

FOSSIL FUELS TAX MODIFICATIONS

2023 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Joel K. Briscoe

Senate Sponsor: _____

LONG TITLE

General Description:

This bill creates a tax on carbon dioxide emissions.

Highlighted Provisions:

This bill:

▶ imposes a carbon dioxide emissions tax, including:

- defining terms;
- requiring records;
- addressing rate and remittance requirements for tax on motor fuel, special fuel, aviation fuel, natural gas, large emitter emissions, and electricity;
- granting rulemaking authority; and
- creating restricted accounts in which to deposit carbon emissions tax revenue

and providing the types of expenditures that may be made from the restricted accounts;

▶ converts the nonrefundable state earned income tax credit into a refundable state earned income tax credit;

▶ provides for apportionment of the state earned income tax credit;

▶ requires the State Tax Commission to reimburse the Income Tax Fund from the Carbon Emissions Revenue Restricted Account for earned income tax credits claimed;

▶ eliminates the state sales and use tax on food;



- 28 ▶ eliminates the state sales and use tax on residential fuel and commercial fuel;
- 29 ▶ reimburses the General Fund from the Carbon Emissions Revenue Restricted
- 30 Account the amount of revenue lost from the removal of the sales and use tax on
- 31 food, residential fuel, and commercial fuel;
- 32 ▶ modifies the formulas for calculating earmarks of sales and use tax revenue to
- 33 account for the deposit of carbon emissions tax revenue; and
- 34 ▶ makes technical and conforming changes.

35 Money Appropriated in this Bill:

36 None

37 Other Special Clauses:

38 This bill provides a special effective date.

39 Utah Code Sections Affected:

40 AMENDS:

- 41 **59-10-1044**, as enacted by Laws of Utah 2022, Chapter 12
- 42 **59-12-103**, as last amended by Laws of Utah 2022, Chapters 77, 106 and 433
- 43 **63I-2-259**, as last amended by Laws of Utah 2022, Chapter 264
- 44 **72-2-126**, as last amended by Laws of Utah 2022, Chapter 99

45 ENACTS:

- 46 **59-10-1102.1**, Utah Code Annotated 1953
- 47 **59-10-1114**, Utah Code Annotated 1953
- 48 **59-30-101**, Utah Code Annotated 1953
- 49 **59-30-102**, Utah Code Annotated 1953
- 50 **59-30-201**, Utah Code Annotated 1953
- 51 **59-30-202**, Utah Code Annotated 1953
- 52 **59-30-203**, Utah Code Annotated 1953
- 53 **59-30-204**, Utah Code Annotated 1953
- 54 **59-30-205**, Utah Code Annotated 1953
- 55 **59-30-206**, Utah Code Annotated 1953
- 56 **59-30-207**, Utah Code Annotated 1953
- 57 **59-30-301**, Utah Code Annotated 1953
- 58 **59-30-302**, Utah Code Annotated 1953

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

Section 1. Section **59-10-1044** is amended to read:

59-10-1044. Nonrefundable earned income tax credit.

(1) As used in this section:

(a) "Federal earned income tax credit" means the federal earned income tax credit described in Section 32, Internal Revenue Code.

(b) "Qualifying claimant" means a resident or nonresident individual who qualifies and claims the federal earned income tax credit for the current taxable year.

(2) (a) Subject to Section [59-10-1002.2](#), a qualifying claimant may claim a nonrefundable earned income tax credit equal to 15% of the amount of the federal earned income tax credit that the qualifying claimant was entitled to claim on a federal income tax return for the current taxable year.

(b) A qualifying claimant may claim the tax credit described in this section for a taxable year beginning before January 1, 2025.

(3) A qualifying claimant may not carry forward or carry back the amount of the earned income tax credit that exceeds the qualifying claimant's tax liability.

Section 2. Section **59-10-1102.1** is enacted to read:

59-10-1102.1. Apportionment of tax credit.

A nonresident individual or a part-year resident individual who claims a tax credit in accordance with Section [59-10-1114](#) may claim only an apportioned amount of the tax credit equal to the product of:

(1) the state income tax percentage for the nonresident individual or the state income tax percentage for the part-year resident individual; and

(2) the amount of the tax credit that the nonresident individual or the part-year resident individual would have been allowed to claim but for the apportionment requirement of this section.

Section 3. Section **59-10-1114** is enacted to read:

59-10-1114. Refundable earned income tax credit.

(1) As used in this section:

(a) "Federal earned income tax credit" means the federal earned income tax credit

90 described in Section 32, Internal Revenue Code.

91 (b) "Qualifying claimant" means a resident or nonresident individual who:

92 (i) qualifies for and claims the federal earned income tax credit for the current taxable
93 year; and

94 (ii) earns income in Utah that is reported on a W-2 form.

95 (2) (a) Subject to Section 59-10-1102.1, a qualifying claimant may claim a refundable
96 earned income tax credit equal to the lesser of:

97 (i) 15% of the amount of the federal earned income tax credit that the qualifying
98 claimant was entitled to claim on a federal income tax return for the current taxable year; and

99 (ii) the total Utah wages reported on the qualifying claimant's W-2 form for the current
100 taxable year.

101 (b) A qualifying claimant may claim the tax credit described in this section for a
102 taxable year beginning on or after January 1, 2025.

103 (3) The commission shall transfer at least annually from the Carbon Emissions
104 Revenue Restricted Account created in Section 59-30-301 into the Income Tax Fund an
105 amount equal to the amount of the tax credit claimed under this section.

106 Section 4. Section 59-12-103 is amended to read:

107 **59-12-103. Sales and use tax base -- Rates -- Effective dates -- Use of sales and use**
108 **tax revenues.**

109 (1) A tax is imposed on the purchaser as provided in this part on the purchase price or
110 sales price for amounts paid or charged for the following transactions:

111 (a) retail sales of tangible personal property made within the state;

112 (b) amounts paid for:

113 (i) telecommunications service, other than mobile telecommunications service, that
114 originates and terminates within the boundaries of this state;

115 (ii) mobile telecommunications service that originates and terminates within the
116 boundaries of one state only to the extent permitted by the Mobile Telecommunications
117 Sourcing Act, 4 U.S.C. Sec. 116 et seq.; or

118 (iii) an ancillary service associated with a:

119 (A) telecommunications service described in Subsection (1)(b)(i); or

120 (B) mobile telecommunications service described in Subsection (1)(b)(ii);

- 121 (c) sales of the following for commercial use:
- 122 (i) gas;
- 123 (ii) electricity;
- 124 (iii) heat;
- 125 (iv) coal;
- 126 (v) fuel oil; or
- 127 (vi) other fuels;
- 128 (d) sales of the following for residential use:
- 129 (i) gas;
- 130 (ii) electricity;
- 131 (iii) heat;
- 132 (iv) coal;
- 133 (v) fuel oil; or
- 134 (vi) other fuels;
- 135 (e) sales of prepared food;
- 136 (f) except as provided in Section 59-12-104, amounts paid or charged as admission or
- 137 user fees for theaters, movies, operas, museums, planetariums, shows of any type or nature,
- 138 exhibitions, concerts, carnivals, amusement parks, amusement rides, circuses, menageries,
- 139 fairs, races, contests, sporting events, dances, boxing matches, wrestling matches, closed circuit
- 140 television broadcasts, billiard parlors, pool parlors, bowling lanes, golf, miniature golf, golf
- 141 driving ranges, batting cages, skating rinks, ski lifts, ski runs, ski trails, snowmobile trails,
- 142 tennis courts, swimming pools, water slides, river runs, jeep tours, boat tours, scenic cruises,
- 143 horseback rides, sports activities, or any other amusement, entertainment, recreation,
- 144 exhibition, cultural, or athletic activity;
- 145 (g) amounts paid or charged for services for repairs or renovations of tangible personal
- 146 property, unless Section 59-12-104 provides for an exemption from sales and use tax for:
- 147 (i) the tangible personal property; and
- 148 (ii) parts used in the repairs or renovations of the tangible personal property described
- 149 in Subsection (1)(g)(i), regardless of whether:
- 150 (A) any parts are actually used in the repairs or renovations of that tangible personal
- 151 property; or

152 (B) the particular parts used in the repairs or renovations of that tangible personal
153 property are exempt from a tax under this chapter;

154 (h) except as provided in Subsection 59-12-104(7), amounts paid or charged for
155 assisted cleaning or washing of tangible personal property;

156 (i) amounts paid or charged for tourist home, hotel, motel, or trailer court
157 accommodations and services that are regularly rented for less than 30 consecutive days;

158 (j) amounts paid or charged for laundry or dry cleaning services;

159 (k) amounts paid or charged for leases or rentals of tangible personal property if within
160 this state the tangible personal property is:

161 (i) stored;

162 (ii) used; or

163 (iii) otherwise consumed;

164 (l) amounts paid or charged for tangible personal property if within this state the
165 tangible personal property is:

166 (i) stored;

167 (ii) used; or

168 (iii) consumed; and

169 (m) amounts paid or charged for a sale:

170 (i) (A) of a product transferred electronically; or

171 (B) of a repair or renovation of a product transferred electronically; and

172 (ii) regardless of whether the sale provides:

173 (A) a right of permanent use of the product; or

174 (B) a right to use the product that is less than a permanent use, including a right:

175 (I) for a definite or specified length of time; and

176 (II) that terminates upon the occurrence of a condition.

177 (2) (a) Except as provided in Subsections (2)(b) through (f), a state tax and a local tax
178 are imposed on a transaction described in Subsection (1) equal to the sum of:

179 (i) a state tax imposed on the transaction at a tax rate equal to the sum of:

180 (A) 4.70% plus the rate specified in Subsection (12)(a); and

181 (B) (I) the tax rate the state imposes in accordance with Part 18, Additional State Sales
182 and Use Tax Act, if the location of the transaction as determined under Sections 59-12-211

183 through 59-12-215 is in a county in which the state imposes the tax under Part 18, Additional
184 State Sales and Use Tax Act; and

185 (II) the tax rate the state imposes in accordance with Part 20, Supplemental State Sales
186 and Use Tax Act, if the location of the transaction as determined under Sections 59-12-211
187 through 59-12-215 is in a city, town, or the unincorporated area of a county in which the state
188 imposes the tax under Part 20, Supplemental State Sales and Use Tax Act; and

189 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the
190 transaction under this chapter other than this part.

