

1 **Severance Tax Revenue Amendments**

2025 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: David P. Hinkins**

House Sponsor:

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3 **LONG TITLE**

4 **General Description:**

5 This bill modifies provisions related to the use of severance tax revenue.

6 **Highlighted Provisions:**

7 This bill:

8 ▶ increases the percentage of severance tax revenue dedicated to the Utah Geological  
9 Survey Restricted Account.

10 **Money Appropriated in this Bill:**

11 None

12 **Other Special Clauses:**

13 None

14 **Utah Code Sections Affected:**

15 AMENDS:

16 **51-9-306**, as last amended by Laws of Utah 2024, Chapter 25

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

19 Section 1. Section **51-9-306** is amended to read:

20 **51-9-306 . Deposit of certain severance tax revenue for specified state agencies.**

21 (1) As used in this section:

22 (a) "Aggregate annual revenue" means the aggregate annual revenue collected in a fiscal  
23 year from the taxes imposed under Title 59, Chapter 5, Severance Tax on Oil, Gas,  
24 and Mining, after subtracting the amounts required to be distributed under Sections  
25 51-9-305, 59-5-116, and 59-5-119 and under Subsection 59-5-202(5)(c).

26 (b) "Aggregate annual mining revenue" means the aggregate annual revenue collected in  
27 a fiscal year from taxes imposed under Title 59, Chapter 5, Part 2, Mining Severance  
28 Tax, after subtracting the amounts required to be distributed under Section 51-9-305  
29 and under Subsection 59-5-202(5)(c).

30 (c) "Aggregate annual oil and gas revenue" means the aggregate annual revenue

31 collected in a fiscal year from the taxes imposed under Title 59, Chapter 5, Part 1, Oil  
32 and Gas Severance Tax, after subtracting the amounts required to be distributed  
33 under Sections 51-9-305, 59-5-116, and 59-5-119.

34 (d) "Average aggregate annual revenue" means the three-year rolling average of the  
35 aggregate annual revenue collected in a fiscal year from the taxes imposed under  
36 Title 59, Chapter 5, Severance Tax on Oil, Gas, and Mining:

37 (i) after subtracting the amounts required to be distributed under Sections 51-9-305,  
38 59-5-116, and 59-5-119 and under Subsection 59-5-202(5)(c); and

39 (ii) ending in the fiscal year immediately preceding the fiscal year of a deposit  
40 required by this section.

41 (e) "Average aggregate annual mining revenue" means the three-year rolling average of  
42 the aggregate annual revenue collected in a fiscal year from the taxes imposed under  
43 Title 59, Chapter 5, Part 2, Mining Severance Tax:

44 (i) after subtracting the amounts required to be distributed under Section 51-9-305  
45 and under Subsection 59-5-202(5)(c); and

46 (ii) ending in the fiscal year immediately preceding the fiscal year of a deposit  
47 required by this section.

48 (f) "Average aggregate annual oil and gas revenue" means the three-year rolling average  
49 of the aggregate annual revenue collected in a fiscal year from the taxes imposed  
50 under Title 59, Chapter 5, Part 1, Oil and Gas Severance Tax:

51 (i) after subtracting the amounts required to be distributed under Sections 51-9-305,  
52 59-5-116, and 59-5-119; and

53 (ii) ending in the fiscal year immediately preceding the fiscal year of a deposit  
54 required by this section.

55 (2) After making the deposits of oil and gas severance tax revenue as required under  
56 Sections 59-5-116 and 59-5-119 and making the credits under Section 51-9-305, for a  
57 fiscal year beginning on or after [~~July 1, 2021~~] July 1, 2025, the State Tax Commission  
58 shall annually make the following deposits:

59 (a) to the Division of Air Quality Oil, Gas, and Mining Restricted Account, created in  
60 Section 19-2a-106, the following average aggregate annual revenue:

61 (i) 2.75% of the first \$50,000,000 of the average aggregate annual revenue;

62 (ii) 1% of the next \$50,000,000 of the average aggregate annual revenue; and

63 (iii) .5% of the average aggregate annual revenue that exceeds \$100,000,000;

64 (b) to the Division of Water Quality Oil, Gas, and Mining Restricted Account, created in

