

1                                   **SALES AND INCOME TAX AMENDMENTS**

2   2022 GENERAL SESSION

3   STATE OF UTAH

4   **Chief Sponsor: Brady Brammer**

5   Senate Sponsor: Curtis S. Bramble

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7 **LONG TITLE**

8 **General Description:**

9           This bill modifies provisions related to corporate income tax and sales and use tax  
10 exemptions.

11 **Highlighted Provisions:**

12           This bill:

- 13           ▶ modifies the definition of business income;
- 14           ▶ allows a taxpayer to elect to treat all income from the sales of intangible property as  
15 business income;
- 16           ▶ enacts a sales and use tax exemption for sales of certain items that:
  - 17           • contain a minimum amount of precious metal; and
  - 18           • are used as currency but do not constitute legal tender;
- 19           ▶ enacts a sales and use tax exemption for amounts paid or charged for admission to  
20 an indoor skydiving, rock climbing, or surfing facility, provided a trained instructor  
21 actively instructs the participant; and
- 22           ▶ makes technical changes.

23 **Money Appropriated in this Bill:**

24           None

25 **Other Special Clauses:**

26           This bill provides a special effective date.

27           This bill provides retrospective operation.

28 **Utah Code Sections Affected:**

29 AMENDS:

30 **59-7-302**, as last amended by Laws of Utah 2020, Chapter 38

31 **59-7-303**, as repealed and reenacted by Laws of Utah 1993, Chapter 169

32 **59-12-104**, as last amended by Laws of Utah 2021, Chapters 280 and 367

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

35 Section 1. Section **59-7-302** is amended to read:

36 **59-7-302. Definitions -- Determination of taxpayer status.**

37 (1) As used in this part, unless the context otherwise requires:

38 (a) "Aircraft type" means a particular model of aircraft as designated by the  
39 manufacturer of the aircraft.

40 (b) "Airline" means the same as that term is defined in Section **59-2-102**.

41 (c) "Airline revenue ton miles" means, for an airline, the total revenue ton miles during  
42 the airline's tax period.

43 ~~[(d) "Business income" means income arising from transactions and activity in the  
44 regular course of the taxpayer's trade or business and includes income from tangible and  
45 intangible property if the acquisition, management, and disposition of the property constitutes  
46 integral parts of the taxpayer's regular trade or business operations.]~~

47 (d) "Business income" means income that:

48 (i) is apportionable under the United States Constitution and is not allocated under the  
49 laws of this state, including income arising from:

50 (A) a transaction or activity in the regular course of the taxpayer's trade or business;

51 and

52 (B) tangible and intangible property, if the acquisition, management, employment,  
53 development, or disposition of the property is or was related to the operation of the taxpayer's  
54 trade or business; or

55 (ii) would be allocable to this state under the United States Constitution, but is

56 apportioned rather than allocated in accordance with the laws of this state.

57 (e) "Commercial domicile" means the principal place from which the trade or business  
58 of the taxpayer is directed or managed.

59 (f) "Compensation" means wages, salaries, commissions, and any other form of  
60 remuneration paid to employees for personal services.

61 (g) "Excluded NAICS code" means a NAICS code of the 2017 North American  
62 Industry Classification System of the federal Executive Office of the President, Office of  
63 Management and Budget, within:

- 64 (i) NAICS Code 211120, Crude Petroleum Extraction;
- 65 (ii) NAICS Industry Group 2121, Coal Mining;
- 66 (iii) NAICS Industry Group 2212, Natural Gas Distribution;
- 67 (iv) NAICS Subsector 311, Food Manufacturing;
- 68 (v) NAICS Industry Group 3121, Beverage Manufacturing;
- 69 (vi) NAICS Code 327310, Cement Manufacturing;
- 70 (vii) NAICS Subsector 482, Rail Transportation;
- 71 (viii) NAICS Code 512110, Motion Picture and Video Production;
- 72 (ix) NAICS Subsection 515, Broadcasting (except Internet); or
- 73 (x) NAICS Code 522110, Commercial Banking.

74 (h) (i) Except as provided in Subsection (1)(h)(ii), "mobile flight equipment" means the  
75 same as that term is defined in Section [59-2-102](#).

76 (ii) "Mobile flight equipment" does not include:

- 77 (A) a spare engine; or
- 78 (B) tangible personal property described in Subsection [59-2-102\(25\)](#) owned by an air  
79 charter service or an air contract service.

80 (i) "Nonbusiness income" means all income other than business income.

81 (j) "Optional apportionment taxpayer" means a taxpayer described in Subsection (3).

82 (k) "Phased-in sales factor weighted taxpayer" means a taxpayer that:

- 83 (i) is not a sales factor weighted taxpayer;
- 84 (ii) does not meet the definition of an optional apportionment taxpayer; or
- 85 (iii) for a taxable year beginning on or after January 1, 2020:
- 86 (A) meets the definition of an optional apportionment taxpayer; and
- 87 (B) apportioned business income using the method described in Subsection
- 88 59-7-311(4) during the previous taxable year.
- 89 (l) "Revenue ton miles" is determined in accordance with 14 C.F.R. Part 241.
- 90 (m) "Sales" means all gross receipts of the taxpayer not allocated under Sections
- 91 59-7-306 through 59-7-310.
- 92 (n) "Sales factor weighted taxpayer" means a taxpayer described in Subsection (2).
- 93 (o) "State" means any state of the United States, the District of Columbia, the
- 94 Commonwealth of Puerto Rico, any territory or possession of the United States, and any
- 95 foreign country or political subdivision thereof.
- 96 (p) "Transportation revenue" means revenue an airline earns from:
- 97 (i) transporting a passenger or cargo; or
- 98 (ii) from miscellaneous sales of merchandise as part of providing transportation
- 99 services.
- 100 (q) "Utah revenue ton miles" means, for an airline, the total revenue ton miles within
- 101 the borders of this state:
- 102 (i) during the airline's tax period; and
- 103 (ii) from flight stages that originate or terminate in this state.
- 104 (2) (a) A taxpayer is a sales factor weighted taxpayer if the taxpayer apportioned
- 105 business income using the method described in Subsection 59-7-311(2) during the previous
- 106 taxable year or if, regardless of the number of economic activities the taxpayer performs, the
- 107 taxpayer generates greater than 50% of the taxpayer's total sales everywhere from economic
- 108 activities that are classified in a NAICS code of the 2002 or 2007 North American Industry
- 109 Classification System of the federal Executive Office of the President, Office of Management

