

Representative Jeremy A. Peterson proposes the following substitute bill:

RECYCLING MARKET DEVELOPMENT ZONE AMENDMENTS

2017 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Jeremy A. Peterson

Senate Sponsor: _____

LONG TITLE

General Description:

This bill modifies provisions relating to recycling market development zones.

Highlighted Provisions:

This bill:

- ▶ provides that a person, claimant, estate, or trust may not claim a recycling market development zone individual income or corporate income tax credit beginning on a certain date;
- ▶ repeals the recycling market development zone individual income and corporate income tax credits on a certain date;
- ▶ provides a sales and use tax exemption for certain machinery and equipment used in commercial composting or manufacturing facilities or plant units that produce recycled items for sale or reduce or reuse postconsumer waste material; and
- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:



26 AMENDS:

- 27 **59-7-159**, as enacted by Laws of Utah 2016, Third Special Session, Chapter 1
- 28 **59-7-610**, as last amended by Laws of Utah 2015, Chapter 283
- 29 **59-10-137**, as enacted by Laws of Utah 2016, Third Special Session, Chapter 1
- 30 **59-10-1007**, as last amended by Laws of Utah 2015, Chapter 283
- 31 **59-12-104**, as last amended by Laws of Utah 2016, Third Special Session, Chapter 6
- 32 **63I-1-263**, as last amended by Laws of Utah 2016, Chapters 65, 136, 156, 322, and 408
- 33 **63I-2-259**, as last amended by Laws of Utah 2015, Chapter 139
- 34 **63I-2-263**, as last amended by Laws of Utah 2016, Third Special Session, Chapter 2
- 35 **63N-2-402**, as last amended by Laws of Utah 2015, Chapter 30 and renumbered and
- 36 amended by Laws of Utah 2015, Chapter 283
- 37 **63N-2-410**, as renumbered and amended by Laws of Utah 2015, Chapter 283

38

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

40 Section 1. Section **59-7-159** is amended to read:

41 **59-7-159. Review of credits allowed under this chapter.**

42 (1) As used in this section, "committee" means the Revenue and Taxation Interim
43 Committee.

44 (2) (a) The committee shall review the tax credits described in this chapter as provided
45 in Subsection (3) and make recommendations concerning whether the tax credits should be
46 continued, modified, or repealed.

47 (b) In conducting the review required under Subsection (2)(a), the committee shall:

48 (i) schedule time on at least one committee agenda to conduct the review;

49 (ii) invite state agencies, individuals, and organizations concerned with the tax credit
50 under review to provide testimony;

51 (iii) (A) invite the Governor's Office of Economic Development to present a summary
52 and analysis of the information for each tax credit regarding which the Governor's Office of
53 Economic Development is required to make a report under this chapter; and

54 (B) invite the Office of the Legislative Fiscal Analyst to present a summary and
55 analysis of the information for each tax credit regarding which the Office of the Legislative
56 Fiscal Analyst is required to make a report under this chapter;

57 (iv) ensure that the committee's recommendations described in this section include an
58 evaluation of:

- 59 (A) the cost of the tax credit to the state;
- 60 (B) the purpose and effectiveness of the tax credit; and
- 61 (C) the extent to which the state benefits from the tax credit; and
- 62 (v) undertake other review efforts as determined by the committee chairs or as
63 otherwise required by law.

64 (3) (a) On or before November 30, 2017, and every three years after 2017, the
65 committee shall conduct the review required under Subsection (2) of the tax credits allowed
66 under the following sections:

- 67 (i) Section 59-7-601;
- 68 (ii) Section 59-7-607;
- 69 (iii) Section 59-7-612;
- 70 (iv) Section 59-7-614.1; and
- 71 (v) Section 59-7-614.5.

72 (b) On or before November 30, 2018, and every three years after 2018, the committee
73 shall conduct the review required under Subsection (2) of the tax credits allowed under the
74 following sections:

- 75 (i) Section 59-7-609;
- 76 (ii) Section 59-7-614.2;
- 77 (iii) Section 59-7-614.10;
- 78 (iv) Section 59-7-617;
- 79 (v) Section 59-7-619; and
- 80 (vi) Section 59-7-620.

81 (c) On or before November 30, 2019, and every three years after 2019, the committee
82 shall conduct the review required under Subsection (2) of the tax credits allowed under the
83 following sections:

- 84 (i) Section 59-7-605;
- 85 [~~(ii) Section 59-7-610;~~]
- 86 [~~(iii)~~] (ii) Section 59-7-614;
- 87 [~~(iv)~~] (iii) Section 59-7-614.7;

88 [~~(v)~~] (iv) Section 59-7-614.8; and

89 [~~(vi)~~] (v) Section 59-7-618.

90 (d) (i) In addition to the reviews described in this Subsection (3), the committee shall
91 conduct a review of a tax credit described in this chapter that is enacted on or after January 1,
92 2017.

93 (ii) The committee shall complete a review described in this Subsection (3)(d) three
94 years after the effective date of the tax credit and every three years after the initial review date.

95 Section 2. Section 59-7-610 is amended to read:

96 **59-7-610. Recycling market development zones tax credit.**

97 (1) [~~For taxable years~~] (a) Until Subsection (1)(b) applies and for a taxable year
98 beginning on or after January 1, 1996, a business operating in a recycling market development
99 zone as defined in Section 63N-2-402 may claim a tax credit as provided in this section.

100 (b) Subject to Subsection (8), for a taxable year beginning on or after January 1, 2018,
101 a person may not claim a tax credit under this section.

102 [~~(a)~~] (c) (i) There shall be allowed a nonrefundable tax credit of 5% of the purchase
103 price paid for machinery and equipment used directly in:

104 (A) commercial composting; or

105 (B) manufacturing facilities or plant units that:

106 (I) manufacture, process, compound, or produce recycled items of tangible personal
107 property for sale; or

108 (II) reduce or reuse postconsumer waste material.

109 (ii) The Governor's Office of Economic Development shall certify that the machinery
110 and equipment described in Subsection [~~(1)(a)(i)~~] (1)(c)(i) are integral to the composting or
111 recycling process:

112 (A) on a form provided by the commission; and

113 (B) before a taxpayer is allowed a tax credit under this section.

114 (iii) The Governor's Office of Economic Development shall provide a taxpayer seeking
115 to claim a tax credit under this section with a copy of the form described in Subsection

116 [~~(1)(a)(ii)~~] (1)(c)(ii).

117 (iv) The taxpayer described in Subsection [~~(1)(a)(iii)~~] (1)(c)(iii) shall retain a copy of
118 the form received under Subsection [~~(1)(a)(iii)~~] (1)(c)(iii).

119 ~~[(b)]~~ (d) There shall be allowed a nonrefundable tax credit equal to 20% of net
120 expenditures up to \$10,000 to third parties for rent, wages, supplies, tools, test inventory, and
121 utilities made by the taxpayer for establishing and operating recycling or composting
122 technology in Utah, with an annual maximum tax credit of \$2,000.

123 (2) The total nonrefundable tax credit allowed under this section may not exceed 40%
124 of the Utah income tax liability of the taxpayer prior to any tax credits in the taxable year of
125 purchase prior to claiming the tax credit authorized by this section.

126 (3) (a) Any tax credit not used for the taxable year in which the purchase price on
127 composting or recycling machinery and equipment was paid may be carried over for credit
128 against the business' income taxes in the three succeeding taxable years until the total tax credit
129 amount is used.

130 (b) Tax credits not claimed by a business on the business' state income tax return
131 within three years are forfeited.

132 (4) The commission shall make rules governing what information shall be filed with
133 the commission to verify the entitlement to and amount of a tax credit.

