

“Manufacturing Sales and Use Tax Exemption”

Utah Code Subsection 59-12-102 (65) – Definition of “Manufacturing facility”

(65) "Manufacturing facility" means:

(a) an establishment described in SIC Codes 2000 to 3999 of the 1987 Standard Industrial Classification Manual of the federal Executive Office of the President, Office of Management and Budget;

(b) a scrap recycler if:

(i) from a fixed location, the scrap recycler utilizes machinery or equipment to process one or more of the following items into prepared grades of processed materials for use in new products:

- (A) iron;
- (B) steel;
- (C) nonferrous metal;
- (D) paper;
- (E) glass;
- (F) plastic;
- (G) textile; or
- (H) rubber; and

(ii) the new products under Subsection (65)(b)(i) would otherwise be made with nonrecycled materials; or

(c) a cogeneration facility as defined in Section 54-2-1 if the cogeneration facility is placed in service on or after May 1, 2006.

Utah Code Subsection 59-12-104 (14) - Exemption

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

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

- (ii) of machinery, equipment, or normal operating repair or replacement parts if the machinery, equipment, or normal operating repair or replacement parts have an economic life of three or more years and are used:
 - (A) in the manufacturing process to manufacture an item sold as tangible personal property; or
 - (B) for a scrap recycler, to process an item sold as tangible personal property;
- (b) amounts paid or charged for a purchase or lease:
 - (i) by an establishment:
 - (A) described in NAICS Subsector 212, Mining (except Oil and Gas), or NAICS Code 213113, Support Activities for Coal Mining, 213114, Support Activities for Metal Mining, or 213115, Support Activities for Nonmetallic Minerals (except Fuels) Mining, of the 2002 North American Industry Classification System of the federal Executive Office of the President, Office of Management and Budget; and
 - (B) located in the state; and
 - (ii) of machinery, equipment, or normal operating repair or replacement parts if the machinery, equipment, or normal operating repair or replacement parts have an economic life of three or more years and are used in:
 - (A) the production process to produce an item sold as tangible personal property;
 - (B) research and development;
 - (C) transporting, storing, or managing tailings, overburden, or similar waste materials produced from mining;
 - (D) developing or maintaining a road, tunnel, excavation, or similar feature used in mining; or
 - (E) preventing, controlling, or reducing dust or other pollutants from mining;
- (c) amounts paid or charged for a purchase or lease:
 - (i) by an establishment:
 - (A) described in NAICS Code 518112, Web Search Portals, of the 2002 North American Industry Classification System of the federal Executive Office of the President, Office of Management and Budget; and
 - (B) located in the state; and
 - (ii) of machinery, equipment, or normal operating repair or replacement parts if the machinery, equipment, or normal operating repair or replacement parts:
 - (A) are used in the operation of the web search portal; and

- (B) have an economic life of three or more years;
- (d) for purposes of this Subsection (14) and in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission:
 - (i) shall by rule define the term "establishment"; and
 - (ii) may by rule define what constitutes:
 - (A) processing an item sold as tangible personal property;
 - (B) the production process, to produce an item sold as tangible personal property; or
 - (C) research and development; and
- (e) on or before October 1, 2016, and every five years after October 1, 2016, the commission shall:
 - (i) review the exemptions described in this Subsection (14) and make recommendations to the Revenue and Taxation Interim Committee concerning whether the exemptions should be continued, modified, or repealed; and
 - (ii) include in its report:
 - (A) an estimate of the cost of the exemptions;
 - (B) the purpose and effectiveness of the exemptions; and
 - (C) the benefits of the exemptions to the state;