years or purchases made on or after July 1, 2004,
- 4212 but on or before June 30, 2027, of tangible personal property that:
- 4213 (i) is leased or purchased for or by a facility that:
- 4214 (A) is located in the state;
- 4215 (B) produces fuel from alternative energy, including:
- 4216 (I) methanol; or



4217 (II) ethanol; and

4218 (C) (I) becomes operational on or after July 1, 2004; or

4219 (II) has its capacity to produce fuel increase by 25% or more on or after July 1, 2004, as

4220 a result of the installation of the tangible personal property;

4221 (ii) has an economic life of five or more years; and

4222 (iii) is installed on the facility described in Subsection ~~[(57)]~~ (49)(a)(i);

4223 (b) this Subsection ~~[(57)]~~ (49) does not apply to:

4224 (i) tangible personal property used in construction of:

4225 (A) a new facility described in Subsection ~~[(57)]~~ (49)(a)(i); or

4226 (B) the increase in capacity of the facility described in Subsection ~~[(57)]~~ (49)(a)(i); or

4227 (ii) contracted services required for construction and routine maintenance activities;

4228 and

4229 (iii) unless the tangible personal property is used or acquired for an increase in capacity

4230 described in Subsection ~~[(57)]~~ (49)(a)(i)(C)(II), tangible personal property used or acquired

4231 after:

4232 (A) the facility described in Subsection ~~[(57)]~~ (49)(a)(i) is operational; or

4233 (B) the increased capacity described in Subsection ~~[(57)]~~ (49)(a)(i) is operational;

4234 ~~[(58)]~~ (50) (a) subject to Subsection ~~[(58)(b) or (c)]~~ (50)(b), sales of tangible personal

4235 property or a product transferred electronically to a person within this state if that tangible

4236 personal property or product transferred electronically is subsequently shipped outside the state

4237 and incorporated pursuant to contract into and becomes a part of real property located outside

4238 of this state; and

4239 (b) the exemption under Subsection ~~[(58)]~~ (50)(a) is not allowed to the extent that the

4240 other state or political entity to which the tangible personal property is shipped imposes a sales,

4241 use, gross receipts, or other similar transaction excise tax on the transaction against which the

4242 other state or political entity allows a credit for sales and use taxes imposed by this chapter;

4243 [and]

4244 ~~[(c) notwithstanding the time period of Subsection 59-1-1410(8) for filing for a refund,~~

4245 ~~a person may claim the exemption allowed by this Subsection (58) for a sale by filing for a~~

4246 ~~refund;]~~

4247 ~~[(i) if the sale is made on or after July 1, 2004, but on or before June 30, 2008;]~~

4248 ~~[(ii) as if this Subsection (58) as in effect on July 1, 2008, were in effect on the day on~~  
 4249 ~~which the sale is made;]~~

4250 ~~[(iii) if the person did not claim the exemption allowed by this Subsection (58) for the~~  
 4251 ~~sale prior to filing for the refund;]~~

4252 ~~[(iv) for sales and use taxes paid under this chapter on the sale;]~~

4253 ~~[(v) in accordance with Section 59-1-1410; and]~~

4254 ~~[(vi) subject to any extension allowed for filing for a refund under Section 59-1-1410,~~  
 4255 ~~if the person files for the refund on or before June 30, 2011;]~~

4256 ~~[(59)] (51) purchases:~~

4257 (a) of one or more of the following items in printed or electronic format:

4258 (i) a list containing information that includes one or more:

4259 (A) names; or

4260 (B) addresses; or

4261 (ii) a database containing information that includes one or more:

4262 (A) names; or

4263 (B) addresses; and

4264 (b) used to send direct mail;

4265 ~~[(60)] (52) redemptions or repurchases of a product by a person if that product was:~~

4266 (a) delivered to a pawnbroker as part of a pawn transaction; and

4267 (b) redeemed or repurchased within the time period established in a written agreement  
 4268 between the person and the pawnbroker for redeeming or repurchasing the product;

4269 ~~[(61)] (53) (a) purchases or leases of an item described in Subsection [(61)] (53)(b) if~~  
 4270 the item:

4271 (i) is purchased or leased by, or on behalf of, a telecommunications service provider;

4272 and

4273 (ii) has a useful economic life of one or more years; and

4274 (b) the following apply to Subsection ~~[(61)]~~ (53)(a):

4275 (i) telecommunications enabling or facilitating equipment, machinery, or software;

4276 (ii) telecommunications equipment, machinery, or software required for 911 service;

4277 (iii) telecommunications maintenance or repair equipment, machinery, or software;

4278 (iv) telecommunications switching or routing equipment, machinery, or software; or

- 4279 (v) telecommunications transmission equipment, machinery, or software;
- 4280 ~~[(62)]~~ (54) (a) beginning on July 1, 2006, and ending on June 30, 2027, purchases of
- 4281 tangible personal property or a product transferred electronically that are used in the research
- 4282 and development of alternative energy technology; and
- 4283 (b) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
- 4284 commission may, for purposes of Subsection ~~[(62)]~~ (54)(a), make rules defining what
- 4285 constitutes purchases of tangible personal property or a product transferred electronically that
- 4286 are used in the research and development of alternative energy technology;
- 4287 ~~[(63)]~~ (55) (a) purchases of tangible personal property or a product transferred
- 4288 electronically if:
- 4289 (i) the tangible personal property or product transferred electronically is:
- 4290 (A) purchased outside of this state;
- 4291 (B) brought into this state at any time after the purchase described in Subsection ~~[(63)]~~
- 4292 (55)(a)(i)(A); and
- 4293 (C) used in conducting business in this state; and
- 4294 (ii) for:
- 4295 (A) tangible personal property or a product transferred electronically other than the
- 4296 tangible personal property described in Subsection ~~[(63)]~~ (55)(a)(ii)(B), the first use of the
- 4297 property for a purpose for which the property is designed occurs outside of this state; or
- 4298 (B) a vehicle other than a vehicle sold to an authorized carrier, the vehicle is registered
- 4299 outside of this state;
- 4300 (b) the exemption provided for in Subsection ~~[(63)]~~ (55)(a) does not apply to:
- 4301 (i) a lease or rental of tangible personal property or a product transferred electronically;
- 4302 or
- 4303 (ii) a sale of a vehicle exempt under Subsection ~~[(33)]~~ (30); and
- 4304 (c) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, for
- 4305 purposes of Subsection ~~[(63)]~~ (55)(a), the commission may by rule define what constitutes the
- 4306 following:
- 4307 (i) conducting business in this state if that phrase has the same meaning in this
- 4308 Subsection ~~[(63)]~~ (55) as in Subsection ~~[(24)]~~ (21);
- 4309 (ii) the first use of tangible personal property or a product transferred electronically if

4310 that phrase has the same meaning in this Subsection [~~(63)~~] (55) as in Subsection [~~(24)~~] (21); or

4311 (iii) a purpose for which tangible personal property or a product transferred

4312 electronically is designed if that phrase has the same meaning in this Subsection [~~(63)~~] (55) as

4313 in Subsection [~~(24)~~] (21);

4314 [~~(64)~~] (56) sales of disposable home medical equipment or supplies if:

4315 (a) a person presents a prescription for the disposable home medical equipment or

4316 supplies;

4317 (b) the disposable home medical equipment or supplies are used exclusively by the

4318 person to whom the prescription described in Subsection [~~(64)~~] (56)(a) is issued; and

4319 (c) the disposable home medical equipment and supplies are listed as eligible for

4320 payment under:

4321 (i) Title XVIII, federal Social Security Act; or

4322 (ii) the state plan for medical assistance under Title XIX, federal Social Security Act;

4323 [~~(65) sales:~~]

4324 [~~(a) to a public transit district under Title 17B, Chapter 2a, Part 8, Public Transit~~

4325 ~~District Act; or]~~

4326 [~~(b) of tangible personal property to a subcontractor of a public transit district, if the~~

4327 ~~tangible personal property is:]~~

4328 [~~(i) clearly identified; and]~~

4329 [~~(ii) installed or converted to real property owned by the public transit district;]~~

4330 [~~(66)~~] (57) sales of construction materials:

4331 (a) purchased on or after July 1, 2010;

4332 (b) purchased by, on behalf of, or for the benefit of an international airport:

4333 (i) located within a county of the first class; and

4334 (ii) that has a United States customs office on its premises; and

4335 (c) if the construction materials are:

4336 (i) clearly identified;

4337 (ii) segregated; and

4338 (iii) installed or converted to real property:

4339 (A) owned or operated by the international airport described in Subsection [~~(66)~~]

4340 (57)(b); and

4341 (B) located at the international airport described in Subsection ~~[(66)]~~ (57)(b);  
4342 ~~[(67)]~~ (58) sales of construction materials:  
4343 (a) purchased on or after July 1, 2008;  
4344 (b) purchased by, on behalf of, or for the benefit of a new airport:  
4345 (i) located within a county of the second class; and  
4346 (ii) that is owned or operated by a city in which an airline as defined in Section  
4347 59-2-102 is headquartered; and  
4348 (c) if the construction materials are:  
4349 (i) clearly identified;  
4350 (ii) segregated; and  
4351 (iii) installed or converted to real property:  
4352 (A) owned or operated by the new airport described in Subsection ~~[(67)]~~ (58)(b);  
4353 (B) located at the new airport described in Subsection ~~[(67)]~~ (58)(b); and  
4354 (C) as part of the construction of the new airport described in Subsection ~~[(67)]~~  
4355 (58)(b);  
4356 ~~[(68)] sales of fuel to a common carrier that is a railroad for use in a locomotive~~  
4357 ~~engine;]~~  
4358 ~~[(69)]~~ (59) purchases and sales described in Section 63H-4-111;  
4359 ~~[(70)]~~ (60) (a) sales of tangible personal property to an aircraft maintenance, repair, and  
4360 overhaul provider for use in the maintenance, repair, overhaul, or refurbishment in this state of  
4361 a fixed wing turbine powered aircraft if that fixed wing turbine powered aircraft's registration  
4362 lists a state or country other than this state as the location of registry of the fixed wing turbine  
4363 powered aircraft; or  
4364 (b) sales of tangible personal property by an aircraft maintenance, repair, and overhaul  
4365 provider in connection with the maintenance, repair, overhaul, or refurbishment in this state of  
4366 a fixed wing turbine powered aircraft if that fixed wing turbine powered aircraft's registration  
4367 lists a state or country other than this state as the location of registry of the fixed wing turbine  
4368 powered aircraft;  
4369 ~~[(71)] subject to Section 59-12-104.4, sales of a textbook for a higher education~~  
4370 ~~course;]~~  
4371 ~~[(a) to a person admitted to an institution of higher education; and]~~

4372 ~~[(b) by a seller, other than a bookstore owned by an institution of higher education, if~~  
4373 ~~51% or more of that seller's sales revenue for the previous calendar quarter are sales of a~~  
4374 ~~textbook for a higher education course;]~~

4375 ~~[(72)] (61)~~ a license fee or tax a municipality imposes in accordance with Subsection  
4376 10-1-203(5) on a purchaser from a business for which the municipality provides an enhanced  
4377 level of municipal services;

4378 ~~[(73) amounts paid or charged for construction materials used in the construction of a~~  
4379 ~~new or expanding life science research and development facility in the state, if the construction~~  
4380 ~~materials are:]~~

4381 ~~[(a) clearly identified;]~~

4382 ~~[(b) segregated; and]~~

4383 ~~[(c) installed or converted to real property;]~~

4384 ~~[(74)] (62)~~ amounts paid or charged for:

4385 (a) a purchase or lease of machinery and equipment that:

4386 (i) are used in performing qualified research:

