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Severance Amendments
2025 GENERAL SESSION
STATE OF UTAH
Chief Sponsor: Derrin R. Owens
House Sponsor: Carl R. Albrecht

LONG TITLE

General Description:

This bill modifies provisions relating to severance of oil, gas, and minerals.

Highlighted Provisions:

This bill:

- repeals and reenacts the severance tax credit for mining exploration to create an agreement and post-performance certificate process;
- schedules the repeal of the severance tax credit for mining exploration but requires legislative review before the repeal;
- authorizes a taxpayer to claim the high cost infrastructure tax credit against severance tax liability instead of income tax liability;
- allows a taxpayer to claim the high cost infrastructure credit against severance tax liability during the 2025 taxable year for costs incurred during the 2024 taxable year;
- creates a new severance tax credit part and moves existing tax credits to the new part;
- addresses federal agency consultation before certain acts related to federal designations and minerals; and
- makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides retrospective operation.

Utah Code Sections Affected:

AMENDS:

- 40-6-16 (Effective 05/07/25)**, as last amended by Laws of Utah 2024, Chapter 190
- 59-5-101 (Effective 05/07/25) (Applies beginning 01/01/25)**, as last amended by Laws of

28 Utah 2009, Chapter 344
29 **59-5-102 (Effective 05/07/25) (Applies beginning 01/01/25)**, as last amended by Laws of
30 Utah 2021, Chapter 280
31 **59-7-619 (Effective 05/07/25) (Applies beginning 01/01/25)**, as last amended by Laws of
32 Utah 2023, Chapter 473
33 **59-10-1034 (Effective 05/07/25) (Applies beginning 01/01/25)**, as last amended by Laws
34 of Utah 2021, Chapters 64, 280 and last amended by Coordination Clause, Laws of Utah 2021,
35 Chapter 280
36 **63I-1-240 (Effective 05/07/25)**, as last amended by Laws of Utah 2024, Chapters 34, 385
37 **63I-1-259 (Effective 05/07/25)**, as last amended by Laws of Utah 2024, Third Special
38 Session, Chapter 5
39 **79-6-401 (Effective 05/07/25) (Applies beginning 01/01/25)**, as last amended by Laws of
40 Utah 2024, Third Special Session, Chapter 4
41 **79-6-602 (Effective 05/07/25) (Applies beginning 01/01/25)**, as last amended by Laws of
42 Utah 2024, Chapter 192
43 **79-6-603 (Effective 05/07/25) (Applies beginning 01/01/25)**, as last amended by Laws of
44 Utah 2024, Chapter 44
45 **79-6-604 (Effective 05/07/25) (Applies beginning 01/01/25)**, as last amended by Laws of
46 Utah 2022, Chapter 44

47 ENACTS:

48 **59-5-301 (Effective 05/07/25) (Applies beginning 01/01/25)**, Utah Code Annotated
49 1953
50 **59-5-302 (Effective 05/07/25) (Applies beginning 01/01/25)**, Utah Code Annotated
51 1953
52 **59-5-303 (Effective 05/07/25) (Applies beginning 01/01/25)**, Utah Code Annotated
53 1953
54 **59-5-305 (Effective 05/07/25) (Applies beginning 01/01/25)**, Utah Code Annotated
55 1953
56 **63L-2-202 (Effective 05/07/25)**, Utah Code Annotated 1953

57 REPEALS AND REENACTS:

58 **40-6-24 (Effective 05/07/25) (Applies beginning 01/01/25)**, as enacted by Laws of Utah
59 2022, Chapter 108

60 RENUMBERS AND AMENDS:

61 **59-5-304 (Effective 05/07/25) (Applies beginning 01/01/25)**, (Renumbered from

62 59-5-216, as enacted by Laws of Utah 2022, Chapter 108)