110 and Budget, other than:

- 111 (i) a NAICS code within NAICS Sector 21, Mining;
- 112 (ii) a NAICS code within NAICS Industry Group 2212, Natural Gas Distribution;
- 113 (iii) a NAICS code within NAICS Sector 31-33, Manufacturing, except:
- 114 (A) NAICS Industry Group 3254, Pharmaceutical and Medicine Manufacturing;
- 115 (B) NAICS Industry Group 3333, Commercial and Service Industry Machinery

116 Manufacturing;

- 117 (C) NAICS Subsector 334, Computer and Electronic Product Manufacturing; and
- 118 (D) NAICS Code 336111, Automobile Manufacturing;

119 (iv) a NAICS code within NAICS Sector 48-49, Transportation and Warehousing;

120 (v) a NAICS code within NAICS Sector 51, Information, except NAICS Subsector  
121 519, Other Information Services; or

122 (vi) a NAICS code within NAICS Sector 52, Finance and Insurance.

123 (b) A taxpayer shall determine if the taxpayer is a sales factor weighted taxpayer each  
124 year before the due date for filing the taxpayer's return under this chapter for the taxable year,  
125 including extensions.

126 (c) For purposes of making the determination required by Subsection (2)(a), total sales  
127 everywhere include only the total sales everywhere:

128 (i) as determined in accordance with this part; and

129 (ii) made during the taxable year for which a taxpayer makes the determination  
130 required by Subsection (2)(a).

131 (3) (a) A taxpayer is an optional apportionment taxpayer if the average calculated in  
132 accordance with Subsection (3)(b) is greater than .50.

133 (b) To calculate the average described in Subsection (3)(a), a taxpayer shall:

134 (i) calculate the following two fractions:

135 (A) the property factor fraction as described in Subsection 59-7-312(3); and

136 (B) the payroll factor fraction as described in Subsection 59-7-315(3);

- 137 (ii) add together the fractions described in Subsection (3)(b)(i); and  
138 (iii) divide the sum calculated in Subsection (3)(b)(ii):  
139 (A) except as provided in Subsection (3)(b)(iii)(B), by two; or  
140 (B) if either the property factor fraction or the payroll factor fraction has a denominator  
141 of zero or is excluded in accordance with Subsection 59-7-312(3)(b) or 59-7-315(3)(b), by one.  
142 (c) A taxpayer shall determine if the taxpayer is an optional apportionment taxpayer  
143 before the due date for filing the taxpayer's return under this chapter for the taxable year,  
144 including extensions.  
145 (4) A taxpayer that files a return as a unitary group for a taxable year is considered to  
146 be a unitary group for that taxable year.  
147 (5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
148 commission may define the term "economic activity" consistent with the use of the term  
149 "activity" in the 2007 North American Industry Classification System of the federal Executive  
150 Office of the President, Office of Management and Budget.  
151 Section 2. Section 59-7-303 is amended to read:  
152 **59-7-303. Apportionable income.**  
153 (1) Any taxpayer having income from business activity which is taxable both within  
154 and without this state shall allocate and apportion [~~its~~] the taxpayer's adjusted income as  
155 provided in this part.  
156 (2) Any taxpayer having income solely from business activity taxable within this state  
157 shall allocate or apportion [~~its~~] the taxpayer's entire adjusted income to this state.  
158 (3) (a) Notwithstanding Subsections (1) and (2), for a taxable year beginning on or  
159 after January 1, 2022, a taxpayer may elect to treat all of the taxpayer's income from sales of  
160 intangible property as business income.  
161 (b) A taxpayer shall make the election described in Subsection (3)(a) on or before the  
162 deadline for filing a return under an extension of time described in Section 59-7-505.  
163 (c) An election under this Subsection (3) is irrevocable.

164 Section 3. Section 59-12-104 is amended to read:

165 **59-12-104. Exemptions.**

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

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

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

171 (a) construction materials except:

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

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

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

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

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

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

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

187 (i) food and food ingredients; or

188 (ii) prepared food;

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

190 (i) alcoholic beverages;