4387 (A) as defined in Section 41(d), Internal Revenue Code; and

4388 (B) in the state; and

4389 (ii) have an economic life of three or more years; and

4390 (b) normal operating repair or replacement parts:

4391 (i) for the machinery and equipment described in Subsection ~~[(74)] (62)~~(a); and

4392 (ii) that have an economic life of three or more years;

4393 ~~[(75)] (63)~~ a sale or lease of tangible personal property used in the preparation of  
4394 prepared food if:

4395 (a) for a sale:

4396 (i) the ownership of the seller and the ownership of the purchaser are identical; and

4397 (ii) the seller or the purchaser paid a tax under this chapter on the purchase of that

4398 tangible personal property prior to making the sale; or

4399 (b) for a lease:

4400 (i) the ownership of the lessor and the ownership of the lessee are identical; and

4401 (ii) the lessor or the lessee paid a tax under this chapter on the purchase of that tangible

4402 personal property prior to making the lease;

- 4403            [~~76~~] (64) (a) purchases of machinery or equipment if:
- 4404            (i) the purchaser is an establishment described in NAICS Subsector 713, Amusement,
- 4405 Gambling, and Recreation Industries, of the 2012 North American Industry Classification
- 4406 System of the federal Executive Office of the President, Office of Management and Budget;
- 4407            (ii) the machinery or equipment:
- 4408            (A) has an economic life of three or more years; and
- 4409            (B) is used by one or more persons who pay admission or user fees described in
- 4410 Subsection 59-12-103(1)(f) to the purchaser of the machinery and equipment; and
- 4411            (iii) 51% or more of the purchaser's sales revenue for the previous calendar quarter is:
- 4412            (A) amounts paid or charged as admission or user fees described in Subsection
- 4413 59-12-103(1)(f); and
- 4414            (B) subject to taxation under this chapter; and
- 4415            (b) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
- 4416 commission may make rules for verifying that 51% of a purchaser's sales revenue for the
- 4417 previous calendar quarter is:
- 4418            (i) amounts paid or charged as admission or user fees described in Subsection
- 4419 59-12-103(1)(f); and
- 4420            (ii) subject to taxation under this chapter;
- 4421            [~~77~~] (65) purchases of a short-term lodging consumable by a business that provides
- 4422 accommodations and services described in Subsection 59-12-103(1)(i);
- 4423            [~~78~~] (66) amounts paid or charged to access a database:
- 4424            (a) if the primary purpose for accessing the database is to view or retrieve information
- 4425 from the database; and
- 4426            (b) not including amounts paid or charged for a:
- 4427            (i) digital [~~audiowork~~] audio work;
- 4428            (ii) digital audio-visual work; or
- 4429            (iii) digital book;
- 4430            [~~79~~] (67) amounts paid or charged for a purchase or lease made by an electronic
- 4431 financial payment service, of:
- 4432            (a) machinery and equipment that:
- 4433            (i) are used in the operation of the electronic financial payment service; and

- 4434 (ii) have an economic life of three or more years; and
- 4435 (b) normal operating repair or replacement parts that:
- 4436 (i) are used in the operation of the electronic financial payment service; and
- 4437 (ii) have an economic life of three or more years;
- 4438 ~~[(80)]~~ (68) ~~[beginning on April 1, 2013,]~~ sales of a fuel cell as defined in Section
- 4439 54-15-102;
- 4440 ~~[(81)]~~ (69) amounts paid or charged for a purchase or lease of tangible personal
- 4441 property or a product transferred electronically if the tangible personal property or product
- 4442 transferred electronically:
- 4443 (a) is stored, used, or consumed in the state; and
- 4444 (b) is temporarily brought into the state from another state:
- 4445 (i) during a disaster period as defined in Section 53-2a-1202;
- 4446 (ii) by an out-of-state business as defined in Section 53-2a-1202;
- 4447 (iii) for a declared state disaster or emergency as defined in Section 53-2a-1202; and
- 4448 (iv) for disaster- or emergency-related work as defined in Section 53-2a-1202;
- 4449 ~~[(82)]~~ (70) sales of goods and services at a morale, welfare, and recreation facility, as
- 4450 defined in Section 39-9-102, made pursuant to Title 39, Chapter 9, State Morale, Welfare, and
- 4451 Recreation Program;
- 4452 ~~[(83)]~~ (71) amounts paid or charged for a purchase or lease of molten magnesium;
- 4453 ~~[(84)]~~ (72) amounts paid or charged for a purchase or lease made by a qualifying
- 4454 enterprise data center of machinery, equipment, or normal operating repair or replacement
- 4455 parts, if the machinery, equipment, or normal operating repair or replacement parts:
- 4456 (a) are used in the operation of the establishment; and
- 4457 (b) have an economic life of one or more years;
- 4458 ~~[(85)] sales of cleaning or washing of a vehicle, except for cleaning or washing of a~~
- 4459 ~~vehicle that includes cleaning or washing of the interior of the vehicle;]~~
- 4460 ~~[(86)]~~ (73) amounts paid or charged for a purchase or lease of machinery, equipment,
- 4461 normal operating repair or replacement parts, catalysts, chemicals, reagents, solutions, or
- 4462 supplies used or consumed:
- 4463 (a) by a refiner who owns, leases, operates, controls, or supervises a refinery as defined
- 4464 in Section 63M-4-701 located in the state;



4465 (b) if the machinery, equipment, normal operating repair or replacement parts,  
4466 catalysts, chemicals, reagents, solutions, or supplies are used or consumed in:  
4467 (i) the production process to produce gasoline or diesel fuel, or at which blendstock is  
4468 added to gasoline or diesel fuel;  
4469 (ii) research and development;  
4470 (iii) transporting, storing, or managing raw materials, work in process, finished  
4471 products, and waste materials produced from refining gasoline or diesel fuel, or adding  
4472 blendstock to gasoline or diesel fuel;  
4473 (iv) developing or maintaining a road, tunnel, excavation, or similar feature used in  
4474 refining; or  
4475 (v) preventing, controlling, or reducing pollutants from refining; and  
4476 (c) beginning on July 1, 2021, if the person has obtained a form certified by the Office  
4477 of Energy Development under Subsection 63M-4-702(2);  
4478 ~~[(87)]~~ (74) amounts paid to or charged by a proprietor for accommodations and  
4479 services, as defined in Section 63H-1-205, if the proprietor is subject to the MIDA  
4480 accommodations tax imposed under Section 63H-1-205;  
4481 ~~[(88)]~~ (75) amounts paid or charged for a purchase or lease of machinery, equipment,  
4482 normal operating repair or replacement parts, or materials, except for office equipment or  
4483 office supplies, by an establishment, as the commission defines that term in accordance with  
4484 Title 63G, Chapter 3, Utah Administrative Rulemaking Act, that:  
4485 (a) is described in NAICS Code 621511, Medical Laboratories, of the 2017 North  
4486 American Industry Classification System of the federal Executive Office of the President,  
4487 Office of Management and Budget;  
4488 (b) is located in this state; and  
4489 (c) uses the machinery, equipment, normal operating repair or replacement parts, or  
4490 materials in the operation of the establishment; ~~[and]~~  
4491 ~~[(89)]~~ (76) amounts paid or charged for an item exempt under Section 59-12-104.10[-];  
4492 and  
4493 (77) sales of the following by an individual under 18 years of age:  
4494 (a) an item of tangible person property that is handcrafted solely by the individual who  
4495 makes the sale; and

4496 (b) a service that is provided solely by the individual who makes the sale.

4497 Section 35. Section **59-12-107** is amended to read:

4498 **59-12-107. Definitions -- Collection, remittance, and payment of tax by sellers or**  
4499 **other persons -- Returns -- Reports -- Direct payment by purchaser of vehicle -- Other**  
4500 **liability for collection -- Rulemaking authority -- Credits -- Treatment of bad debt --**  
4501 **Penalties and interest.**

4502 (1) As used in this section:

4503 (a) "Ownership" means direct ownership or indirect ownership through a parent,  
4504 subsidiary, or affiliate.

4505 (b) "Related seller" means a seller that:

4506 (i) meets one or more of the criteria described in Subsection (2)(a)(i); and

4507 (ii) delivers tangible personal property, a service, or a product transferred electronically  
4508 that is sold:

4509 (A) by a seller that does not meet one or more of the criteria described in Subsection  
4510 (2)(a)(i); and

4511 (B) to a purchaser in the state.

4512 (c) "Substantial ownership interest" means an ownership interest in a business entity if  
4513 that ownership interest is greater than the degree of ownership of equity interest specified in 15  
4514 U.S.C. Sec. 78p, with respect to a person other than a director or an officer.

4515 (2) (a) Except as provided in Subsection (2)(f), Section 59-12-107.1, or Section  
4516 59-12-123, and subject to Subsection (2)(g), each seller shall pay or collect and remit the sales  
4517 and use taxes imposed by this chapter if within this state the seller:

4518 (i) has or utilizes:

4519 (A) an office;

4520 (B) a distribution house;

4521 (C) a sales house;

4522 (D) a warehouse;

4523 (E) a service enterprise; or

4524 (F) a place of business similar to Subsections (2)(a)(i)(A) through (E);

4525 (ii) maintains a stock of goods;

4526 (iii) regularly solicits orders, regardless of whether or not the orders are accepted in the

4527 state, unless the seller's only activity in the state is:

4528 (A) advertising; or

4529 (B) solicitation by:

4530 (I) direct mail;

4531 (II) electronic mail;

4532 (III) the Internet;

4533 (IV) telecommunications service; or

4534 (V) a means similar to Subsection (2)(a)(iii)(A) or (B);

4535 (iv) regularly engages in the delivery of property in the state other than by:

4536 (A) common carrier; or

4537 (B) United States mail; or

4538 (v) regularly engages in an activity directly related to the leasing or servicing of  
4539 property located within the state.

4540 (b) A seller is considered to be engaged in the business of selling tangible personal  
4541 property, a product transferred electronically, or a service for use in the state, and shall pay or  
4542 collect and remit the sales and use taxes imposed by this chapter if:

4543 (i) the seller holds a substantial ownership interest in, or is owned in whole or in  
4544 substantial part by, a related seller; and

4545 (ii) (A) the seller sells the same or a substantially similar line of products as the related  
4546 seller and does so under the same or a substantially similar business name; or

4547 (B) the place of business described in Subsection (2)(a)(i) of the related seller or an in  
4548 state employee of the related seller is used to advertise, promote, or facilitate sales by the seller  
4549 to a purchaser.

4550 (c) Subject to Section 59-12-107.6, each seller that does not meet one or more of the  
4551 criteria provided for in Subsection (2)(a) or is not a seller required to pay or collect and remit  
4552 the sales and use taxes imposed by this chapter under Subsection (2)(b) shall pay or collect and  
4553 remit the sales and use tax imposed by this chapter if the seller:

4554 (i) sells tangible personal property, products transferred electronically, or services for  
4555 storage, use, or consumption in the state; and

4556 (ii) in either the previous calendar year or the current calendar year:

4557 (A) receives gross revenue from the sale of tangible personal property, products

4558 transferred electronically, or services for storage, use, or consumption in the state of more than  
4559 \$100,000; or

4560 (B) sells tangible personal property, products transferred electronically, or services for  
4561 storage, use, or consumption in the state in 200 or more separate transactions.

4562 (d) A seller that does not meet one or more of the criteria provided for in Subsection  
4563 (2)(a) or is not a seller required to pay or collect and remit sales and use taxes under Subsection  
4564 (2)(b), Subsection (2)(c), or Section 59-12-107.6 may voluntarily:

4565 (i) collect a tax on a transaction described in Subsection 59-12-103(1); and

4566 (ii) remit the tax to the commission as provided in this part.