63

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

65 Section 1. Section **40-6-16** is amended to read:

66 **40-6-16 (Effective 05/07/25). Duties of division.**

67 In addition to the duties assigned by the board, the division shall:

- 68 (1) develop and implement an inspection program that will include production data,
69 pre-drilling checks, and site security reviews;
- 70 (2) publish a monthly production report;
- 71 (3) publish a monthly gas processing plant report;
- 72 (4) review and evaluate, before a hearing, evidence submitted with the petition to be
73 presented to the board;
- 74 (5) require adequate assurance of approved water rights in accordance with rules and orders
75 enacted under Section 40-6-5;
- 76 (6) notify the county executive of the county in which the drilling will take place in writing
77 of the issuance of a drilling permit;
- 78 (7) complete the verification of natural gas to hydrogen conversion plants required by
79 Section [~~59-5-102~~] 59-5-303;
- 80 (8) enter agreements and issue tax credit certificates in accordance with Section 40-6-24;
81 and
- 82 (9) through the division's director, implement Title 19, Chapter 12, Pollution Control Act.

83 Section 2. Section **40-6-24** is repealed and reenacted to read:

84 **40-6-24 (Effective 05/07/25) (Applies beginning 01/01/25). Tax credit for mining**
85 **exploration -- Division to issue certificates.**

86 (1) As used in this section:

87 (a) "Activity" means:

- 88 (i) surveying by a geophysical method or by a geochemical method;
- 89 (ii) drilling one or more exploration holes;
- 90 (iii) conducting underground exploration;
- 91 (iv) surface trenching or bulk sampling;
- 92 (v) taking aerial photographs;
- 93 (vi) geological and geophysical logging;
- 94 (vii) sample analysis; or
- 95 (viii) metallurgical testing.

- 96 (b) "Assigned tax credit certificate" means a tax credit certificate the division issues to a
97 person to which a claimant assigns the claimant's tax credit.
- 98 (c)(i) "Certified expenditure" means a cost incurred for an activity in direct support of
99 an eligible exploration activity conducted at a specific site.
- 100 (ii) "Certified expenditure" includes:
- 101 (A) the cost of obtaining an approval, a permit, a license, or a certificate for an
102 eligible exploration activity;
- 103 (B) a direct labor cost and the cost of benefits for employees directly associated
104 with work described in Subsection (1)(c)(i);
- 105 (C) the cost of leasing equipment from a third party;
- 106 (D) the cost of owning, maintaining, or operating equipment;
- 107 (E) insurance and bond premiums associated with the activities described in
108 Subsections (1)(c)(ii)(A) through (D);
- 109 (F) the cost of a consultant or an independent contractor; and
- 110 (G) any general expense related to operating the business engaged in the eligible
111 exploration activity to the extent the expense is directly attributable to the work
112 described in Subsection (1)(c)(i).
- 113 (iii) "Certified expenditure" does not include:
- 114 (A) return on investment; or
- 115 (B) insurance or bond premiums not described in Subsection (1)(c)(ii)(E).
- 116 (d)(i) "Claimant" means a person that:
- 117 (A) is engaged in the business of mining or extracting minerals;
- 118 (B) is subject to a severance tax, for the taxable year in which the person applies
119 for a tax credit certificate, under Title 59, Chapter 5, Part 2, Mining Severance
120 Tax, as a direct result of minerals produced from eligible exploration activities;
121 and
- 122 (C) makes a certified expenditure.
- 123 (ii) "Claimant" does not include a person in the business of mining or extracting
124 minerals on the Great Salt Lake from:
- 125 (A) the brines of the Great Salt Lake, except for a person using a nonevaporative
126 mining or extraction method; or
- 127 (B) a material or secondary source, including tails, slag, waste dumps, or another
128 similar secondary source, derived from the brines of the Great Salt Lake.
- 129 (e) "Eligible claimant" means a claimant or a person to which a claimant assigns a tax