- 191 (ii) food and food ingredients; or
- 192 (iii) prepared food;
- 193 (b) sales of tangible personal property or a product transferred electronically:
- 194 (i) to a passenger;
- 195 (ii) by a commercial airline carrier; and
- 196 (iii) during a flight for in-flight consumption or in-flight use by the passenger; or
- 197 (c) services related to Subsection (4)(a) or (b);
- 198 (5) sales of parts and equipment for installation in an aircraft operated by a common
- 199 carrier in interstate or foreign commerce;
- 200 (6) sales of commercials, motion picture films, prerecorded audio program tapes or
- 201 records, and prerecorded video tapes by a producer, distributor, or studio to a motion picture
- 202 exhibitor, distributor, or commercial television or radio broadcaster;
- 203 (7) (a) except as provided in Subsection (85) and subject to Subsection (7)(b), sales of
- 204 cleaning or washing of tangible personal property if the cleaning or washing of the tangible
- 205 personal property is not assisted cleaning or washing of tangible personal property;
- 206 (b) if a seller that sells at the same business location assisted cleaning or washing of
- 207 tangible personal property and cleaning or washing of tangible personal property that is not
- 208 assisted cleaning or washing of tangible personal property, the exemption described in
- 209 Subsection (7)(a) applies if the seller separately accounts for the sales of the assisted cleaning
- 210 or washing of the tangible personal property; and
- 211 (c) for purposes of Subsection (7)(b) and in accordance with Title 63G, Chapter 3,
- 212 Utah Administrative Rulemaking Act, the commission may make rules:
- 213 (i) governing the circumstances under which sales are at the same business location;
- 214 and
- 215 (ii) establishing the procedures and requirements for a seller to separately account for
- 216 sales of assisted cleaning or washing of tangible personal property;
- 217 (8) sales made to or by religious or charitable institutions in the conduct of their regular



218 religious or charitable functions and activities, if the requirements of Section 59-12-104.1 are  
219 fulfilled;

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

222 (a) not registered in this state; and

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

224 (ii) used in this state:

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

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

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

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

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

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

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

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

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

236 (A) a drug;

237 (B) a syringe; or

238 (C) a stoma supply; and

239 (ii) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
240 commission may by rule define the terms:

241 (A) "syringe"; or

242 (B) "stoma supply";

243 (11) purchases or leases exempt under Section 19-12-201;

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

245 (i) the following if the item described in Subsection (12)(c) is not available to the  
246 general public:

247 (A) a church; or

248 (B) a charitable institution; or

249 (ii) an institution of higher education if:

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

251 (B) the item described in Subsection (12)(c) is prepaid as part of a student meal plan  
252 offered by the institution of higher education; or

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

254 (i) a medical facility; or

255 (ii) a nursing facility; and

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

257 (i) food and food ingredients;

258 (ii) prepared food; or

259 (iii) alcoholic beverages;

260 (13) (a) except as provided in Subsection (13)(b), the sale of tangible personal property  
261 or a product transferred electronically by a person:

262 (i) regardless of the number of transactions involving the sale of that tangible personal  
263 property or product transferred electronically by that person; and

264 (ii) not regularly engaged in the business of selling that type of tangible personal  
265 property or product transferred electronically;

266 (b) this Subsection (13) does not apply if:

267 (i) the sale is one of a series of sales of a character to indicate that the person is  
268 regularly engaged in the business of selling that type of tangible personal property or product  
269 transferred electronically;

270 (ii) the person holds that person out as regularly engaged in the business of selling that  
271 type of tangible personal property or product transferred electronically;

272 (iii) the person sells an item of tangible personal property or product transferred  
273 electronically that the person purchased as a sale that is exempt under Subsection (25); or  
274 (iv) the sale is of a vehicle or vessel required to be titled or registered under the laws of  
275 this state in which case the tax is based upon:

276 (A) the bill of sale or other written evidence of value of the vehicle or vessel being  
277 sold; or

278 (B) in the absence of a bill of sale or other written evidence of value, the fair market  
279 value of the vehicle or vessel being sold at the time of the sale as determined by the  
280 commission; and

281 (c) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
282 commission shall make rules establishing the circumstances under which:

283 (i) a person is regularly engaged in the business of selling a type of tangible personal  
284 property or product transferred electronically;

285 (ii) a sale of tangible personal property or a product transferred electronically is one of  
286 a series of sales of a character to indicate that a person is regularly engaged in the business of  
287 selling that type of tangible personal property or product transferred electronically; or

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

290 (14) amounts paid or charged for a purchase or lease of machinery, equipment, normal  
291 operating repair or replacement parts, or materials, except for office equipment or office  
292 supplies, by:

293 (a) a manufacturing facility that:

294 (i) is located in the state; and

295 (ii) uses or consumes the machinery, equipment, normal operating repair or  
296 replacement parts, or materials:

297 (A) in the manufacturing process to manufacture an item sold as tangible personal  
298 property, as the commission may define that phrase in accordance with Title 63G, Chapter 3,

299 Utah Administrative Rulemaking Act; or  
300 (B) for a scrap recycler, to process an item sold as tangible personal property, as the  
301 commission may define that phrase in accordance with Title 63G, Chapter 3, Utah  
302 Administrative Rulemaking Act;  
303 (b) an establishment, as the commission defines that term in accordance with Title  
304 63G, Chapter 3, Utah Administrative Rulemaking Act, that:  
305 (i) is described in NAICS Subsector 212, Mining (except Oil and Gas), or NAICS  
306 Code 213113, Support Activities for Coal Mining, 213114, Support Activities for Metal  
307 Mining, or 213115, Support Activities for Nonmetallic Minerals (except Fuels) Mining, of the  
308 2002 North American Industry Classification System of the federal Executive Office of the  
309 President, Office of Management and Budget;  
310 (ii) is located in the state; and  
311 (iii) uses or consumes the machinery, equipment, normal operating repair or  
312 replacement parts, or materials in:  
313 (A) the production process to produce an item sold as tangible personal property, as the  
314 commission may define that phrase in accordance with Title 63G, Chapter 3, Utah  
315 Administrative Rulemaking Act;  
316 (B) research and development, as the commission may define that phrase in accordance  
317 with Title 63G, Chapter 3, Utah Administrative Rulemaking Act;  
318 (C) transporting, storing, or managing tailings, overburden, or similar waste materials  
319 produced from mining;  
320 (D) developing or maintaining a road, tunnel, excavation, or similar feature used in  
321 mining; or  
322 (E) preventing, controlling, or reducing dust or other pollutants from mining; or  
323 (c) an establishment, as the commission defines that term in accordance with Title 63G,  
324 Chapter 3, Utah Administrative Rulemaking Act, that:  
325 (i) is described in NAICS Code 518112, Web Search Portals, of the 2002 North