4567 (e) The collection and remittance of a tax under this chapter by a seller that is  
4568 registered under the agreement may not be used as a factor in determining whether that seller is  
4569 required by this Subsection (2) to:

4570 (i) pay a tax, fee, or charge under:

4571 (A) Title 10, Chapter 1, Part 3, Municipal Energy Sales and Use Tax Act;

4572 (B) Title 10, Chapter 1, Part 4, Municipal Telecommunications License Tax Act;

4573 (C) Section 19-6-714;

4574 (D) Section 19-6-805;

4575 (E) Title 69, Chapter 2, Part 4, 911 Emergency Service Charges; or

4576 (F) this title; or

4577 (ii) collect and remit a tax, fee, or charge under:

4578 (A) Title 10, Chapter 1, Part 3, Municipal Energy Sales and Use Tax Act;

4579 (B) Title 10, Chapter 1, Part 4, Municipal Telecommunications License Tax Act;

4580 (C) Section 19-6-714;

4581 (D) Section 19-6-805;

4582 (E) Title 69, Chapter 2, Part 4, 911 Emergency Service Charges; or

4583 (F) this title.

4584 (f) A person shall pay a use tax imposed by this chapter on a transaction described in  
4585 Subsection 59-12-103(1) if:

4586 (i) the seller did not collect a tax imposed by this chapter on the transaction; and

4587 (ii) the person:

4588 (A) stores the tangible personal property or product transferred electronically in the

4589 state;

4590 (B) uses the tangible personal property or product transferred electronically in the state;

4591 or

4592 (C) consumes the tangible personal property or product transferred electronically in the

4593 state.

4594 (g) The ownership of property that is located at the premises of a printer's facility with

4595 which the retailer has contracted for printing and that consists of the final printed product,

4596 property that becomes a part of the final printed product, or copy from which the printed

4597 product is produced, shall not result in the retailer being considered to have or maintain an

4598 office, distribution house, sales house, warehouse, service enterprise, or other place of

4599 business, or to maintain a stock of goods, within this state.

4600 (3) (a) Except as provided in Section 59-12-107.1, a seller shall collect a tax under this

4601 chapter from a purchaser.

4602 (b) A seller may not collect as tax an amount, without regard to fractional parts of one

4603 cent, in excess of the tax computed at the rates prescribed by this chapter.

4604 (c) (i) Each seller shall:

4605 (A) give the purchaser a receipt for the tax collected; or

4606 (B) bill the tax as a separate item and declare the name of this state and the seller's

4607 sales and use tax license number on the invoice for the sale.

4608 (ii) The receipt or invoice is prima facie evidence that the seller has collected the tax

4609 and relieves the purchaser of the liability for reporting the tax to the commission as a

4610 consumer.

4611 (d) A seller is not required to maintain a separate account for the tax collected, but is

4612 considered to be a person charged with receipt, safekeeping, and transfer of public money.

4613 (e) Taxes collected by a seller pursuant to this chapter shall be held in trust for the

4614 benefit of the state and for payment to the commission in the manner and at the time provided

4615 for in this chapter.

4616 (f) If any seller, during any reporting period, collects as a tax an amount in excess of

4617 the lawful state and local percentage of total taxable sales allowed under this chapter, the seller

4618 shall remit to the commission the full amount of the tax imposed under this chapter, plus any

4619 excess.

4620 (g) If the accounting methods regularly employed by the seller in the transaction of the  
4621 seller's business are such that reports of sales made during a calendar month or quarterly period  
4622 will impose unnecessary hardships, the commission may accept reports at intervals that, in the  
4623 commission's opinion, will better suit the convenience of the taxpayer or seller and will not  
4624 jeopardize collection of the tax.

4625 (h) (i) For a purchase paid with specie legal tender as defined in Section 59-1-1501.1,  
4626 and until such time as the commission accepts specie legal tender for the payment of a tax  
4627 under this chapter, if the commission requires a seller to remit a tax under this chapter in legal  
4628 tender other than specie legal tender, the seller shall state on the seller's books and records and  
4629 on an invoice, bill of sale, or similar document provided to the purchaser:

4630 (A) the purchase price in specie legal tender and in the legal tender the seller is  
4631 required to remit to the commission;

4632 (B) subject to Subsection (3)(h)(ii), the amount of tax due under this chapter in specie  
4633 legal tender and in the legal tender the seller is required to remit to the commission;

4634 (C) the tax rate under this chapter applicable to the purchase; and

4635 (D) the date of the purchase.

4636 (ii) (A) Subject to Subsection (3)(h)(ii)(B), for purposes of determining the amount of  
4637 tax due under Subsection (3)(h)(i), a seller shall use the most recent London fixing price for the  
4638 specie legal tender the purchaser paid.

4639 (B) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
4640 commission may make rules for determining the amount of tax due under Subsection (3)(h)(i)  
4641 if the London fixing price is not available for a particular day.

4642 (4) (a) Except as provided in Subsections (5) through (7) and Section 59-12-108, the  
4643 sales or use tax imposed by this chapter is due and payable to the commission quarterly on or  
4644 before the last day of the month next succeeding each quarterly calendar period.

4645 (b) (i) Each seller shall, on or before the last day of the month next succeeding each  
4646 quarterly calendar period, file with the commission a return for the preceding quarterly period.

4647 (ii) The seller shall remit with the return under Subsection (4)(b)(i) the amount of the  
4648 tax required under this chapter to be collected or paid for the period covered by the return.

4649 (c) Except as provided in Subsection (5)(c), a return shall contain information and be in  
4650 a form the commission prescribes by rule.

4651 (d) (i) Subject to Subsection (4)(d)(ii), the sales tax as computed in the return shall be  
4652 based on the total nonexempt sales made during the period for which the return is filed,  
4653 including both cash and charge sales.

4654 (ii) For a sale that includes the delivery or installation of tangible personal property at a  
4655 location other than a seller's place of business described in Subsection (2)(a)(i), if the delivery  
4656 or installation is separately stated on an invoice or receipt, a seller may compute the tax due on  
4657 the sale for purposes of Subsection (4)(d)(i) based on the amount the seller receives for that  
4658 sale during each period for which the seller receives payment for the sale.

4659 (e) (i) The use tax as computed in the return shall be based on the total amount of  
4660 purchases for storage, use, or other consumption in this state made during the period for which  
4661 the return is filed, including both cash and charge purchases.

4662 (ii) (A) As used in this Subsection (4)(e)(ii), "qualifying purchaser" means a purchaser  
4663 that is required to remit taxes under this chapter, but is not required to remit taxes monthly in  
4664 accordance with Section 59-12-108, and that converts tangible personal property into real  
4665 property.

4666 (B) Subject to Subsections (4)(e)(ii)(C) and (D), a qualifying purchaser may remit the  
4667 taxes due under this chapter on tangible personal property for which the qualifying purchaser  
4668 claims an exemption as allowed under Subsection 59-12-104(23) or (25) based on the period in  
4669 which the qualifying purchaser receives payment, in accordance with Subsection (4)(e)(ii)(C),  
4670 for the conversion of the tangible personal property into real property.

4671 (C) A qualifying purchaser remitting taxes due under this chapter in accordance with  
4672 Subsection (4)(e)(ii)(B) shall remit an amount equal to the total amount of tax due on the  
4673 qualifying purchaser's purchase of the tangible personal property that was converted into real  
4674 property multiplied by a fraction, the numerator of which is the payment received in the period  
4675 for the qualifying purchaser's sale of the tangible personal property that was converted into real  
4676 property and the denominator of which is the entire sales price for the qualifying purchaser's  
4677 sale of the tangible personal property that was converted into real property.

4678 (D) A qualifying purchaser may remit taxes due under this chapter in accordance with  
4679 this Subsection (4)(e)(ii) only if the books and records that the qualifying purchaser keeps in  
4680 the qualifying purchaser's regular course of business identify by reasonable and verifiable  
4681 standards that the tangible personal property was converted into real property.

4682 (f) (i) Subject to Subsection (4)(f)(ii) and in accordance with Title 63G, Chapter 3,  
4683 Utah Administrative Rulemaking Act, the commission may by rule extend the time for making  
4684 returns and paying the taxes.

4685 (ii) An extension under Subsection (4)(f)(i) may not be for more than 90 days.

4686 (g) The commission may require returns and payment of the tax to be made for other  
4687 than quarterly periods if the commission considers it necessary in order to ensure the payment  
4688 of the tax imposed by this chapter.

4689 (h) (i) The commission may require a seller that files a simplified electronic return with  
4690 the commission to file an additional electronic report with the commission.

4691 (ii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
4692 commission may make rules providing:

4693 (A) the information required to be included in the additional electronic report described  
4694 in Subsection (4)(h)(i); and

4695 (B) one or more due dates for filing the additional electronic report described in  
4696 Subsection (4)(h)(i).

4697 (5) (a) A seller that has a tax liability under this chapter of \$50,000 or more for the  
4698 previous calendar year shall:

4699 (i) file a return with the commission:

4700 (A) monthly on or before the last day of the month immediately following the month  
4701 for which the seller collects a tax under this chapter; and

4702 (B) for the month for which the seller collects a tax under this chapter; and

4703 (ii) except as provided in Subsection (5)(b), remit with the return required by  
4704 Subsection (5)(a)(i) the amount the person is required to remit to the commission for each tax,  
4705 fee, or charge described in Subsection (5)(c):

4706 (A) if that seller's tax liability under this chapter for the previous calendar year is less  
4707 than \$96,000, by any method permitted by the commission; or

4708 (B) if that seller's tax liability under this chapter for the previous calendar year is  
4709 \$96,000 or more, by electronic funds transfer.

4710 (b) A seller shall remit electronically with the return required by Subsection (5)(a)(i)  
4711 the amount the seller is required to remit to the commission for each tax, fee, or charge  
4712 described in Subsection (5)(c) if that seller:



- 4713 (i) is required under this section to file the return electronically; or  
4714 (ii) (A) is required under this section to collect and remit a tax; and  
4715 (B) files a simplified electronic return.  
4716 (c) Subsections (5)(a) and (b) apply to the following taxes, fees, or charges:  
4717 (i) a tax under Title 10, Chapter 1, Part 3, Municipal Energy Sales and Use Tax Act;  
4718 (ii) a fee under Section 19-6-714;  
4719 (iii) a fee under Section 19-6-805;  
4720 (iv) a charge under Title 69, Chapter 2, Part 4, 911 Emergency Service Charges; or  
4721 (v) a tax under this chapter.  
4722 (d) Notwithstanding Subsection (5)(a)(ii) and in accordance with Title 63G, Chapter 3,  
4723 Utah Administrative Rulemaking Act, the commission shall make rules providing for a method  
4724 for making same-day payments other than by electronic funds transfer if making payments by  
4725 electronic funds transfer fails.  
4726 (e) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
4727 commission shall establish by rule procedures and requirements for determining the amount a  
4728 seller is required to remit to the commission under this Subsection (5).  
4729 (f) A seller that has a tax liability under this chapter for the previous calendar year of  
4730 less than \$50,000 may voluntarily comply with the requirements of this subsection.  
4731 ~~[(5)]~~ (6) (a) As used in this Subsection ~~[(5)]~~ (6) and Subsection ~~[(6)]~~ (7)(b), "remote  
4732 seller" means a seller that is:  
4733 (i) registered under the agreement;  
4734 (ii) described in Subsection (2)(d); and  
4735 (iii) not a:  
4736 (A) model 1 seller;  
4737 (B) model 2 seller; or  
4738 (C) model 3 seller.  
4739 (b) (i) Except as provided in Subsection ~~[(5)]~~ (6)(b)(ii), a tax a remote seller collects in  
4740 accordance with Subsection (2)(d) is due and payable:  
4741 (A) to the commission;  
4742 (B) annually; and  
4743 (C) on or before the last day of the month immediately following the last day of each

4744 calendar year.

