

CHILD CARE CENTER SALES TAX EXEMPTION

2023 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Christine F. Watkins

Senate Sponsor: _____

LONG TITLE

General Description:

This bill enacts a sales and use tax exemption related to certain child care programs.

Highlighted Provisions:

This bill:

▶ exempts from sales and use tax amounts paid or charged for construction materials used to open or expand a child care program; and

▶ provides a repeal date for the exemption following legislative committee review.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

AMENDS:

59-12-104, as last amended by Laws of Utah 2022, Chapters 228, 275, 280, and 373

63I-1-259, as last amended by Laws of Utah 2022, Chapter 218

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

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

59-12-104. Exemptions.

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



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

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

32 (a) construction materials except:

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

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

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

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

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

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

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

48 (i) food and food ingredients; or

49 (ii) prepared food;

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

51 (i) alcoholic beverages;

52 (ii) food and food ingredients; or

53 (iii) prepared food;

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

55 (i) to a passenger;

56 (ii) by a commercial airline carrier; and

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

58 (c) services related to Subsection (4)(a) or (b);

59 (5) sales of parts and equipment for installation in an aircraft operated by a common
60 carrier in interstate or foreign commerce;

61 (6) sales of commercials, motion picture films, prerecorded audio program tapes or
62 records, and prerecorded video tapes by a producer, distributor, or studio to a motion picture
63 exhibitor, distributor, or commercial television or radio broadcaster;

64 (7) (a) except as provided in Subsection (85) and subject to Subsection (7)(b), sales of
65 cleaning or washing of tangible personal property if the cleaning or washing of the tangible
66 personal property is not assisted cleaning or washing of tangible personal property;

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

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

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

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

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

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

83 (a) not registered in this state; and

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

85 (ii) used in this state:

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

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

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

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

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

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

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

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

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

97 (A) a drug;

98 (B) a syringe; or

99 (C) a stoma supply; and

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

102 (A) "syringe"; or

103 (B) "stoma supply";

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

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

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

108 (A) a church; or

109 (B) a charitable institution; or

110 (ii) an institution of higher education if:

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

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

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

115 (i) a medical facility; or

116 (ii) a nursing facility; and

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

118 (i) food and food ingredients;

119 (ii) prepared food; or

120 (iii) alcoholic beverages;

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

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

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

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

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

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

133 (iii) the person sells an item of tangible personal property or product transferred
134 electronically that the person purchased as a sale that is exempt under Subsection (25); or

135 (iv) the sale is of a vehicle or vessel required to be titled or registered under the laws of
136 this state in which case the tax is based upon:

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

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

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

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

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

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

151 (14) amounts paid or charged for a purchase or lease of machinery, equipment, normal

152 operating repair or replacement parts, or materials, except for office equipment or office
153 supplies, by:

154 (a) a manufacturing facility that:

155 (i) is located in the state; and

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

158 (A) in the manufacturing process to manufacture an item sold as tangible personal
159 property, as the commission may define that phrase in accordance with Title 63G, Chapter 3,
160 Utah Administrative Rulemaking Act; or

161 (B) for a scrap recycler, to process an item sold as tangible personal property, as the
162 commission may define that phrase in accordance with Title 63G, Chapter 3, Utah
163 Administrative Rulemaking Act;

164 (b) an establishment, as the commission defines that term in accordance with Title
165 63G, Chapter 3, Utah Administrative Rulemaking Act, that:

166 (i) is described in NAICS Subsector 212, Mining (except Oil and Gas), or NAICS
167 Code 213113, Support Activities for Coal Mining, 213114, Support Activities for Metal
168 Mining, or 213115, Support Activities for Nonmetallic Minerals (except Fuels) Mining, of the
169 2002 North American Industry Classification System of the federal Executive Office of the
170 President, Office of Management and Budget;

171 (ii) is located in the state; and

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

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

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

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

181 (D) developing or maintaining a road, tunnel, excavation, or similar feature used in
182 mining; or

183 (E) preventing, controlling, or reducing dust or other pollutants from mining; or
184 (c) an establishment, as the commission defines that term in accordance with Title
185 63G, Chapter 3, Utah Administrative Rulemaking Act, that:

186 (i) is described in NAICS Code 518112, Web Search Portals, of the 2002 North
187 American Industry Classification System of the federal Executive Office of the President,
188 Office of Management and Budget;

189 (ii) is located in the state; and

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

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

193 (i) tooling;