191 (b) Except as provided in Subsection (2)(e) or (f) and subject to Subsection (2)(k), a
192 state tax and a local tax are imposed on a transaction described in Subsection [~~(1)(d)~~] (1)(c) or
193 (d) equal to the sum of:

194 [~~(i) a state tax imposed on the transaction at a tax rate of 2%; and]~~

195 (i) (A) on or before December 31, 2024, a state tax imposed on a transaction described
196 in Subsection (1)(c) at the rate described in Subsection (2)(a)(i) and a transaction described in
197 Subsection (1)(d) at a rate of 2%; and

198 (B) beginning on January 1, 2025, a state tax imposed on the transaction at a rate of
199 0%; and

200 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the
201 transaction under this chapter other than this part.

202 (c) Except as provided in Subsection (2)(e) or (f), a state tax and a local tax are
203 imposed on amounts paid or charged for food and food ingredients equal to the sum of:

204 (i) (A) on or before December 31, 2024, a state tax imposed on the amounts paid or
205 charged for food and food ingredients at a tax rate of 1.75%; and

206 (B) beginning on January 1, 2025, a state tax imposed on the amounts paid or charged
207 for food or food ingredients at a tax rate of 0%; and

208 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the
209 amounts paid or charged for food and food ingredients under this chapter other than this part.

210 (d) Except as provided in Subsection (2)(e) or (f), a state tax is imposed on amounts
211 paid or charged for fuel to a common carrier that is a railroad for use in a locomotive engine at
212 a rate of 4.85%.

213 (e) (i) For a bundled transaction that is attributable to food and food ingredients and

214 tangible personal property other than food and food ingredients, a state tax and a local tax is
215 imposed on the entire bundled transaction equal to the sum of:

216 (A) a state tax imposed on the entire bundled transaction equal to the sum of:

217 (I) the tax rate described in Subsection (2)(a)(i)(A); and

218 (II) (Aa) the tax rate the state imposes in accordance with Part 18, Additional State
219 Sales and Use Tax Act, if the location of the transaction as determined under Sections
220 59-12-211 through 59-12-215 is in a county in which the state imposes the tax under Part 18,
221 Additional State Sales and Use Tax Act; and

222 (Bb) the tax rate the state imposes in accordance with Part 20, Supplemental State
223 Sales and Use Tax Act, if the location of the transaction as determined under Sections
224 59-12-211 through 59-12-215 is in a city, town, or the unincorporated area of a county in which
225 the state imposes the tax under Part 20, Supplemental State Sales and Use Tax Act; and

226 (B) a local tax imposed on the entire bundled transaction at the sum of the tax rates
227 described in Subsection (2)(a)(ii).

228 (ii) If an optional computer software maintenance contract is a bundled transaction that
229 consists of taxable and nontaxable products that are not separately itemized on an invoice or
230 similar billing document, the purchase of the optional computer software maintenance contract
231 is 40% taxable under this chapter and 60% nontaxable under this chapter.

232 (iii) Subject to Subsection (2)(e)(iv), for a bundled transaction other than a bundled
233 transaction described in Subsection (2)(e)(i) or (ii):

234 (A) if the sales price of the bundled transaction is attributable to tangible personal
235 property, a product, or a service that is subject to taxation under this chapter and tangible
236 personal property, a product, or service that is not subject to taxation under this chapter, the
237 entire bundled transaction is subject to taxation under this chapter unless:

238 (I) the seller is able to identify by reasonable and verifiable standards the tangible
239 personal property, product, or service that is not subject to taxation under this chapter from the
240 books and records the seller keeps in the seller's regular course of business; or

241 (II) state or federal law provides otherwise; or

242 (B) if the sales price of a bundled transaction is attributable to two or more items of
243 tangible personal property, products, or services that are subject to taxation under this chapter
244 at different rates, the entire bundled transaction is subject to taxation under this chapter at the

245 higher tax rate unless:

246 (I) the seller is able to identify by reasonable and verifiable standards the tangible
247 personal property, product, or service that is subject to taxation under this chapter at the lower
248 tax rate from the books and records the seller keeps in the seller's regular course of business; or

249 (II) state or federal law provides otherwise.

250 (iv) For purposes of Subsection (2)(e)(iii), books and records that a seller keeps in the
251 seller's regular course of business includes books and records the seller keeps in the regular
252 course of business for nontax purposes.

253 (f) (i) Except as otherwise provided in this chapter and subject to Subsections (2)(f)(ii)
254 and (iii), if a transaction consists of the sale, lease, or rental of tangible personal property, a
255 product, or a service that is subject to taxation under this chapter, and the sale, lease, or rental
256 of tangible personal property, other property, a product, or a service that is not subject to
257 taxation under this chapter, the entire transaction is subject to taxation under this chapter unless
258 the seller, at the time of the transaction:

259 (A) separately states the portion of the transaction that is not subject to taxation under
260 this chapter on an invoice, bill of sale, or similar document provided to the purchaser; or

261 (B) is able to identify by reasonable and verifiable standards, from the books and
262 records the seller keeps in the seller's regular course of business, the portion of the transaction
263 that is not subject to taxation under this chapter.

264 (ii) A purchaser and a seller may correct the taxability of a transaction if:

265 (A) after the transaction occurs, the purchaser and the seller discover that the portion of
266 the transaction that is not subject to taxation under this chapter was not separately stated on an
267 invoice, bill of sale, or similar document provided to the purchaser because of an error or
268 ignorance of the law; and

269 (B) the seller is able to identify by reasonable and verifiable standards, from the books
270 and records the seller keeps in the seller's regular course of business, the portion of the
271 transaction that is not subject to taxation under this chapter.

272 (iii) For purposes of Subsections (2)(f)(i) and (ii), books and records that a seller keeps
273 in the seller's regular course of business includes books and records the seller keeps in the
274 regular course of business for nontax purposes.

275 (g) (i) If the sales price of a transaction is attributable to two or more items of tangible

276 personal property, products, or services that are subject to taxation under this chapter at
277 different rates, the entire purchase is subject to taxation under this chapter at the higher tax rate
278 unless the seller, at the time of the transaction:

279 (A) separately states the items subject to taxation under this chapter at each of the
280 different rates on an invoice, bill of sale, or similar document provided to the purchaser; or

281 (B) is able to identify by reasonable and verifiable standards the tangible personal
282 property, product, or service that is subject to taxation under this chapter at the lower tax rate
283 from the books and records the seller keeps in the seller's regular course of business.

284 (ii) For purposes of Subsection (2)(g)(i), books and records that a seller keeps in the
285 seller's regular course of business includes books and records the seller keeps in the regular
286 course of business for nontax purposes.

287 (h) Subject to Subsections (2)(i) and (j), a tax rate repeal or tax rate change for a tax
288 rate imposed under the following shall take effect on the first day of a calendar quarter:

- 289 (i) Subsection (2)(a)(i)(A);
- 290 (ii) Subsection (2)(b)(i);
- 291 (iii) Subsection (2)(c)(i); or
- 292 (iv) Subsection (2)(e)(i)(A)(I).

293 (i) (i) A tax rate increase takes effect on the first day of the first billing period that
294 begins on or after the effective date of the tax rate increase if the billing period for the
295 transaction begins before the effective date of a tax rate increase imposed under:

- 296 (A) Subsection (2)(a)(i)(A);
- 297 (B) Subsection (2)(b)(i);
- 298 (C) Subsection (2)(c)(i); or
- 299 (D) Subsection (2)(e)(i)(A)(I).

300 (ii) The repeal of a tax or a tax rate decrease applies to a billing period if the billing
301 statement for the billing period is rendered on or after the effective date of the repeal of the tax
302 or the tax rate decrease imposed under:

- 303 (A) Subsection (2)(a)(i)(A);
- 304 (B) Subsection (2)(b)(i);
- 305 (C) Subsection (2)(c)(i); or
- 306 (D) Subsection (2)(e)(i)(A)(I).

307 (j) (i) For a tax rate described in Subsection (2)(j)(ii), if a tax due on a catalogue sale is
 308 computed on the basis of sales and use tax rates published in the catalogue, a tax rate repeal or
 309 change in a tax rate takes effect:

310 (A) on the first day of a calendar quarter; and

311 (B) beginning 60 days after the effective date of the tax rate repeal or tax rate change.

312 (ii) Subsection (2)(j)(i) applies to the tax rates described in the following:

313 (A) Subsection (2)(a)(i)(A);

314 (B) Subsection (2)(b)(i);

315 (C) Subsection (2)(c)(i); or

316 (D) Subsection (2)(e)(i)(A)(I).

317 (iii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,
 318 the commission may by rule define the term "catalogue sale."

319 (k) (i) For a location described in Subsection (2)(k)(ii), the commission shall determine
 320 the taxable status of a sale of gas, electricity, heat, coal, fuel oil, or other fuel based on the
 321 predominant use of the gas, electricity, heat, coal, fuel oil, or other fuel at the location.

322 (ii) Subsection (2)(k)(i) applies to a location where gas, electricity, heat, coal, fuel oil,
 323 or other fuel is furnished through a single meter for two or more of the following uses:

324 (A) a commercial use;

325 (B) an industrial use; or

326 (C) a residential use.

327 ~~[(3) (a) The following state taxes shall be deposited into the General Fund]~~

328 (3) (a) The commission shall deposit the following state taxes into the General Fund:

329 (i) the tax imposed by Subsection (2)(a)(i)(A);

330 (ii) the tax imposed by Subsection (2)(b)(i);

331 (iii) the tax imposed by Subsection (2)(c)(i); ~~[and]~~

332 (iv) the tax imposed by Subsection (2)(e)(i)(A)(I)~~[-]; and~~

333 (v) the amount described in Subsection 59-30-301(5)(b)(i).