4745 (ii) The commission may require that a tax a remote seller collects in accordance with  
4746 Subsection (2)(d) be due and payable:

4747 (A) to the commission; and

4748 (B) on the last day of the month immediately following any month in which the seller  
4749 accumulates a total of at least \$1,000 in agreement sales and use tax.

4750 (c) (i) If a remote seller remits a tax to the commission in accordance with Subsection  
4751 ~~[(5)]~~ (6)(b), the remote seller shall file a return:

4752 (A) with the commission;

4753 (B) with respect to the tax;

4754 (C) containing information prescribed by the commission; and

4755 (D) on a form prescribed by the commission.

4756 (ii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
4757 commission shall make rules prescribing:

4758 (A) the information required to be contained in a return described in Subsection ~~[(5)]~~  
4759 (6)(c)(i); and

4760 (B) the form described in Subsection ~~[(5)]~~ (6)(c)(i)(D).

4761 (d) A tax a remote seller collects in accordance with this Subsection ~~[(5)]~~ (6) shall be  
4762 calculated on the basis of the total amount of taxable transactions under Subsection

4763 59-12-103(1) the remote seller completes, including:

4764 (i) a cash transaction; and

4765 (ii) a charge transaction.

4766 ~~[(6)]~~ (7) (a) Except as provided in Subsection ~~[(6)]~~ (7)(b), a tax a seller that files a  
4767 simplified electronic return collects in accordance with this chapter is due and payable:

4768 (i) monthly on or before the last day of the month immediately following the month for  
4769 which the seller collects a tax under this chapter; and

4770 (ii) for the month for which the seller collects a tax under this chapter.

4771 (b) A tax a remote seller that files a simplified electronic return collects in accordance  
4772 with this chapter is due and payable as provided in Subsection ~~[(5)]~~ (6).

4773 ~~[(7)]~~ (8) (a) On each vehicle sale made by other than a regular licensed vehicle dealer,  
4774 the purchaser shall pay the sales or use tax directly to the commission if the vehicle is subject

4775 to titling or registration under the laws of this state.

4776 (b) The commission shall collect the tax described in Subsection [~~(7)~~] (8)(a) when the  
4777 vehicle is titled or registered.

4778 [~~(8)~~] (9) If any sale of tangible personal property or any other taxable transaction under  
4779 Subsection 59-12-103(1), is made by a wholesaler to a retailer:

4780 (a) the wholesaler is not responsible for the collection or payment of the tax imposed  
4781 on the sale; and

4782 (b) the retailer is responsible for the collection or payment of the tax imposed on the  
4783 sale if:

4784 (i) the retailer represents that the tangible personal property, product transferred  
4785 electronically, or service is purchased by the retailer for resale; and

4786 (ii) the tangible personal property, product transferred electronically, or service is not  
4787 subsequently resold.

4788 [~~(9)~~] (10) If any sale of property or service subject to the tax is made to a person  
4789 prepaying sales or use tax in accordance with Title 63M, Chapter 5, Resource Development  
4790 Act, or to a contractor or subcontractor of that person:

4791 (a) the person to whom such payment or consideration is payable is not responsible for  
4792 the collection or payment of the sales or use tax; and

4793 (b) the person prepaying the sales or use tax is responsible for the collection or  
4794 payment of the sales or use tax if the person prepaying the sales or use tax represents that the  
4795 amount prepaid as sales or use tax has not been fully credited against sales or use tax due and  
4796 payable under the rules promulgated by the commission.

4797 [~~(10)~~] (11) (a) For purposes of this Subsection [~~(10)~~] (11):

4798 (i) Except as provided in Subsection [~~(10)~~] (11)(a)(ii), "bad debt" means the same as  
4799 that term is defined in Section 166, Internal Revenue Code.

4800 (ii) "Bad debt" does not include:

4801 (A) an amount included in the purchase price of tangible personal property, a product  
4802 transferred electronically, or a service that is:

4803 (I) not a transaction described in Subsection 59-12-103(1); or

4804 (II) exempt under Section 59-12-104;

4805 (B) a financing charge;

- 4806 (C) interest;
- 4807 (D) a tax imposed under this chapter on the purchase price of tangible personal  
4808 property, a product transferred electronically, or a service;
- 4809 (E) an uncollectible amount on tangible personal property or a product transferred  
4810 electronically that:
- 4811 (I) is subject to a tax under this chapter; and
- 4812 (II) remains in the possession of a seller until the full purchase price is paid;
- 4813 (F) an expense incurred in attempting to collect any debt; or
- 4814 (G) an amount that a seller does not collect on repossessed property.
- 4815 (b) (i) To the extent an amount remitted in accordance with Subsection (4)(d) later  
4816 becomes bad debt, a seller may deduct the bad debt from the total amount from which a tax  
4817 under this chapter is calculated on a return.
- 4818 (ii) A qualifying purchaser, as defined in Subsection (4)(e)(ii)(A), may deduct from the  
4819 total amount of taxes due under this chapter the amount of tax the qualifying purchaser paid on  
4820 the qualifying purchaser's purchase of tangible personal property converted into real property to  
4821 the extent that:
- 4822 (A) tax was remitted in accordance with Subsection (4)(e) on that tangible personal  
4823 property converted into real property;
- 4824 (B) the qualifying purchaser's sale of that tangible personal property converted into real  
4825 property later becomes bad debt; and
- 4826 (C) the books and records that the qualifying purchaser keeps in the qualifying  
4827 purchaser's regular course of business identify by reasonable and verifiable standards that the  
4828 tangible personal property was converted into real property.
- 4829 (c) A seller may file a refund claim with the commission if:
- 4830 (i) the amount of bad debt for the time period described in Subsection [~~(10)~~] (11)(e)  
4831 exceeds the amount of the seller's sales that are subject to a tax under this chapter for that same  
4832 time period; and
- 4833 (ii) as provided in Section 59-1-1410.
- 4834 (d) A bad debt deduction under this section may not include interest.
- 4835 (e) A bad debt may be deducted under this Subsection [~~(10)~~] (11) on a return for the  
4836 time period during which the bad debt:

- 4837 (i) is written off as uncollectible in the seller's books and records; and  
4838 (ii) would be eligible for a bad debt deduction:  
4839 (A) for federal income tax purposes; and  
4840 (B) if the seller were required to file a federal income tax return.
- 4841 (f) If a seller recovers any portion of bad debt for which the seller makes a deduction or  
4842 claims a refund under this Subsection [~~(10)~~] (11), the seller shall report and remit a tax under  
4843 this chapter:
- 4844 (i) on the portion of the bad debt the seller recovers; and  
4845 (ii) on a return filed for the time period for which the portion of the bad debt is  
4846 recovered.
- 4847 (g) For purposes of reporting a recovery of a portion of bad debt under Subsection  
4848 [~~(10)~~] (11)(f), a seller shall apply amounts received on the bad debt in the following order:  
4849 (i) in a proportional amount:  
4850 (A) to the purchase price of the tangible personal property, product transferred  
4851 electronically, or service; and  
4852 (B) to the tax due under this chapter on the tangible personal property, product  
4853 transferred electronically, or service; and  
4854 (ii) to:  
4855 (A) interest charges;  
4856 (B) service charges; and  
4857 (C) other charges.
- 4858 (h) A seller's certified service provider may make a deduction or claim a refund for bad  
4859 debt on behalf of the seller:  
4860 (i) in accordance with this Subsection [~~(10)~~] (11); and  
4861 (ii) if the certified service provider credits or refunds the entire amount of the bad debt  
4862 deduction or refund to the seller.
- 4863 (i) A seller may allocate bad debt among the states that are members of the agreement  
4864 if the seller's books and records support that allocation.
- 4865 [~~(11)~~] (12) (a) A seller may not, with intent to evade any tax, fail to timely remit the  
4866 full amount of tax required by this chapter.
- 4867 (b) A violation of this section is punishable as provided in Section 59-1-401.

4868 (c) Each person that fails to pay any tax to the state or any amount of tax required to be  
4869 paid to the state, except amounts determined to be due by the commission under Chapter 1,  
4870 Part 14, Assessment, Collections, and Refunds Act, or Section 59-12-111, within the time  
4871 required by this chapter, or that fails to file any return as required by this chapter, shall pay, in  
4872 addition to the tax, penalties and interest as provided in Sections 59-1-401 and 59-1-402.

4873 (d) For purposes of prosecution under this section, each quarterly tax period in which a  
4874 seller, with intent to evade any tax, collects a tax and fails to timely remit the full amount of the  
4875 tax required to be remitted constitutes a separate offense.

4876 Section 36. Section **59-12-108** is repealed and reenacted to read:

4877 **59-12-108. Amount of tax a seller may retain -- Penalty -- Certain amounts**  
4878 **allocated to local taxing jurisdictions.**

4879 (1) (a) Beginning January 1, 2021, a seller may retain each calendar year a portion of  
4880 the amounts described in Subsection (1)(b) as follows:

4881 (i) 100% of the first \$2,500; and

4882 (ii) 1.2% of the next \$397,500.

4883 (b) Subsection (1)(a) applies to any amounts the seller is required to remit to the  
4884 commission for:

4885 (i) a transaction described in Subsection 59-12-103(1) that is subject to a state tax and  
4886 a local tax imposed in accordance with the following for the period for which the seller is filing  
4887 a return:

4888 (A) Subsection 59-12-103(2)(a);

4889 (B) Subsection 59-12-103(2)(b); and

4890 (C) Subsection 59-12-103(2)(d); and

4891 (ii) an agreement sales and use tax.

4892 (c) A seller described in Subsection 59-12-107(5)(a) or (f) may retain each month 1%  
4893 of any amounts the seller is required to remit to the commission:

4894 (i) for the month for which the seller is filing a return; and

4895 (ii) under:

4896 (A) Title 10, Chapter 1, Part 3, Municipal Energy Sales and Use Tax Act;

4897 (B) Subsection 59-12-603(1)(a)(i)(A); or

4898 (C) Subsection 59-12-603(1)(a)(i)(B).

- 4899 (2) A state government entity may not retain any amount under Subsection (1).
- 4900 (3) Penalties for late payment shall be as provided in Section 59-1-401.
- 4901 (4) For the period that begins April 1, 2020, and ends December 31, 2020, a seller may
- 4902 retain a portion of the amounts described in Subsection (1)(b) as follows:
- 4903 (a) 100% of the first \$1,875; and
- 4904 (b) 1.2% of the next \$298,125.
- 4905 Section 37. Section **59-12-130** is enacted to read:
- 4906 **59-12-130. Sales tax on motor fuel and special fuel.**
- 4907 (1) As used in this section:
- 4908 (a) "Diesel fuel" means the same as that term is defined in Section 59-13-102.
- 4909 (b) "Distributor" means any person in this state that:
- 4910 (i) imports or causes to be imported motor fuel or special fuel for use, distribution, or
- 4911 sale, whether at retail or wholesale;
- 4912 (ii) produces, refines, manufactures, or compounds motor fuel or special fuel in this
- 4913 state for use, distribution, or sale in this state; or
- 4914 (iii) (A) is engaged in the business of purchasing motor fuel or special fuel for resale in
- 4915 wholesale quantities to retail dealers of motor fuel or special fuel; and
- 4916 (B) accounts for the person's own motor fuel or special fuel tax liability.
- 4917 (c) "Motor fuel" means the same as that term is defined in Section 59-13-102.
- 4918 (d) "Motor fuel or special fuel tax" means the taxes imposed under Chapter 13, Motor
- 4919 and Special Fuel Tax Act.
- 4920 (e) (i) Except as provided in Subsection (1)(e)(ii), "special fuel" means the same as that
- 4921 term is defined in Section 59-13-102.
- 4922 (ii) "Special fuel" does not include diesel fuel, propane, or electricity.
- 4923 (f) (i) "Supplier" means a person that:
- 4924 (A) imports or acquires immediately upon importation into this state motor fuel or
- 4925 special fuel;
- 4926 (B) produces, refines, manufactures, or blends motor fuel or special fuel in this state;
- 4927 (C) otherwise acquires for distribution or sale in this state, motor fuel or special fuel
- 4928 with respect to which there has been no previous taxable sale or use; or
- 4929 (D) is in a two party exchange where the receiving party is deemed to be the supplier.