194 (ii) special tooling;

195 (iii) support equipment;

196 (iv) special test equipment; or

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

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

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

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

206 (A) a government identification tag placed on the tooling, equipment, or parts; or
207 (B) listing on a government-approved property record if placing a government
208 identification tag on the tooling, equipment, or parts is impractical;

209 (16) sales of newspapers or newspaper subscriptions;

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

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

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

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

222 (i) money;

223 (ii) electricity;

224 (iii) water;

225 (iv) gas; or

226 (v) steam;

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

231 (A) becomes part of real estate; or

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

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

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

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

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

242 (I) hand tools; or

243 (II) maintenance and janitorial equipment and supplies;

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

245 transferred electronically if the tangible personal property or product transferred electronically
246 is used in an activity other than farming; and

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

249 (I) office equipment and supplies; or

250 (II) equipment and supplies used in:

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

252 (Bb) research; or

253 (Cc) transportation; or

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

256 (19) sales of hay;

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

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

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

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

264 (21) purchases made using a coupon as defined in 7 U.S.C. Sec. 2012 that is issued
265 under the Food Stamp Program, 7 U.S.C. Sec. 2011 et seq.;

266 (22) sales of nonreturnable containers, nonreturnable labels, nonreturnable bags,
267 nonreturnable shipping cases, and nonreturnable casings to a manufacturer, processor,
268 wholesaler, or retailer for use in packaging tangible personal property to be sold by that
269 manufacturer, processor, wholesaler, or retailer;

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

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

272 (i) the product is:

273 (A) purchased outside of this state;

274 (B) brought into this state:

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

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

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

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

281 (ii) for:

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

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

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

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

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

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

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

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

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

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

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

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

306 (27) any sale of a service described in Subsections 59-12-103(1)(b), (c), and (d) to a

- 307 person for use in compounding a service taxable under the subsections;
- 308 (28) purchases made in accordance with the special supplemental nutrition program for
309 women, infants, and children established in 42 U.S.C. Sec. 1786;
- 310 (29) sales or leases of rolls, rollers, refractory brick, electric motors, or other
311 replacement parts used in the furnaces, mills, or ovens of a steel mill described in SIC Code
312 3312 of the 1987 Standard Industrial Classification Manual of the federal Executive Office of
313 the President, Office of Management and Budget;
- 314 (30) sales of a boat of a type required to be registered under Title 73, Chapter 18, State
315 Boating Act, a boat trailer, or an outboard motor if the boat, boat trailer, or outboard motor is:
- 316 (a) not registered in this state; and
317 (b) (i) not used in this state; or
318 (ii) used in this state:
- 319 (A) if the boat, boat trailer, or outboard motor is not used to conduct business, for a
320 time period that does not exceed the longer of:
- 321 (I) 30 days in any calendar year; or
322 (II) the time period necessary to transport the boat, boat trailer, or outboard motor to
323 the borders of this state; or
- 324 (B) if the boat, boat trailer, or outboard motor is used to conduct business, for the time
325 period necessary to transport the boat, boat trailer, or outboard motor to the borders of this
326 state;
- 327 (31) sales of aircraft manufactured in Utah;
- 328 (32) amounts paid for the purchase of telecommunications service for purposes of
329 providing telecommunications service;
- 330 (33) sales, leases, or uses of the following:
- 331 (a) a vehicle by an authorized carrier; or
332 (b) tangible personal property that is installed on a vehicle:
- 333 (i) sold or leased to or used by an authorized carrier; and
334 (ii) before the vehicle is placed in service for the first time;
- 335 (34) (a) 45% of the sales price of any new manufactured home; and
336 (b) 100% of the sales price of any used manufactured home;
- 337 (35) sales relating to schools and fundraising sales;