334 (b) ~~The [following local taxes shall be distributed]~~ commission shall distribute the
 335 following local taxes to a county, city, or town as provided in this chapter:

336 (i) the tax imposed by Subsection (2)(a)(ii);

337 (ii) the tax imposed by Subsection (2)(b)(ii);

338 (iii) the tax imposed by Subsection (2)(c)(ii); and

339 (iv) the tax imposed by Subsection (2)(e)(i)(B).

340 (c) The ~~[state tax imposed by Subsection (2)(d) shall be deposited]~~ commission shall
341 deposit the state tax imposed by Subsection (2)(d) into the General Fund.

342 (d) For purposes of this section, the amount described in Subsection (3)(a)(v) shall be
343 considered revenue from a sales and use tax imposed on items described in Subsection (1).

344 (4) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,
345 2003, the lesser of the following amounts shall be expended as provided in Subsections (4)(b)
346 through (g):

347 (i) for taxes listed under Subsection (3)(a), the amount of tax revenue generated:

348 (A) by a 1/16% tax rate on the transactions described in Subsection (1); and

349 (B) for the fiscal year; or

350 (ii) \$17,500,000.

351 (b) (i) For a fiscal year beginning on or after July 1, 2003, 14% of the amount
352 described in Subsection (4)(a) shall be transferred each year as designated sales and use tax
353 revenue to the Department of Natural Resources to:

354 (A) implement the measures described in Subsections 79-2-303(3)(a) through (d) to
355 protect sensitive plant and animal species; or

356 (B) award grants, up to the amount authorized by the Legislature in an appropriations
357 act, to political subdivisions of the state to implement the measures described in Subsections
358 79-2-303(3)(a) through (d) to protect sensitive plant and animal species.

359 (ii) Money transferred to the Department of Natural Resources under Subsection
360 (4)(b)(i) may not be used to assist the United States Fish and Wildlife Service or any other
361 person to list or attempt to have listed a species as threatened or endangered under the
362 Endangered Species Act of 1973, 16 U.S.C. Sec. 1531 et seq.

363 (iii) At the end of each fiscal year:

364 (A) 50% of any unexpended designated sales and use tax revenue shall lapse to the
365 Water Resources Conservation and Development Fund created in Section 73-10-24;

366 (B) 25% of any unexpended designated sales and use tax revenue shall lapse to the
367 Utah Wastewater Loan Program Subaccount created in Section 73-10c-5; and

368 (C) 25% of any unexpended designated sales and use tax revenue shall lapse to the

369 Drinking Water Loan Program Subaccount created in Section 73-10c-5.

370 (c) For a fiscal year beginning on or after July 1, 2003, 3% of the amount described in
371 Subsection (4)(a) shall be deposited each year in the Agriculture Resource Development Fund
372 created in Section 4-18-106.

373 (d) (i) For a fiscal year beginning on or after July 1, 2003, 1% of the amount described
374 in Subsection (4)(a) shall be transferred each year as designated sales and use tax revenue to
375 the Division of Water Rights to cover the costs incurred in hiring legal and technical staff for
376 the adjudication of water rights.

377 (ii) At the end of each fiscal year:

378 (A) 50% of any unexpended designated sales and use tax revenue shall lapse to the
379 Water Resources Conservation and Development Fund created in Section 73-10-24;

380 (B) 25% of any unexpended designated sales and use tax revenue shall lapse to the
381 Utah Wastewater Loan Program Subaccount created in Section 73-10c-5; and

382 (C) 25% of any unexpended designated sales and use tax revenue shall lapse to the
383 Drinking Water Loan Program Subaccount created in Section 73-10c-5.

384 (e) (i) For a fiscal year beginning on or after July 1, 2003, 41% of the amount described
385 in Subsection (4)(a) shall be deposited into the Water Resources Conservation and
386 Development Fund created in Section 73-10-24 for use by the Division of Water Resources.

387 (ii) In addition to the uses allowed of the Water Resources Conservation and
388 Development Fund under Section 73-10-24, the Water Resources Conservation and
389 Development Fund may also be used to:

390 (A) conduct hydrologic and geotechnical investigations by the Division of Water
391 Resources in a cooperative effort with other state, federal, or local entities, for the purpose of
392 quantifying surface and ground water resources and describing the hydrologic systems of an
393 area in sufficient detail so as to enable local and state resource managers to plan for and
394 accommodate growth in water use without jeopardizing the resource;

395 (B) fund state required dam safety improvements; and

396 (C) protect the state's interest in interstate water compact allocations, including the
397 hiring of technical and legal staff.

398 (f) For a fiscal year beginning on or after July 1, 2003, 20.5% of the amount described
399 in Subsection (4)(a) shall be deposited into the Utah Wastewater Loan Program Subaccount

400 created in Section 73-10c-5 for use by the Water Quality Board to fund wastewater projects.

401 (g) For a fiscal year beginning on or after July 1, 2003, 20.5% of the amount described
402 in Subsection (4)(a) shall be deposited into the Drinking Water Loan Program Subaccount
403 created in Section 73-10c-5 for use by the Division of Drinking Water to:

404 (i) provide for the installation and repair of collection, treatment, storage, and
405 distribution facilities for any public water system, as defined in Section 19-4-102;

406 (ii) develop underground sources of water, including springs and wells; and

407 (iii) develop surface water sources.

408 (5) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,
409 2006, the difference between the following amounts shall be expended as provided in this
410 Subsection (5), if that difference is greater than \$1:

411 (i) for taxes listed under Subsection (3)(a), the amount of tax revenue generated for the
412 fiscal year by a 1/16% tax rate on the transactions described in Subsection (1); and

413 (ii) \$17,500,000.

414 (b) (i) The first \$500,000 of the difference described in Subsection (5)(a) shall be:

415 (A) transferred each fiscal year to the Department of Natural Resources as designated
416 sales and use tax revenue; and

417 (B) expended by the Department of Natural Resources for watershed rehabilitation or
418 restoration.

419 (ii) At the end of each fiscal year, 100% of any unexpended designated sales and use
420 tax revenue described in Subsection (5)(b)(i) shall lapse to the Water Resources Conservation
421 and Development Fund created in Section 73-10-24.

422 (c) (i) After making the transfer required by Subsection (5)(b)(i), \$150,000 of the
423 remaining difference described in Subsection (5)(a) shall be:

424 (A) transferred each fiscal year to the Division of Water Resources as designated sales
425 and use tax revenue; and

426 (B) expended by the Division of Water Resources for cloud-seeding projects
427 authorized by Title 73, Chapter 15, Modification of Weather.

428 (ii) At the end of each fiscal year, 100% of any unexpended designated sales and use
429 tax revenue described in Subsection (5)(c)(i) shall lapse to the Water Resources Conservation
430 and Development Fund created in Section 73-10-24.

431 (d) After making the transfers required by Subsections (5)(b) and (c), 85% of the
432 remaining difference described in Subsection (5)(a) shall be deposited into the Water
433 Resources Conservation and Development Fund created in Section 73-10-24 for use by the
434 Division of Water Resources for:

435 (i) preconstruction costs:

436 (A) as defined in Subsection 73-26-103(6) for projects authorized by Title 73, Chapter
437 26, Bear River Development Act; and

438 (B) as defined in Subsection 73-28-103(8) for the Lake Powell Pipeline project
439 authorized by Title 73, Chapter 28, Lake Powell Pipeline Development Act;

440 (ii) the cost of employing a civil engineer to oversee any project authorized by Title 73,
441 Chapter 26, Bear River Development Act;

442 (iii) the cost of employing a civil engineer to oversee the Lake Powell Pipeline project
443 authorized by Title 73, Chapter 28, Lake Powell Pipeline Development Act; and

444 (iv) other uses authorized under Sections 73-10-24, 73-10-25.1, and 73-10-30, and
445 Subsection (4)(e)(ii) after funding the uses specified in Subsections (5)(d)(i) through (iii).

446 (e) After making the transfers required by Subsections (5)(b) and (c), 15% of the
447 remaining difference described in Subsection (5)(a) shall be deposited each year into the Water
448 Rights Restricted Account created by Section 73-2-1.6.

449 (6) Notwithstanding Subsection (3)(a) and for taxes listed under Subsection (3)(a), the
450 amount of revenue generated by a 1/16% tax rate on the transactions described in Subsection
451 (1) for the fiscal year shall be deposited as follows:

452 (a) for fiscal year 2020-21 only:

453 (i) 20% of the revenue described in this Subsection (6) shall be deposited into the
454 Transportation Investment Fund of 2005 created by Section 72-2-124; and

455 (ii) 80% of the revenue described in this Subsection (6) shall be deposited into the
456 Water Infrastructure Restricted Account created by Section 73-10g-103; and

457 (b) for a fiscal year beginning on or after July 1, 2021, 100% of the revenue described
458 in this Subsection (6) shall be deposited into the Water Infrastructure Restricted Account
459 created by Section 73-10g-103.

460 (7) (a) Notwithstanding Subsection (3)(a)[, in addition to the amounts deposited in
461 Subsection (6),] and subject to Subsection (7)(b), for a fiscal year beginning on or after July 1,

462 [2012] 2025, the ~~[Division of Finance]~~ commission shall deposit into the Transportation
463 Investment Fund of 2005 created by Section 72-2-124~~[(i) a portion of the taxes listed under~~
464 ~~Subsection (3)(a) in an amount equal to 8.3% of the revenues collected from the following~~
465 ~~taxes, which represents a portion of the approximately 17% of sales and use tax revenues~~
466 ~~generated annually by the sales and use tax on vehicles and vehicle-related products:]~~ a portion
467 of the taxes listed under Subsection (3)(a) equal to 17% of the revenue collected from the
468 following sales and use taxes:

469 ~~[(A)]~~ (i) the tax imposed by Subsection (2)(a)(i)(A) at a 4.7% rate;

470 ~~[(B) the tax imposed by Subsection (2)(b)(i);]~~

471 ~~[(C) the tax imposed by Subsection (2)(c)(i); and]~~

472 ~~[(D)]~~ (ii) the tax imposed by Subsection (2)(e)(i)(A)(I); ~~[plus]~~ and

473 (iii) the amount described in Subsection 59-30-301(5)(b)(i).