4930 (ii) "Supplier" includes a wholesaler that exercises the payment option described in  
4931 Section 59-13-321.

4932 (g) "Two party exchange" means the same as that term is defined in Section 59-13-102.

4933 (h) "Wholesale price" means:

4934 (i) if the buyer and the seller are different parties, the amount the seller charged for the  
4935 motor fuel or special fuel, exclusive of the motor or special fuel tax or a federal fuel tax, as  
4936 evidenced by the invoice or other transaction log; or

4937 (ii) if the buyer and the seller are the same party, the statewide average rack price  
4938 calculated in accordance with Subsection 59-13-201(1)(b)(ii).

4939 (2) (a) Subject to the other provisions of this Subsection (2), a state sales tax is  
4940 imposed on motor fuel and special fuel at a rate of 4.85% of the wholesale price.

4941 (b) (i) The distributor shall pay the tax on motor fuel.

4942 (ii) The supplier shall pay the tax on special fuel.

4943 (c) (i) Except as provided in Subsection (2)(c)(iii), the provisions of Chapter 13, Part 2,  
4944 Motor Fuel, apply to the sales tax imposed by this section on motor fuel.

4945 (ii) Except as provided in Subsection (2)(c)(iii), the provisions of Chapter 13, Part 3,  
4946 Special Fuel, apply to the sales tax imposed by this section on special fuel.

4947 (iii) (A) The treasurer shall deposit the revenue collected from the sales tax imposed  
4948 under this section in accordance with Subsection (5).

4949 (B) The commission shall make any refunds in accordance with Subsection (6).

4950 (3) Sales of the following shall be exempt from the sales tax described in this section:

4951 (a) motor fuel or special fuel that is brought into and sold into the state in original  
4952 packages as purely interstate commerce sales;

4953 (b) motor fuel or special fuel that is exported from this state if proof of actual  
4954 exportation on forms prescribed by the commission is made within 180 days after exportation;

4955 (c) motor fuel or a component of motor fuel that is sold and used in this state and  
4956 distilled from coal, oil shale, rock asphalt, bituminous sand, or solid hydrocarbons located in  
4957 this state;

4958 (d) motor fuel or special fuel that is sold to the United States government, this state, or  
4959 the political subdivisions of this state; or

4960 (e) compressed natural gas, liquified natural gas, or hydrogen that is used:



4961 (i) in a vehicle off-highway;  
4962 (ii) to operate a power take-off unit of a vehicle;  
4963 (iii) for off-highway agricultural uses;  
4964 (iv) in a separately fueled engine on a vehicle that does not propel the vehicle upon the  
4965 highways of the state; or  
4966 (v) in machinery and equipment not registered and not required to be registered for  
4967 highway use;  
4968 (f) special fuel, other than compressed natural gas, liquified natural gas, or hydrogent  
4969 that is:  
4970 (i) purchased for business use in machinery and equipment not registered and not  
4971 required to be registered for highway use; and  
4972 (ii) used pursuant to the conditions of a state implementation plan approved under Title  
4973 19, Chapter 2, Air Conservation Act.  
4974 (4) (a) The commission either may collect no sales tax on motor fuel or special fuel  
4975 exported from the state or, upon application, refund the tax paid.  
4976 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
4977 commission shall make rules governing the procedures for administering the tax exemptions  
4978 described in Subsections (3)(d), (e), and (f).  
4979 (5) (a) The commission shall deposit daily the revenue that the commission collects  
4980 under this section with the state treasurer.  
4981 (b) The state treasurer shall credit the revenue deposited in accordance with Subsection  
4982 (5)(a) to the Transportation Investment Fund of 2005 created in Section 72-2-124.  
4983 (6) (a) A person entitled to a refund of a motor fuel or special fuel tax under Chapter  
4984 13, Motor and Special Fuel Tax Act, may receive a refund of the sales tax due under this  
4985 section for the same gallons that person is entitled to a refund of a motor fuel or special fuel  
4986 tax.  
4987 (b) The total amount of claims for refunds under Subsection (6)(a) shall be paid from  
4988 the Transportation Investment Fund of 2005.  
4989 Section 38. Section **59-12-1201** is amended to read:  
4990 **59-12-1201. Motor vehicle rental tax -- Rate -- Exemptions -- Administration,**  
4991 **collection, and enforcement of tax -- Administrative charge -- Deposits.**

4992 (1) (a) Except as provided in Subsection (3), there is imposed a tax of [~~2.5%~~] 4% on all  
4993 short-term leases and rentals of motor vehicles not exceeding 30 days.

4994 (b) The tax imposed in this section is in addition to all other state, county, or municipal  
4995 fees and taxes imposed on rentals of motor vehicles.

4996 (2) (a) Subject to Subsection (2)(b), a tax rate repeal or tax rate change for the tax  
4997 imposed under Subsection (1) shall take effect on the first day of a calendar quarter.

4998 (b) (i) For a transaction subject to a tax under Subsection (1), a tax rate increase shall  
4999 take effect on the first day of the first billing period:

5000 (A) that begins after the effective date of the tax rate increase; and

5001 (B) if the billing period for the transaction begins before the effective date of a tax rate  
5002 increase imposed under Subsection (1).

5003 (ii) For a transaction subject to a tax under Subsection (1), the repeal of a tax or a tax  
5004 rate decrease shall take effect on the first day of the last billing period:

5005 (A) that began before the effective date of the repeal of the tax or the tax rate decrease;

5006 and

5007 (B) if the billing period for the transaction begins before the effective date of the repeal  
5008 of the tax or the tax rate decrease imposed under Subsection (1).

5009 (3) A motor vehicle is exempt from the tax imposed under Subsection (1) if:

5010 (a) the motor vehicle is registered for a gross laden weight of 12,001 or more pounds;

5011 (b) the motor vehicle is rented as a personal household goods moving van; or

5012 (c) the lease or rental of the motor vehicle is made for the purpose of temporarily  
5013 replacing a person's motor vehicle that is being repaired pursuant to a repair agreement or an  
5014 insurance agreement.

5015 (4) (a) (i) The tax authorized under this section shall be administered, collected, and  
5016 enforced in accordance with:

5017 (A) the same procedures used to administer, collect, and enforce the tax under Part 1,  
5018 Tax Collection; and

5019 (B) Chapter 1, General Taxation Policies.

5020 (ii) Notwithstanding Subsection (4)(a)(i), a tax under this part is not subject to  
5021 Subsections 59-12-103(4) through (10) or Section 59-12-107.1 or 59-12-123.

5022 (b) The commission shall retain and deposit an administrative charge in accordance

5023 with Section 59-1-306 from the [~~revenues~~] revenue the commission collects from a tax under  
5024 this part.

5025 (c) Except as provided under Subsection (4)(b), all revenue received by the  
5026 commission under this section shall be deposited daily with the state treasurer and credited  
5027 monthly to the Marda Dillree Corridor Preservation Fund under Section 72-2-117.

5028 Section 39. Section **59-13-202** is amended to read:

5029 **59-13-202. Refund of tax for agricultural uses on individual income and**  
5030 **corporate franchise and income tax returns -- Application for permit for refund --**  
5031 **Division of Finance to pay claims -- Rules permitted to enforce part -- Penalties --**  
5032 **Revenue and Taxation Interim Committee study.**

5033 (1) As used in this section:

5034 (a) (i) Except as provided in Subsection (1)(a)(ii), "claimant" means a resident or  
5035 nonresident person.

5036 (ii) "Claimant" does not include an estate or trust.

5037 (b) "Estate" means a nonresident estate or a resident estate.

5038 (c) "Refundable tax credit" or "tax credit" means a tax credit that a claimant, estate, or  
5039 trust may claim:

5040 (i) as provided by statute; and

5041 (ii) regardless of whether, for the taxable year for which the claimant, estate, or trust  
5042 claims the tax credit, the claimant, estate, or trust has a tax liability under:

5043 (A) Chapter 7, Corporate Franchise and Income Taxes; or

5044 (B) Chapter 10, Individual Income Tax Act.

5045 (d) "Trust" means a nonresident trust or a resident trust.

5046 (2) Any claimant, estate, or trust that purchases and uses any motor fuel within the state  
5047 for the purpose of operating or propelling stationary farm engines and self-propelled farm  
5048 machinery used for nonhighway agricultural uses, and that has paid the tax on the motor fuel as  
5049 provided by this part, is entitled to a refund of the tax subject to the conditions and limitations  
5050 provided under this part.

5051 (3) (a) A claimant, estate, or trust desiring a nonhighway agricultural use refund under  
5052 this part shall claim the refund as a refundable tax credit on the tax return the claimant, estate,  
5053 or trust files under:

- 5054 (i) Chapter 7, Corporate Franchise and Income Taxes; or  
5055 (ii) Chapter 10, Individual Income Tax Act.
- 5056 (b) A claimant, estate, or trust not subject to filing a tax return described in Subsection  
5057 (3)(a) shall obtain a permit and file claims on a calendar year basis.
- 5058 (c) Any claimant, estate, or trust claiming a refundable tax credit under this section is  
5059 required to furnish any or all of the information outlined in this section upon request of the  
5060 commission.
- 5061 (d) A refundable tax credit under this section is allowed only on purchases on which  
5062 tax is paid during the taxable year covered by the tax return.
- 5063 (4) In order to obtain a permit for a refund of motor fuel tax paid, an application shall  
5064 be filed containing:
- 5065 (a) the name of the claimant, estate, or trust;  
5066 (b) the claimant's, estate's, or trust's address;  
5067 (c) location and number of acres owned and operated, location and number of acres  
5068 rented and operated, the latter of which shall be verified by a signed statement from the legal  
5069 owner;
- 5070 (d) number of acres planted to each crop, type of soil, and whether irrigated or dry; and  
5071 (e) make, size, and type of fuel used and power rating of each piece of equipment using  
5072 fuel. If the claimant, estate, or trust is an operator of self-propelled or tractor-pulled farm  
5073 machinery with which the claimant, estate, or trust works for hire doing custom jobs for other  
5074 farmers, the application shall include information the commission requires and shall all be  
5075 contained in, and be considered part of, the original application. The claimant, estate, or trust  
5076 shall also file with the application a certificate from the county assessor showing each piece of  
5077 equipment using fuel. This original application and all information contained in it constitutes a  
5078 permanent file with the commission in the name of the claimant, estate, or trust.
- 5079 (5) A claimant, estate, or trust claiming the right to a refund of motor fuel tax paid shall  
5080 file a claim with the commission by April 15 of each year for the refund for the previous  
5081 calendar year. The claim shall state the name and address of the claimant, estate, or trust, the  
5082 number of gallons of motor fuel purchased for nonhighway agricultural uses, and the amount  
5083 paid for the motor fuel. The claimant, estate, or trust shall retain the original invoice to support  
5084 the claim. No more than one claim for a tax refund may be filed annually by each user of

5085 motor fuel purchased for nonhighway agricultural uses.