- 338 (36) sales or rentals of durable medical equipment if:
- 339 (a) a person presents a prescription for the durable medical equipment; and
- 340 (b) the durable medical equipment is used for home use only;
- 341 (37) (a) sales to a ski resort of electricity to operate a passenger ropeway as defined in
- 342 Section 72-11-102; and
- 343 (b) the commission shall by rule determine the method for calculating sales exempt
- 344 under Subsection (37)(a) that are not separately metered and accounted for in utility billings;
- 345 (38) sales to a ski resort of:
- 346 (a) snowmaking equipment;
- 347 (b) ski slope grooming equipment;
- 348 (c) passenger ropeways as defined in Section 72-11-102; or
- 349 (d) parts used in the repairs or renovations of equipment or passenger ropeways
- 350 described in Subsections (38)(a) through (c);
- 351 (39) subject to Subsection 59-12-103(2)(j), sales of natural gas, electricity, heat, coal,
- 352 fuel oil, or other fuels for industrial use;
- 353 (40) (a) subject to Subsection (40)(b), sales or rentals of the right to use or operate for
- 354 amusement, entertainment, or recreation an unassisted amusement device as defined in Section
- 355 59-12-102;
- 356 (b) if a seller that sells or rents at the same business location the right to use or operate
- 357 for amusement, entertainment, or recreation one or more unassisted amusement devices and
- 358 one or more assisted amusement devices, the exemption described in Subsection (40)(a)
- 359 applies if the seller separately accounts for the sales or rentals of the right to use or operate for
- 360 amusement, entertainment, or recreation for the assisted amusement devices; and
- 361 (c) for purposes of Subsection (40)(b) and in accordance with Title 63G, Chapter 3,
- 362 Utah Administrative Rulemaking Act, the commission may make rules:
- 363 (i) governing the circumstances under which sales are at the same business location;
- 364 and
- 365 (ii) establishing the procedures and requirements for a seller to separately account for
- 366 the sales or rentals of the right to use or operate for amusement, entertainment, or recreation for
- 367 assisted amusement devices;
- 368 (41) (a) sales of photocopies by:

- 369 (i) a governmental entity; or
- 370 (ii) an entity within the state system of public education, including:
 - 371 (A) a school; or
 - 372 (B) the State Board of Education; or
- 373 (b) sales of publications by a governmental entity;
- 374 (42) amounts paid for admission to an athletic event at an institution of higher
- 375 education that is subject to the provisions of Title IX of the Education Amendments of 1972,
- 376 20 U.S.C. Sec. 1681 et seq.;
- 377 (43) (a) sales made to or by:
 - 378 (i) an area agency on aging; or
 - 379 (ii) a senior citizen center owned by a county, city, or town; or
- 380 (b) sales made by a senior citizen center that contracts with an area agency on aging;
- 381 (44) sales or leases of semiconductor fabricating, processing, research, or development
- 382 materials regardless of whether the semiconductor fabricating, processing, research, or
- 383 development materials:
 - 384 (a) actually come into contact with a semiconductor; or
 - 385 (b) ultimately become incorporated into real property;
- 386 (45) an amount paid by or charged to a purchaser for accommodations and services
- 387 described in Subsection [59-12-103\(1\)\(i\)](#) to the extent the amount is exempt under Section
- 388 [59-12-104.2](#);
- 389 (46) the lease or use of a vehicle issued a temporary sports event registration certificate
- 390 in accordance with Section [41-3-306](#) for the event period specified on the temporary sports
- 391 event registration certificate;
- 392 (47) (a) sales or uses of electricity, if the sales or uses are made under a retail tariff
- 393 adopted by the Public Service Commission only for purchase of electricity produced from a
- 394 new alternative energy source built after January 1, 2016, as designated in the tariff by the
- 395 Public Service Commission; and
- 396 (b) for a residential use customer only, the exemption under Subsection (47)(a) applies
- 397 only to the portion of the tariff rate a customer pays under the tariff described in Subsection
- 398 (47)(a) that exceeds the tariff rate under the tariff described in Subsection (47)(a) that the
- 399 customer would have paid absent the tariff;

- 400 (48) sales or rentals of mobility enhancing equipment if a person presents a
- 401 prescription for the mobility enhancing equipment;
- 402 (49) sales of water in a:
- 403 (a) pipe;
- 404 (b) conduit;
- 405 (c) ditch; or
- 406 (d) reservoir;
- 407 (50) sales of currency or coins that constitute legal tender of a state, the United States,
- 408 or a foreign nation;
- 409 (51) (a) sales of an item described in Subsection (51)(b) if the item:
- 410 (i) does not constitute legal tender of a state, the United States, or a foreign nation; and
- 411 (ii) has a gold, silver, or platinum content of 50% or more; and
- 412 (b) Subsection (51)(a) applies to a gold, silver, or platinum:
- 413 (i) ingot;
- 414 (ii) bar;
- 415 (iii) medallion; or
- 416 (iv) decorative coin;
- 417 (52) amounts paid on a sale-leaseback transaction;
- 418 (53) sales of a prosthetic device:
- 419 (a) for use on or in a human; and
- 420 (b) (i) for which a prescription is required; or
- 421 (ii) if the prosthetic device is purchased by a hospital or other medical facility;
- 422 (54) (a) except as provided in Subsection (54)(b), purchases, leases, or rentals of
- 423 machinery or equipment by an establishment described in Subsection (54)(c) if the machinery
- 424 or equipment is primarily used in the production or postproduction of the following media for
- 425 commercial distribution:
- 426 (i) a motion picture;
- 427 (ii) a television program;
- 428 (iii) a movie made for television;
- 429 (iv) a music video;
- 430 (v) a commercial;