326 American Industry Classification System of the federal Executive Office of the President,  
327 Office of Management and Budget;

328 (ii) is located in the state; and

329 (iii) uses or consumes the machinery, equipment, normal operating repair or  
330 replacement parts, or materials in the operation of the web search portal;

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

332 (i) tooling;

333 (ii) special tooling;

334 (iii) support equipment;

335 (iv) special test equipment; or

336 (v) parts used in the repairs or renovations of tooling or equipment described in  
337 Subsections (15)(a)(i) through (iv); and

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

339 (i) the tooling, equipment, or parts are used or consumed exclusively in the  
340 performance of any aerospace or electronics industry contract with the United States  
341 government or any subcontract under that contract; and

342 (ii) under the terms of the contract or subcontract described in Subsection (15)(b)(i),  
343 title to the tooling, equipment, or parts is vested in the United States government as evidenced  
344 by:

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

346 (B) listing on a government-approved property record if placing a government  
347 identification tag on the tooling, equipment, or parts is impractical;

348 (16) sales of newspapers or newspaper subscriptions;

349 (17) (a) except as provided in Subsection (17)(b), tangible personal property or a  
350 product transferred electronically traded in as full or part payment of the purchase price, except  
351 that for purposes of calculating sales or use tax upon vehicles not sold by a vehicle dealer,  
352 trade-ins are limited to other vehicles only, and the tax is based upon:

353 (i) the bill of sale or other written evidence of value of the vehicle being sold and the  
354 vehicle being traded in; or

355 (ii) in the absence of a bill of sale or other written evidence of value, the then existing  
356 fair market value of the vehicle being sold and the vehicle being traded in, as determined by the  
357 commission; and

358 (b) Subsection (17)(a) does not apply to the following items of tangible personal  
359 property or products transferred electronically traded in as full or part payment of the purchase  
360 price:

361 (i) money;

362 (ii) electricity;

363 (iii) water;

364 (iv) gas; or

365 (v) steam;

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

370 (A) becomes part of real estate; or

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

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

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

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

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

380 incidental to farming includes:

381       (I) hand tools; or

382       (II) maintenance and janitorial equipment and supplies;

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

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

385 is used in an activity other than farming; and

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

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

388       (I) office equipment and supplies; or

389       (II) equipment and supplies used in:

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

391       (Bb) research; or

392       (Cc) transportation; or

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

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

395       (19) sales of hay;

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

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

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

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

400 agricultural produce;

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

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

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

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

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

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

407 wholesaler, or retailer for use in packaging tangible personal property to be sold by that  
408 manufacturer, processor, wholesaler, or retailer;

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

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

411 (i) the product is:

412 (A) purchased outside of this state;

413 (B) brought into this state:

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

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

417 (C) used for the personal use or enjoyment of the nonresident person described in  
418 Subsection (24)(a)(i)(B)(II) while that nonresident person is within the state; and

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

420 (ii) for:

421 (A) a product other than a boat described in Subsection (24)(a)(ii)(B), the first use of  
422 the product for a purpose for which the product is designed occurs outside of this state;

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

424 (C) a vehicle other than a vehicle sold to an authorized carrier, the vehicle is registered  
425 outside of this state;

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

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

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

429 (c) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, for  
430 purposes of Subsection (24)(a), the commission may by rule define what constitutes the  
431 following:

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



434 (ii) the first use of a product if that phrase has the same meaning in this Subsection (24)  
435 as in Subsection (63); or

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

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

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

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

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

449 (29) sales or leases of rolls, rollers, refractory brick, electric motors, or other  
450 replacement parts used in the furnaces, mills, or ovens of a steel mill described in SIC Code  
451 3312 of the 1987 Standard Industrial Classification Manual of the federal Executive Office of  
452 the President, Office of Management and Budget;

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

455 (a) not registered in this state; and

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

457 (ii) used in this state:

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

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

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

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

466 (31) sales of aircraft manufactured in Utah;

467 (32) amounts paid for the purchase of telecommunications service for purposes of  
468 providing telecommunications service;

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

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

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

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

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

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

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

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

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

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

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

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

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

484 (38) sales to a ski resort of:

485 (a) snowmaking equipment;

486 (b) ski slope grooming equipment;

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

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

490 (39) subject to Subsection 59-12-103(2)(j), sales of natural gas, electricity, heat, coal,  
491 fuel oil, or other fuels for industrial use;

492 (40) (a) subject to Subsection (40)(b), sales or rentals of the right to use or operate for  
493 amusement, entertainment, or recreation an unassisted amusement device as defined in Section  
494 59-12-102;

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

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

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

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

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

508 (i) a governmental entity; or

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

510 (A) a school; or

511 (B) the State Board of Education; or

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

513 (42) amounts paid for admission to an athletic event at an institution of higher

514 education that is subject to the provisions of Title IX of the Education Amendments of 1972,

515 20 U.S.C. Sec. 1681 et seq.;

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

517 (i) an area agency on aging; or

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

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

520 (44) sales or leases of semiconductor fabricating, processing, research, or development

521 materials regardless of whether the semiconductor fabricating, processing, research, or

522 development materials:

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

524 (b) ultimately become incorporated into real property;

525 (45) an amount paid by or charged to a purchaser for accommodations and services

526 described in Subsection 59-12-103(1)(i) to the extent the amount is exempt under Section

527 59-12-104.2;

528 (46) the lease or use of a vehicle issued a temporary sports event registration certificate