5086 (6) Upon commission approval of the claim for a refund, the Division of Finance shall  
5087 pay the amount found due to the claimant, estate, or trust. The total amount of claims for  
5088 refunds shall be paid from motor fuel taxes.

5089 (7) The commission may refuse to accept as evidence of purchase or payment any  
5090 instruments that show alteration or that fail to indicate the quantity of the purchase, the price of  
5091 the motor fuel, a statement that the motor fuel is purchased for purposes other than  
5092 transportation, and the date of purchase and delivery. If the commission is not satisfied with  
5093 the evidence submitted in connection with the claim, the commission may reject the claim or  
5094 require additional evidence.

5095 (8) A claimant, estate, or trust aggrieved by the decision of the commission with  
5096 respect to a refundable tax credit or refund may file a request for agency action, requesting a  
5097 hearing before the commission.

5098 (9) A claimant, estate, or trust that makes any false claim, report, or statement, as  
5099 claimant, estate, trust, agent, or creditor, with intent to defraud or secure a refund to which the  
5100 claimant, estate, or trust is not entitled, is subject to the criminal penalties provided under  
5101 Section 59-1-401, and the commission shall initiate the filing of a complaint for alleged  
5102 violations of this part. In addition to these penalties, the claimant, estate, or trust may not  
5103 receive any refund as a claimant, estate, or trust or as a creditor of a claimant, estate, or trust for  
5104 refund for a period of five years.

5105 ~~[(10)(a) In accordance with any rules prescribed by the commission under Subsection~~  
5106 ~~(10)(b), the Division of Finance shall transfer at least annually from the Transportation Fund~~  
5107 ~~into the Education Fund an amount equal to the amount of the refund claimed under this~~  
5108 ~~section.]~~

5109 ~~[(b)]~~ (10) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking  
5110 Act, the commission may make rules providing procedures for:

5111 (i) making a refund to a claimant, estate, or trust as required by Subsection (3)(a)(i); or

5112 ~~[(ii) making a transfer from the Transportation Fund into the Education Fund as~~  
5113 ~~required by Subsection (10)(a); or]~~

5114 ~~[(iii)]~~ (ii) enforcing this part.

5115 (11) (a) On or before November 30, 2017, and every three years after 2017, the

5116 Revenue and Taxation Interim Committee shall review the tax credit provided by this section  
5117 and make recommendations concerning whether the tax credit should be continued, modified,  
5118 or repealed.

5119 (b) In conducting the review required by Subsection (11)(a), the Revenue and Taxation  
5120 Interim Committee shall:

5121 (i) schedule time on at least one committee agenda to conduct the review;

5122 (ii) invite state agencies, individuals, and organizations concerned with the credit under  
5123 review to provide testimony;

5124 (iii) ensure that the recommendations described in this section include an evaluation of:

5125 (A) the cost of the tax credit to the state;

5126 (B) the purpose and effectiveness of the tax credit; and

5127 (C) the extent to which the state benefits from the tax credit; and

5128 (iv) undertake other review efforts as determined by the chairs of the Revenue and  
5129 Taxation Interim Committee.

5130 Section 40. Section **59-13-323** is enacted to read:

5131 **59-13-323. Additional special fuel tax on undyed diesel fuel.**

5132 (1) (a) Except as provided in Subsection (1)(b), a supplier shall pay an additional  
5133 special fuel tax of 10 cents per gallon on undyed diesel fuel.

5134 (b) No additional special fuel tax is imposed on undyed diesel fuel that is exempt under  
5135 Subsection 59-13-301(2)(b) or (3).

5136 (2) (a) The commission shall deposit daily the revenue that the commission collects  
5137 under this section with the state treasurer.

5138 (b) Notwithstanding Section 59-13-301, the state treasurer shall credit the revenue  
5139 deposited in accordance with Subsection (2)(a) to the Transportation Investment Fund of 2005  
5140 created in Section 72-2-124.

5141 (3) (a) A person entitled to a refund of a special fuel tax under this part may receive a  
5142 refund of the additional special fuel tax refund due under this section for the same gallons that  
5143 person is entitled to a refund of a special fuel tax.

5144 (b) Notwithstanding Section 59-13-318, the total amount of claims for refunds under  
5145 Subsection (3)(a) shall be paid from the Transportation Investment Fund of 2005.

5146 Section 41. Section **63I-2-241** is enacted to read:

5147 **63I-2-241. Repeal dates -- Title 41.**

5148 Subsection 41-6a-702(5), which allows a vehicle with a clean fuel vehicle decal to  
5149 travel in a lane designated for the use of high occupancy vehicles regardless of the number of  
5150 occupants, is repealed September 30, 2025.

5151 Section 42. Section **63I-2-272** is amended to read:

5152 **63I-2-272. Repeal dates -- Title 72.**

5153 (1) Subsections 72-1-213(2) and (3)(a)(i), related to the Road Usage Charge Advisory  
5154 Committee, are repealed January 1, 2022.

5155 [~~(2) On July 1, 2018:~~]

5156 [~~(a) in Subsection 72-2-108(2), the language that states "and except as provided in~~  
5157 ~~Subsection (10)" is repealed; and]~~

5158 [~~(b) in Subsection 72-2-108(4)(c)(ii)(A), the language that states ", excluding any~~  
5159 ~~amounts appropriated as additional support for class B and class C roads under Subsection~~  
5160 ~~(10)," is repealed.]~~

5161 [~~(3)~~] (2) Section 72-3-113 is repealed January 1, 2020.

5162 (3) Section 72-6-121 is repealed September 30, 2025.

5163 Section 43. Section **72-1-201** is amended to read:

5164 **72-1-201. Creation of Department of Transportation -- Functions, powers, duties,**  
5165 **rights, and responsibilities.**

5166 (1) There is created the Department of Transportation which shall:

5167 (a) have the general responsibility for planning, research, design, construction,  
5168 maintenance, security, and safety of state transportation systems;

5169 (b) provide administration for state transportation systems and programs;

5170 (c) implement the transportation policies of the state;

5171 (d) plan, develop, construct, and maintain state transportation systems that are safe,  
5172 reliable, environmentally sensitive, and serve the needs of the traveling public, commerce, and  
5173 industry;

5174 (e) establish standards and procedures regarding the technical details of administration  
5175 of the state transportation systems as established by statute and administrative rule;

5176 (f) advise the governor and the Legislature about state transportation systems needs;

5177 (g) coordinate with utility companies for the reasonable, efficient, and cost-effective

5178 installation, maintenance, operation, relocation, and upgrade of utilities within state highway  
5179 rights-of-way;

5180 (h) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,  
5181 make rules for the administration of the department, state transportation systems, and  
5182 programs;

5183 (i) jointly with the commission annually report to the Transportation Interim  
5184 Committee, by November 30 of each year, as to the operation, maintenance, condition,  
5185 mobility, and safety needs for state transportation systems;

5186 (j) ensure that any training or certification required of a public official or public  
5187 employee, as those terms are defined in Section 63G-22-102, complies with Title 63G, Chapter  
5188 22, State Training and Certification Requirements, if the training or certification is required:

5189 (i) under this title;

5190 (ii) by the department; or

5191 (iii) by an agency or division within the department; [~~and~~]

5192 (k) study and make recommendations to the Legislature on potential managed lane use  
5193 and implementation on selected transportation systems within the state[-]; and

5194 (l) implement one or more strategies to manage congestion on state highways and  
5195 generate highway user fees, including the use of one or more high occupancy toll lanes as  
5196 defined in Section 72-6-118 and implementation of the technology described in Subsection  
5197 72-6-118(2)(e).

5198 (2) (a) The department shall exercise reasonable care in designing, constructing, and  
5199 maintaining a state highway in a reasonably safe condition for travel.

5200 (b) Nothing in this section shall be construed as:

5201 (i) creating a private right of action; or

5202 (ii) expanding or changing the department's common law duty as described in  
5203 Subsection (2)(a) for liability purposes.

5204 Section 44. Section **72-1-213.1** is amended to read:

5205 **72-1-213.1. Road usage charge program.**

5206 (1) As used in this section:

5207 (a) "Account manager" means an entity under contract with the department to  
5208 administer and manage the road usage charge program.



5209 (b) "Alternative fuel vehicle" means the same as that term is defined in Section  
5210 41-1a-102.

5211 (c) "Payment period" means the interval during which an owner is required to report  
5212 mileage and pay the appropriate road usage charge according to the terms of the program.

5213 (d) "Program" means the road usage charge program established and described in this  
5214 section.

5215 (2) There is established a road usage charge program as described in this section.

5216 (3) (a) The department shall implement and oversee the administration of the program,  
5217 which shall begin on January 1, 2020.

5218 (b) To implement and administer the program, the department may contract with an  
5219 account manager.

5220 (4) (a) The owner or lessee of an alternative fuel vehicle may apply for enrollment of  
5221 the alternative fuel vehicle in the program.

5222 (b) If an application for enrollment into the program is approved by the department, the  
5223 owner or lessee of an alternative fuel vehicle may participate in the program in lieu of paying  
5224 the fee described in Subsection 41-1a-1206(1)(h) or (2)(b).

5225 (5) (a) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,  
5226 and consistent with this section, the department:

5227 (i) shall make rules to establish:

5228 (A) processes and terms for enrollment into and withdrawal or removal from the  
5229 program;

5230 (B) payment periods and other payment methods and procedures for the program;

5231 (C) standards for mileage reporting mechanisms for an owner or lessee of an  
5232 alternative fuel vehicle to report mileage as part of participation in the program;

5233 (D) standards for program functions for mileage recording, payment processing,  
5234 account management, and other similar aspects of the program;

5235 (E) contractual terms between an owner or lessee of an alternative fuel vehicle owner  
5236 and an account manager for participation in the program;

5237 (F) contractual terms between the department and an account manager, including  
5238 authority for an account manager to enforce the terms of the program;

5239 (G) procedures to provide security and protection of personal information and data

5240 connected to the program, and penalties for account managers for violating privacy protection  
5241 rules;

5242 (H) penalty procedures for a program participant's failure to pay a road usage charge or  
5243 tampering with a device necessary for the program; and

5244 (I) department oversight of an account manager, including privacy protection of  
5245 personal information and access and auditing capability of financial and other records related to  
5246 administration of the program; and

5247 (ii) may make rules to establish:

5248 (A) an enrollment cap for certain alternative fuel vehicle types to participate in the  
5249 program;

5250 (B) a process for collection of an unpaid road usage charge or penalty; or

5251 (C) integration of the program with other similar programs, such as tolling.

5252 (b) The department shall make recommendations to and consult with the commission  
5253 regarding road usage mileage rates for each type of alternative fuel vehicle.

5254 (6) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, and  
5255 consistent with this section, the commission shall, after consultation with the department, make  
5256 rules to establish the road usage charge mileage rate for each type of alternative fuel vehicle.

5257 (7) (a) Revenue generated by the road usage charge program and relevant penalties  
5258 shall be deposited into the Transportation Fund.

5259 (b) The department may use revenue generated by the program to cover the costs of  
5260 administering the program.