474 ~~[(ii) an amount equal to 30% of the growth in the amount of revenues collected in the~~
475 ~~current fiscal year from the sales and use taxes described in Subsections (7)(a)(i)(A) through~~
476 ~~(D) that exceeds the amount collected from the sales and use taxes described in Subsections~~
477 ~~(7)(a)(i)(A) through (D) in the 2010-11 fiscal year.]~~

478 ~~[(b) (i) Subject to Subsections (7)(b)(ii) and (iii), in any fiscal year that the portion of~~
479 ~~the sales and use taxes deposited under Subsection (7)(a) represents an amount that is a total~~
480 ~~lower percentage of the sales and use taxes described in Subsections (7)(a)(i)(A) through (D)~~
481 ~~generated in the current fiscal year than the total percentage of sales and use taxes deposited in~~
482 ~~the previous fiscal year, the Division of Finance shall deposit an amount under Subsection~~
483 ~~(7)(a) equal to the product of:]~~

484 ~~[(A) the total percentage of sales and use taxes deposited under Subsection (7)(a) in the~~
485 ~~previous fiscal year; and]~~

486 ~~[(B) the total sales and use tax revenue generated by the taxes described in Subsections~~
487 ~~(7)(a)(i)(A) through (D) in the current fiscal year.]~~

488 ~~[(ii) In any fiscal year in which the portion of the sales and use taxes deposited under~~
489 ~~Subsection (7)(a) would exceed 17% of the revenues collected from the sales and use taxes~~
490 ~~described in Subsections (7)(a)(i)(A) through (D) in the current fiscal year, the Division of~~
491 ~~Finance shall deposit 17% of the revenues collected from the sales and use taxes described in~~
492 ~~Subsections (7)(a)(i)(A) through (D) for the current fiscal year under Subsection (7)(a).]~~

493 ~~[(iii) Subject to Subsection (7)(b)(iv)(E), in all subsequent fiscal years after a year in~~
 494 ~~which 17% of the revenues collected from the sales and use taxes described in Subsections~~
 495 ~~(7)(a)(i)(A) through (D) was deposited under Subsection (7)(a), the Division of Finance shall~~
 496 ~~annually deposit 17% of the revenues collected from the sales and use taxes described in~~
 497 ~~Subsections (7)(a)(i)(A) through (D) in the current fiscal year under Subsection (7)(a).]~~

498 ~~[(iv)(A)]~~ (b) (i) As used in this Subsection ~~[(7)(b)(iv);]~~ (7)(b):

499 (A) "additional growth revenue" means the amount of relevant revenue collected in the
 500 current fiscal year that exceeds by more than 3% the relevant revenue collected in the previous
 501 fiscal year[-];

502 ~~(B) [As used in this Subsection (7)(b)(iv);]~~ "combined amount" means the combined
 503 total amount of money deposited into the Cottonwood Canyons fund under Subsections
 504 ~~[(7)(b)(iv)(F)]~~ (7)(b)(iii) and (8)(d)(vi) in any single fiscal year[-];

505 ~~(C) [As used in this Subsection (7)(b)(iv);]~~ "Cottonwood Canyons fund" means the
 506 Cottonwood Canyons Transportation Investment Fund created in Subsection [72-2-124\(10\)](#)[-];
 507 and

508 ~~(D) [As used in this Subsection (7)(b)(iv);]~~ "relevant revenue" means the portion of
 509 taxes listed under Subsection (3)(a) that equals 17% of the revenue collected from taxes
 510 described in ~~[Subsections (7)(a)(i)(A) through (D)]~~ Subsections (7)(a)(i) through (iii).

511 ~~[(E)]~~ (ii) For a fiscal year beginning on or after July 1, 2020, the commission shall
 512 annually reduce the deposit under Subsection ~~[(7)(b)(iii)]~~ (7)(a) into the Transportation
 513 Investment Fund of 2005 by an amount equal to the amount of the deposit under this
 514 Subsection ~~[(7)(b)(iv)]~~ (7)(b) to the Cottonwood Canyons fund in the previous fiscal year plus
 515 25% of additional growth revenue, subject to the limit in Subsection ~~[(7)(b)(iv)(F)]~~ (7)(b)(iii).

516 ~~[(F)]~~ (iii) The commission shall annually deposit the amount described in Subsection
 517 ~~[(7)(b)(iv)(E)]~~ (7)(b)(ii) into the Cottonwood Canyons fund, subject to an annual maximum
 518 combined amount for any single fiscal year of \$20,000,000.

519 ~~[(G)]~~ (iv) If the amount of relevant revenue declines in a fiscal year compared to the
 520 previous fiscal year, the commission shall decrease the amount of the contribution to the
 521 Cottonwood Canyons fund under this Subsection ~~[(7)(b)(iv)]~~ (7)(b) in the same proportion as
 522 the decline in relevant revenue.

523 (8) (a) Notwithstanding Subsection (3)(a), in addition to the amounts deposited under

524 Subsections (6) and (7), and subject to Subsections (8)(b) and (d)(v), for a fiscal year beginning
525 on or after July 1, ~~[2018]~~ 2025, the commission shall annually deposit into the Transportation
526 Investment Fund of 2005 created by Section 72-2-124 a portion of the taxes listed under
527 Subsection (3)(a) in an amount equal to 3.68% of the revenues collected from the following
528 taxes:

529 (i) the revenue collected by the tax imposed by Subsection (2)(a)(i)(A) at a 4.7% rate;
530 ~~[(ii) the tax imposed by Subsection (2)(b)(i);]~~
531 ~~[(iii) the tax imposed by Subsection (2)(c)(i); and]~~
532 ~~[(iv)]~~ (ii) the revenue collected by the tax imposed by Subsection (2)(e)(i)(A)(I)[-]; and
533 (iii) the amount described in Subsection 59-30-301(5)(b)(i).

534 (b) For a fiscal year beginning on or after July 1, 2019, the commission shall annually
535 reduce the deposit into the Transportation Investment Fund of 2005 under Subsection (8)(a) by
536 an amount that is equal to 35% of the amount of revenue generated in the current fiscal year by
537 the portion of the tax imposed on motor and special fuel that is sold, used, or received for sale
538 or use in this state that exceeds 29.4 cents per gallon.

539 (c) The commission shall annually deposit the amount described in Subsection (8)(b)
540 into the Transit Transportation Investment Fund created in Section 72-2-124.

541 (d) (i) As used in this Subsection (8)(d), "additional growth revenue" means the
542 amount of relevant revenue collected in the current fiscal year that exceeds by more than 3%
543 the relevant revenue collected in the previous fiscal year.

544 (ii) As used in this Subsection (8)(d), "combined amount" means the combined total
545 amount of money deposited into the Cottonwood Canyons fund under Subsections
546 ~~[(7)(b)(iv)(F)]~~ (7)(b)(iii) and (8)(d)(vi) in any single fiscal year.

547 (iii) As used in this Subsection (8)(d), "Cottonwood Canyons fund" means the
548 Cottonwood Canyons Transportation Investment Fund created in Subsection 72-2-124(10).

549 (iv) As used in this Subsection (8)(d), "relevant revenue" means the portion of taxes
550 listed under Subsection (3)(a) that equals 3.68% of the revenue collected from taxes described
551 in Subsections (8)(a)(i) through (iv).

552 (v) For a fiscal year beginning on or after July 1, 2020, the commission shall annually
553 reduce the deposit under Subsection (8)(a) into the Transportation Investment Fund of 2005 by
554 an amount equal to the amount of the deposit under this Subsection (8)(d) to the Cottonwood

555 Canyons fund in the previous fiscal year plus 25% of additional growth revenue, subject to the
556 limit in Subsection (8)(d)(vi).

557 (vi) The commission shall annually deposit the amount described in Subsection
558 (8)(d)(v) into the Cottonwood Canyons fund, subject to an annual maximum combined amount
559 for any single fiscal year of \$20,000,000.

560 (vii) If the amount of relevant revenue declines in a fiscal year compared to the
561 previous fiscal year, the commission shall decrease the amount of the contribution to the
562 Cottonwood Canyons fund under this Subsection (8)(d) in the same proportion as the decline in
563 relevant revenue.

564 (9) Notwithstanding Subsection (3)(a), for each fiscal year beginning with fiscal year
565 2009-10, \$533,750 shall be deposited into the Qualified Emergency Food Agencies Fund
566 created by Section 35A-8-1009 and expended as provided in Section 35A-8-1009.

567 (10) (a) Notwithstanding Subsection (3)(a), except as provided in Subsection (10)(b),
568 and in addition to any amounts deposited under Subsections (6), (7), and (8), the Division of
569 Finance shall deposit into the Transportation Investment Fund of 2005 created by Section
570 72-2-124 the amount of revenue described as follows:

571 (i) for fiscal year 2020-21 only, 33.33% of the amount of revenue generated by a .05%
572 tax rate on the transactions described in Subsection (1); and

573 (ii) for fiscal year 2021-22 only, 16.67% of the amount of revenue generated by a .05%
574 tax rate on the transactions described in Subsection (1).

575 (b) For purposes of Subsection (10)(a), the Division of Finance may not deposit into
576 the Transportation Investment Fund of 2005 any tax revenue generated by amounts paid or
577 charged for food and food ingredients, except for tax revenue generated by a bundled
578 transaction attributable to food and food ingredients and tangible personal property other than
579 food and food ingredients described in Subsection (2)(e).

580 (11) Notwithstanding Subsection (3)(a), beginning the second fiscal year after the
581 fiscal year during which the Division of Finance receives notice under Section 63N-2-510 that
582 construction on a qualified hotel, as defined in Section 63N-2-502, has begun, the Division of
583 Finance shall, for two consecutive fiscal years, annually deposit \$1,900,000 of the revenue
584 generated by the taxes listed under Subsection (3)(a) into the Hotel Impact Mitigation Fund,
585 created in Section 63N-2-512.