134 (5) (a) Notwithstanding Subsection (1)(a), for taxable years beginning on or after
135 January 1, 2001, a taxpayer may not claim or carry forward a tax credit described in Subsection
136 (1)(a) in a taxable year during which the taxpayer claims or carries forward a tax credit under
137 Section [63N-2-213](#).

138 (b) For a taxable year other than a taxable year during which the taxpayer may not
139 claim or carry forward a tax credit in accordance with Subsection (5)(a), a taxpayer may claim
140 or carry forward a tax credit described in Subsection (1)(a):

141 (i) if the taxpayer may claim or carry forward the tax credit in accordance with
142 Subsections (1) and (2); and

143 (ii) subject to Subsections (3) and (4).

144 (6) Notwithstanding Subsection ~~[(1)(b)]~~ (1)(d), for taxable years beginning on or after
145 January 1, 2001, a taxpayer may not claim a tax credit described in Subsection ~~[(1)(b)]~~ (1)(d) in
146 a taxable year during which the taxpayer claims or carries forward a tax credit under Section
147 [63N-2-213](#).

148 (7) A taxpayer may not claim or carry forward a tax credit available under this section
149 for a taxable year during which the taxpayer has claimed the targeted business income tax

150 credit available under Section [63N-2-305](#).

151 (8) (a) A person may not claim a tax credit under this section:

152 (i) for the purchase price of machinery or equipment described in Subsection (1)(c), if
153 the machinery or equipment is purchased on or after January 1, 2018; or

154 (ii) for an expenditure described in Subsection (1)(d), if the expenditure is made on or
155 after January 1, 2018.

156 (b) Notwithstanding Subsection (1)(b), a person may carry forward a tax credit in
157 accordance with this section if:

158 (i) the person is entitled to a tax credit under this section; and

159 (ii) (A) for the purchase price of machinery or equipment described in Subsection
160 (1)(c), the machinery or equipment is purchased on or before December 31, 2017; or

161 (B) for an expenditure described in Subsection (1)(d), the expenditure is made on or
162 before December 31, 2017.

163 Section 3. Section **59-10-137** is amended to read:

164 **59-10-137. Review of credits allowed under this chapter.**

165 (1) As used in this section, "committee" means the Revenue and Taxation Interim
166 Committee.

167 (2) (a) The committee shall review the tax credits described in this chapter as provided
168 in Subsection (3) and make recommendations concerning whether the tax credits should be
169 continued, modified, or repealed.

170 (b) In conducting the review required under Subsection (2)(a), the committee shall:

171 (i) schedule time on at least one committee agenda to conduct the review;

172 (ii) invite state agencies, individuals, and organizations concerned with the tax credit
173 under review to provide testimony;

174 (iii) (A) invite the Governor's Office of Economic Development to present a summary
175 and analysis of the information for each tax credit regarding which the Governor's Office of
176 Economic Development is required to make a report under this chapter; and

177 (B) invite the Office of the Legislative Fiscal Analyst to present a summary and
178 analysis of the information for each tax credit regarding which the Office of the Legislative
179 Fiscal Analyst is required to make a report under this chapter;

180 (iv) ensure that the committee's recommendations described in this section include an

181 evaluation of:

- 182 (A) the cost of the tax credit to the state;
- 183 (B) the purpose and effectiveness of the tax credit; and
- 184 (C) the extent to which the state benefits from the tax credit; and
- 185 (v) undertake other review efforts as determined by the committee chairs or as
- 186 otherwise required by law.

187 (3) (a) On or before November 30, 2017, and every three years after 2017, the
188 committee shall conduct the review required under Subsection (2) of the tax credits allowed
189 under the following sections:

- 190 (i) Section 59-10-1004;
- 191 (ii) Section 59-10-1010;
- 192 (iii) Section 59-10-1015;
- 193 (iv) Section 59-10-1025;
- 194 (v) Section 59-10-1027;
- 195 (vi) Section 59-10-1031;
- 196 (vii) Section 59-10-1032;
- 197 (viii) Section 59-10-1035;
- 198 (ix) Section 59-10-1104;
- 199 (x) Section 59-10-1105; and
- 200 (xi) Section 59-10-1108.

201 (b) On or before November 30, 2018, and every three years after 2018, the committee
202 shall conduct the review required under Subsection (2) of the tax credits allowed under the
203 following sections:

- 204 (i) Section 59-10-1005;
- 205 (ii) Section 59-10-1006;
- 206 (iii) Section 59-10-1012;
- 207 (iv) Section 59-10-1013;
- 208 (v) Section 59-10-1022;
- 209 (vi) Section 59-10-1023;
- 210 (vii) Section 59-10-1028;
- 211 (viii) Section 59-10-1034;

212 (ix) Section 59-10-1037; and

213 (x) Section 59-10-1107.

214 (c) On or before November 30, 2019, and every three years after 2019, the committee
215 shall conduct the review required under Subsection (2) of the tax credits allowed under the
216 following sections:

217 [~~(i)~~ Section 59-10-1007;]

218 [~~(ii)~~] (i) Section 59-10-1009;

219 [~~(iii)~~] (ii) Section 59-10-1014;

220 [~~(iv)~~] (iii) Section 59-10-1017;

221 [~~(v)~~] (iv) Section 59-10-1018;

222 [~~(vi)~~] (v) Section 59-10-1019;

223 [~~(vii)~~] (vi) Section 59-10-1024;

224 [~~(viii)~~] (vii) Section 59-10-1029;

225 [~~(ix)~~] (viii) Section 59-10-1030;

226 [~~(x)~~] (ix) Section 59-10-1033;

227 [~~(xi)~~] (x) Section 59-10-1036;

228 [~~(xii)~~] (xi) Section 59-10-1106; and

229 [~~(xiii)~~] (xii) Section 59-10-1111.

230 (d) (i) In addition to the reviews described in this Subsection (3), the committee shall
231 conduct a review of a tax credit described in this chapter that is enacted on or after January 1,
232 2017.

233 (ii) The committee shall complete a review described in this Subsection (3)(d) three
234 years after the effective date of the tax credit and every three years after the initial review date.

235 Section 4. Section 59-10-1007 is amended to read:

236 **59-10-1007. Recycling market development zones tax credit.**

237 (1) [~~For taxable years~~] (a) Except as provided in Subsection (1)(b) and for a taxable
238 year beginning on or after January 1, 1996, a claimant, estate, or trust in a recycling market
239 development zone as defined in Section 63N-2-402 may claim a nonrefundable tax credit as
240 provided in this section.

241 (b) Subject to Subsection (8), for a taxable year beginning on or after January 1, 2018,
242 a claimant, estate, or trust may not claim a tax credit under this section.

243 ~~[(a)]~~ (c) (i) There shall be allowed a tax credit of 5% of the purchase price paid for
244 machinery and equipment used directly in:

245 (A) commercial composting; or

246 (B) manufacturing facilities or plant units that:

247 (I) manufacture, process, compound, or produce recycled items of tangible personal
248 property for sale; or

249 (II) reduce or reuse postconsumer waste material.

250 (ii) The Governor's Office of Economic Development shall certify that the machinery
251 and equipment described in Subsection ~~[(1)(a)(i)]~~ (1)(c)(i) are integral to the composting or
252 recycling process:

253 (A) on a form provided by the commission; and

254 (B) before a claimant, estate, or trust is allowed a tax credit under this section.

255 (iii) The Governor's Office of Economic Development shall provide a claimant, estate,
256 or trust seeking to claim a tax credit under this section with a copy of the form described in
257 Subsection ~~[(1)(a)(ii)]~~ (1)(c)(ii).

258 (iv) The claimant, estate, or trust described in Subsection ~~[(1)(a)(iii)]~~ (1)(c)(iii) shall
259 retain a copy of the form received under Subsection ~~[(1)(a)(iii)]~~ (1)(c)(iii).