- 65 Section 19-5-126, the following average aggregate annual revenue:
- 66 (i) .4% of the first \$50,000,000 of the average aggregate annual revenue;
- 67 (ii) .15% of the next \$50,000,000 of the average aggregate annual revenue; and
- 68 (iii) .08% of the average aggregate annual revenue that exceeds \$100,000,000;
- 69 (c) to the Division of Oil, Gas, and Mining Restricted Account, created in Section
- 70 40-6-23, the following:
- 71 (i)(A) 11.5% of the first \$50,000,000 of the average aggregate annual mining
- 72 revenue;
- 73 (B) 3% of the next \$50,000,000 of the average aggregate annual mining revenue;
- 74 and
- 75 (C) 1% of the average aggregate annual mining revenue that exceeds
- 76 \$100,000,000; and
- 77 (ii)(A) 18% of the first \$50,000,000 of the average aggregate annual oil and gas
- 78 revenue;
- 79 (B) 3% of the next \$50,000,000 of the average aggregate annual oil and gas
- 80 revenue; and
- 81 (C) 1% of the average aggregate annual oil and gas revenue that exceeds
- 82 \$100,000,000; and
- 83 (d) to the Utah Geological Survey Restricted Account, created in Section 79-3-403, the
- 84 following average aggregate annual revenue:
- 85 (i) [~~2.5%~~ ~~\$~~ → 5%] 3.5% ← ~~\$~~ of the first \$50,000,000 of the average aggregate annual revenue;
- 86 (ii) [~~4%~~] 1.5% of the next \$50,000,000 of the average aggregate annual revenue; and
- 87 (iii) .5% of the average aggregate annual revenue that exceeds \$100,000,000.
- 88 (3) If the money collected in a fiscal year from the taxes imposed under Title 59, Chapter 5,
- 89 Severance Tax on Oil, Gas, and Mining, is insufficient to make the deposits required by
- 90 Subsection (2), the State Tax Commission shall deposit money collected in the fiscal
- 91 year as follows:
- 92 (a) to the Division of Air Quality Oil, Gas, and Mining Restricted Account, created in
- 93 Section 19-2a-106, the following revenue:
- 94 (i) 2.75% of the first \$50,000,000 of the aggregate annual revenue;
- 95 (ii) 1% of the next \$50,000,000 of the aggregate annual revenue; and
- 96 (iii) .5% of the aggregate annual revenue that exceeds \$100,000,000;
- 97 (b) to the Division of Water Quality Oil, Gas, and Mining Restricted Account, created in
- 98 Section 19-5-126, the following revenue:

- 99 (i) .4% of the first \$50,000,000 of the aggregate annual revenue;
- 100 (ii) .15% of the next \$50,000,000 of the aggregate annual revenue; and
- 101 (iii) .08% of the aggregate annual revenue that exceeds \$100,000,000;
- 102 (c) to the Division of Oil, Gas, and Mining Restricted Account, created in Section
- 103 40-6-23, the following:
- 104 (i)(A) 11.5% of the first \$50,000,000 of the aggregate annual mining revenue;
- 105 (B) 3% of the next \$50,000,000 of the aggregate annual mining revenue; and
- 106 (C) 1% of the aggregate annual mining revenue that exceeds \$100,000,000; and
- 107 (ii)(A) 18% of the first \$50,000,000 of the aggregate annual oil and gas revenue;
- 108 (B) 3% of the next \$50,000,000 of the aggregate annual oil and gas revenue; and
- 109 (C) 1% of the aggregate annual oil and gas revenue that exceeds \$100,000,000;
- 110 and
- 111 (d) to the Utah Geological Survey Restricted Account, created in Section 79-3-403, the
- 112 following revenue:
- 113 (i) ~~2.5%~~ 3.5% of the first \$50,000,000 of the aggregate
- 113a annual revenue;
- 114 (ii) ~~1%~~ 1.5% of the next \$50,000,000 of the aggregate
- 114a annual revenue; and
- 115 (iii) .5% of the aggregate annual revenue that exceeds \$100,000,000.
- 116 (4) The severance tax revenues deposited under this section into restricted accounts for the
- 117 state agencies specified in Subsection (2) and appropriated from the restricted accounts
- 118 offset and supplant General Fund appropriations used to pay the costs of programs or
- 119 projects administered by the state agencies that are primarily related to oil, gas, and
- 120 mining.

121 Section 2. **Effective Date.**

122 This bill takes effect on May 7, 2025.