

GUIDELINES FOR HANDLING SALES TAX EXEMPTION APPLICATIONS

1. GENERAL BACKGROUND & GUIDANCE

- a. Application form (attached) must be used for certification applications
- b. State statutes are 19-12-101 through 19-12-305.
- c. Air Quality rule is R307-120
- d. Freestanding Pollution Control Property (FPCP) and Pollution Control Facilities (PCF)¹ are eligible.
- e. An application must include one of the following:
 1. reference to the approval order containing the FPCP or PCF
 2. reference to the State Implementation Plan requiring the FPCP or PCF
 3. emission reductions (in tons per year) as a result of the FPCP or PCF
- f. Materials, equipment, structures, land, and services used for the construction/installation of the air PCFs are eligible for certification if their "primary purpose" is for prevention, control, or reduction of air pollution in Utah.
- g. The statute requires construction/installation of control facilities to have commenced or a firm contract for such is to have been entered into before certification can be issued. (Application may be filed after firm construction contract has been entered or construction has commenced.)
- h. Replacement or repair of property, parts, products, or services is not eligible for sales tax exemption.
- i. The State Tax Commission may be consulted prior to a certification being issued.
- j. R307-120-4 states the certification must be accomplished no later than 120 days after the date of filing. The date of filing is the date of receipt of the final information requested by the Division, i.e., 120 days after the application is complete.
- k. The DAQ certifies the FPCP or PCF, not the cost(s) associated with it.

2. GUIDANCE FOR "PRIMARY PURPOSE" TEST USED BY DAQ

- a. There must be an air pollutant contained in the stream entering the FPCP or PCF that is to be reduced or eliminated.
- b. There must be a quantifiable and demonstrated (test data, modeling results, calculations, etc.) reduction or prevention of air pollution as a result of the operation of the FPCP or PCF. The demonstration and documentation should be furnished by the applicant with the application.
- c. The "before construction/installation etc. of the FPCP or PCF" scenario should be compared to the "after construction/installation etc. of the FPCP or PCF" scenario, i.e., is there a net reduction of pollution in the before and after scenarios? This determination can be modified if there is a net decrease of more critical pollutants (HAPs or nonattainment area pollutants) within an over-all increase in air emissions. This "over-all increase situation" is to be evaluated on a case-by-case basis.

Attachments: 1) Application for Sales and/or Use Tax Exemption Certification

¹ See definition in State Statute 19-12-102(6) for "Freestanding Pollution Control Property" and "Pollution Control Facility"