586 (12) (a) The rate specified in this subsection is 0.15%.

587 (b) Notwithstanding Subsection (3)(a), the Division of Finance shall, for a fiscal year
588 beginning on or after July 1, 2019, annually transfer the amount of revenue collected from the
589 rate described in Subsection (12)(a) on the transactions that are subject to the sales and use tax
590 under Subsection (2)(a)(i)(A) into the Medicaid Expansion Fund created in Section
591 26-36b-208.

592 (13) Notwithstanding Subsection (3)(a), for each fiscal year beginning with fiscal year
593 2020-21, the Division of Finance shall deposit \$200,000 into the General Fund as a dedicated
594 credit solely for use of the Search and Rescue Financial Assistance Program created in, and
595 expended in accordance with, Title 53, Chapter 2a, Part 11, Search and Rescue Act.

596 (14) (a) For each fiscal year beginning with fiscal year 2020-21, the Division of
597 Finance shall annually transfer \$1,813,400 of the revenue deposited into the Transportation
598 Investment Fund of 2005 under Subsections (6) through (8) to the General Fund.

599 (b) If the total revenue deposited into the Transportation Investment Fund of 2005
600 under Subsections (6) through (8) is less than \$1,813,400 for a fiscal year, the Division of
601 Finance shall transfer the total revenue deposited into the Transportation Investment Fund of
602 2005 under Subsections (6) through (8) during the fiscal year to the General Fund.

603 (15) Notwithstanding Subsection (3)(a), and as described in Section 63N-3-610,
604 beginning the first day of the calendar quarter one year after the sales and use tax boundary for
605 a housing and transit reinvestment zone is established, the commission, at least annually, shall
606 transfer an amount equal to 15% of the sales and use tax increment within an established sales
607 and use tax boundary, as defined in Section 63N-3-602, into the Transit Transportation
608 Investment Fund created in Section 72-2-124.

609 (16) Notwithstanding Subsection (3)(a), the Division of Finance shall, for a fiscal year
610 beginning on or after July 1, [2022] 2025, transfer into the Outdoor Adventure Infrastructure
611 Restricted Account, created in Section 51-9-902, a portion of the taxes listed under Subsection
612 (3)(a) equal to 1% of the revenues collected from the following sales and use taxes:

- 613 (a) the tax imposed by Subsection (2)(a)(i)(A) at a 4.7% rate; and
- 614 [~~(b) the tax imposed by Subsection (2)(b)(i);~~
- 615 [~~(c) the tax imposed by Subsection (2)(c)(i); and~~
- 616 [~~(d)~~] (b) the tax imposed by Subsection (2)(e)(i)(A)(I).

617 (17) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July
618 1, 2025, the commission shall deposit annually into the Carbon Emissions Revenue Restricted
619 Account, created in Section 59-30-301, a portion of the taxes described in Subsection (3)(a) in
620 an amount equal to 97% of the lesser of:

621 (i) the total amount the commission is required to deposit into the Transportation
622 Investment Fund under Subsections (7) and (8); and

623 (ii) the revenue the commission deposits into the Transportation Investment Fund of
624 2005 under Sections 59-30-201 and 59-30-202.

625 (b) Notwithstanding Subsections (7) and (8), the commission shall reduce the deposits
626 into the Transportation Investment Fund of 2005 required under Subsections (7) and (8) in an
627 amount equal to the deposit described in Subsection (17)(a).

628 Section 5. Section 59-30-101 is enacted to read:

629 **CHAPTER 30. CARBON EMISSIONS TAX ACT**

630 **Part 1. General Provisions**

631 **59-30-101. Definitions.**

632 As used in this section:

633 (1) "Aviation fuel" means the same as that term is defined in Section 59-13-102.

634 (2) "Clean fuel" means the same as that term is defined in Section 59-13-102.

635 (3) "Consumer price index" means the Consumer Price Index for All Urban Consumers
636 as published by the Bureau of Labor Statistics of the United States Department of Labor.

637 (4) "Distributor" means the same as that term is defined in Section 59-13-102.

638 (5) "Dyed diesel fuel" means the same as that term is defined in Section 59-13-102.

639 (6) "Electricity" means electrical energy for consumption.

640 (7) "Electricity provider" means a person in this state that delivers electricity to
641 customers for consumption.

642 (8) "Federally certificated air carrier" means the same as that term is defined in Section
643 59-13-102.

644 (9) (a) "Fossil fuel" means aviation fuel, coal, motor fuel, natural gas, a petroleum
645 product, petroleum, special fuel, or any form of solid, liquid, or gaseous fuel derived from
646 these products.

647 (b) "Fossil fuel" includes still gas, propane, or petroleum residuals.

- 648 (10) "Industrial use" means the same as that term is defined in Section 59-12-102.
- 649 (11) (a) "Large emitter" means a facility that emits over 25,000 metric tons of carbon
650 dioxide in a calendar year.
- 651 (b) "Large emitter" does not include an electricity provider, a person that provides
652 electricity to an electricity provider to deliver to a customer for consumption, or a person that
653 generates electricity.
- 654 (12) "Motor fuel" means the same as that term is defined in Section 59-13-102.
- 655 (13) "Natural gas" means the same as that term is defined in Section 59-5-101.
- 656 (14) "Natural gas supplier" means a person supplying natural gas to a purchaser.
- 657 (15) "Operator" means a person engaged in the operation of a large emitter in this state.
- 658 (16) "Political subdivision" means the same as that term is defined in Section
659 11-55-102.
- 660 (17) (a) "Purchaser" means a person in this state that buys natural gas for consumption.
- 661 (b) "Purchaser" does not include:
- 662 (i) the United States government or any of the United States government's
663 instrumentalities;
- 664 (ii) this state or this state's political subdivision; or
- 665 (iii) an electricity provider.
- 666 (18) "Removal" means the same as that term is defined in Section 59-13-102.
- 667 (19) "Special fuel" means the same as that term is defined in Section 59-13-102, except
668 that special fuel does not include natural gas.
- 669 (20) "Supplier" means the same as that term is defined in Section 59-13-102.
- 670 (21) "Terminal" means the same as that term is defined in Section 59-13-102.
- 671 (22) "Undyed diesel fuel" means the same as that term is defined in Section 59-13-102.
- 672 Section 6. Section **59-30-102** is enacted to read:
- 673 **59-30-102. Records.**
- 674 (1) A taxpayer under this chapter shall maintain records, statements, books, or
675 accounts:
- 676 (a) necessary to determine the amount of carbon emissions tax for which the taxpayer
677 is liable to pay under this chapter; and
- 678 (b) for the time period during which an assessment may be made under Section

679 [59-1-1408](#).

680 (2) The commission may require a taxpayer, by notice served upon the taxpayer, to
681 make or keep the records, statements, books, or accounts described in Subsection (1) in a
682 manner in which the commission considers sufficient to show the amount of carbon emissions
683 tax for which the taxpayer is liable to pay under this chapter.

684 (3) After notice by the commission, the taxpayer shall open the records, statements,
685 books, or accounts specified in this section for examination by the commission or an
686 authorized agent of the commission.

687 Section 7. Section **59-30-201** is enacted to read:

688 **Part 2. Imposition of Carbon Tax**

689 **59-30-201. Imposition of carbon emissions tax on motor fuel.**

690 (1) (a) Except as otherwise provided in this section or this chapter, a distributor shall
691 pay, beginning on January 1, 2025, a carbon emissions tax on motor fuel that is sold, used, or
692 received for sale or use in this state.

693 (b) Subject to Subsection (1)(c), the rate of tax imposed in this section is as follows:

694 (i) beginning on January 1, 2025, and ending on December 31, 2025, 8.89 cents per
695 gallon; and

696 (ii) beginning on January 1, 2026, and each January 1 thereafter, the rate determined
697 by:

698 (A) increasing the rate effective January 1 of the previous year by 3.5% plus a
699 percentage equal to the greater of the actual percent change during the previous fiscal year in
700 the consumer price index and 0; and

701 (B) rounding up to the nearest 100th of a cent.

702 (c) (i) Subject to Subsection (1)(c)(ii), the tax rate described in this Subsection (1) may
703 not exceed 88.9 cents.

704 (ii) Beginning on January 1, 2026, and each January 1 thereafter, the commission shall
705 adjust the maximum tax rate described in Subsection (1)(c)(i) by adding to the maximum tax
706 rate an amount equal to the greater of:

707 (A) the amount calculated by multiplying the maximum tax rate for the previous
708 calendar year by the actual percent change during the previous fiscal year in the consumer price
709 index; and

- 710 (B) 0.
- 711 (d) Any increase in the tax rate applies to motor fuel that is imported into the state for
- 712 sale or use on or after the effective date of the rate change.
- 713 (2) A carbon tax is not imposed under this section on:
- 714 (a) motor fuel that is brought into and sold in this state in original packages as purely
- 715 interstate commerce sales;
- 716 (b) motor fuel that is exported from this state if proof of actual exportation on forms
- 717 established by the commission is made within 180 days after exportation;
- 718 (c) motor fuel or a component of motor fuel that is sold and used in this state and
- 719 distilled from coal, oil shale, rock asphalt, bituminous sand, or solid hydrocarbons located in
- 720 this state; or
- 721 (d) motor fuel that is sold to the United States government, this state, or a political
- 722 subdivision of this state.
- 723 (3) Each month, a distributor shall:
- 724 (a) report to the commission, electronically as provided by the commission, the amount
- 725 and type of motor fuel sold, used, or received for sale or use in this state; and
- 726 (b) pay to the commission the carbon emissions tax imposed under this section.
- 727 (4) The commission may:
- 728 (a) collect no carbon emissions tax on motor fuel exported from the state; or
- 729 (b) upon application, refund the carbon emissions tax paid under this section.
- 730 (5) (a) The commission shall deposit the revenue that the commission collects under
- 731 this section with the state treasurer.
- 732 (b) The commission shall credit the revenue deposited in accordance with Subsection
- 733 (5)(a) to the Transportation Investment Fund of 2005 created in Section [72-2-124](#).
- 734 (c) The Legislature shall appropriate from the Transportation Investment Fund of 2005
- 735 created in Section [72-2-124](#) to the commission the amount necessary to cover expenses
- 736 incurred in the administration and enforcement of this section and the collection of the carbon
- 737 emissions tax on motor fuel.
- 738 (6) The refund, credit, administrative, and penalty provisions of Chapter 13, Part 2,
- 739 Motor Fuel, apply to a carbon emissions tax imposed on motor fuel under this section.
- 740 (7) The commission shall apply cooperative agreements under Chapter 13, Part 5,

741 Interstate Agreements, to the carbon emissions tax imposed under this section.

742 (8) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
743 commission may make rules governing the procedures for administering and collecting the
744 carbon emissions tax imposed under this section.