- 130 credit in accordance with Subsections (4)(a)(vi) and (7).
- 131 (f) "Eligible exploration activity" means an activity performed in the state that is
132 associated with:
- 133 (i) producing a mineral from a natural deposit that is not part of a mine that exists at
134 the time the activity begins;
- 135 (ii) producing a mineral not under production within a mine that exists at the time the
136 activity begins;
- 137 (iii) recovering a mineral not under production from a secondary source at the time
138 the activity begins, including tails, slag, waste dumps, or another similar
139 secondary source, whether in solution or otherwise;
- 140 (iv) expanding production of a mineral using a mining method not used within a mine
141 that exists at the time the activity begins; or
- 142 (v) expanding existing production of a mineral that requires a new exploration or
143 mining permit or the modification of a permit issued before the activity begins.
- 144 (g) "Geochemical method" means a method of gathering geochemical data, including
145 collecting soil, rock, water, air, vegetation, or any other similar item and performing
146 a chemical analysis on the item.
- 147 (h) "Geophysical method" means a method of gathering geophysical data that is used in
148 mineral exploration, including seismic, gravity, magnetic, radiometric, radar,
149 electromagnetic, and other remote sensing measurements.
- 150 (i) "Mine" means the same as that term is defined in Section 59-5-201.
- 151 (j) "Mineral" means:
- 152 (i) a metalliferous mineral as defined in Section 59-5-201; or
- 153 (ii) a metalliferous compound as defined in Section 59-5-202.
- 154 (k) "Tax credit certificate" means a certificate the division issues that:
- 155 (i) lists the claimant's name and taxpayer identification number;
- 156 (ii) lists the amount of the claimant's tax credit authorized under this section for a
157 taxable year; and
- 158 (iii) includes other information as determined by the division.
- 159 (2) Before claiming a tax credit under Section 59-5-304, a person shall apply to the division
160 to enter an agreement and, upon becoming an eligible claimant, to receive a tax credit
161 certificate.
- 162 (3)(a) Except as provided in Subsection (3)(b), a person shall enter an agreement with
163 the division before beginning eligible exploration activities.

- 164 (b) A person that has certified expenditures from an eligible exploration activity for a
165 taxable year beginning on or after January 1, 2025, and beginning before January 1,
166 2026, shall enter an agreement with the division as provided by rule.
- 167 (4)(a) The agreement shall provide:
- 168 (i) the eligible exploration activities for which the person may incur certified
169 expenditures eligible to receive a tax credit certificate, which may include
170 certified expenditures from a taxable year beginning on or after January 1, 2025,
171 and beginning before January 1, 2027;
- 172 (ii) the type of mineral the person intends to produce;
- 173 (iii) the maximum number of years a person has between the beginning of eligible
174 exploration activities and the production of minerals as a direct result of the
175 eligible exploration activities;
- 176 (iv) the maximum number of years, which may not exceed 20 years, that a person
177 may receive a tax credit certificate;
- 178 (v) the requirements for reporting certified expenditures and production of minerals
179 as a direct result of eligible exploration activity, including:
- 180 (A) a description of the mine where the eligible exploration activity occurred;
181 (B) evidence that the certified expenditure occurred and the amount of the
182 certified expenditure; and
- 183 (C) the means for verifying that severance tax liability occurs as a direct result of
184 an eligible exploration activity; and
- 185 (vi) a requirement that, if a claimant intends to assign a tax credit, the claimant shall
186 provide to the division a written notice of intent to assign the tax credit to another
187 person, in a form the division approves, that includes:
- 188 (A) written certification or other proof that the claimant irrevocably elects not to
189 claim the tax credit authorized by the tax credit certificate; and
- 190 (B) contact information for the person to which the claimant is assigning the tax
191 credit.
- 192 (b) The parties to the agreement may modify the terms of the agreement.
- 193 (c)(i) The division shall approve certified expenditures upon receiving a report of a
194 certified expenditure unless the division determines that the expenditure does not
195 meet the definition of certified expenditure.
- 196 (ii) If the division determines that an expenditure does not meet the definition of
197 certified expenditure, the division shall provide the person a written explanation

198 that states each reason the division denied the expenditure and give the person an
199 opportunity to correct any deficiency or provide additional information.