529 in accordance with Section 41-3-306 for the event period specified on the temporary sports

530 event registration certificate;

531 (47) (a) sales or uses of electricity, if the sales or uses are made under a retail tariff

532 adopted by the Public Service Commission only for purchase of electricity produced from a

533 new alternative energy source built after January 1, 2016, as designated in the tariff by the

534 Public Service Commission; and

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

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

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

538 customer would have paid absent the tariff;

539 (48) sales or rentals of mobility enhancing equipment if a person presents a

540 prescription for the mobility enhancing equipment;

541 (49) sales of water in a:

- 542 (a) pipe;
- 543 (b) conduit;
- 544 (c) ditch; or
- 545 (d) reservoir;
- 546 (50) sales of currency or coins that constitute legal tender of a state, the United States,
- 547 or a foreign nation;
- 548 (51) (a) sales of an item described in Subsection (51)(b) if the item:
- 549 (i) does not constitute legal tender of a state, the United States, or a foreign nation; and
- 550 (ii) has a gold, silver, or platinum content of 50% or more; and
- 551 (b) Subsection (51)(a) applies to a gold, silver, or platinum:
- 552 (i) ingot;
- 553 (ii) bar;
- 554 (iii) medallion; or
- 555 (iv) decorative coin;
- 556 (52) amounts paid on a sale-leaseback transaction;
- 557 (53) sales of a prosthetic device:
- 558 (a) for use on or in a human; and
- 559 (b) (i) for which a prescription is required; or
- 560 (ii) if the prosthetic device is purchased by a hospital or other medical facility;
- 561 (54) (a) except as provided in Subsection (54)(b), purchases, leases, or rentals of
- 562 machinery or equipment by an establishment described in Subsection (54)(c) if the machinery
- 563 or equipment is primarily used in the production or postproduction of the following media for
- 564 commercial distribution:
- 565 (i) a motion picture;
- 566 (ii) a television program;
- 567 (iii) a movie made for television;
- 568 (iv) a music video;

569 (v) a commercial;  
570 (vi) a documentary; or  
571 (vii) a medium similar to Subsections (54)(a)(i) through (vi) as determined by the  
572 commission by administrative rule made in accordance with Subsection (54)(d); or  
573 (b) purchases, leases, or rentals of machinery or equipment by an establishment  
574 described in Subsection (54)(c) that is used for the production or postproduction of the  
575 following are subject to the taxes imposed by this chapter:  
576 (i) a live musical performance;  
577 (ii) a live news program; or  
578 (iii) a live sporting event;  
579 (c) the following establishments listed in the 1997 North American Industry  
580 Classification System of the federal Executive Office of the President, Office of Management  
581 and Budget, apply to Subsections (54)(a) and (b):  
582 (i) NAICS Code 512110; or  
583 (ii) NAICS Code 51219; and  
584 (d) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
585 commission may by rule:  
586 (i) prescribe what constitutes a medium similar to Subsections (54)(a)(i) through (vi);  
587 or  
588 (ii) define:  
589 (A) "commercial distribution";  
590 (B) "live musical performance";  
591 (C) "live news program"; or  
592 (D) "live sporting event";  
593 (55) (a) leases of seven or more years or purchases made on or after July 1, 2004, but  
594 on or before June 30, 2027, of tangible personal property that:  
595 (i) is leased or purchased for or by a facility that:

596 (A) is an alternative energy electricity production facility;  
597 (B) is located in the state; and  
598 (C) (I) becomes operational on or after July 1, 2004; or  
599 (II) has its generation capacity increased by one or more megawatts on or after July 1,  
600 2004, as a result of the use of the tangible personal property;  
601 (ii) has an economic life of five or more years; and  
602 (iii) is used to make the facility or the increase in capacity of the facility described in  
603 Subsection (55)(a)(i) operational up to the point of interconnection with an existing  
604 transmission grid including:  
605 (A) a wind turbine;  
606 (B) generating equipment;  
607 (C) a control and monitoring system;  
608 (D) a power line;  
609 (E) substation equipment;  
610 (F) lighting;  
611 (G) fencing;  
612 (H) pipes; or  
613 (I) other equipment used for locating a power line or pole; and  
614 (b) this Subsection (55) does not apply to:  
615 (i) tangible personal property used in construction of:  
616 (A) a new alternative energy electricity production facility; or  
617 (B) the increase in the capacity of an alternative energy electricity production facility;  
618 (ii) contracted services required for construction and routine maintenance activities;  
619 and  
620 (iii) unless the tangible personal property is used or acquired for an increase in capacity  
621 of the facility described in Subsection (55)(a)(i)(C)(II), tangible personal property used or  
622 acquired after:

623 (A) the alternative energy electricity production facility described in Subsection  
624 (55)(a)(i) is operational as described in Subsection (55)(a)(iii); or  
625 (B) the increased capacity described in Subsection (55)(a)(i) is operational as described  
626 in Subsection (55)(a)(iii);  
627 (56) (a) leases of seven or more years or purchases made on or after July 1, 2004, but  
628 on or before June 30, 2027, of tangible personal property that:  
629 (i) is leased or purchased for or by a facility that:  
630 (A) is a waste energy production facility;  
631 (B) is located in the state; and  
632 (C) (I) becomes operational on or after July 1, 2004; or  
633 (II) has its generation capacity increased by one or more megawatts on or after July 1,  
634 2004, as a result of the use of the tangible personal property;  
635 (ii) has an economic life of five or more years; and  
636 (iii) is used to make the facility or the increase in capacity of the facility described in  
637 Subsection (56)(a)(i) operational up to the point of interconnection with an existing  
638 transmission grid including:  
639 (A) generating equipment;  
640 (B) a control and monitoring system;  
641 (C) a power line;  
642 (D) substation equipment;  
643 (E) lighting;  
644 (F) fencing;  
645 (G) pipes; or  
646 (H) other equipment used for locating a power line or pole; and  
647 (b) this Subsection (56) does not apply to:  
648 (i) tangible personal property used in construction of:  
649 (A) a new waste energy facility; or