260 ~~[(b)]~~ (d) There shall be allowed a tax credit equal to 20% of net expenditures up to
261 \$10,000 to third parties for rent, wages, supplies, tools, test inventory, and utilities made by the
262 claimant, estate, or trust for establishing and operating recycling or composting technology in
263 Utah, with an annual maximum tax credit of \$2,000.

264 (2) The total tax credit allowed under this section may not exceed 40% of the Utah
265 income tax liability of the claimant, estate, or trust prior to any tax credits in the taxable year of
266 purchase prior to claiming the tax credit authorized by this section.

267 (3) (a) Any tax credit not used for the taxable year in which the purchase price on
268 composting or recycling machinery and equipment was paid may be carried forward against the
269 claimant's, estate's, or trusts's tax liability under this chapter in the three succeeding taxable
270 years until the total tax credit amount is used.

271 (b) Tax credits not claimed by a claimant, estate, or trust on the claimant's, estate's, or
272 trust's tax return under this chapter within three years are forfeited.

273 (4) The commission shall make rules governing what information shall be filed with

274 the commission to verify the entitlement to and amount of a tax credit.

275 (5) (a) Notwithstanding Subsection [~~(1)(a)~~] (1)(c), for taxable years beginning on or
276 after January 1, 2001, a claimant, estate, or trust may not claim or carry forward a tax credit
277 described in Subsection [~~(1)(a)~~] (1)(c) in a taxable year during which the claimant, estate, or
278 trust claims or carries forward a tax credit under Section 63N-2-213.

279 (b) For a taxable year other than a taxable year during which the claimant, estate, or
280 trust may not claim or carry forward a tax credit in accordance with Subsection (5)(a), a
281 claimant, estate, or trust may claim or carry forward a tax credit described in Subsection
282 [~~(1)(a)~~] (1)(c):

283 (i) if the claimant, estate, or trust may claim or carry forward the tax credit in
284 accordance with Subsections (1) and (2); and

285 (ii) subject to Subsections (3) and (4).

286 (6) Notwithstanding Subsection [~~(1)(b)~~] (1)(d), for taxable years beginning on or after
287 January 1, 2001, a claimant, estate, or trust may not claim a tax credit described in Subsection
288 [~~(1)(b)~~] (1)(d) in a taxable year during which the claimant, estate, or trust claims or carries
289 forward a tax credit under Section 63N-2-213.

290 (7) A claimant, estate, or trust may not claim or carry forward a tax credit available
291 under this section for a taxable year during which the claimant, estate, or trust has claimed the
292 targeted business income tax credit available under Section 63N-2-305.

293 (8) (a) A claimant, estate, or trust may not claim a tax credit under this section:

294 (i) for the purchase price of machinery or equipment described in Subsection (1)(c), if
295 the machinery or equipment is purchased on or after January 1, 2018; or

296 (ii) for an expenditure described in Subsection (1)(d), if the expenditure is made on or
297 after January 1, 2018.

298 (b) Notwithstanding Subsection (1)(b), a person may carry forward a tax credit in
299 accordance with this section if:

300 (i) the person is entitled to a tax credit under this section; and

301 (ii) (A) for the purchase price of machinery or equipment described in Subsection
302 (1)(c), the machinery or equipment is purchased on or before December 31, 2017; or

303 (B) for an expenditure described in Subsection (1)(d), the expenditure is made on or
304 before December 31, 2017.

305 Section 5. Section **59-12-104** is amended to read:

306 **59-12-104. Exemptions.**

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

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

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

312 (a) construction materials except:

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

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

320 (b) tangible personal property in connection with the construction, operation,
321 maintenance, repair, or replacement of a project, as defined in Section [11-13-103](#), or facilities
322 providing additional project capacity, as defined in Section [11-13-103](#);

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

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

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

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

328 (i) food and food ingredients; or

329 (ii) prepared food;

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

331 (i) alcoholic beverages;

332 (ii) food and food ingredients; or

333 (iii) prepared food;

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

335 (i) to a passenger;

336 (ii) by a commercial airline carrier; and
337 (iii) during a flight for in-flight consumption or in-flight use by the passenger; or
338 (c) services related to Subsection (4)(a) or (b);
339 (5) (a) (i) beginning on July 1, 2008, and ending on September 30, 2008, sales of parts
340 and equipment:
341 (A) (I) by an establishment described in NAICS Code 336411 or 336412 of the 2002
342 North American Industry Classification System of the federal Executive Office of the
343 President, Office of Management and Budget; and
344 (II) for:
345 (Aa) installation in an aircraft, including services relating to the installation of parts or
346 equipment in the aircraft;
347 (Bb) renovation of an aircraft; or
348 (Cc) repair of an aircraft; or
349 (B) for installation in an aircraft operated by a common carrier in interstate or foreign
350 commerce; or
351 (ii) beginning on October 1, 2008, sales of parts and equipment for installation in an
352 aircraft operated by a common carrier in interstate or foreign commerce; and
353 (b) notwithstanding the time period of Subsection 59-1-1410(8) for filing for a refund,
354 a person may claim the exemption allowed by Subsection (5)(a)(i)(B) for a sale by filing for a
355 refund:
356 (i) if the sale is made on or after July 1, 2008, but on or before September 30, 2008;
357 (ii) as if Subsection (5)(a)(i)(B) were in effect on the day on which the sale is made;
358 (iii) if the person did not claim the exemption allowed by Subsection (5)(a)(i)(B) for
359 the sale prior to filing for the refund;
360 (iv) for sales and use taxes paid under this chapter on the sale;
361 (v) in accordance with Section 59-1-1410; and
362 (vi) subject to any extension allowed for filing for a refund under Section 59-1-1410, if
363 the person files for the refund on or before September 30, 2011;
364 (6) sales of commercials, motion picture films, prerecorded audio program tapes or
365 records, and prerecorded video tapes by a producer, distributor, or studio to a motion picture
366 exhibitor, distributor, or commercial television or radio broadcaster;

367 (7) (a) subject to Subsection (7)(b), sales of cleaning or washing of tangible personal
368 property if the cleaning or washing of the tangible personal property is not assisted cleaning or
369 washing of tangible personal property;

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

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

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

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

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

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

386 (a) not registered in this state; and

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

388 (ii) used in this state:

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

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

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

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

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

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

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

398 (B) the item was purchased by a hospital or other medical facility; and
399 (b) (i) Subsection (10)(a) applies to:
400 (A) a drug;
401 (B) a syringe; or
402 (C) a stoma supply; and
403 (ii) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
404 commission may by rule define the terms:
405 (A) "syringe"; or
406 (B) "stoma supply";
407 (11) purchases or leases exempt under Section 19-12-201;
408 (12) (a) sales of an item described in Subsection (12)(c) served by:
409 (i) the following if the item described in Subsection (12)(c) is not available to the
410 general public:
411 (A) a church; or
412 (B) a charitable institution;
413 (ii) an institution of higher education if:
414 (A) the item described in Subsection (12)(c) is not available to the general public; or
415 (B) the item described in Subsection (12)(c) is prepaid as part of a student meal plan
416 offered by the institution of higher education; or
417 (b) sales of an item described in Subsection (12)(c) provided for a patient by:
418 (i) a medical facility; or
419 (ii) a nursing facility; and
420 (c) Subsections (12)(a) and (b) apply to:
421 (i) food and food ingredients;
422 (ii) prepared food; or
423 (iii) alcoholic beverages;
424 (13) (a) except as provided in Subsection (13)(b), the sale of tangible personal property
425 or a product transferred electronically by a person:
426 (i) regardless of the number of transactions involving the sale of that tangible personal
427 property or product transferred electronically by that person; and
428 (ii) not regularly engaged in the business of selling that type of tangible personal