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

462 (ii) has an economic life of five or more years; and
463 (iii) is used to make the facility or the increase in capacity of the facility described in
464 Subsection (55)(a)(i) operational up to the point of interconnection with an existing
465 transmission grid including:

- 466 (A) a wind turbine;
- 467 (B) generating equipment;
- 468 (C) a control and monitoring system;
- 469 (D) a power line;
- 470 (E) substation equipment;
- 471 (F) lighting;
- 472 (G) fencing;
- 473 (H) pipes; or
- 474 (I) other equipment used for locating a power line or pole; and

475 (b) this Subsection (55) does not apply to:
476 (i) tangible personal property used in construction of:
477 (A) a new alternative energy electricity production facility; or
478 (B) the increase in the capacity of an alternative energy electricity production facility;
479 (ii) contracted services required for construction and routine maintenance activities;

480 and

481 (iii) unless the tangible personal property is used or acquired for an increase in capacity
482 of the facility described in Subsection (55)(a)(i)(C)(II), tangible personal property used or
483 acquired after:

- 484 (A) the alternative energy electricity production facility described in Subsection
485 (55)(a)(i) is operational as described in Subsection (55)(a)(iii); or
- 486 (B) the increased capacity described in Subsection (55)(a)(i) is operational as described
487 in Subsection (55)(a)(iii);

488 (56) (a) leases of seven or more years or purchases made on or after July 1, 2004, but
489 on or before June 30, 2027, of tangible personal property that:

- 490 (i) is leased or purchased for or by a facility that:
491 (A) is a waste energy production facility;
- 492 (B) is located in the state; and

493 (C) (I) becomes operational on or after July 1, 2004; or
494 (II) has its generation capacity increased by one or more megawatts on or after July 1,
495 2004, as a result of the use of the tangible personal property;
496 (ii) has an economic life of five or more years; and
497 (iii) is used to make the facility or the increase in capacity of the facility described in
498 Subsection (56)(a)(i) operational up to the point of interconnection with an existing
499 transmission grid including:
500 (A) generating equipment;
501 (B) a control and monitoring system;
502 (C) a power line;
503 (D) substation equipment;
504 (E) lighting;
505 (F) fencing;
506 (G) pipes; or
507 (H) other equipment used for locating a power line or pole; and
508 (b) this Subsection (56) does not apply to:
509 (i) tangible personal property used in construction of:
510 (A) a new waste energy facility; or
511 (B) the increase in the capacity of a waste energy facility;
512 (ii) contracted services required for construction and routine maintenance activities;
513 and
514 (iii) unless the tangible personal property is used or acquired for an increase in capacity
515 described in Subsection (56)(a)(i)(C)(II), tangible personal property used or acquired after:
516 (A) the waste energy facility described in Subsection (56)(a)(i) is operational as
517 described in Subsection (56)(a)(iii); or
518 (B) the increased capacity described in Subsection (56)(a)(i) is operational as described
519 in Subsection (56)(a)(iii);
520 (57) (a) leases of five or more years or purchases made on or after July 1, 2004, but on
521 or before June 30, 2027, of tangible personal property that:
522 (i) is leased or purchased for or by a facility that:
523 (A) is located in the state;