200 (5)(a) A person with an agreement may apply for a tax credit certificate:

201 (i) upon becoming an eligible claimant; and

202 (ii) for a taxable year beginning on or after January 1, 2027.

203 (b) The person shall include in the application for a tax credit certificate the following
204 information for the taxable year in which the person seeks a tax credit certificate:

205 (i) proof that the person is an eligible claimant;

206 (ii) a description of the mineral that the eligible claimant produced and evidence to
207 support that the mineral is produced from an eligible exploration activity;

208 (iii) the amount of severance tax liability as a direct result of minerals produced from
209 an eligible exploration activity that the eligible claimant incurred for the taxable
210 year; and

211 (iv) any other information the division requests.

212 (6)(a) After the division receives an application for a tax credit certificate, the division
213 shall:

214 (i) verify that the person is an eligible claimant; and

215 (ii) determine whether the eligible claimant has approved certified expenditures.

216 (b) Subject to Subsection (6)(c), the division shall issue a tax credit certificate in an
217 amount equal to the lesser of:

218 (i) the amount of certified expenditures minus any certified expenditures for which
219 the division previously issued a tax credit certificate; or

220 (ii) the claimant's severance tax liability as a direct result of minerals produced from
221 an eligible exploration activity for the taxable year.

222 (c)(i) The division may not issue a tax credit certificate if the aggregate value of tax
223 credit certificates issued for certified expenditures related to eligible exploration
224 activities at the same mine exceeds \$20,000,000.

225 (ii) Notwithstanding Subsection (6)(c)(i), the division may issue a tax credit
226 certificate up to an aggregate value of \$30,000,000 for certified expenditures
227 related to eligible exploration activities at the same mine if the certified
228 expenditures that exceed \$20,000,000 are for eligible exploration activities
229 undertaken to produce a mineral for which the United States is greater than 50%
230 net import reliant, as provided in the Mineral Commodity Summaries published
231 by the United States Geological Survey, in the calendar year in which an eligible

- 232 exploration activity commences.
- 233 (7)(a) If the claimant meets the requirements of Subsection (4)(a)(vi), the division shall
 234 issue an assigned tax credit certificate to the person identified by the claimant in an
 235 amount equal to the lesser of:
- 236 (i) the amount of the claimant's certified expenditures minus any certified
 237 expenditures for which the division previously issued a tax credit certificate; or
 238 (ii) the person's severance tax liability as a direct result of minerals produced from an
 239 eligible exploration activity for the taxable year.
- 240 (b) A person that receives an assigned tax credit certificate may claim the tax credit
 241 under Section 59-5-304 as if the person met the requirements of Section 59-5-304, if
 242 the person files a return under Title 59, Chapter 5, Part 2, Mining Severance Tax.
- 243 (8) An eligible claimant that receives a tax credit certificate or assigned tax credit certificate
 244 in accordance with this section shall retain the tax credit certificate or assigned tax credit
 245 certificate for the same time period that a person is required to keep books and records
 246 under Section 59-1-1406.
- 247 (9) The division shall submit annually to the State Tax Commission an electronic list that
 248 includes:
- 249 (a) the name and identifying information for:
- 250 (i) each claimant to which the division issues a tax credit certificate; and
 251 (ii) each person to which the division issues an assigned tax credit certificate in
 252 accordance with Subsection (7);
- 253 (b) for each person described in Subsection (9)(a), the amount of tax credit stated on the
 254 tax credit certificate or assigned tax credit certificate; and
- 255 (c) for each person described in Subsection (9)(a)(ii), information necessary to identify
 256 the original tax credit certificate and the assigned tax credit certificate.
- 257 (10) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
 258 division may make rules governing the administration of the agreement and tax credit
 259 certificate process described in this section.