650 (B) the increase in the capacity of a waste energy facility;  
651 (ii) contracted services required for construction and routine maintenance activities;  
652 and  
653 (iii) unless the tangible personal property is used or acquired for an increase in capacity  
654 described in Subsection (56)(a)(i)(C)(II), tangible personal property used or acquired after:  
655 (A) the waste energy facility described in Subsection (56)(a)(i) is operational as  
656 described in Subsection (56)(a)(iii); or  
657 (B) the increased capacity described in Subsection (56)(a)(i) is operational as described  
658 in Subsection (56)(a)(iii);  
659 (57) (a) leases of five or more years or purchases made on or after July 1, 2004, but on  
660 or before June 30, 2027, of tangible personal property that:  
661 (i) is leased or purchased for or by a facility that:  
662 (A) is located in the state;  
663 (B) produces fuel from alternative energy, including:  
664 (I) methanol; or  
665 (II) ethanol; and  
666 (C) (I) becomes operational on or after July 1, 2004; or  
667 (II) has its capacity to produce fuel increase by 25% or more on or after July 1, 2004, as  
668 a result of the installation of the tangible personal property;  
669 (ii) has an economic life of five or more years; and  
670 (iii) is installed on the facility described in Subsection (57)(a)(i);  
671 (b) this Subsection (57) does not apply to:  
672 (i) tangible personal property used in construction of:  
673 (A) a new facility described in Subsection (57)(a)(i); or  
674 (B) the increase in capacity of the facility described in Subsection (57)(a)(i); or  
675 (ii) contracted services required for construction and routine maintenance activities;  
676 and

677 (iii) unless the tangible personal property is used or acquired for an increase in capacity  
678 described in Subsection (57)(a)(i)(C)(II), tangible personal property used or acquired after:  
679 (A) the facility described in Subsection (57)(a)(i) is operational; or  
680 (B) the increased capacity described in Subsection (57)(a)(i) is operational;

681 (58) (a) subject to Subsection (58)(b), sales of tangible personal property or a product  
682 transferred electronically to a person within this state if that tangible personal property or  
683 product transferred electronically is subsequently shipped outside the state and incorporated  
684 pursuant to contract into and becomes a part of real property located outside of this state; and  
685 (b) the exemption under Subsection (58)(a) is not allowed to the extent that the other  
686 state or political entity to which the tangible personal property is shipped imposes a sales, use,  
687 gross receipts, or other similar transaction excise tax on the transaction against which the other  
688 state or political entity allows a credit for sales and use taxes imposed by this chapter;

689 (59) purchases:  
690 (a) of one or more of the following items in printed or electronic format:  
691 (i) a list containing information that includes one or more:  
692 (A) names; or  
693 (B) addresses; or  
694 (ii) a database containing information that includes one or more:  
695 (A) names; or  
696 (B) addresses; and  
697 (b) used to send direct mail;

698 (60) redemptions or repurchases of a product by a person if that product was:  
699 (a) delivered to a pawnbroker as part of a pawn transaction; and  
700 (b) redeemed or repurchased within the time period established in a written agreement  
701 between the person and the pawnbroker for redeeming or repurchasing the product;

702 (61) (a) purchases or leases of an item described in Subsection (61)(b) if the item:  
703 (i) is purchased or leased by, or on behalf of, a telecommunications service provider;

704 and

705 (ii) has a useful economic life of one or more years; and

706 (b) the following apply to Subsection (61)(a):

707 (i) telecommunications enabling or facilitating equipment, machinery, or software;

708 (ii) telecommunications equipment, machinery, or software required for 911 service;

709 (iii) telecommunications maintenance or repair equipment, machinery, or software;

710 (iv) telecommunications switching or routing equipment, machinery, or software; or

711 (v) telecommunications transmission equipment, machinery, or software;

712 (62) (a) beginning on July 1, 2006, and ending on June 30, 2027, purchases of tangible

713 personal property or a product transferred electronically that are used in the research and

714 development of alternative energy technology; and

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

716 commission may, for purposes of Subsection (62)(a), make rules defining what constitutes

717 purchases of tangible personal property or a product transferred electronically that are used in

718 the research and development of alternative energy technology;

719 (63) (a) purchases of tangible personal property or a product transferred electronically

720 if:

721 (i) the tangible personal property or product transferred electronically is:

722 (A) purchased outside of this state;

723 (B) brought into this state at any time after the purchase described in Subsection

724 (63)(a)(i)(A); and

725 (C) used in conducting business in this state; and

726 (ii) for:

727 (A) tangible personal property or a product transferred electronically other than the

728 tangible personal property described in Subsection (63)(a)(ii)(B), the first use of the property

729 for a purpose for which the property is designed occurs outside of this state; or

730 (B) a vehicle other than a vehicle sold to an authorized carrier, the vehicle is registered

731 outside of this state and not required to be registered in this state under Section 41-1a-202 or  
732 73-18-9 based on residency;

733 (b) the exemption provided for in Subsection (63)(a) does not apply to:

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

735 or

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

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

738 purposes of Subsection (63)(a), the commission may by rule define what constitutes the

739 following:

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

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

742 (ii) the first use of tangible personal property or a product transferred electronically if

743 that phrase has the same meaning in this Subsection (63) as in Subsection (24); or

744 (iii) a purpose for which tangible personal property or a product transferred