429 property or product transferred electronically;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

459 (A) in the manufacturing process to manufacture an item sold as tangible personal

460 property; or
461 (B) for a scrap recycler, to process an item sold as tangible personal property;
462 (b) amounts paid or charged for a purchase or lease:
463 (i) by an establishment:
464 (A) described in NAICS Subsector 212, Mining (except Oil and Gas), or NAICS Code
465 213113, Support Activities for Coal Mining, 213114, Support Activities for Metal Mining, or
466 213115, Support Activities for Nonmetallic Minerals (except Fuels) Mining, of the 2002 North
467 American Industry Classification System of the federal Executive Office of the President,
468 Office of Management and Budget; and
469 (B) located in the state; and
470 (ii) of machinery, equipment, or normal operating repair or replacement parts if the
471 machinery, equipment, or normal operating repair or replacement parts have an economic life
472 of three or more years and are used in:
473 (A) the production process to produce an item sold as tangible personal property;
474 (B) research and development;
475 (C) transporting, storing, or managing tailings, overburden, or similar waste materials
476 produced from mining;
477 (D) developing or maintaining a road, tunnel, excavation, or similar feature used in
478 mining; or
479 (E) preventing, controlling, or reducing dust or other pollutants from mining;
480 (c) amounts paid or charged for a purchase or lease:
481 (i) by an establishment:
482 (A) described in NAICS Code 518112, Web Search Portals, of the 2002 North
483 American Industry Classification System of the federal Executive Office of the President,
484 Office of Management and Budget; and
485 (B) located in the state; and
486 (ii) of machinery, equipment, or normal operating repair or replacement parts if the
487 machinery, equipment, or normal operating repair or replacement parts:
488 (A) are used in the operation of the web search portal; and
489 (B) have an economic life of three or more years; and
490 (d) for purposes of this Subsection (14) and in accordance with Title 63G, Chapter 3,

491 Utah Administrative Rulemaking Act, the commission:

492 (i) shall by rule define the term "establishment"; and

493 (ii) may by rule define what constitutes:

494 (A) processing an item sold as tangible personal property;

495 (B) the production process, to produce an item sold as tangible personal property; or

496 (C) research and development;

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

498 (i) tooling;

499 (ii) special tooling;

500 (iii) support equipment;

501 (iv) special test equipment; or

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

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

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

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

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

507 government or any subcontract under that contract; and

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

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

510 by:

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

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

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

514 (16) sales of newspapers or newspaper subscriptions;

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

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

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

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

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

520 vehicle being traded in; or

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

522 fair market value of the vehicle being sold and the vehicle being traded in, as determined by the
523 commission; and

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

- 527 (i) money;
- 528 (ii) electricity;
- 529 (iii) water;
- 530 (iv) gas; or
- 531 (v) steam;

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

- 536 (A) becomes part of real estate; or
- 537 (B) is installed by a:
 - 538 (I) farmer;
 - 539 (II) contractor; or
 - 540 (III) subcontractor; or

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

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

- 546 (i) (A) subject to Subsection (18)(b)(i)(B), the following if used in a manner that is
547 incidental to farming:
 - 548 (I) machinery;
 - 549 (II) equipment;
 - 550 (III) materials; or
 - 551 (IV) supplies; and
- 552 (B) tangible personal property that is considered to be used in a manner that is

553 incidental to farming includes:

554 (I) hand tools; or

555 (II) maintenance and janitorial equipment and supplies;

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

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

561 (I) office equipment and supplies; or

562 (II) equipment and supplies used in:

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

564 (Bb) research; or

565 (Cc) transportation; or

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

568 (19) sales of hay;

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

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

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

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

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

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

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

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

- 584 (i) the product is:
- 585 (A) purchased outside of this state;
- 586 (B) brought into this state:
- 587 (I) at any time after the purchase described in Subsection (24)(a)(i)(A); and
- 588 (II) by a nonresident person who is not living or working in this state at the time of the
- 589 purchase;
- 590 (C) used for the personal use or enjoyment of the nonresident person described in
- 591 Subsection (24)(a)(i)(B)(II) while that nonresident person is within the state; and
- 592 (D) not used in conducting business in this state; and
- 593 (ii) for:
- 594 (A) a product other than a boat described in Subsection (24)(a)(ii)(B), the first use of
- 595 the product for a purpose for which the product is designed occurs outside of this state;
- 596 (B) a boat, the boat is registered outside of this state; or
- 597 (C) a vehicle other than a vehicle sold to an authorized carrier, the vehicle is registered
- 598 outside of this state;
- 599 (b) the exemption provided for in Subsection (24)(a) does not apply to:
- 600 (i) a lease or rental of a product; or
- 601 (ii) a sale of a vehicle exempt under Subsection (33); and
- 602 (c) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, for
- 603 purposes of Subsection (24)(a), the commission may by rule define what constitutes the
- 604 following:
- 605 (i) conducting business in this state if that phrase has the same meaning in this
- 606 Subsection (24) as in Subsection (63);
- 607 (ii) the first use of a product if that phrase has the same meaning in this Subsection (24)
- 608 as in Subsection (63); or
- 609 (iii) a purpose for which a product is designed if that phrase has the same meaning in
- 610 this Subsection (24) as in Subsection (63);
- 611 (25) a product purchased for resale in this state, in the regular course of business, either
- 612 in its original form or as an ingredient or component part of a manufactured or compounded
- 613 product;
- 614 (26) a product upon which a sales or use tax was paid to some other state, or one of its

615 subdivisions, except that the state shall be paid any difference between the tax paid and the tax
616 imposed by this part and Part 2, Local Sales and Use Tax Act, and no adjustment is allowed if
617 the tax paid was greater than the tax imposed by this part and Part 2, Local Sales and Use Tax
618 Act;

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

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

623 (29) sales or leases of rolls, rollers, refractory brick, electric motors, or other
624 replacement parts used in the furnaces, mills, or ovens of a steel mill described in SIC Code
625 3312 of the 1987 Standard Industrial Classification Manual of the federal Executive Office of
626 the President, Office of Management and Budget;

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

629 (a) not registered in this state; and

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

631 (ii) used in this state:

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

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

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

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

640 (31) sales of aircraft manufactured in Utah;

641 (32) amounts paid for the purchase of telecommunications service for purposes of
642 providing telecommunications service;

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

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

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

- 646 (i) sold or leased to or used by an authorized carrier; and
- 647 (ii) before the vehicle is placed in service for the first time;
- 648 (34) (a) 45% of the sales price of any new manufactured home; and
- 649 (b) 100% of the sales price of any used manufactured home;
- 650 (35) sales relating to schools and fundraising sales;
- 651 (36) sales or rentals of durable medical equipment if:
- 652 (a) a person presents a prescription for the durable medical equipment; and
- 653 (b) the durable medical equipment is used for home use only;
- 654 (37) (a) sales to a ski resort of electricity to operate a passenger ropeway as defined in
- 655 Section [72-11-102](#); and
- 656 (b) the commission shall by rule determine the method for calculating sales exempt
- 657 under Subsection (37)(a) that are not separately metered and accounted for in utility billings;
- 658 (38) sales to a ski resort of:
- 659 (a) snowmaking equipment;
- 660 (b) ski slope grooming equipment;
- 661 (c) passenger ropeways as defined in Section [72-11-102](#); or
- 662 (d) parts used in the repairs or renovations of equipment or passenger ropeways
- 663 described in Subsections (38)(a) through (c);
- 664 (39) sales of natural gas, electricity, heat, coal, fuel oil, or other fuels for industrial use;
- 665 (40) (a) subject to Subsection (40)(b), sales or rentals of the right to use or operate for
- 666 amusement, entertainment, or recreation an unassisted amusement device as defined in Section
- 667 [59-12-102](#);
- 668 (b) if a seller that sells or rents at the same business location the right to use or operate
- 669 for amusement, entertainment, or recreation one or more unassisted amusement devices and
- 670 one or more assisted amusement devices, the exemption described in Subsection (40)(a)
- 671 applies if the seller separately accounts for the sales or rentals of the right to use or operate for
- 672 amusement, entertainment, or recreation for the assisted amusement devices; and
- 673 (c) for purposes of Subsection (40)(b) and in accordance with Title 63G, Chapter 3,
- 674 Utah Administrative Rulemaking Act, the commission may make rules:
- 675 (i) governing the circumstances under which sales are at the same business location;
- 676 and