- 524 (B) produces fuel from alternative energy, including:
- 525 (I) methanol; or
- 526 (II) ethanol; and
- 527 (C) (I) becomes operational on or after July 1, 2004; or
- 528 (II) has its capacity to produce fuel increase by 25% or more on or after July 1, 2004, as
- 529 a result of the installation of the tangible personal property;
- 530 (ii) has an economic life of five or more years; and
- 531 (iii) is installed on the facility described in Subsection (57)(a)(i);
- 532 (b) this Subsection (57) does not apply to:
- 533 (i) tangible personal property used in construction of:
- 534 (A) a new facility described in Subsection (57)(a)(i); or
- 535 (B) the increase in capacity of the facility described in Subsection (57)(a)(i); or
- 536 (ii) contracted services required for construction and routine maintenance activities;
- 537 and
- 538 (iii) unless the tangible personal property is used or acquired for an increase in capacity
- 539 described in Subsection (57)(a)(i)(C)(II), tangible personal property used or acquired after:
- 540 (A) the facility described in Subsection (57)(a)(i) is operational; or
- 541 (B) the increased capacity described in Subsection (57)(a)(i) is operational;
- 542 (58) (a) subject to Subsection (58)(b), sales of tangible personal property or a product
- 543 transferred electronically to a person within this state if that tangible personal property or
- 544 product transferred electronically is subsequently shipped outside the state and incorporated
- 545 pursuant to contract into and becomes a part of real property located outside of this state; and
- 546 (b) the exemption under Subsection (58)(a) is not allowed to the extent that the other
- 547 state or political entity to which the tangible personal property is shipped imposes a sales, use,
- 548 gross receipts, or other similar transaction excise tax on the transaction against which the other
- 549 state or political entity allows a credit for sales and use taxes imposed by this chapter;
- 550 (59) purchases:
- 551 (a) of one or more of the following items in printed or electronic format:
- 552 (i) a list containing information that includes one or more:
- 553 (A) names; or
- 554 (B) addresses; or

555 (ii) a database containing information that includes one or more:
556 (A) names; or
557 (B) addresses; and
558 (b) used to send direct mail;
559 (60) redemptions or repurchases of a product by a person if that product was:
560 (a) delivered to a pawnbroker as part of a pawn transaction; and
561 (b) redeemed or repurchased within the time period established in a written agreement
562 between the person and the pawnbroker for redeeming or repurchasing the product;
563 (61) (a) purchases or leases of an item described in Subsection (61)(b) if the item:
564 (i) is purchased or leased by, or on behalf of, a telecommunications service provider;
565 and
566 (ii) has a useful economic life of one or more years; and
567 (b) the following apply to Subsection (61)(a):
568 (i) telecommunications enabling or facilitating equipment, machinery, or software;
569 (ii) telecommunications equipment, machinery, or software required for 911 service;
570 (iii) telecommunications maintenance or repair equipment, machinery, or software;
571 (iv) telecommunications switching or routing equipment, machinery, or software; or
572 (v) telecommunications transmission equipment, machinery, or software;
573 (62) (a) beginning on July 1, 2006, and ending on June 30, 2027, purchases of tangible
574 personal property or a product transferred electronically that are used in the research and
575 development of alternative energy technology; and
576 (b) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
577 commission may, for purposes of Subsection (62)(a), make rules defining what constitutes
578 purchases of tangible personal property or a product transferred electronically that are used in
579 the research and development of alternative energy technology;
580 (63) (a) purchases of tangible personal property or a product transferred electronically
581 if:
582 (i) the tangible personal property or product transferred electronically is:
583 (A) purchased outside of this state;
584 (B) brought into this state at any time after the purchase described in Subsection
585 (63)(a)(i)(A); and

586 (C) used in conducting business in this state; and
587 (ii) for:
588 (A) tangible personal property or a product transferred electronically other than the
589 tangible personal property described in Subsection (63)(a)(ii)(B), the first use of the property
590 for a purpose for which the property is designed occurs outside of this state; or
591 (B) a vehicle other than a vehicle sold to an authorized carrier, the vehicle is registered
592 outside of this state and not required to be registered in this state under Section [41-1a-202](#) or
593 [73-18-9](#) based on residency;
594 (b) the exemption provided for in Subsection (63)(a) does not apply to:
595 (i) a lease or rental of tangible personal property or a product transferred electronically;
596 or
597 (ii) a sale of a vehicle exempt under Subsection (33); and
598 (c) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, for
599 purposes of Subsection (63)(a), the commission may by rule define what constitutes the
600 following:
601 (i) conducting business in this state if that phrase has the same meaning in this
602 Subsection (63) as in Subsection (24);
603 (ii) the first use of tangible personal property or a product transferred electronically if
604 that phrase has the same meaning in this Subsection (63) as in Subsection (24); or
605 (iii) a purpose for which tangible personal property or a product transferred
606 electronically is designed if that phrase has the same meaning in this Subsection (63) as in
607 Subsection (24);
608 (64) sales of disposable home medical equipment or supplies if:
609 (a) a person presents a prescription for the disposable home medical equipment or
610 supplies;
611 (b) the disposable home medical equipment or supplies are used exclusively by the
612 person to whom the prescription described in Subsection (64)(a) is issued; and
613 (c) the disposable home medical equipment and supplies are listed as eligible for
614 payment under:
615 (i) Title XVIII, federal Social Security Act; or
616 (ii) the state plan for medical assistance under Title XIX, federal Social Security Act;

