

# 2007 Sales & Use Tax Changes

## HB 27 Sales and Use Tax Modifications

*Utah Code §§59-12-102, 59-12-103, 59-12-104.3, 59-12-108, 59-12-603*  
Effective Date January 1, 2007

This bill provides that a non-nexus seller shall collect local sales tax at the lowest common rate on sales of food and food ingredients into the state; changes the imposition language of the restaurant tax to prevent definitions added in 2006 Third Special Session HB 3004 from impacting the administration of the restaurant tax, thus preserving the status quo; provides that the reimbursement to sellers for expenditures to account for the reduced sales and use tax rate imposed on food and food ingredients includes expenditures for in-house programming; and extends the deadline for submitting a reimbursement request to the Tax Commission for expenses incurred from before 1/1/07 to before 4/1/07.

## HB 33 Sales and Use Tax Exemptions for Vehicles, Boats, Boat Trailers, or Outboard Motors Not Registered in the State

*Utah Code §59-12-104*  
Effective Date July 1, 2007

The bill provides that a vehicle, boat, boat trailer, or outboard motor that received the out-of-state sales tax exemption may be used in the state up to 30 days in a calendar year and remain eligible for the sales and use tax exemption so long as the use in the state is a nonbusiness use.

## HB 34 Sales and Use Tax Exemptions for Certain Property Brought into the State

*Utah Code §59-12-104*  
Effective Date July 1, 2007

This bill provide that sales of property purchased outside the state, first used outside the state, and brought into the state by a nonresident are exempt from sales and use tax if that property is not used to conduct business in the state; and enacts a sales and use tax exemption for sales of property used in conducting a business if that property was purchased

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## **HB 38 Amendments to Local Option Sales & Use Taxes on Certain Accommodations and Services**

*Utah Code §§59-12-301, 59-12-603*

Effective Date July 1, 2007

This bill provides that only a county of the first class may impose a tax on accommodations and services under the tourism transient room tax. In addition, effective from 7/1/07 to 6/30/27, requires that 15% of the revenues collected by a county of the first class from the county transient room tax be deposited to the Transient Room Tax Fund.

## **HB 41 Sales and Use Tax, Common Carriers**

*Utah Code §§59-12-103*

Effective Date July 1, 2007

This bill removes from the list of transactions subject to sales and use tax under Subsection 59-12-103(1)(b) the amounts paid to a common carrier for telephone service, mobile telecommunications service, or telegraph service.

## **HB 42 Sales and Use Tax Exemption for Authorized Carriers**

*Utah Code §59-12-104*

Effective Date July 1, 2007

This bill exempts from sales and use tax the sale, lease, or use of tangible personal property that is installed: (1) on a vehicle sold or leased to or used by an authorized carrier, and (2) before the vehicle is placed in service for the first time.

## **HB 65 Special & Local Districts Amendments**

*Utah Code §59-12-104*

Effective Date April 30, 2007

This bill exempts sales to a public transit district, or a subcontractor of a public transit district, including sales of construction materials that are to be installed or converted to real property owned by the public transit district.

## **HB 119 Emergency Communication Funding**

*Utah Code §§53-10-603, 56-10-605; 69-2-5; 69-2-5.6*

Effective Date July 1, 2007

This bill eliminates provisions reimbursing communications providers for costs associated with Phase I E-911 service; imposes the emergency services telephone charge on services with access to the public switched telephone network, including voice over Internet protocol, at 61¢ per month; reduces the current 65¢ per line charge for local exchange service switched lines and radio communications access lines to 61¢ per line; changes the date on which a charge levied to fund E-911 service is reduced (from 13¢ to 8¢) from July 1, 2008 to July 1, 2007.

## HB 158 Amendments to Transportation Provisions

*Utah Code §§41-1a-1222; 59-12- 502; 59-12-1703; 63-38c-402; 72-2-117; 72-2-117.5; 72-2-121*

Effective Date July 1, 2007

This bill renames the Public Transportation System tax Highway Fund as the County of the First Class State Highway Projects Fund. It also provides that the following shall be deposited in the fund:

1. 70% of the revenue generated by the local corridor preservation fee imposed in a county of the first class;
2. a portion of the public transit tax revenue imposed under Section 59-12-502 in a county of the first class; and
3. Revenue generated from the sales tax under Title 59, Chapter 12, Part 17 that is imposed in a county of the first class and designated for corridor preservation.