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

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

681 (i) a governmental entity; or

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

683 (A) a school; or

684 (B) the State Board of Education; or

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

686 (42) amounts paid for admission to an athletic event at an institution of higher
687 education that is subject to the provisions of Title IX of the Education Amendments of 1972,
688 20 U.S.C. Sec. 1681 et seq.;

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

690 (i) an area agency on aging; or

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

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

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

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

697 (b) ultimately become incorporated into real property;

698 (45) an amount paid by or charged to a purchaser for accommodations and services
699 described in Subsection 59-12-103(1)(i) to the extent the amount is exempt under Section
700 59-12-104.2;

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

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

708 (b) for a residential use customer only, the exemption under Subsection (47)(a) applies
709 only to the portion of the tariff rate a customer pays under the tariff described in Subsection
710 (47)(a) that exceeds the tariff rate under the tariff described in Subsection (47)(a) that the
711 customer would have paid absent the tariff;

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

714 (49) sales of water in a:

715 (a) pipe;

716 (b) conduit;

717 (c) ditch; or

718 (d) reservoir;

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

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

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

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

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

725 (i) ingot;

726 (ii) bar;

727 (iii) medallion; or

728 (iv) decorative coin;

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

730 (53) sales of a prosthetic device:

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

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

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

734 (54) (a) except as provided in Subsection (54)(b), purchases, leases, or rentals of
735 machinery or equipment by an establishment described in Subsection (54)(c) if the machinery
736 or equipment is primarily used in the production or postproduction of the following media for
737 commercial distribution:

738 (i) a motion picture;

- 739 (ii) a television program;
- 740 (iii) a movie made for television;
- 741 (iv) a music video;
- 742 (v) a commercial;
- 743 (vi) a documentary; or
- 744 (vii) a medium similar to Subsections (54)(a)(i) through (vi) as determined by the
- 745 commission by administrative rule made in accordance with Subsection (54)(d); or
- 746 (b) purchases, leases, or rentals of machinery or equipment by an establishment
- 747 described in Subsection (54)(c) that is used for the production or postproduction of the
- 748 following are subject to the taxes imposed by this chapter:
- 749 (i) a live musical performance;
- 750 (ii) a live news program; or
- 751 (iii) a live sporting event;
- 752 (c) the following establishments listed in the 1997 North American Industry
- 753 Classification System of the federal Executive Office of the President, Office of Management
- 754 and Budget, apply to Subsections (54)(a) and (b):
- 755 (i) NAICS Code 512110; or
- 756 (ii) NAICS Code 51219; and
- 757 (d) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
- 758 commission may by rule:
- 759 (i) prescribe what constitutes a medium similar to Subsections (54)(a)(i) through (vi);
- 760 or
- 761 (ii) define:
- 762 (A) "commercial distribution";
- 763 (B) "live musical performance";
- 764 (C) "live news program"; or
- 765 (D) "live sporting event";
- 766 (55) (a) leases of seven or more years or purchases made on or after July 1, 2004, but
- 767 on or before June 30, 2027, of tangible personal property that:
- 768 (i) is leased or purchased for or by a facility that:
- 769 (A) is an alternative energy electricity production facility;

770 (B) is located in the state; and
771 (C) (I) becomes operational on or after July 1, 2004; or
772 (II) has its generation capacity increased by one or more megawatts on or after July 1,
773 2004, as a result of the use of the tangible personal property;
774 (ii) has an economic life of five or more years; and
775 (iii) is used to make the facility or the increase in capacity of the facility described in
776 Subsection (55)(a)(i) operational up to the point of interconnection with an existing
777 transmission grid including:
778 (A) a wind turbine;
779 (B) generating equipment;
780 (C) a control and monitoring system;
781 (D) a power line;
782 (E) substation equipment;
783 (F) lighting;
784 (G) fencing;
785 (H) pipes; or
786 (I) other equipment used for locating a power line or pole; and
787 (b) this Subsection (55) does not apply to:
788 (i) tangible personal property used in construction of:
789 (A) a new alternative energy electricity production facility; or
790 (B) the increase in the capacity of an alternative energy electricity production facility;
791 (ii) contracted services required for construction and routine maintenance activities;
792 and
793 (iii) unless the tangible personal property is used or acquired for an increase in capacity
794 of the facility described in Subsection (55)(a)(i)(C)(II), tangible personal property used or
795 acquired after:
796 (A) the alternative energy electricity production facility described in Subsection
797 (55)(a)(i) is operational as described in Subsection (55)(a)(iii); or
798 (B) the increased capacity described in Subsection (55)(a)(i) is operational as described
799 in Subsection (55)(a)(iii);
800 (56) (a) leases of seven or more years or purchases made on or after July 1, 2004, but

801 on or before June 30, 2027, of tangible personal property that:

802 (i) is leased or purchased for or by a facility that:

803 (A) is a waste energy production facility;

804 (B) is located in the state; and

805 (C) (I) becomes operational on or after July 1, 2004; or

806 (II) has its generation capacity increased by one or more megawatts on or after July 1,

807 2004, as a result of the use of the tangible personal property;

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

809 (iii) is used to make the facility or the increase in capacity of the facility described in

810 Subsection (56)(a)(i) operational up to the point of interconnection with an existing

811 transmission grid including:

812 (A) generating equipment;

813 (B) a control and monitoring system;

814 (C) a power line;

815 (D) substation equipment;

816 (E) lighting;

817 (F) fencing;

818 (G) pipes; or

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

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

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

822 (A) a new waste energy facility; or

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

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

825 and

826 (iii) unless the tangible personal property is used or acquired for an increase in capacity

827 described in Subsection (56)(a)(i)(C)(II), tangible personal property used or acquired after:

828 (A) the waste energy facility described in Subsection (56)(a)(i) is operational as

829 described in Subsection (56)(a)(iii); or

830 (B) the increased capacity described in Subsection (56)(a)(i) is operational as described

831 in Subsection (56)(a)(iii);

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

834 (i) is leased or purchased for or by a facility that:

835 (A) is located in the state;

836 (B) produces fuel from alternative energy, including:

837 (I) methanol; or

838 (II) ethanol; and

839 (C) (I) becomes operational on or after July 1, 2004; or

840 (II) has its capacity to produce fuel increase by 25% or more on or after July 1, 2004, as
841 a result of the installation of the tangible personal property;

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

843 (iii) is installed on the facility described in Subsection (57)(a)(i);

844 (b) this Subsection (57) does not apply to:

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

846 (A) a new facility described in Subsection (57)(a)(i); or

847 (B) the increase in capacity of the facility described in Subsection (57)(a)(i); or

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

849 and

850 (iii) unless the tangible personal property is used or acquired for an increase in capacity
851 described in Subsection (57)(a)(i)(C)(II), tangible personal property used or acquired after:

852 (A) the facility described in Subsection (57)(a)(i) is operational; or

853 (B) the increased capacity described in Subsection (57)(a)(i) is operational;