5261 (8) (a) The department may:

5262 (i) (A) impose a penalty for failure to timely pay a road usage charge according to the  
5263 terms of the program or tampering with a device necessary for the program; and

5264 (B) request that the Division of Motor Vehicles place a hold on the registration of the  
5265 owner's or lessee's alternative fuel vehicle for failure to pay a road usage charge according to  
5266 the terms of the program;

5267 (ii) send correspondence to the owner of an alternative fuel vehicle to inform the owner  
5268 or lessee of:

5269 (A) the road usage charge program, implementation, and procedures;

5270 (B) an unpaid road usage charge and the amount of the road usage charge to be paid to

5271 the department;

5272 (C) the penalty for failure to pay a road usage charge within the time period described  
5273 in Subsection (8)(a)(iii); and

5274 (D) a hold being placed on the owner's or lessee's registration for the alternative fuel  
5275 vehicle, if the road usage charge and penalty are not paid within the time period described in  
5276 Subsection (8)(a)(iii), which would prevent the renewal of the alternative fuel vehicle's  
5277 registration; and

5278 (iii) require that the owner or lessee of the alternative fuel vehicle pay the road usage  
5279 charge to the department within 30 days of the date when the department sends written notice  
5280 of the road usage charge to the owner or lessee.

5281 (b) The department shall send the correspondence and notice described in Subsection  
5282 (8)(a) to the owner of the alternative fuel vehicle according to the terms of the program.

5283 (9) (a) The Division of Motor Vehicles and the department shall share and provide  
5284 access to information pertaining to an alternative fuel vehicle and participation in the program  
5285 including:

5286 (i) registration and ownership information pertaining to an alternative fuel vehicle;

5287 (ii) information regarding the failure of an alternative fuel vehicle owner or lessee to  
5288 pay a road usage charge or penalty imposed under this section within the time period described  
5289 in Subsection (8)(a)(iii); and

5290 (iii) the status of a request for a hold on the registration of an alternative fuel vehicle.

5291 (b) If the department requests a hold on the registration in accordance with this section,  
5292 the Division of Motor Vehicles may not renew the registration of a motor vehicle under Title  
5293 41, Chapter 1a, Part 2, Registration, until the department withdraws the hold request.

5294 (10) The owner of an alternative fuel vehicle may apply for enrollment in the program  
5295 or withdraw from the program according to the terms established by the department pursuant to  
5296 rules made under Subsection (5).

5297 (11) If enrolled in the program, the owner or lessee of an alternative fuel vehicle shall:

5298 (a) report mileage driven as required by the department pursuant to Subsection (5);

5299 (b) pay the road usage fee for each payment period as set by the department and the  
5300 commission pursuant to Subsections (5) and (6); and

5301 (c) comply with all other provisions of this section and other requirements of the

5302 program.

5303 (12) On or before October 1 of each year, the department shall submit an electronic  
 5304 report to a legislative committee designated by the Legislative Management Committee that  
 5305 recommends strategies for expanding enrollment in the program.

5306 Section 45. Section **72-2-120** is amended to read:

5307 **72-2-120. Tollway Special Revenue Fund -- Revenue.**

5308 (1) There is created a special revenue fund within the Transportation Fund known as  
 5309 the "Tollway Special Revenue Fund."

5310 (2) The fund shall be funded from the following sources:

5311 (a) tolls collected by the department under Section 72-6-118;

5312 (b) funds received by the department through a tollway development agreement under  
 5313 Section 72-6-203;

5314 (c) appropriations made to the fund by the Legislature;

5315 (d) contributions from other public and private sources for deposit into the fund;

5316 (e) interest earnings on cash balances; and

5317 (f) money collected for repayments and interest on fund money.

5318 (3) The Division of Finance may create a subaccount for each tollway as defined in  
 5319 Section 72-6-118.

5320 (4) The commission may authorize the money deposited into the fund to be spent by  
 5321 the department [~~to establish and operate tollways and related facilities and state transportation~~  
 5322 ~~systems, including design, construction, reconstruction, operation, maintenance, enforcement,~~  
 5323 ~~impacts from tollways, and the acquisition of right-of-way] for any state transportation  
 5324 purpose.~~

5325 Section 46. Section **72-2-124** is amended to read:

5326 **72-2-124. Transportation Investment Fund of 2005.**

5327 (1) There is created a capital projects fund entitled the Transportation Investment Fund  
 5328 of 2005.

5329 (2) The fund consists of money generated from the following sources:

5330 (a) any voluntary contributions received for the maintenance, construction,  
 5331 reconstruction, or renovation of state and federal highways;

5332 (b) appropriations made to the fund by the Legislature;

- 5333 (c) registration fees designated under Section 41-1a-1201;
- 5334 (d) the sales and use tax revenues deposited into the fund in accordance with [Section  
5335 ~~59-12-103~~, and] Sections 59-12-103 and 59-12-130;
- 5336 (e) the additional special fuel tax revenues deposited into the fund in accordance with  
5337 Section 59-13-323; and
- 5338 ~~[(e)]~~ (f) revenues transferred to the fund in accordance with Section 72-2-106.
- 5339 (3) (a) The fund shall earn interest.
- 5340 (b) All interest earned on fund money shall be deposited into the fund.
- 5341 (4) (a) Except as provided in Subsection (4)(b), the executive director may only use  
5342 fund money to pay:
- 5343 (i) the costs of maintenance, construction, reconstruction, or renovation to state and  
5344 federal highways prioritized by the Transportation Commission through the prioritization  
5345 process for new transportation capacity projects adopted under Section 72-1-304;
- 5346 (ii) the costs of maintenance, construction, reconstruction, or renovation to the highway  
5347 projects described in Subsections 63B-18-401(2), (3), and (4);
- 5348 (iii) principal, interest, and issuance costs of bonds authorized by Section 63B-18-401  
5349 minus the costs paid from the County of the First Class Highway Projects Fund in accordance  
5350 with Subsection 72-2-121(4)(f);
- 5351 (iv) for a fiscal year beginning on or after July 1, 2013, to transfer to the 2010 Salt  
5352 Lake County Revenue Bond Sinking Fund created by Section 72-2-121.3 the amount certified  
5353 by Salt Lake County in accordance with Subsection 72-2-121.3(4)(c) as necessary to pay the  
5354 debt service on \$30,000,000 of the revenue bonds issued by Salt Lake County;
- 5355 (v) principal, interest, and issuance costs of bonds authorized by Section 63B-16-101  
5356 for projects prioritized in accordance with Section 72-2-125;
- 5357 (vi) all highway general obligation bonds that are intended to be paid from revenues in  
5358 the Centennial Highway Fund created by Section 72-2-118;
- 5359 (vii) for fiscal year 2015-16 only, to transfer \$25,000,000 to the County of the First  
5360 Class Highway Projects Fund created in Section 72-2-121 to be used for the purposes described  
5361 in Section 72-2-121; and
- 5362 (viii) if a political subdivision provides a contribution equal to or greater than 40% of  
5363 the costs needed for construction, reconstruction, or renovation of paved pedestrian or paved

5364 nonmotorized transportation for projects that:

5365 (A) mitigate traffic congestion on the state highway system;

5366 (B) are part of an active transportation plan approved by the department; and

5367 (C) are prioritized by the commission through the prioritization process for new

5368 transportation capacity projects adopted under Section 72-1-304.

5369 (b) The executive director may use fund money to exchange for an equal or greater  
5370 amount of federal transportation funds to be used as provided in Subsection (4)(a).

5371 (5) (a) Except as provided in Subsection (5)(b), the executive director may not use fund  
5372 money, including fund money from the Transit Transportation Investment Fund, within the  
5373 boundaries of a municipality that is required to adopt a moderate income housing plan element  
5374 as part of the municipality's general plan as described in Subsection 10-9a-401(3), if the  
5375 municipality has failed to adopt a moderate income housing plan element as part of the  
5376 municipality's general plan or has failed to implement the requirements of the moderate income  
5377 housing plan as determined by the results of the Department of Workforce Service's review of  
5378 the annual moderate income housing report described in Subsection 35A-8-803(1)(a)(vii).

5379 (b) Within the boundaries of a municipality that is required under Subsection  
5380 10-9a-401(3) to plan for moderate income housing growth but has failed to adopt a moderate  
5381 income housing plan element as part of the municipality's general plan or has failed to  
5382 implement the requirements of the moderate income housing plan as determined by the results  
5383 of the Department of Workforce Service's review of the annual moderate income housing  
5384 report described in Subsection 35A-8-803(1)(a)(vii), the executive director:

5385 (i) may use fund money in accordance with Subsection (4)(a) for a limited-access  
5386 facility;

5387 (ii) may not use fund money for the construction, reconstruction, or renovation of an  
5388 interchange on a limited-access facility;

5389 (iii) may use Transit Transportation Investment Fund money for a multi-community  
5390 fixed guideway public transportation project; and

5391 (iv) may not use Transit Transportation Investment Fund money for the construction,  
5392 reconstruction, or renovation of a station that is part of a fixed guideway public transportation  
5393 project.

5394 (6) (a) Except as provided in Subsection (6)(b), the executive director may not use fund

5395 money, including fund money from the Transit Transportation Investment Fund, within the  
5396 boundaries of the unincorporated area of a county, if the county is required to adopt a moderate  
5397 income housing plan element as part of the county's general plan as described in Subsection  
5398 17-27a-401(3) and if the county has failed to adopt a moderate income housing plan element as  
5399 part of the county's general plan or has failed to implement the requirements of the moderate  
5400 income housing plan as determined by the results of the Department of Workforce Service's  
5401 review of the annual moderate income housing report described in Subsection  
5402 35A-8-803(1)(a)(vii).

5403 (b) Within the boundaries of the unincorporated area of a county where the county is  
5404 required under Subsection 17-27a-401(3) to plan for moderate income housing growth but has  
5405 failed to adopt a moderate income housing plan element as part of the county's general plan or  
5406 has failed to implement the requirements of the moderate income housing plan as determined  
5407 by the results of the Department of Workforce Service's review of the annual moderate income  
5408 housing report described in Subsection 35A-8-803(1)(a)(vii), the executive director:

5409 (i) may use fund money in accordance with Subsection (4)(a) for a limited-access  
5410 facility;

5411 (ii) may not use fund money for the construction, reconstruction, or renovation of an  
5412 interchange on a limited-access facility;

5413 (iii) may use Transit Transportation Investment Fund money for a multi-community  
5414 fixed guideway public transportation project; and

5415 (iv) may not use Transit Transportation Investment Fund money for the construction,  
5416 reconstruction, or renovation of a station that is part of a fixed guideway public transportation  
5417 project.

5418 (7) (a) Before bonds authorized by Section 63B-18-401 or 63B-27-101 may be issued  
5419 in any fiscal year, the department and the commission shall appear before the Executive  
5420 Appropriations Committee of the Legislature and present the amount of bond proceeds that the  
5421 department needs to provide funding for the projects identified in Subsections 63B-18-401(2),  
5422 (3), and (4) or Subsection 63B-27-101(2) for the current or next fiscal year.

5423 (b) The Executive Appropriations Committee of the Legislature shall review and  
5424 comment on the amount of bond proceeds needed to fund the projects.

5425 (8) The Division of Finance shall, from money deposited into the fund, transfer the

5426 amount of funds necessary to pay principal, interest, and issuance costs of bonds authorized by  
5427 Section 63B-18-401 or 63B-27-101 in the current fiscal year to the appropriate debt service or  
5428 sinking fund.

5429 (9) (a) There is created in the Transportation Investment Fund of 2005 the Transit  
5430 Transportation Investment Fund.

5431 (b) The fund shall be funded by:

5432 (i) contributions deposited into the fund in accordance with Section 59-12-103;

5433 (ii) appropriations into the account by the Legislature;

5434 (iii) private contributions; and

5435 (iv) donations or grants from public or private entities.

5436 (c) (i) The fund shall earn interest.

5437 (ii) All interest earned on fund money shall be deposited into the fund.

5438 (d) Subject to Subsection (9)(e), the Legislature may appropriate money from the fund  
5439 for public transit capital development of new capacity projects to be used as prioritized by the  
5440 commission.