## HB 226 Sales and Use Tax, Highways and Public Transportation Amendments

*Utah Code §§59-12-501, 59-12-502, 59-12-1503*

Effective Date July 1, 2007

This bill provides that a county, city, or town is not required to be located within a transit district to impose the local option sales and use taxes for mass transit under Sections 59-12-501 and 502; repeals the requirement that a project relating to a fixed guideway system or a system for public transit be owned and operated by a public transit district in order for a county to expend revenues generated by the tax under Title 59, Chapter 12, Part 15, County Option Sales and Use Tax for Highways, Fixed Guideways, or Systems for Public Transit, to fund that project.

## HB 238 Municipal Telecom License Tax Amendments

*Utah Code §§10-1-403, 10-1-405, 59-1-403, 62A-11-328; repeals 10-1-409*  
Effective Date July 1, 2007

This bill reduces municipal telecommunications license tax rate from a maximum rate of up to 4% to up to 3.5%; directs the Tax Commission to tax at 3.5% for a municipality that had a tax rate in excess of 3.5% on 6/30/07, unless the Tax Commission receives a 30-day notice that the municipality will amend the rate to less than 3.5%.

## HB 297 Calculation of Credit for Certain Repossessions of a Motor Vehicle

*Utah Code §59-12-104.3*  
Effective Date July 1, 2007

This bill provides that the credit for repossession of a motor vehicle is reduced by the amount of the motor vehicle's unpaid purchase price that a seller recovers other than as a result of reselling the vehicle.

## SB 22 Sales & Use Tax Exemptions for Certain Governmental Entities and Entities within the State Systems of Public and Higher Education

*Utah Code §§59-12-102, 59-12-104*

This bill clarifies the definition of "school" to include the Electronic High School for purposes of the sales and use tax exemptions for sales relating to schools and fundraising sales; modifies the definition of "governmental entity" to exclude the state systems of public and higher education; modifies the sales and use tax exemption for photocopies to provide that the exemption for sales of photocopies by a governmental entity includes an entity within the state system of public education; provides a sales and use tax exemption for sales of publications by a governmental entity.

## SB 96 Sales and Use Tax Exemption for Disposable Home Medical Equipment or Supplies

*Utah Code §§59-12-102, 59-12-104*  
Effective Date July 1, 2007

This bill defines the term "disposable home medical equipment or supplies" to include items that cannot withstand repeated use; and enacts a sales and

use tax exemption for sales of disposable home medical equipment or supplies used exclusively by a person for whom a prescription is prescribed, and if the items are eligible under Title 18 or 19 of the Federal Social Security Act.

## SB 205 Alcoholic Beverage Control Amendments

*Utah Code §§59-16-101, 59-16-102*

Effective Date July 1, 2007

This bill adjusts markups by the Department of Alcoholic Beverage Control, diverts a portion of gross sales revenues of alcoholic beverages to the school lunch program, and repeals the wine and liquor tax.

## SB 223 Tax Amendments

*Utah Code §§59-12-102, 59-12-103, 59-12-104, 59-12-401, 59-12-402, 59-12-403, 59-12-501, 59-12-502, 59-12-504, 59-12-703, 59-12-802, 59-12-804, 59-12-1001, 59-12-1302, 59-12-1402, 59-12-1503, 59-12-1703, 59-12-1801, 59-12-1802, 59-12-1803*

Effective Date January 1, 2008

NOTE: This bill impacts sales tax and income tax. The information below pertains to sales tax only.

- Modifies the definition of "prosthetic device," the sale of which is exempt from sales and use tax, to include a dental prosthesis; and defines a dental prosthesis to include a bridge, dentures, crown, implant, and other similar items purchased from a dental lab;
- Reduces the state sales tax rate from 4.75% to 4.65%;
- Creates a new state sales and use tax of .25% to be imposed in those counties that have not enacted a county option sales tax;
- Provides that the sales tax imposed on food and food ingredients is the sum of: (1) 1.75% state sales tax; (2) 1% local option sales tax; and (3) .25% county option sales tax (or the .25% state tax imposed if a county has not enacted a county option sales tax);
- Increases the resort communities tax from up to 1% to up to 1.1%;
- Expands the manufacturing sales tax exemption to include purchases of machinery and equipment used in the production process or in R&D of an establishment described in NAICS 212 (mining, except oil and gas), 213113 (support activities for coal mining), 213114 (support activities for metal mining), and 213115 (support activities for non metallic minerals, except fuels, mining);

- Increases the .25% mass transit tax under 59-12-501 and the highways tax under 59-12-1001 to .30%, and provides that the fixed guideways tax under 59-12-1503 may be increased from .25% to up to .30%; and
- Provides a nonrefundable tax credit in the amount of 50% of the county or municipality franchise fees paid by a multi-channel video or audio service provider, and requires that the multi-channel video or audio service provider pass through an amount equal to the tax credit to purchasers located within the state.