854 (58) (a) subject to Subsection (58)(b) or (c), sales of tangible personal property or a
855 product transferred electronically to a person within this state if that tangible personal property
856 or product transferred electronically is subsequently shipped outside the state and incorporated
857 pursuant to contract into and becomes a part of real property located outside of this state;

858 (b) the exemption under Subsection (58)(a) is not allowed to the extent that the other
859 state or political entity to which the tangible personal property is shipped imposes a sales, use,
860 gross receipts, or other similar transaction excise tax on the transaction against which the other
861 state or political entity allows a credit for sales and use taxes imposed by this chapter; and

862 (c) notwithstanding the time period of Subsection 59-1-1410(8) for filing for a refund,

863 a person may claim the exemption allowed by this Subsection (58) for a sale by filing for a
864 refund:

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

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

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

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

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

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

874 (59) purchases:

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

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

877 (A) names; or

878 (B) addresses; or

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

880 (A) names; or

881 (B) addresses; and

882 (b) used to send direct mail;

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

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

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

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

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

889 and

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

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

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

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

894 (iii) telecommunications maintenance or repair equipment, machinery, or software;
895 (iv) telecommunications switching or routing equipment, machinery, or software; or
896 (v) telecommunications transmission equipment, machinery, or software;
897 (62) (a) beginning on July 1, 2006, and ending on June 30, 2027, purchases of tangible
898 personal property or a product transferred electronically that are used in the research and
899 development of alternative energy technology; and
900 (b) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
901 commission may, for purposes of Subsection (62)(a), make rules defining what constitutes
902 purchases of tangible personal property or a product transferred electronically that are used in
903 the research and development of alternative energy technology;
904 (63) (a) purchases of tangible personal property or a product transferred electronically
905 if:
906 (i) the tangible personal property or product transferred electronically is:
907 (A) purchased outside of this state;
908 (B) brought into this state at any time after the purchase described in Subsection
909 (63)(a)(i)(A); and
910 (C) used in conducting business in this state; and
911 (ii) for:
912 (A) tangible personal property or a product transferred electronically other than the
913 tangible personal property described in Subsection (63)(a)(ii)(B), the first use of the property
914 for a purpose for which the property is designed occurs outside of this state; or
915 (B) a vehicle other than a vehicle sold to an authorized carrier, the vehicle is registered
916 outside of this state;
917 (b) the exemption provided for in Subsection (63)(a) does not apply to:
918 (i) a lease or rental of tangible personal property or a product transferred electronically;
919 or
920 (ii) a sale of a vehicle exempt under Subsection (33); and
921 (c) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, for
922 purposes of Subsection (63)(a), the commission may by rule define what constitutes the
923 following:
924 (i) conducting business in this state if that phrase has the same meaning in this

- 925 Subsection (63) as in Subsection (24);
- 926 (ii) the first use of tangible personal property or a product transferred electronically if
- 927 that phrase has the same meaning in this Subsection (63) as in Subsection (24); or
- 928 (iii) a purpose for which tangible personal property or a product transferred
- 929 electronically is designed if that phrase has the same meaning in this Subsection (63) as in
- 930 Subsection (24);
- 931 (64) sales of disposable home medical equipment or supplies if:
- 932 (a) a person presents a prescription for the disposable home medical equipment or
- 933 supplies;
- 934 (b) the disposable home medical equipment or supplies are used exclusively by the
- 935 person to whom the prescription described in Subsection (64)(a) is issued; and
- 936 (c) the disposable home medical equipment and supplies are listed as eligible for
- 937 payment under:
- 938 (i) Title XVIII, federal Social Security Act; or
- 939 (ii) the state plan for medical assistance under Title XIX, federal Social Security Act;
- 940 (65) sales:
- 941 (a) to a public transit district under Title 17B, Chapter 2a, Part 8, Public Transit
- 942 District Act; or
- 943 (b) of tangible personal property to a subcontractor of a public transit district, if the
- 944 tangible personal property is:
- 945 (i) clearly identified; and
- 946 (ii) installed or converted to real property owned by the public transit district;
- 947 (66) sales of construction materials:
- 948 (a) purchased on or after July 1, 2010;
- 949 (b) purchased by, on behalf of, or for the benefit of an international airport:
- 950 (i) located within a county of the first class; and
- 951 (ii) that has a United States customs office on its premises; and
- 952 (c) if the construction materials are:
- 953 (i) clearly identified;
- 954 (ii) segregated; and
- 955 (iii) installed or converted to real property:

- 956 (A) owned or operated by the international airport described in Subsection (66)(b); and
- 957 (B) located at the international airport described in Subsection (66)(b);
- 958 (67) sales of construction materials:
- 959 (a) purchased on or after July 1, 2008;
- 960 (b) purchased by, on behalf of, or for the benefit of a new airport:
- 961 (i) located within a county of the second class; and
- 962 (ii) that is owned or operated by a city in which an airline as defined in Section
- 963 [59-2-102](#) is headquartered; and
- 964 (c) if the construction materials are:
- 965 (i) clearly identified;
- 966 (ii) segregated; and
- 967 (iii) installed or converted to real property:
- 968 (A) owned or operated by the new airport described in Subsection (67)(b);
- 969 (B) located at the new airport described in Subsection (67)(b); and
- 970 (C) as part of the construction of the new airport described in Subsection (67)(b);
- 971 (68) sales of fuel to a common carrier that is a railroad for use in a locomotive engine;
- 972 (69) purchases and sales described in Section [63H-4-111](#);
- 973 (70) (a) sales of tangible personal property to an aircraft maintenance, repair, and
- 974 overhaul provider for use in the maintenance, repair, overhaul, or refurbishment in this state of
- 975 a fixed wing turbine powered aircraft if that fixed wing turbine powered aircraft's registration
- 976 lists a state or country other than this state as the location of registry of the fixed wing turbine
- 977 powered aircraft; or
- 978 (b) sales of tangible personal property by an aircraft maintenance, repair, and overhaul
- 979 provider in connection with the maintenance, repair, overhaul, or refurbishment in this state of
- 980 a fixed wing turbine powered aircraft if that fixed wing turbine powered aircraft's registration
- 981 lists a state or country other than this state as the location of registry of the fixed wing turbine
- 982 powered aircraft;
- 983 (71) subject to Section [59-12-104.4](#), sales of a textbook for a higher education course:
- 984 (a) to a person admitted to an institution of higher education; and
- 985 (b) by a seller, other than a bookstore owned by an institution of higher education, if
- 986 51% or more of that seller's sales revenue for the previous calendar quarter are sales of a

987 textbook for a higher education course;

988 (72) a license fee or tax a municipality imposes in accordance with Subsection
989 10-1-203(5) on a purchaser from a business for which the municipality provides an enhanced
990 level of municipal services;

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

- 994 (a) clearly identified;
- 995 (b) segregated; and
- 996 (c) installed or converted to real property;

997 (74) amounts paid or charged for:

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

999 (i) are used in performing qualified research:

1000 (A) as defined in Section 41(d), Internal Revenue Code; and

1001 (B) in the state; and

1002 (ii) have an economic life of three or more years; and

1003 (b) normal operating repair or replacement parts:

1004 (i) for the machinery and equipment described in Subsection (74)(a); and

1005 (ii) that have an economic life of three or more years;

1006 (75) a sale or lease of tangible personal property used in the preparation of prepared
1007 food if:

1008 (a) for a sale:

1009 (i) the ownership of the seller and the ownership of the purchaser are identical; and

1010 (ii) the seller or the purchaser paid a tax under this chapter on the purchase of that

1011 tangible personal property prior to making the sale; or

1012 (b) for a lease:

