

**A motion by Utah to amend Article III of the Agreement relating to the use of specified digital products:**

**NEW SECTION: Specified Digital Products**

- A. A member state shall not include “specified digital products,” “digital audio visual works,” “digital audio works” or “digital books” within its definitions of “ancillary services,” “telecommunications services ,” “computer software” or “tangible personal property.” Except with respect to computer software, no member state may include any other product accessed or delivered electronically within its definition of “tangible personal property.”
- B. For purpose of Section 327(C) and the taxability matrix, “Digital Audio-Visual Works”, “Digital Audio Works”, and “Digital books” are separate definitions.
- C. A member state imposing a sales or use tax on “specified digital products,” “digital audio-visual works,” “digital audio works” or “digital books” shall enact or adopt the definition of those terms set forth in the Library of Definitions, in Appendix C of this Agreement, in its imposition statutes.
- D. Nothing in this section or the definition of “specified digital products” shall limit a state’s right to impose a sales or use tax or exempt from sales or use tax any products or services that are outside the definition of “specified digital products.” If a state imposes a sales or use tax on a product or service that does not satisfy the end user, permanent use or continued payment requirements, such tax must be specifically and separately imposed.
- E. A state may treat a subscription to “specified digital products” differently than a non-subscription purchase of such product.
- F. The tax treatment of a “Digital Code” shall be the same as the tax treatment of the “Specified Digital Product” to which the “Digital Code” relates. The retail sale of the “Digital Code” shall be considered the transaction for purposes of the Agreement.
- G. Notwithstanding the provisions of Section 316 of this Agreement, a member state may provide a product based exemption for specific items within the definition of “specified digital products”, provided such items which are not transferred electronically must also be granted a product based exemption by the member state.