745 electronically is designed if that phrase has the same meaning in this Subsection (63) as in

746 Subsection (24);

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

748 (a) a person presents a prescription for the disposable home medical equipment or

749 supplies;

750 (b) the disposable home medical equipment or supplies are used exclusively by the

751 person to whom the prescription described in Subsection (64)(a) is issued; and

752 (c) the disposable home medical equipment and supplies are listed as eligible for

753 payment under:

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

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

756 (65) sales:

757 (a) to a public transit district under Title 17B, Chapter 2a, Part 8, Public Transit

758 District Act; or  
759 (b) of tangible personal property to a subcontractor of a public transit district, if the  
760 tangible personal property is:  
761 (i) clearly identified; and  
762 (ii) installed or converted to real property owned by the public transit district;  
763 (66) sales of construction materials:  
764 (a) purchased on or after July 1, 2010;  
765 (b) purchased by, on behalf of, or for the benefit of an international airport:  
766 (i) located within a county of the first class; and  
767 (ii) that has a United States customs office on its premises; and  
768 (c) if the construction materials are:  
769 (i) clearly identified;  
770 (ii) segregated; and  
771 (iii) installed or converted to real property:  
772 (A) owned or operated by the international airport described in Subsection (66)(b); and  
773 (B) located at the international airport described in Subsection (66)(b);  
774 (67) sales of construction materials:  
775 (a) purchased on or after July 1, 2008;  
776 (b) purchased by, on behalf of, or for the benefit of a new airport:  
777 (i) located within a county of the second class; and  
778 (ii) that is owned or operated by a city in which an airline as defined in Section  
779 [59-2-102](#) is headquartered; and  
780 (c) if the construction materials are:  
781 (i) clearly identified;  
782 (ii) segregated; and  
783 (iii) installed or converted to real property:  
784 (A) owned or operated by the new airport described in Subsection (67)(b);

785 (B) located at the new airport described in Subsection (67)(b); and  
786 (C) as part of the construction of the new airport described in Subsection (67)(b);  
787 (68) except for the tax imposed by Subsection 59-12-103(2)(d), sales of fuel to a  
788 common carrier that is a railroad for use in a locomotive engine;  
789 (69) purchases and sales described in Section 63H-4-111;  
790 (70) (a) sales of tangible personal property to an aircraft maintenance, repair, and  
791 overhaul provider for use in the maintenance, repair, overhaul, or refurbishment in this state of  
792 a fixed wing turbine powered aircraft if that fixed wing turbine powered aircraft's registration  
793 lists a state or country other than this state as the location of registry of the fixed wing turbine  
794 powered aircraft; or  
795 (b) sales of tangible personal property by an aircraft maintenance, repair, and overhaul  
796 provider in connection with the maintenance, repair, overhaul, or refurbishment in this state of  
797 a fixed wing turbine powered aircraft if that fixed wing turbine powered aircraft's registration  
798 lists a state or country other than this state as the location of registry of the fixed wing turbine  
799 powered aircraft;  
800 (71) subject to Section 59-12-104.4, sales of a textbook for a higher education course:  
801 (a) to a person admitted to an institution of higher education; and  
802 (b) by a seller, other than a bookstore owned by an institution of higher education, if  
803 51% or more of that seller's sales revenue for the previous calendar quarter are sales of a  
804 textbook for a higher education course;  
805 (72) a license fee or tax a municipality imposes in accordance with Subsection  
806 10-1-203(5) on a purchaser from a business for which the municipality provides an enhanced  
807 level of municipal services;  
808 (73) amounts paid or charged for construction materials used in the construction of a  
809 new or expanding life science research and development facility in the state, if the construction  
810 materials are:  
811 (a) clearly identified;

- 812 (b) segregated; and
- 813 (c) installed or converted to real property;
- 814 (74) amounts paid or charged for:
  - 815 (a) a purchase or lease of machinery and equipment that:
    - 816 (i) are used in performing qualified research:
      - 817 (A) as defined in Section 41(d), Internal Revenue Code; and
      - 818 (B) in the state; and
    - 819 (ii) have an economic life of three or more years; and
  - 820 (b) normal operating repair or replacement parts:
    - 821 (i) for the machinery and equipment described in Subsection (74)(a); and
    - 822 (ii) that have an economic life of three or more years;
- 823 (75) a sale or lease of tangible personal property used in the preparation of prepared
- 824 food if:
  - 825 (a) for a sale:
    - 826 (i) the ownership of the seller and the ownership of the purchaser are identical; and
    - 827 (ii) the seller or the purchaser paid a tax under this chapter on the purchase of that
  - 828 tangible personal property prior to making the sale; or
  - 829 (b) for a lease:
    - 830 (i) the ownership of the lessor and the ownership of the lessee are identical; and
    - 831 (ii) the lessor or the lessee paid a tax under this chapter on the purchase of that tangible
  - 832 personal property prior to making the lease;
- 833 (76) (a) purchases of machinery or equipment if:
  - 834 (i) the purchaser is an establishment described in NAICS Subsector 713, Amusement,
  - 835 Gambling, and Recreation Industries, of the 2012 North American Industry Classification
  - 836 System of the federal Executive Office of the President, Office of Management and Budget;
  - 837 (ii) the machinery or equipment:
    - 838 (A) has an economic life of three or more years; and