- 617 (65) sales:
- 618 (a) to a public transit district under Title 17B, Chapter 2a, Part 8, Public Transit
- 619 District Act; or
- 620 (b) of tangible personal property to a subcontractor of a public transit district, if the
- 621 tangible personal property is:
 - 622 (i) clearly identified; and
 - 623 (ii) installed or converted to real property owned by the public transit district;
- 624 (66) sales of construction materials:
 - 625 (a) purchased on or after July 1, 2010;
 - 626 (b) purchased by, on behalf of, or for the benefit of an international airport:
 - 627 (i) located within a county of the first class; and
 - 628 (ii) that has a United States customs office on its premises; and
 - 629 (c) if the construction materials are:
 - 630 (i) clearly identified;
 - 631 (ii) segregated; and
 - 632 (iii) installed or converted to real property:
 - 633 (A) owned or operated by the international airport described in Subsection (66)(b); and
 - 634 (B) located at the international airport described in Subsection (66)(b);
- 635 (67) sales of construction materials:
 - 636 (a) purchased on or after July 1, 2008;
 - 637 (b) purchased by, on behalf of, or for the benefit of a new airport:
 - 638 (i) located within a county of the second class; and
 - 639 (ii) that is owned or operated by a city in which an airline as defined in Section
 - 640 [59-2-102](#) is headquartered; and
 - 641 (c) if the construction materials are:
 - 642 (i) clearly identified;
 - 643 (ii) segregated; and
 - 644 (iii) installed or converted to real property:
 - 645 (A) owned or operated by the new airport described in Subsection (67)(b);
 - 646 (B) located at the new airport described in Subsection (67)(b); and
 - 647 (C) as part of the construction of the new airport described in Subsection (67)(b);

- 648 (68) except for the tax imposed by Subsection 59-12-103(2)(d), sales of fuel to a
- 649 common carrier that is a railroad for use in a locomotive engine;
- 650 (69) purchases and sales described in Section 63H-4-111;
- 651 (70) (a) sales of tangible personal property to an aircraft maintenance, repair, and
- 652 overhaul provider for use in the maintenance, repair, overhaul, or refurbishment in this state of
- 653 a fixed wing turbine powered aircraft if that fixed wing turbine powered aircraft's registration
- 654 lists a state or country other than this state as the location of registry of the fixed wing turbine
- 655 powered aircraft; or
- 656 (b) sales of tangible personal property by an aircraft maintenance, repair, and overhaul
- 657 provider in connection with the maintenance, repair, overhaul, or refurbishment in this state of
- 658 a fixed wing turbine powered aircraft if that fixed wing turbine powered aircraft's registration
- 659 lists a state or country other than this state as the location of registry of the fixed wing turbine
- 660 powered aircraft;
- 661 (71) subject to Section 59-12-104.4, sales of a textbook for a higher education course:
- 662 (a) to a person admitted to an institution of higher education; and
- 663 (b) by a seller, other than a bookstore owned by an institution of higher education, if
- 664 51% or more of that seller's sales revenue for the previous calendar quarter are sales of a
- 665 textbook for a higher education course;
- 666 (72) a license fee or tax a municipality imposes in accordance with Subsection
- 667 10-1-203(5) on a purchaser from a business for which the municipality provides an enhanced
- 668 level of municipal services;
- 669 (73) amounts paid or charged for construction materials used in the construction of a
- 670 new or expanding life science research and development facility in the state, if the construction
- 671 materials are:
- 672 (a) clearly identified;
- 673 (b) segregated; and
- 674 (c) installed or converted to real property;
- 675 (74) amounts paid or charged for:
- 676 (a) a purchase or lease of machinery and equipment that:
- 677 (i) are used in performing qualified research:
- 678 (A) as defined in Section 41(d), Internal Revenue Code; and