260 Section 3. Section **59-5-101** is amended to read:

261 **59-5-101 (Effective 05/07/25) (Applies beginning 01/01/25). Definitions.**

262 As used in this part:

- 263 (1) "Board" means the Board of Oil, Gas, and Mining created in Section 40-6-4.
 264 (2) "Coal-to-liquid" means the process of converting coal into a liquid synthetic fuel.
 265 (3) "Condensate" means [~~those~~] the hydrocarbons, regardless of gravity, that occur naturally

- 266 in the gaseous phase in the reservoir that are separated from the natural gas as liquids
267 through the process of condensation either in the reservoir, in the wellbore, or at the
268 surface in field separators.
- 269 (4) "Crude oil" means [~~those~~] the hydrocarbons, regardless of gravity, that occur naturally in
270 the liquid phase in the reservoir and are produced and recovered at the wellhead in liquid
271 form.
- 272 (5) "Development well" means any oil and gas producing well other than a wildcat well.
- 273 (6) "Division" means the Division of Oil, Gas, and Mining established under Title 40,
274 Chapter 6, Board and Division of Oil, Gas, and Mining.
- 275 (7) "Enhanced recovery project" means:
- 276 (a) the injection of liquids or hydrocarbon or nonhydrocarbon gases directly into a
277 reservoir for the purpose of:
- 278 (i) augmenting reservoir energy;
- 279 (ii) modifying the properties of the fluids or gases in a reservoir; or
- 280 (iii) changing the reservoir conditions to increase the recoverable oil, gas, or oil and
281 gas through the joint use of two or more well bores; and
- 282 (b) a project initially approved by the board as a new or expanded enhanced recovery
283 project on or after January 1, 1996.
- 284 (8)(a) "Gas" means:
- 285 (i) natural gas;
- 286 (ii) natural gas liquids; or
- 287 (iii) any mixture of natural gas and natural gas liquids.
- 288 (b) "Gas" does not include solid hydrocarbons.
- 289 (9) "Incremental production" means that part of production, certified by the [~~Division of~~
290 ~~Oil, Gas, and Mining~~] division, which is achieved from an enhanced recovery project
291 that would not have economically occurred under the reservoir conditions existing
292 before the project and that has been approved by the division as incremental production.
- 293 (10) "Natural gas" means [~~those~~] the hydrocarbons, other than oil and other than natural gas
294 liquids separated from natural gas, that occur naturally in the gaseous phase in the
295 reservoir and are produced and recovered at the wellhead in gaseous form.
- 296 (11) "Natural gas liquids" means [~~those~~] the hydrocarbons initially in reservoir natural gas,
297 regardless of gravity, that are separated in gas processing plants from the natural gas as
298 liquids at the surface through the process of condensation, absorption, adsorption, or
299 other methods.

- 300 (12)(a) "Oil" means:
- 301 (i) crude oil;
- 302 (ii) condensate; or
- 303 (iii) any mixture of crude oil and condensate.
- 304 (b) "Oil" does not include solid hydrocarbons.
- 305 (13) "Oil or gas field" means a geographical area overlying oil or gas structures~~[-The]~~ , the
- 306 boundaries of ~~[oil or gas fields]~~ which shall conform with the boundaries as fixed by the [
- 307 ~~Board and Division of Oil, Gas, and Mining]~~ board and division under Title 40, Chapter
- 308 6, Board and Division of Oil, Gas, and Mining.
- 309 (14) "Oil shale" means a group of fine black to dark brown shales containing bituminous
- 310 material that yields petroleum upon distillation.
- 311 (15) "Operator" means any person engaged in the business of operating an oil or gas well,
- 312 regardless of whether the person is:
- 313 (a) a working interest owner;
- 314 (b) an independent contractor; or
- 315 (c) acting in a capacity similar to Subsection (15)(a) or (b) as determined by the
- 316 commission by rule made in accordance with Title 63G, Chapter 3, Utah
- 317 Administrative Rulemaking Act.
- 318 (16) "Owner" means any person having a working interest, royalty interest, payment out of
- 319 production, or any other interest in the oil or gas produced or extracted from an oil or
- 320 gas well in the state, or in the proceeds of this production.
- 321 (17)(a) Subject to Subsections (17)(b) and (c), "processing costs" means the reasonable
- 322 actual costs of processing oil or gas to remove:
- 323 (i) natural gas liquids; or
- 324 (ii) contaminants.
- 325 (b) If processing costs are determined on the basis of an arm's-length contract,
- 326 processing costs are the actual costs.
- 327 (c)(i) If processing costs are determined on a basis other than an arm's-length
- 328 contract, processing costs are those reasonable costs associated with:
- 329 (A) actual operating and maintenance expenses, including oil or gas used or
- 330 consumed in processing;
- 331 (B) overhead directly attributable and allocable to the operation and maintenance;
- 332 and
- 333 (C)(I) depreciation and a return on undepreciated capital investment; or