1013 (i) the ownership of the lessor and the ownership of the lessee are identical; and

1014 (ii) the lessor or the lessee paid a tax under this chapter on the purchase of that tangible
1015 personal property prior to making the lease;

1016 (76) (a) purchases of machinery or equipment if:

1017 (i) the purchaser is an establishment described in NAICS Subsector 713, Amusement,

1018 Gambling, and Recreation Industries, of the 2012 North American Industry Classification
1019 System of the federal Executive Office of the President, Office of Management and Budget;
1020 (ii) the machinery or equipment:
1021 (A) has an economic life of three or more years; and
1022 (B) is used by one or more persons who pay admission or user fees described in
1023 Subsection 59-12-103(1)(f) to the purchaser of the machinery and equipment; and
1024 (iii) 51% or more of the purchaser's sales revenue for the previous calendar quarter is:
1025 (A) amounts paid or charged as admission or user fees described in Subsection
1026 59-12-103(1)(f); and
1027 (B) subject to taxation under this chapter; and
1028 (b) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
1029 commission may make rules for verifying that 51% of a purchaser's sales revenue for the
1030 previous calendar quarter is:
1031 (i) amounts paid or charged as admission or user fees described in Subsection
1032 59-12-103(1)(f); and
1033 (ii) subject to taxation under this chapter;
1034 (77) purchases of a short-term lodging consumable by a business that provides
1035 accommodations and services described in Subsection 59-12-103(1)(i);
1036 (78) amounts paid or charged to access a database:
1037 (a) if the primary purpose for accessing the database is to view or retrieve information
1038 from the database; and
1039 (b) not including amounts paid or charged for a:
1040 (i) digital audiowork;
1041 (ii) digital audio-visual work; or
1042 (iii) digital book;
1043 (79) amounts paid or charged for a purchase or lease made by an electronic financial
1044 payment service, of:
1045 (a) machinery and equipment that:
1046 (i) are used in the operation of the electronic financial payment service; and
1047 (ii) have an economic life of three or more years; and
1048 (b) normal operating repair or replacement parts that:

- 1049 (i) are used in the operation of the electronic financial payment service; and
1050 (ii) have an economic life of three or more years;
1051 (80) beginning on April 1, 2013, sales of a fuel cell as defined in Section 54-15-102;
1052 (81) amounts paid or charged for a purchase or lease of tangible personal property or a
1053 product transferred electronically if the tangible personal property or product transferred
1054 electronically:
1055 (a) is stored, used, or consumed in the state; and
1056 (b) is temporarily brought into the state from another state:
1057 (i) during a disaster period as defined in Section 53-2a-1202;
1058 (ii) by an out-of-state business as defined in Section 53-2a-1202;
1059 (iii) for a declared state disaster or emergency as defined in Section 53-2a-1202; and
1060 (iv) for disaster- or emergency-related work as defined in Section 53-2a-1202;
1061 (82) sales of goods and services at a morale, welfare, and recreation facility, as defined
1062 in Section 39-9-102, made pursuant to Title 39, Chapter 9, State Morale, Welfare, and
1063 Recreation Program;
1064 (83) amounts paid or charged for a purchase or lease of molten magnesium;
1065 (84) (a) except as provided in Subsection (84)(b), amounts paid or charged for a
1066 purchase or lease made by a drilling equipment manufacturer of machinery, equipment,
1067 materials, or normal operating repair or replacement parts:
1068 (i) that are used or consumed exclusively in the drilling equipment manufacturer's
1069 manufacturing process; and
1070 (ii) except for office:
1071 (A) equipment; or
1072 (B) supplies; and
1073 (b) beginning on July 1, 2015, and ending on June 30, 2017, a person may claim an
1074 exemption described in Subsection (84)(a) only by filing for a refund:
1075 (i) of 50% of the tax paid on the amounts paid or charged; and
1076 (ii) in accordance with Section 59-1-1410; [~~and~~]
1077 (85) amounts paid or charged for a purchase or lease made by a qualifying enterprise
1078 data center of machinery, equipment, or normal operating repair or replacement parts, if the
1079 machinery, equipment, or normal operating repair or replacement parts:

- 1080 (a) are used in the operation of the establishment; and
- 1081 (b) have an economic life of one or more years[-]; and
- 1082 (86) ~~Ĥ→ [(a) subject to Subsection (86)(b);~~ ←Ĥ amounts paid or charged for a purchase or
- 1082a lease
- 1083 made by a person located in a recycling market development zone designated under Section
- 1084 63N-2-404 for machinery and equipment Ĥ→ :
- 1084a (a) ←Ĥ used in the recycling market development zone
- 1085 directly in:
- 1086 (i) commercial composting; or
- 1087 (ii) manufacturing facilities or plant units that:
- 1088 (A) manufacture, process, compound, or produce recycled items of tangible personal
- 1089 property for sale; or
- 1090 (B) reduce or reuse postconsumer waste material; and
- 1091 (b) Ĥ→ [~~before a person is allowed an exemption under this Subsection (86);~~] if ←Ĥ the
- 1091a person
- 1092 Ĥ→ [~~shall obtain~~] has obtained ←Ĥ a form certified by the Governor's Office of Economic
- 1092a Development under Section
- 1093 63N-2-410 that the machinery is integral to the composting or recycling process.
- 1094 Section 6. Section **63I-1-263** is amended to read:
- 1095 **63I-1-263. Repeal dates, Titles 63A to 63N.**
- 1096 (1) Subsection **63A-5-104(4)(h)** is repealed on July 1, 2024.
- 1097 (2) Section **63A-5-603**, State Facility Energy Efficiency Fund, is repealed July 1, 2023.
- 1098 (3) Title 63C, Chapter 4a, Constitutional and Federalism Defense Act, is repealed July
- 1099 1, 2018.
- 1100 (4) Title 63C, Chapter 4b, Commission for the Stewardship of Public Lands, is
- 1101 repealed November 30, 2019.
- 1102 (5) Title 63C, Chapter 16, Prison Development Commission Act, is repealed July 1,
- 1103 2020.
- 1104 (6) Title 63C, Chapter 17, Point of the Mountain Development Commission Act, is
- 1105 repealed July 1, 2021.
- 1106 (7) Title 63H, Chapter 4, Heber Valley Historic Railroad Authority, is repealed July 1,
- 1107 2020.
- 1108 (8) Title 63H, Chapter 8, Utah Housing Corporation Act, is repealed July 1, 2026.
- 1109 (9) On July 1, 2025:
- 1110 (a) in Subsection **17-27a-404(3)(c)(ii)**, the language that states "the Resource

1111 Development Coordinating Committee," is repealed;

1112 (b) Subsection 23-14-21(2)(c) is amended to read "(c) provide notification of proposed
1113 sites for the transplant of species to local government officials having jurisdiction over areas
1114 that may be affected by a transplant.";

1115 (c) in Subsection 23-14-21(3), the language that states "and the Resource Development
1116 Coordinating Committee" is repealed;

1117 (d) in Subsection 23-21-2.3(1), the language that states "the Resource Development
1118 Coordinating Committee created in Section 63J-4-501 and" is repealed;

1119 (e) in Subsection 23-21-2.3(2), the language that states "the Resource Development
1120 Coordinating Committee and" is repealed;

1121 (f) Subsection 63J-4-102(1) is repealed and the remaining subsections are renumbered
1122 accordingly;

1123 (g) Subsections 63J-4-401(5)(a) and (c) are repealed;

1124 (h) Subsection 63J-4-401(5)(b) is renumbered to Subsection 63J-4-401(5)(a) and the
1125 word "and" is inserted immediately after the semicolon;

1126 (i) Subsection 63J-4-401(5)(d) is renumbered to Subsection 63J-4-401(5)(b);

1127 (j) Sections 63J-4-501, 63J-4-502, 63J-4-503, 63J-4-504, and 63J-4-505 are repealed;

1128 and

1129 (k) Subsection 63J-4-603(1)(e)(iv) is repealed and the remaining subsections are
1130 renumbered accordingly.