- 679 (B) in the state; and
- 680 (ii) have an economic life of three or more years; and
- 681 (b) normal operating repair or replacement parts:
- 682 (i) for the machinery and equipment described in Subsection (74)(a); and
- 683 (ii) that have an economic life of three or more years;
- 684 (75) a sale or lease of tangible personal property used in the preparation of prepared
- 685 food if:
- 686 (a) for a sale:
- 687 (i) the ownership of the seller and the ownership of the purchaser are identical; and
- 688 (ii) the seller or the purchaser paid a tax under this chapter on the purchase of that
- 689 tangible personal property prior to making the sale; or
- 690 (b) for a lease:
- 691 (i) the ownership of the lessor and the ownership of the lessee are identical; and
- 692 (ii) the lessor or the lessee paid a tax under this chapter on the purchase of that tangible
- 693 personal property prior to making the lease;
- 694 (76) (a) purchases of machinery or equipment if:
- 695 (i) the purchaser is an establishment described in NAICS Subsector 713, Amusement,
- 696 Gambling, and Recreation Industries, of the 2012 North American Industry Classification
- 697 System of the federal Executive Office of the President, Office of Management and Budget;
- 698 (ii) the machinery or equipment:
- 699 (A) has an economic life of three or more years; and
- 700 (B) is used by one or more persons who pay admission or user fees described in
- 701 Subsection [59-12-103\(1\)\(f\)](#) to the purchaser of the machinery and equipment; and
- 702 (iii) 51% or more of the purchaser's sales revenue for the previous calendar quarter is:
- 703 (A) amounts paid or charged as admission or user fees described in Subsection
- 704 [59-12-103\(1\)\(f\)](#); and
- 705 (B) subject to taxation under this chapter; and
- 706 (b) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
- 707 commission may make rules for verifying that 51% of a purchaser's sales revenue for the
- 708 previous calendar quarter is:
- 709 (i) amounts paid or charged as admission or user fees described in Subsection

710 59-12-103(1)(f); and
711 (ii) subject to taxation under this chapter;
712 (77) purchases of a short-term lodging consumable by a business that provides
713 accommodations and services described in Subsection 59-12-103(1)(i);
714 (78) amounts paid or charged to access a database:
715 (a) if the primary purpose for accessing the database is to view or retrieve information
716 from the database; and
717 (b) not including amounts paid or charged for a:
718 (i) digital audio work;
719 (ii) digital audio-visual work; or
720 (iii) digital book;
721 (79) amounts paid or charged for a purchase or lease made by an electronic financial
722 payment service, of:
723 (a) machinery and equipment that:
724 (i) are used in the operation of the electronic financial payment service; and
725 (ii) have an economic life of three or more years; and
726 (b) normal operating repair or replacement parts that:
727 (i) are used in the operation of the electronic financial payment service; and
728 (ii) have an economic life of three or more years;
729 (80) sales of a fuel cell as defined in Section 54-15-102;
730 (81) amounts paid or charged for a purchase or lease of tangible personal property or a
731 product transferred electronically if the tangible personal property or product transferred
732 electronically:
733 (a) is stored, used, or consumed in the state; and
734 (b) is temporarily brought into the state from another state:
735 (i) during a disaster period as defined in Section 53-2a-1202;
736 (ii) by an out-of-state business as defined in Section 53-2a-1202;
737 (iii) for a declared state disaster or emergency as defined in Section 53-2a-1202; and
738 (iv) for disaster- or emergency-related work as defined in Section 53-2a-1202;
739 (82) sales of goods and services at a morale, welfare, and recreation facility, as defined
740 in Section 39A-7-102, made pursuant to Title 39A, Chapter 7, Morale, Welfare, and Recreation

- 741 Program;
- 742 (83) amounts paid or charged for a purchase or lease of molten magnesium;
- 743 (84) amounts paid or charged for a purchase or lease made by a qualifying data center
744 or an occupant of a qualifying data center of machinery, equipment, or normal operating repair
745 or replacement parts, if the machinery, equipment, or normal operating repair or replacement
746 parts:
- 747 (a) are used in:
- 748 (i) the operation of the qualifying data center; or
- 749 (ii) the occupant's operations in the qualifying data center; and
- 750 (b) have an economic life of one or more years;
- 751 (85) sales of cleaning or washing of a vehicle, except for cleaning or washing of a
752 vehicle that includes cleaning or washing of the interior of the vehicle;
- 753 (86) amounts paid or charged for a purchase or lease of machinery, equipment, normal
754 operating repair or replacement parts, catalysts, chemicals, reagents, solutions, or supplies used
755 or consumed:
- 756 (a) by a refiner who owns, leases, operates, controls, or supervises a refinery as defined
757 in Section 79-6-701 located in the state;
- 758 (b) if the machinery, equipment, normal operating repair or replacement parts,
759 catalysts, chemicals, reagents, solutions, or supplies are used or consumed in:
- 760 (i) the production process to produce gasoline or diesel fuel, or at which blendstock is
761 added to gasoline or diesel fuel;
- 762 (ii) research and development;
- 763 (iii) transporting, storing, or managing raw materials, work in process, finished
764 products, and waste materials produced from refining gasoline or diesel fuel, or adding
765 blendstock to gasoline or diesel fuel;
- 766 (iv) developing or maintaining a road, tunnel, excavation, or similar feature used in
767 refining; or
- 768 (v) preventing, controlling, or reducing pollutants from refining; and
- 769 (c) if the person holds a valid refiner tax exemption certification as defined in Section
770 79-6-701;
- 771 (87) amounts paid to or charged by a proprietor for accommodations and services, as