745 Section 8. Section **59-30-202** is enacted to read:

746 **59-30-202. Imposition of carbon emissions tax on special fuel.**

747 (1) (a) Except as otherwise provided in this section or this chapter, a supplier of special
748 fuel in this state shall pay, beginning on January 1, 2025, a carbon emissions tax on the:

749 (i) removal of undyed diesel fuel from a refinery;

750 (ii) removal of undyed diesel fuel from a terminal;

751 (iii) entry into the state of undyed diesel fuel for consumption, use, sale, or
752 warehousing;

753 (iv) sale of undyed diesel fuel to any person that is not registered as a supplier under
754 Chapter 13, Part 3, Special Fuel, unless the tax has been collected under this section;

755 (v) sale of dyed diesel fuel for use in a locomotive engine to any person that is not
756 registered as a supplier under Chapter 13, Part 3, Special Fuel, unless the tax has been collected
757 under this section;

758 (vi) use of untaxed special fuel blended with undyed diesel fuel; or

759 (vii) use of untaxed special fuel other than propane or electricity.

760 (b) Subject to Subsection (1)(c), the rate of the tax imposed in this section is as

761 follows:

762 (i) beginning on January 1, 2025, and ending on December 31, 2025, 10.16 cents per
763 gallon; and

764 (ii) beginning on January 1, 2026, and each January 1 thereafter, the rate determined

765 by:

766 (A) increasing the rate effective January 1 of the previous year by 3.5% plus a
767 percentage equal to the greater of the actual percent change during the previous fiscal year in
768 the consumer price index and 0; and

769 (B) rounding up to the nearest 100th of a cent.

770 (c) (i) Subject to Subsection (1)(c)(ii), the tax rate described in this Subsection (1) may
771 not exceed \$1.02 per gallon.

772 (ii) Beginning on January 1, 2026, and each January 1 thereafter, the commission shall
773 adjust the maximum tax rate described in Subsection (1)(c)(i) by adding to the maximum tax
774 rate an amount equal to the greater of:

775 (A) the amount calculated by multiplying the maximum tax rate for the previous
776 calendar year by the actual percent change during the previous fiscal year in the consumer price
777 index; and

778 (B) 0.

779 (d) The tax imposed under this section shall be imposed only once upon a special fuel.

780 (2) (a) Except as provided in Subsection (1)(a)(v), a carbon emissions tax may not be
781 imposed or collected under this section on dyed diesel fuel.

782 (b) A carbon emissions tax may not be imposed under this section on undyed diesel
783 fuel or clean fuel that is:

784 (i) sold to the United States government or any of the United States government's
785 instrumentalities, this state, or a political subdivision of this state;

786 (ii) exported from this state if proof of actual exportation on forms prescribed by the
787 commission is made within 180 days after exportation;

788 (iii) used in a vehicle off highway;

789 (iv) used to operate a power take-off unit of a vehicle;

790 (v) used for off-highway agricultural uses;

791 (vi) used in a separately fueled engine on a vehicle that does not propel the vehicle
792 upon the highways of the state; or

793 (vii) used in machinery and equipment not registered and not required to be registered
794 for highway use.

795 (c) A carbon emissions tax may not be imposed or collected under this section on
796 special fuel if the special fuel is:

797 (i) (A) purchased for business use in machinery and equipment not registered and not
798 required to be registered for highway use; and

799 (B) used pursuant to the conditions of a state implementation plan approved under
800 Title 19, Chapter 2, Air Conservation Act; or

801 (ii) propane or electricity.

802 (3) Each month, a supplier in this state shall:

803 (a) report to the commission, electronically as provided by the commission, the amount
804 and type of special fuel that:

805 (i) is removed from a refinery;

806 (ii) is removed from a terminal;

807 (iii) enters into the state for consumption, use, sale, or warehousing;

808 (iv) is sold to any person that is not registered as a supplier under Chapter 13, Part 3,
809 Special Fuel, unless the carbon emissions tax has been collected under this chapter;

810 (v) is blended with undyed diesel fuel and previously untaxed as special fuel; or

811 (vi) other than propane or electricity, is used in this state; and

812 (b) pay to the commission the carbon emissions tax imposed under this section.

813 (4) The commission may:

814 (a) collect no carbon emissions tax on special fuel exported from the state; or

815 (b) upon application, refund the carbon emissions tax paid under this section.

816 (5) (a) (i) The commission shall deposit the revenue that the commission collects under
817 this section with the state treasurer.

818 (ii) The commission shall credit the revenue deposited in accordance with Subsection
819 (5)(a)(i) to the Transportation Investment Fund of 2005 created in Section [72-2-124](#).

820 (b) The Legislature shall appropriate from the Transportation Investment Fund of 2005
821 created in Section [72-2-124](#) to the commission an amount necessary to cover the expenses
822 incurred in the administration and enforcement of this section and the collection of the carbon
823 emissions tax under this section.

824 (c) The refund, credit, administrative, and penalty provisions of Chapter 13, Part 3,
825 Special Fuel, apply to a carbon emissions tax imposed under this section.

826 (d) The commission shall apply cooperative agreements under Chapter 13, Part 5,
827 Interstate Agreements, to the carbon emissions tax imposed under this section.

828 (e) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
829 commission may make rules governing the procedures for administering and collecting the
830 carbon emissions tax imposed under this section.

831 Section 9. Section **59-30-203** is enacted to read:

832 **59-30-203. Imposition of a carbon emissions tax on aviation fuel.**

833 (1) (a) Except as otherwise provided in this chapter, a person that is required to pay the

834 aviation fuel tax under Chapter 13, Part 4, Aviation Fuel, shall pay, beginning on January 1,
835 2025, a carbon emissions tax on aviation fuel that is sold, used, or received for sale or use in
836 this state.

837 (b) Subject to Subsection (1)(c), the rate of tax imposed in this section is as follows:

838 (i) beginning on January 1, 2025, and ending on December 31, 2025, 9.57 cents per
839 gallon; and

840 (ii) beginning on January 1, 2026, and each January 1 thereafter, the rate determined
841 by:

842 (A) increasing the rate effective January 1 of the previous year by 3.5% plus a
843 percentage equal to the greater of the actual percent change during the previous fiscal year in
844 the consumer price index and 0; and

845 (B) rounding up to the nearest 100th of a cent.

846 (c) (i) Subject to Subsection (1)(c)(ii), the tax rate described in this Subsection (1) may
847 not exceed 95.7 cents per gallon.

848 (ii) Beginning on January 1, 2026, and each January 1 thereafter, the commission shall
849 adjust the maximum tax rate described in Subsection (1)(c)(i) by adding to the maximum tax
850 rate an amount equal to the greater of:

851 (A) the amount calculated by multiplying the maximum tax rate for the previous
852 calendar year by the actual percent change during the previous fiscal year in the consumer price
853 index; and

854 (B) 0.

855 (2) Each month, a person described in Subsection (1) shall:

856 (a) report to the commission electronically, as provided by the commission:

857 (i) the amount of aviation fuel that was purchased;

858 (ii) the total number of gallons of aviation fuel that was purchased;

859 (iii) for purchases by a federally certificated air carrier, the number of gallons of
860 aviation fuel purchased by the airport at which the federally certificated air carrier purchased
861 the aviation fuel; and

862 (iv) for purchases by a person that is not a federally certificated air carrier, the number
863 of gallons of aviation fuel purchased by the airport at which the person that is not a federally
864 certificated air carrier purchased the aviation fuel; and

865 (b) pay to the commission the carbon emissions tax imposed under this section.

866 (3) (a) (i) The commission shall deposit the revenue the commission collects under this
867 section with the state treasurer.

868 (ii) The commission shall credit the revenue deposited in accordance with Subsection
869 (3)(a)(i) into the Transportation Fund.

870 (b) The Legislature shall appropriate from the Transportation Fund to the commission
871 the amount necessary to cover expenses incurred in the administration and enforcement of this
872 section and the collection of the carbon emissions tax under this section.

873 (c) The Transportation Fund shall fund any refund to which a taxpayer is entitled under
874 this section.

875 (4) The state treasurer shall place an amount equal to the total amount received from
876 the carbon emissions tax on the sale or use of aviation fuel in the Aeronautics Restricted
877 Account created by Section [72-2-126](#).

878 (5) (a) The tax imposed under Subsection (1) shall be allocated as provided in Section
879 [59-13-402](#).

880 (b) Upon appropriation by the Legislature, the allocation to aeronautical operations of
881 the Department of Transportation shall be used as provided in the Aeronautics Restricted
882 Account created by Section [72-2-126](#).

883 (6) (a) The commission shall require reports and returns from distributors, retail
884 dealers, and users to enable the commission and the Department of Transportation to allocate
885 the revenue in accordance with Section [59-13-402](#) to be credited to:

886 (i) the Aeronautics Restricted Account created by Section [72-2-126](#); and

887 (ii) the separate accounts of individual airports.

888 (b) (i) Except as provided by Subsection (6)(b)(ii), any unexpended amount remaining
889 in the account of any publicly used airport on the first day of January, April, July, or October
890 shall be paid to the authority operating the airport.