1131 (10) The Crime Victim Reparations and Assistance Board, created in Section
1132 63M-7-504, is repealed July 1, 2017.

1133 (11) Title 63M, Chapter 11, Utah Commission on Aging, is repealed July 1, 2017.

1134 (12) Title 63N, Chapter 2, Part 2, Enterprise Zone Act, is repealed July 1, 2018.

1135 (13) [(a)] Title 63N, Chapter 2, Part 4, Recycling Market Development Zone Act, is
1136 repealed January 1, 2021.

1137 [~~(b) Subject to Subsection (13)(c), Sections 59-7-610 and 59-10-1007 regarding tax~~
1138 ~~credits for certain persons in recycling market development zones, are repealed for taxable~~
1139 ~~years beginning on or after January 1, 2021.~~]

1140 [(c) A person may not claim a tax credit under Section 59-7-610 or 59-10-1007:]

1141 [(i) for the purchase price of machinery or equipment described in Section 59-7-610 or

- 1142 ~~59-10-1007~~, if the machinery or equipment is purchased on or after January 1, 2021; or]
- 1143 [~~(ii) for an expenditure described in Subsection 59-7-610(1)(b) or 59-10-1007(1)(b), if~~
- 1144 ~~the expenditure is made on or after January 1, 2021.]~~
- 1145 [~~(d) Notwithstanding Subsections (13)(b) and (c), a person may carry forward a tax~~
- 1146 ~~credit in accordance with Section 59-7-610 or 59-10-1007 if:]~~
- 1147 [~~(i) the person is entitled to a tax credit under Section 59-7-610 or 59-10-1007; and]~~
- 1148 [~~(ii) (A) for the purchase price of machinery or equipment described in Section~~
- 1149 ~~59-7-610 or 59-10-1007, the machinery or equipment is purchased on or before December 31,~~
- 1150 ~~2020; or]~~
- 1151 [~~(B) for an expenditure described in Subsection 59-7-610(1)(b) or 59-10-1007(1)(b),~~
- 1152 ~~the expenditure is made on or before December 31, 2020.]~~
- 1153 (14) Section 63N-2-512 is repealed on July 1, 2021.
- 1154 (15) (a) Title 63N, Chapter 2, Part 6, Utah Small Business Jobs Act, is repealed
- 1155 January 1, 2021.
- 1156 (b) Section 59-9-107 regarding tax credits against premium taxes is repealed for
- 1157 calendar years beginning on or after January 1, 2021.
- 1158 (c) Notwithstanding Subsection (15)(b), an entity may carry forward a tax credit in
- 1159 accordance with Section 59-9-107 if:
- 1160 (i) the person is entitled to a tax credit under Section 59-9-107 on or before December
- 1161 31, 2020; and
- 1162 (ii) the qualified equity investment that is the basis of the tax credit is certified under
- 1163 Section 63N-2-603 on or before December 31, 2023.
- 1164 (16) Title 63N, Chapter 12, Part 3, Utah Broadband Outreach Center, is repealed July
- 1165 1, 2018.
- 1166 Section 7. Section 63I-2-259 is amended to read:
- 1167 **63I-2-259. Repeal dates -- Title 59.**
- 1168 (1) Subsection 59-2-919(10) is repealed December 31, 2015.
- 1169 (2) Subsection 59-2-919.1(4) is repealed December 31, 2015.
- 1170 (3) Subsection 59-2-1007(14) is repealed on December 31, 2018.
- 1171 (4) Section 59-7-610 is repealed on December 31, 2020.
- 1172 (5) Section 59-10-1007 is repealed on December 31, 2020.

1173 Section 8. Section **63I-2-263** is amended to read:

1174 **63I-2-263. Repeal dates, Title 63A to Title 63N.**

1175 (1) Section **63A-5-227** is repealed on January 1, 2018.

1176 (2) On December 31, 2020, the language in Subsection **63N-2-304**(1)(b) that states

1177 "59-7-610, **59-10-1007**, or" is repealed.

1178 [~~(2)~~] (3) Subsection **63N-3-109**(2)(f)(i)(B) is repealed July 1, 2020.

1179 [~~(3)~~] (4) Section **63N-3-110** is repealed July 1, 2020.

1180 Section 9. Section **63N-2-402** is amended to read:

1181 **63N-2-402. Definitions.**

1182 As used in this part:

1183 (1) "Composting" means the controlled decay of landscape waste or sewage sludge and
1184 organic industrial waste, or a mixture of these, by the action of bacteria, fungi, molds, and other
1185 organisms.

1186 (2) "Postconsumer waste material" means any product generated by a business or
1187 consumer that has served its intended end use, and that has been separated from solid waste for
1188 the purposes of collection, recycling, and disposition and that does not include secondary waste
1189 material.

1190 (3) (a) "Recovered materials" means waste materials and by-products that have been
1191 recovered or diverted from solid waste.

1192 (b) "Recovered materials" does not include those materials and by-products generated
1193 from, and commonly reused within, an original manufacturing process.

1194 (4) (a) "Recycling" means the diversion of materials from the solid waste stream and
1195 the beneficial use of the materials and includes a series of activities by which materials that
1196 would become or otherwise remain waste are diverted from the waste stream for collection,
1197 separation, and processing, and are used as raw materials or feedstocks in lieu of or in addition
1198 to virgin materials in the manufacture of goods sold or distributed in commerce or the reuse of
1199 the materials as substitutes for goods made from virgin materials.

1200 (b) "Recycling" does not include burning municipal solid waste for energy recovery.

1201 (5) "Recycling market development zone" or "zone" means an area designated by the
1202 office as meeting the requirements of this part.

1203 (6) (a) "Secondary waste material" means industrial by-products that go to disposal

1204 facilities and waste generated after completion of a manufacturing process.

1205 (b) "Secondary waste material" does not include internally generated scrap commonly
1206 returned to industrial or manufacturing processes, such as home scrap and mill broke.

1207 [~~(7) "Tax incentive" means a nonrefundable tax credit available under Section 59-7-610~~
1208 ~~or 59-10-1007.~~]

1209 Section 10. Section **63N-2-410** is amended to read:

1210 **63N-2-410. Recycling market development zone credit.**

1211 (1) For a taxpayer within a recycling market development zone, there [~~are allowed the~~
1212 ~~nonrefundable credits against tax as provided by Sections 59-7-610 and 59-10-1007~~] is a sales
1213 and use tax exemption for machinery and equipment used in the recycling market development
1214 zone as provided in Subsection 59-12-104(86).

1215 (2) The office shall certify that the machinery and equipment used by a taxpayer
1216 located within a recycling market development ~~zone~~ **zone** ~~are~~ integral to the composting and
1216a recycling
1217 process:

1218 (a) on a form provided by the ~~State~~ **State** ~~Tax Commission~~ that shall be retained by the
1218a taxpayer
1219 claiming the sales and use tax exemption under Subsection 59-12-104(86); and

1220 (b) before a taxpayer is allowed the sales and use tax exemption under Subsection
1221 59-12-104(86).

1222 Section 11. **Effective date.**

1223 (1) Except as provided in Subsection (2), this bill takes effect on January 1, 2018.

1224 (2) The actions ~~that~~ **affecting** ~~the following sections~~ take effect for a taxable
1224a year beginning on
1225 or after January 1, 2018:

1226 (a) Section 59-7-610; and

1227 (b) Section 59-10-1007.