772 defined in Section [63H-1-205](#), if the proprietor is subject to the MIDA accommodations tax
773 imposed under Section [63H-1-205](#);

774 (88) amounts paid or charged for a purchase or lease of machinery, equipment, normal
775 operating repair or replacement parts, or materials, except for office equipment or office
776 supplies, by an establishment, as the commission defines that term in accordance with Title
777 63G, Chapter 3, Utah Administrative Rulemaking Act, that:

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

781 (b) is located in this state; and

782 (c) uses the machinery, equipment, normal operating repair or replacement parts, or
783 materials in the operation of the establishment;

784 (89) amounts paid or charged for an item exempt under Section [59-12-104.10](#);

785 (90) sales of a note, leaf, foil, or film, if the item:

786 (a) is used as currency;

787 (b) does not constitute legal tender of a state, the United States, or a foreign nation; and

788 (c) has a gold, silver, or platinum metallic content of 50% or more, exclusive of any
789 transparent polymer holder, coating, or encasement;

790 (91) amounts paid or charged for admission to an indoor skydiving, rock climbing, or
791 surfing facility, if a trained instructor:

792 (a) is present with the participant, in person or by video, for the duration of the activity;
793 and

794 (b) actively instructs the participant, including providing observation or feedback;

795 (92) amounts paid or charged in connection with the construction, operation,
796 maintenance, repair, or replacement of facilities owned by or constructed for:

797 (a) a distribution electrical cooperative, as defined in Section [54-2-1](#); or

798 (b) a wholesale electrical cooperative, as defined in Section [54-2-1](#); [~~and~~]

799 (93) amounts paid by the service provider for tangible personal property, other than
800 machinery, equipment, parts, office supplies, electricity, gas, heat, steam, or other fuels, that:

801 (a) is consumed in the performance of a service that is subject to tax under Subsection
802 [59-12-103\(1\)\(b\), \(f\), \(g\), \(h\), \(i\), or \(j\)](#);

803 (b) has to be consumed for the service provider to provide the service described in
804 Subsection (93)(a); and

805 (c) will be consumed in the performance of the service described in Subsection (93)(a),
806 to one or more customers, to the point that the tangible personal property disappears or cannot
807 be used for any other purpose[-]; and

808 (94) amounts paid or charged for construction materials used:

809 (a) in the construction of a new child care program, as defined in Section 26-39-102; or

810 (b) in construction to expand an existing child care program, as defined in Section
811 26-39-102, to allow the child care program to provide child care to a greater number of
812 children.

813 Section 2. Section **63I-1-259** is amended to read:

814 **63I-1-259. Repeal dates: Title 59.**

815 (1) Section [59-1-213.1](#) is repealed May 9, 2024.

816 (2) Section [59-1-213.2](#) is repealed May 9, 2024.

817 (3) Subsection [59-1-405\(1\)\(g\)](#) is repealed May 9, 2024.

818 (4) Subsection [59-1-405\(2\)\(b\)](#) is repealed May 9, 2024.

819 (5) Section [59-7-618.1](#) is repealed July 1, 2029.

820 (6) Section [59-9-102.5](#) is repealed December 31, 2030.

821 (7) Section [59-10-1033.1](#) is repealed July 1, 2029.

822 (8) Subsection [59-12-104\(94\)](#), which provides a sales and use tax exemption for
823 construction materials used to construct or expand a child care program, is repealed July 1,
824 2028.

825 Section 3. **Effective date.**

826 This bill takes effect on July 1, 2023.