839 (B) is used by one or more persons who pay admission or user fees described in  
840 Subsection 59-12-103(1)(f) to the purchaser of the machinery and equipment; and  
841 (iii) 51% or more of the purchaser's sales revenue for the previous calendar quarter is:  
842 (A) amounts paid or charged as admission or user fees described in Subsection  
843 59-12-103(1)(f); and  
844 (B) subject to taxation under this chapter; and  
845 (b) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
846 commission may make rules for verifying that 51% of a purchaser's sales revenue for the  
847 previous calendar quarter is:  
848 (i) amounts paid or charged as admission or user fees described in Subsection  
849 59-12-103(1)(f); and  
850 (ii) subject to taxation under this chapter;  
851 (77) purchases of a short-term lodging consumable by a business that provides  
852 accommodations and services described in Subsection 59-12-103(1)(i);  
853 (78) amounts paid or charged to access a database:  
854 (a) if the primary purpose for accessing the database is to view or retrieve information  
855 from the database; and  
856 (b) not including amounts paid or charged for a:  
857 (i) digital audio work;  
858 (ii) digital audio-visual work; or  
859 (iii) digital book;  
860 (79) amounts paid or charged for a purchase or lease made by an electronic financial  
861 payment service, of:  
862 (a) machinery and equipment that:  
863 (i) are used in the operation of the electronic financial payment service; and  
864 (ii) have an economic life of three or more years; and  
865 (b) normal operating repair or replacement parts that:



- 866 (i) are used in the operation of the electronic financial payment service; and
- 867 (ii) have an economic life of three or more years;
- 868 (80) sales of a fuel cell as defined in Section 54-15-102;
- 869 (81) amounts paid or charged for a purchase or lease of tangible personal property or a
- 870 product transferred electronically if the tangible personal property or product transferred
- 871 electronically:
  - 872 (a) is stored, used, or consumed in the state; and
  - 873 (b) is temporarily brought into the state from another state:
    - 874 (i) during a disaster period as defined in Section 53-2a-1202;
    - 875 (ii) by an out-of-state business as defined in Section 53-2a-1202;
    - 876 (iii) for a declared state disaster or emergency as defined in Section 53-2a-1202; and
    - 877 (iv) for disaster- or emergency-related work as defined in Section 53-2a-1202;
  - 878 (82) sales of goods and services at a morale, welfare, and recreation facility, as defined
  - 879 in Section 39-9-102, made pursuant to Title 39, Chapter 9, State Morale, Welfare, and
  - 880 Recreation Program;
  - 881 (83) amounts paid or charged for a purchase or lease of molten magnesium;
  - 882 (84) amounts paid or charged for a purchase or lease made by a qualifying data center
  - 883 or an occupant of a qualifying data center of machinery, equipment, or normal operating repair
  - 884 or replacement parts, if the machinery, equipment, or normal operating repair or replacement
  - 885 parts:
    - 886 (a) are used in:
      - 887 (i) the operation of the qualifying data center; or
      - 888 (ii) the occupant's operations in the qualifying data center; and
    - 889 (b) have an economic life of one or more years;
  - 890 (85) sales of cleaning or washing of a vehicle, except for cleaning or washing of a
  - 891 vehicle that includes cleaning or washing of the interior of the vehicle;
  - 892 (86) amounts paid or charged for a purchase or lease of machinery, equipment, normal

893 operating repair or replacement parts, catalysts, chemicals, reagents, solutions, or supplies used  
894 or consumed:

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

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

899 (i) the production process to produce gasoline or diesel fuel, or at which blendstock is  
900 added to gasoline or diesel fuel;

901 (ii) research and development;

902 (iii) transporting, storing, or managing raw materials, work in process, finished  
903 products, and waste materials produced from refining gasoline or diesel fuel, or adding  
904 blendstock to gasoline or diesel fuel;

905 (iv) developing or maintaining a road, tunnel, excavation, or similar feature used in  
906 refining; or

907 (v) preventing, controlling, or reducing pollutants from refining; and

908 (c) if the person holds a valid refiner tax exemption certification as defined in Section  
909 79-6-701;

910 (87) amounts paid to or charged by a proprietor for accommodations and services, as  
911 defined in Section 63H-1-205, if the proprietor is subject to the MIDA accommodations tax  
912 imposed under Section 63H-1-205;

913 (88) amounts paid or charged for a purchase or lease of machinery, equipment, normal  
914 operating repair or replacement parts, or materials, except for office equipment or office  
915 supplies, by an establishment, as the commission defines that term in accordance with Title  
916 63G, Chapter 3, Utah Administrative Rulemaking Act, that:

917 (a) is described in NAICS Code 621511, Medical Laboratories, of the 2017 North  
918 American Industry Classification System of the federal Executive Office of the President,  
919 Office of Management and Budget;

920 (b) is located in this state; and  
921 (c) uses the machinery, equipment, normal operating repair or replacement parts, or  
922 materials in the operation of the establishment; ~~and~~  
923 (89) amounts paid or charged for an item exempt under Section 59-12-104.10[-];  
924 (90) sales of a note, leaf, foil, or film, if the item:  
925 (a) is used as currency;  
926 (b) does not constitute legal tender of a state, the United States, or a foreign nation; and  
927 (c) has a gold, silver, or platinum metallic content of 50% or more, exclusive of any  
928 transparent polymer holder, coating, or encasement; and  
929 (91) amounts paid or charged for admission to an indoor skydiving, rock climbing, or  
930 surfing facility, if a trained instructor:  
931 (a) is present with the participant, in person or by video, for the duration of the activity;  
932 and  
933 (b) actively instructs the participant, including providing observation or feedback.  
934 Section 4. **Effective date.**  
935 (1) Except as provided in Subsection (2), this bill takes effect on May 4, 2022.  
936 (2) The changes to Section 59-12-104 take effect on July 1, 2022.  
937 Section 5. **Retrospective operation.**  
938 The changes to Sections 59-7-302 and 59-7-303 have retrospective operation to a  
939 taxable year beginning on or after January 1, 2022.