891 (ii) Carbon emissions tax revenue allocated to an airport owned and operated by a city
892 of the first class shall be paid to the city treasurer on the first day of each month.

893 (iii) The state treasurer shall deposit carbon emissions tax revenue collected on fuel
894 sold at places other than publicly used airports in the Aeronautics Restricted Account created
895 by Section [72-2-126](#).

896 (c) The refund, credit, administrative, and penalty provisions of Chapter 13, Part 4,
897 Aviation Fuel, apply to a carbon emissions tax imposed under this section.

898 (7) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
899 commission may make rules governing the procedures for administering and collecting the
900 carbon emissions tax imposed under this section.

901 Section 10. Section **59-30-204** is enacted to read:

902 **59-30-204. Imposition of carbon emissions tax on natural gas.**

903 (1) (a) Except as otherwise provided in this chapter, a purchaser shall pay, beginning
904 on January 1, 2025, a carbon emissions tax on natural gas purchases.

905 (b) A purchaser shall pay the tax imposed under Subsection (1)(a) to the natural gas
906 supplier at the time the purchaser buys the natural gas.

907 (2) (a) Subject to Subsections (2)(b) and (c), the rate of the tax imposed in this section
908 is as follows:

909 (i) beginning on January 1, 2025, and ending on December 31, 2025, 53.12 cents per
910 1,000 cubic feet; and

911 (ii) beginning on January 1, 2026, and each January 1 thereafter, the rate determined
912 by:

913 (A) increasing the rate effective January 1 of the previous year by 3.5% plus a
914 percentage equal to greater of the actual percent change during the previous fiscal year in the
915 consumer price index and 0; and

916 (B) rounding up to the nearest 100th of a cent.

917 (b) (i) Subject to Subsection (2)(b)(ii), the tax rate described in this Subsection (2) may
918 not exceed \$5.31 per 1,000 cubic feet.

919 (ii) Beginning on January 1, 2026, and each January 1 thereafter, the commission shall
920 adjust the maximum tax rate described in Subsection (2)(b)(i) by adding to the maximum tax
921 rate an amount equal to the greater of:

922 (A) the amount calculated by multiplying the maximum tax rate for the previous
923 calendar year by the actual percent change during the previous fiscal year in the consumer price
924 index; and

925 (B) 0.

926 (iii) Any increase in the tax rate applies to natural gas that is provided to a purchaser on

927 or after the effective date of the rate change.

928 (c) (i) The tax rate under this section of the carbon emissions tax on natural gas
929 purchases for industrial use is 10% of the rate described in Subsection (2)(a) adjusted in
930 accordance with Subsection (2)(b).

931 (ii) Beginning on January 1, 2026, and each January 1 thereafter, the commission shall
932 increase the percentage amount in Subsection (2)(c)(i) by five percentage points.

933 (iii) The tax rate under this section of the carbon emissions tax on natural gas
934 purchases for industrial use may not exceed 50% of the rate described in Subsection (2)(a)
935 adjusted in accordance with Subsection (2)(b).

936 (3) Each month, a natural gas supplier shall:

937 (a) report to the commission, electronically as provided by the commission:

938 (i) the total number of cubic feet of natural gas sold to a purchaser; and

939 (ii) the number of cubic feet of natural gas sold to a purchaser for industrial use; and

940 (b) remit to the commission the carbon emissions tax paid under this section.

941 (4) The commission shall deposit the carbon emissions tax revenue that the
942 commission collects under this section into the Carbon Emissions Revenue Restricted Account,
943 created in Section [59-30-301](#).

944 (5) A natural gas supplier may not, with intent to evade any tax, fail to timely remit the
945 full amount of tax required by this section.

946 (6) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
947 commission may make rules governing the procedures for administering and collecting the
948 carbon emissions tax imposed under this section.

949 Section 11. Section **59-30-205** is enacted to read:

950 **59-30-205. Imposition of carbon emissions tax on large emitter.**

951 (1) Except as otherwise provided in this chapter, an operator of a large emitter shall
952 pay, for a calendar year beginning on or after January 1, 2025, a carbon emissions tax on each
953 metric ton of carbon dioxide that the large emitter emitted in this state during the previous
954 calendar year from combustion of the following relating to stationary fuel combustion,
955 petroleum refining, petroleum and natural gas systems, lime production, cement production, or
956 use of off-highway vehicles:

957 (a) coal;

958 (b) dyed diesel fuel;
959 (c) fuel gas; or
960 (d) natural gas that is not subject to the tax imposed under Section 59-30-204.
961 (2) (a) Subject to Subsections (2)(b) and (c), the tax rate of the carbon emissions tax is:
962 (i) for the calendar year beginning on January 1, 2025, \$10 per metric ton of carbon
963 dioxide emissions; and
964 (ii) beginning on January 1, 2026, and each January 1 thereafter, the rate determined
965 by:
966 (A) increasing the rate effective January 1 of the previous year by 3.5% plus a
967 percentage equal to the greater of the actual percent change during the previous fiscal year in
968 the consumer price index and 0; and
969 (B) rounding up to the nearest cent.
970 (b) (i) Subject to Subsection (2)(b)(ii), the tax rate described in this Subsection (2) may
971 not exceed \$100 per metric ton of carbon dioxide emissions.
972 (ii) Beginning on January 1, 2026, and each January 1 thereafter, the commission shall
973 adjust the maximum tax rate described in Subsection (2)(b)(i) by adding to the maximum tax
974 rate an amount equal to the greater of:
975 (A) the amount calculated by multiplying the maximum tax rate for the previous
976 calendar year by the actual percent change during the previous fiscal year in the consumer price
977 index; and
978 (B) 0.
979 (c) (i) The tax rate under this section of the carbon emissions tax on the combustion of
980 coal, dyed diesel fuel, fuel gas, or natural gas for industrial use is 10% of the rate described in
981 Subsection (2)(a) adjusted in accordance with Subsection (2)(b).
982 (ii) Beginning on January 1, 2026, and each January 1 thereafter, the commission shall
983 increase the percentage amount in Subsection (2)(c)(i) by five percentage points.
984 (iii) The tax rate under this section of the carbon emissions tax on the combustion of
985 coal, dyed diesel fuel, fuel gas, or natural gas for industrial use may not exceed 50% of the rate
986 described in Subsection (2)(a) adjusted in accordance with Subsection (2)(b).
987 (3) On or before June 30, the operator shall, for the previous calendar year:
988 (a) use the report to the Environmental Protection Agency required by 40 C.F.R. 98 to

989 calculate the number of metric tons of carbon dioxide emissions that the large emitter emitted
990 in the state;

991 (b) report to the commission, electronically as provided by the commission, the number
992 calculated in accordance with Subsection (3)(a);

993 (c) calculate the amount of carbon emissions tax due by multiplying the applicable tax
994 rate described in Subsection (2) by the number of metric tons of carbon dioxide emissions
995 reported in accordance with Subsection (3)(a); and

996 (d) pay to the commission the carbon emissions tax due under this section.

997 (4) The commission shall deposit the carbon emissions tax that the commission
998 collects under this section into the Carbon Emissions Revenue Restricted Account, created in
999 Section [59-30-301](#).

1000 (5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
1001 commission may make rules governing the procedures for administering and collecting the
1002 carbon emissions tax imposed under this section.

1003 Section 12. Section **59-30-206** is enacted to read:

1004 **59-30-206. Imposition of carbon emissions tax on electricity provider.**

1005 (1) Except as otherwise provided in this chapter, an electricity provider shall pay, for a
1006 calendar year beginning on or after January 1, 2025, a carbon emissions tax on each metric ton
1007 of carbon dioxide emissions emitted to produce electricity that the electricity provider delivered
1008 in this state during the previous calendar year.

1009 (2) (a) Subject to Subsection (2)(b), the tax rate of the carbon emissions tax is:

1010 (i) for the calendar year beginning on January 1, 2025, \$10 per metric ton of carbon
1011 dioxide emissions; and

1012 (ii) beginning on January 1, 2026, and each January 1 thereafter, the rate determined
1013 by:

1014 (A) increasing the rate effective January 1 of the previous year by 3.5% plus a
1015 percentage equal to greater of the actual percent change during the previous fiscal year in the
1016 consumer price index and 0; and

1017 (B) rounding up to the nearest 100th of a cent.

1018 (b) (i) Subject to Subsection (2)(b)(ii), the tax rate described in this Subsection (2) may
1019 not exceed \$100 per metric ton of carbon dioxide emissions.

1020 (ii) Beginning on January 1, 2026, and each January 1 thereafter, the commission shall
1021 adjust the maximum tax rate described in Subsection (2)(b)(i) by adding to the maximum tax
1022 rate an amount equal to the greater of:

1023 (A) the amount calculated by multiplying the maximum tax rate for the previous
1024 calendar year by the actual percent change during the previous fiscal year in the consumer price
1025 index; and

1026 (B) 0.

1027 (3) On or before June 30, an electricity provider shall, for the previous calendar year:

1028 (a) use the single system average deliveries metric in the Electric Power Sector
1029 Protocol from The Climate Registry to calculate the number of metric tons of carbon dioxide
1030 emissions that the electricity provider delivered in the state;

1031 (b) report to the commission, electronically as provided by the commission, the number
1032 calculated in accordance with Subsection (3)(a);

1033 (c) calculate the amount of carbon emissions tax due by multiplying the applicable tax
1034 rate described in Subsection (2) by the number of metric tons of carbon emissions reported in
1035 accordance with Subsection (3)(a); and

1036 (d) pay to the commission the carbon emissions tax due under this section.

1037 (4) The commission shall deposit the carbon emissions tax revenue that the
1038 commission collects under this section into the Carbon Emissions Revenue Restricted Account,
1039 created in Section [59-30-301](#).

1040 (5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
1041 commission may make rules governing the procedures for administering and collecting the
1042 carbon emissions tax imposed under this section.