5441 (e) (i) The Legislature may only appropriate money from the fund for a public transit  
5442 capital development project or pedestrian or nonmotorized transportation project that provides  
5443 connection to the public transit system if the public transit district or political subdivision  
5444 provides funds of equal to or greater than 40% of the costs needed for the project.

5445 (ii) A public transit district or political subdivision may use money derived from a loan  
5446 granted pursuant to Title 72, Chapter 2, Part 2, State Infrastructure Bank Fund, to provide all or  
5447 part of the 40% requirement described in Subsection (9)(e)(i) if:

5448 (A) the loan is approved by the commission as required in Title 72, Chapter 2, Part 2,  
5449 State Infrastructure Bank Fund; and

5450 (B) the proposed capital project has been prioritized by the commission pursuant to  
5451 Section 72-1-303.

5452 Section 47. Section **72-6-118** is amended to read:

5453 **72-6-118. Definitions -- Establishment and operation of tollways -- Imposition**  
5454 **and collection of tolls -- Amount of tolls -- Rulemaking.**

5455 (1) As used in this section:

5456 (a) "High occupancy toll lane" means a high occupancy vehicle lane designated under



5457 Section 41-6a-702 that may be used by an operator of a vehicle carrying [~~less than the number~~  
5458 ~~of persons specified for the high occupancy vehicle lane~~];

5459 (i) 3 or more occupants; or

5460 (ii) fewer than 3 occupants, if the operator of the vehicle pays a toll or fee.

5461 (b) "Toll" means any tax, fee, or charge assessed for the specific use of a tollway.

5462 (c) "Toll lane" means a designated new highway or additional lane capacity that is  
5463 constructed, operated, or maintained for which a toll is charged for its use.

5464 (d) (i) "Tollway" means a highway, highway lane, bridge, path, tunnel, or right-of-way  
5465 designed and used as a transportation route that is constructed, operated, or maintained through  
5466 the use of toll revenues.

5467 (ii) "Tollway" includes a high occupancy toll lane and a toll lane.

5468 (e) "Tollway development agreement" has the same meaning as defined in Section  
5469 72-6-202.

5470 (2) Subject to the provisions of Subsection (3), the department may:

5471 (a) establish, expand, and operate tollways and related facilities for the purpose of  
5472 funding in whole or in part the acquisition of right-of-way and the design, construction,  
5473 reconstruction, operation, enforcement, and maintenance of or impacts from a transportation  
5474 route for use by the public;

5475 (b) enter into contracts, agreements, licenses, franchises, tollway development  
5476 agreements, or other arrangements to implement this section;

5477 (c) impose and collect tolls on any tollway established under this section, including  
5478 collection of past due payment of a toll or penalty;

5479 (d) grant exclusive or nonexclusive rights to a private entity to impose and collect tolls  
5480 pursuant to the terms and conditions of a tollway development agreement;

5481 (e) use technology to automatically monitor a tollway and collect payment of a toll,  
5482 including:

5483 (i) license plate reading technology; and

5484 (ii) photographic or video recording technology; and

5485 (f) in accordance with Subsection (5), request that the Division of Motor Vehicles deny  
5486 a request for registration of a motor vehicle if the motor vehicle owner has failed to pay a toll  
5487 or penalty imposed for usage of a tollway involving the motor vehicle for which registration

5488 renewal has been requested.

5489 (3) (a) The department may establish or operate a tollway on an existing highway if  
5490 approved by the commission in accordance with the terms of this section.

5491 (b) To establish a tollway on an existing highway, the department shall submit a  
5492 proposal to the commission including:

5493 (i) a description of the tollway project;

5494 (ii) projected traffic on the tollway;

5495 (iii) the anticipated amount of the toll to be charged; and

5496 (iv) projected toll revenue.

5497 (4) (a) For a tollway established under this section, the department may:

5498 (i) according to the terms of each tollway, impose the toll upon the owner of a motor  
5499 vehicle using the tollway according to the terms of the tollway;

5500 (ii) send correspondence to the owner of the motor vehicle to inform the owner of:

5501 (A) an unpaid toll and the amount of the toll to be paid to the department;

5502 (B) the penalty for failure to pay the toll timely; and

5503 (C) a hold being placed on the owner's registration for the motor vehicle if the toll and  
5504 penalty are not paid timely, which would prevent the renewal of the motor vehicle's  
5505 registration;

5506 (iii) require that the owner of the motor vehicle pay the toll to the department within 30  
5507 days of the date when the department sends written notice of the toll to the owner; and

5508 (iv) impose a penalty for failure to pay a toll timely.

5509 (b) The department shall mail the correspondence and notice described in Subsection  
5510 (4)(a) to the owner of the motor vehicle according to the terms of a tollway.

5511 (5) (a) The Division of Motor Vehicles and the department shall share and provide  
5512 access to information pertaining to a motor vehicle and tollway enforcement including:

5513 (i) registration and ownership information pertaining to a motor vehicle;

5514 (ii) information regarding the failure of a motor vehicle owner to timely pay a toll or  
5515 penalty imposed under this section; and

5516 (iii) the status of a request for a hold on the registration of a motor vehicle.

5517 (b) If the department requests a hold on the registration in accordance with this section,  
5518 the Division of Motor Vehicles may not renew the registration of a motor vehicle under Title

5519 41, Chapter 1a, Part 2, Registration, if the owner of the motor vehicle has failed to pay a toll or  
5520 penalty imposed under this section for usage of a tollway involving the motor vehicle for which  
5521 registration renewal has been requested until the department withdraws the hold request.

5522 (6) (a) Except as provided in Subsection (6)(b), in accordance with Title 63G, Chapter  
5523 3, Utah Administrative Rulemaking Act, the commission shall:

5524 (i) set the amount of any toll imposed or collected on a tollway on a state highway; and

5525 (ii) for tolls established under Subsection (6)(b), set:

5526 (A) an increase in a toll rate or user fee above an increase specified in a tollway  
5527 development agreement; or

5528 (B) an increase in a toll rate or user fee above a maximum toll rate specified in a  
5529 tollway development agreement.

5530 (b) A toll or user fee and an increase to a toll or user fee imposed or collected on a  
5531 tollway on a state highway that is the subject of a tollway development agreement shall be set  
5532 in the tollway development agreement.

5533 (7) (a) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,  
5534 the department shall make rules:

5535 (i) necessary to establish and operate tollways on state highways;

5536 (ii) that establish standards and specifications for automatic tolling systems and  
5537 automatic tollway monitoring technology; and

5538 (iii) to set the amount of a penalty for failure to pay a toll under this section.

5539 (b) The rules shall:

5540 (i) include minimum criteria for having a tollway; and

5541 (ii) conform to regional and national standards for automatic tolling.

5542 (8) (a) The commission may provide funds for public or private tollway pilot projects  
5543 or high occupancy toll lanes from General Fund money appropriated by the Legislature to the  
5544 commission for that purpose.

5545 (b) The commission may determine priorities and funding levels for tollways  
5546 designated under this section.

5547 (9) (a) Except as provided in Subsection (9)(b), all revenue generated from a tollway  
5548 on a state highway shall be deposited into the Tollway Special Revenue Fund created in  
5549 Section 72-2-120 and used for ~~[acquisition of right-of-way and the design, construction,~~

5550 reconstruction, operation, maintenance, enforcement of state transportation systems and  
5551 facilities, including operating improvements to the tollway, and other facilities used exclusively  
5552 for the operation of a tollway facility within the corridor served by the tollway] any state  
5553 transportation purpose.

5554 (b) Revenue generated from a tollway that is the subject of a tollway development  
5555 agreement shall be deposited into the Tollway Special Revenue Fund and used in accordance  
5556 with Subsection (9)(a) unless:

5557 (i) the revenue is to a private entity through the tollway development agreement; or

5558 (ii) the revenue is identified for a different purpose under the tollway development  
5559 agreement.

5560 (10) Data described in Subsection (2)(e) obtained for the purposes of this section:

5561 (a) in accordance with Section 63G-2-305, is a protected record under Title 63G,  
5562 Chapter 2, Government Records Access and Management Act, if the photographic or video  
5563 data is maintained by a governmental entity;

5564 (b) may not be used or shared for any purpose other than the purposes described in this  
5565 section;

5566 (c) may only be preserved:

5567 (i) so long as necessary to collect the payment of a toll or penalty imposed in  
5568 accordance with this section; or

5569 (ii) pursuant to a warrant issued under the Utah Rules of Criminal Procedure or an  
5570 equivalent federal warrant; and

5571 (d) may only be disclosed:

5572 (i) in accordance with the disclosure requirements for a protected record under Section  
5573 63G-2-202; or

5574 (ii) pursuant to a warrant issued under the Utah Rules of Criminal Procedure or an  
5575 equivalent federal warrant.

5576 (11) (a) The department may not sell for any purpose photographic or video data  
5577 captured under Subsection (2)(e)(ii).

5578 (b) The department may not share captured photographic or video data for a purpose  
5579 not authorized under this section.

5580 [(12) Before November 1, 2018, the Driver License Division, the Division of Motor

5581 ~~Vehicles, and the department shall jointly study and report findings and recommendations to~~  
5582 ~~the Transportation Interim Committee regarding the use of Title 53, Chapter 3, Part 6, Drivers'~~  
5583 ~~License Compact, and other methods to collect a toll or penalty under this section from:]~~

5584 ~~[(a) an owner of a motor vehicle registered outside this state; or]~~

5585 ~~[(b) a driver or lessee of a motor vehicle leased or rented for 30 days or less.]~~

5586 Section 48. **Repealer.**

5587 This bill repeals:

5588 Section **59-12-104.4, Seller recordkeeping for purposes of higher education**

5589 **textbook exemption -- Rulemaking authority.**

5590 Section 49. **Effective date.**

5591 (1) Except as provided in Subsections (2) and (3), if approved by two-thirds of all the  
5592 members elected to each house, this bill takes effect on January 1, 2020.

5593 (2) If approved by two-thirds of all the members elected to each house, the actions  
5594 affecting the following sections take effect for a taxable year beginning on or after January 1,

5595 2020:

5596 (a) Section 35A-9-214;

5597 (b) Section 59-7-105;

5598 (c) Section 59-7-201;

5599 (d) Section 59-10-104;

5600 (e) Section 59-10-529.1;

5601 (f) Section 59-10-1018;

5602 (g) Section 59-10-1019;

5603 (h) Section 59-10-1041;

5604 (i) Section 59-10-1102.1;

5605 (j) Section 59-10-1113; and

5606 (k) Section 59-10-1114.

5607 (3) The actions affecting the following sections take effect on April 1, 2020:

5608 (a) Section 26-36b-208;

5609 (b) Section 59-12-102;

5610 (c) Section 59-12-103;

5611 (d) Section 59-12-104;

- 5612 (e) Section 59-12-104.4;  
5613 (f) Section 59-12-107;  
5614 (g) Section 59-12-108;  
5615 (h) Section 59-12-130;  
5616 (i) Section 59-12-1201;  
5617 (j) Section 59-13-323; and  
5618 (k) Section 72-2-124.

5619 Section 50. **Retrospective operation.**

5620 If this bill is approved by less than two-thirds of all the members elected to each house,  
5621 the actions affecting the following sections have retrospective operation for a taxable year  
5622 beginning on or after January 1, 2020:

- 5623 (1) Section 35A-9-214;  
5624 (2) Section 59-7-105;  
5625 (3) Section 59-7-201;  
5626 (4) Section 59-10-104;  
5627 (5) Section 59-10-529.1;  
5628 (6) Section 59-10-1018;  
5629 (7) Section 59-10-1019;  
5630 (8) Section 59-10-1041;  
5631 (9) Section 59-10-1102.1;  
5632 (10) Section 59-10-1113; and  
5633 (11) Section 59-10-1114.