1043 Section 13. Section **59-30-207** is enacted to read:

1044 **59-30-207. Exemptions -- Addition to other taxes.**

1045 (1) A carbon emissions tax imposed under this chapter does not apply to:

1046 (a) fossil fuel brought into the state by means of the fuel supply tank of a motor
1047 vehicle, vessel, locomotive, or aircraft;

1048 (b) fossil fuel emissions that the state is prohibited from taxing under the Utah
1049 Constitution or the constitution or laws of the United States; or

1050 (c) fossil fuel intended for export outside the state.

1051 (2) A carbon emissions tax due under this chapter is in addition to all other taxes
1052 provided by law.

1053 Section 14. Section **59-30-301** is enacted to read:

1054 **Part 3. Carbon Emissions Tax Restricted Accounts**

1055 **59-30-301. Carbon Emissions Revenue Restricted Account.**

1056 (1) There is created within the General Fund a restricted account known as the "Carbon
1057 Emissions Revenue Restricted Account."

1058 (2) The account shall consist of:

1059 (a) the revenue generated from the taxes imposed under Sections [59-30-204](#),
1060 [59-30-205](#), and [59-30-206](#);

1061 (b) the revenue deposited into the account under Section [59-12-103](#);

1062 (c) any interest and penalties levied in relation to administration of this chapter; and

1063 (d) any other funds or donations for the fund and appropriations from other sources.

1064 (3) Subject to Subsection (6), money in the fund shall be used to:

1065 (a) make the transfer described in Subsection (5)(b)(i);

1066 (b) make the transfer to the Income Tax Fund described in Section [59-10-1114](#);

1067 (c) make the transfer described in Subsection (5)(b)(ii);

1068 (d) make the transfer described in Subsection (5)(b)(iii);

1069 (e) make the transfer described in Subsection (5)(b)(iv);

1070 (f) make the transfer described in Subsection (5)(b)(v); and

1071 (g) fund the Carbon Emissions Tax Refund Restricted Account created in Section
1072 [59-30-302](#).

1073 (4) (a) On or before October 1, 2025, the commission shall calculate for the time
1074 period beginning on January 1, 2025, and ending on June 30, 2025, the total loss of revenue to
1075 the General Fund as a result of the elimination of the state sales and use tax on:

1076 (i) food and food ingredients;

1077 (ii) residential fuel; and

1078 (iii) commercial fuel.

1079 (b) For a fiscal year beginning on or after July 1, 2025, the commission shall, upon
1080 completion of the audit of sales and use tax, calculate the total loss of revenue to the General
1081 Fund for the previous fiscal year as a result of the elimination of the state sales and use tax on:

1082 (i) food and food ingredients;
1083 (ii) residential fuel; and
1084 (iii) commercial fuel.
1085 (5) (a) The commission shall make the transfers described in Subsection (5)(b):
1086 (i) except as provided in Subsection (5)(b)(i)(A), for a fiscal year beginning on or after
1087 July 1, 2025;
1088 (ii) subject to Subsection (6); and
1089 (iii) subject to appropriation by the Legislature.
1090 (b) The commission shall transfer from the fund:
1091 (i) (A) for the time period beginning on January 1, 2025, and ending on June 30, 2025,
1092 into the General Fund, the amount calculated in accordance with Subsection (4)(a); and
1093 (B) for a fiscal year beginning on or after July 1, 2025, into the General Fund, the
1094 amount calculated in accordance with Subsection (4)(b);
1095 (ii) to the Division of Air Quality, created in Section [19-1-105](#), to help the state meet
1096 the air quality goals as identified by the Air Quality Board in accordance with Title 19, Chapter
1097 2, Air Conservation Act, \$100,000,000;
1098 (iii) to Utah Transit Authority to reduce vehicle emissions, \$50,000,000;
1099 (iv) to the Division of Air Quality, created in Section [19-1-105](#), for the uses described
1100 in Title 19, Chapter 2, Part 2, Clean Air Retrofit, Replacement, and Off-road Technology
1101 Program, \$5,000,000; and
1102 (v) to the Governor's Office of Economic Opportunity's Rural Employment Expansion
1103 Program, for the Governor's Office of Economic Opportunity created in Section [63N-1a-301](#), in
1104 consultation with the Center for Rural Development created in Section [63N-4-102](#), to use for
1105 diversifying the economy in rural counties and communities, \$5,000,000.
1106 (c) The commission shall make:
1107 (i) the transfers described in Subsection (5)(b)(i) upon receipt of the calculation
1108 required by Subsection (4) from the commission; and
1109 (ii) the transfers described in Subsections (5)(b)(ii) through (v) on or before August 1.
1110 (6) (a) The balance in the account may not decrease below \$20,000,000.
1111 (b) If the balance in the fund on June 30 is insufficient to cover the cost of the items
1112 identified in Subsections (3)(a) through (f) and retain a balance of \$20,000,000, priority shall

1113 be given to the items in the order that the items are listed in Subsection (3).

1114 (c) If the balance in the fund on June 30, after funding the items described in
 1115 Subsections (3)(a) through (f) for the current fiscal year, exceeds \$20,000,000, the commission
 1116 shall transfer the amount that exceeds \$20,000,000 into the Carbon Emissions Tax Refund
 1117 Restricted Account created in Section [59-30-302](#).

1118 Section 15. Section **59-30-302** is enacted to read:

1119 **59-30-302. Carbon Emissions Tax Refund Restricted Account.**

1120 (1) There is created within the General Fund a restricted account known as the "Carbon
 1121 Emissions Tax Refund Restricted Account."

1122 (2) The account shall consist of deposits from the Carbon Emissions Revenue
 1123 Restricted Account created in Section [59-30-301](#).

1124 (3) The Legislature may use the money in the account to lower taxes imposed in the
 1125 state.

1126 Section 16. Section **63I-2-259** is amended to read:

1127 **63I-2-259. Repeal dates: Title 59.**

1128 (1) In Section [59-2-926](#), the language that states "applicable" and "or [53F-2-301.5](#)" is
 1129 repealed July 1, 2023.

1130 (2) Subsection [59-7-610\(8\)](#), relating to claiming a tax credit in the same taxable year as
 1131 the targeted business income tax credit, is repealed December 31, 2024.

1132 (3) Subsection [59-7-614.10\(5\)](#), relating to claiming a tax credit in the same taxable
 1133 year as the targeted business income tax credit, is repealed December 31, 2024.

1134 (4) Section [59-7-624](#) is repealed December 31, 2024.

1135 (5) Subsection [59-10-210\(2\)\(b\)\(vi\)](#) is repealed December 31, 2024.

1136 (6) On December 31, 2025, in Subsection [59-10-1002.2\(1\)](#), the words "or [59-10-1044](#)"
 1137 are repealed and the word "or" is inserted between "[59-10-1042](#)" and "[59-10-1043](#)."

1138 [~~(6)~~] (7) Subsection [59-10-1007\(8\)](#), relating to claiming a tax credit in the same taxable
 1139 year as the targeted business income tax credit, is repealed December 31, 2024.

1140 [~~(7)~~] (8) Subsection [59-10-1037\(5\)](#), relating to claiming a tax credit in the same taxable
 1141 year as the targeted business income tax credit, is repealed December 31, 2024.

1142 (9) Section [59-10-1044](#) is repealed December 31, 2025.

1143 [~~(8)~~] (10) Section [59-10-1112](#) is repealed December 31, 2024.

1144 Section 17. Section **72-2-126** is amended to read:

1145 **72-2-126. Aeronautics Restricted Account.**

1146 (1) There is created a restricted account entitled the Aeronautics Restricted Account
1147 within the Transportation Fund.

1148 (2) The account consists of money generated from the following revenue sources:

1149 (a) aviation fuel tax allocated for aeronautical operations deposited into the account in
1150 accordance with Section [59-13-402](#);

1151 (b) aircraft registration fees deposited into the account in accordance with Section
1152 [72-10-110](#);

1153 (c) carbon emissions tax revenue deposited in accordance with Section [59-30-203](#);

1154 [~~(c)~~] (d) appropriations made to the account by the Legislature;

1155 [~~(d)~~] (e) contributions from other public and private sources for deposit into the
1156 account; and

1157 [~~(e)~~] (f) interest earned on account money.

1158 (3) The department shall allocate funds in the account to the separate accounts of
1159 individual airports as required under Section [59-13-402](#).

1160 (4) (a) Except as provided in Subsection (4)(b), the department shall use funds in the
1161 account for:

1162 (i) the construction, improvement, operation, and maintenance of publicly used airports
1163 in this state;

1164 (ii) the payment of principal and interest on indebtedness incurred for the purposes
1165 described in Subsection (4)(a);

1166 (iii) operation of the division of aeronautics;

1167 (iv) the promotion of aeronautics in this state; and

1168 (v) the payment of the costs and expenses of the Department of Transportation in
1169 administering Title 59, Chapter 13, Part 4, Aviation Fuel, or another law conferring upon it the
1170 duty of regulating and supervising aeronautics in this state.

1171 (b) The department may use funds in the account for the support of aerial search and
1172 rescue operations, provided that no money deposited into the account under Subsection (2)(a)
1173 is used for that purpose.

1174 (5) (a) Money in the account may not be used by the department for the purchase of

1175 aircraft for purposes other than those described in Subsection (4).

1176 (b) Money in the account may not be used to provide or subsidize direct operating costs
1177 of travel for purposes other than those described in Subsection (4).

1178 (6) The Department may not use money in the account to fund:

1179 (a) more than 77% of the operations costs related to state owned aircraft in fiscal year
1180 2023-24;

1181 (b) more than 52% of the operations costs related to state owned aircraft in fiscal year
1182 2024-25;

1183 (c) more than 26% of the operations costs related to state owned aircraft in fiscal year
1184 2025-26;

1185 (d) more than 10% of the operations costs related to state owned aircraft in fiscal year
1186 2026-27; or

1187 (e) any operations costs related to state owned aircraft in a fiscal year beginning on or
1188 after July 1, 2027.

1189 Section 18. **Effective date.**

1190 This bill takes effect on December 31, 2024.