334 (II) a cost equal to a return on the investment in the processing facilities as
335 determined by the commission.

336 (ii) Subsection (17)(c)(i) includes situations where the producer performs the
337 processing for the producer's product.

338 (18) "Producer" means any working interest owner in any lands in any oil or gas field from
339 which gas or oil is produced.

340 [~~(19) "Recompletion" means any downhole operation that is:~~]

341 [~~(a) conducted to reestablish the producibility or serviceability of a well in any geologic
342 interval; and]~~

343 [~~(b) approved by the division as a recompletion.~~]

344 [(20)] (19) "Research and development" means the process of inquiry or experimentation
345 aimed at the discovery of facts, devices, technologies, or applications and the process of
346 preparing those devices, technologies, or applications for marketing.

347 [(21)] (20) "Royalty interest owner" means the owner of an interest in oil or gas, or in the
348 proceeds of production from the oil or gas who does not have the obligation to share in
349 the expenses of developing and operating the property.

350 [(22)] (21) "Solid hydrocarbons" means:

351 (a) coal;

352 (b) gilsonite;

353 (c) ozocerite;

354 (d) elaterite;

355 (e) oil shale;

356 (f) tar sands; and

357 (g) all other hydrocarbon substances that occur naturally in solid form.

358 [(23)] (22) "Stripper well" means:

359 (a) an oil well whose average daily production for the days the well has produced has
360 been 20 barrels or less of crude oil a day during any consecutive 12-month period; or

361 (b) a gas well whose average daily production for the days the well has produced has
362 been 60 MCF or less of natural gas a day during any consecutive 90-day period.

363 [(24)] (23) "Tar sands" means impregnated sands that yield mixtures of liquid hydrocarbon
364 and require further processing other than mechanical blending before becoming finished
365 petroleum products.

366 [(25)] (24)(a) Subject to Subsections [(25)(b)] (24)(b) and (c), "transportation costs"

367 means the reasonable actual costs of transporting oil or gas products from the well to

- 368 the point of sale.
- 369 (b) If transportation costs are determined on the basis of an arm's-length contract,
370 transportation costs are the actual costs.
- 371 (c)(i) If transportation costs are determined on a basis other than an arm's-length
372 contract, transportation costs are those reasonable costs associated with:
- 373 (A) actual operating and maintenance expenses, including fuel used or consumed
374 in transporting the oil or gas;
- 375 (B) overhead costs directly attributable and allocable to the operation and
376 maintenance; and
- 377 (C) depreciation and a return on undepreciated capital investment.
- 378 (ii) Subsection ~~[(25)(e)(i)]~~ (24)(c)(i) includes situations where the producer performs
379 the transportation for the producer's product.
- 380 (d) Regardless of whether transportation costs are determined on the basis of an
381 arm's-length contract or a basis other than an arm's-length contract, transportation
382 costs include:
- 383 (i) carbon dioxide removal;
- 384 (ii) compression;
- 385 (iii) dehydration;
- 386 (iv) gathering;
- 387 (v) separating;
- 388 (vi) treating; or
- 389 (vii) a process similar to Subsections ~~[(25)(d)(i)]~~ (24)(d)(i) through (vi), as determined
390 by the commission by rule made in accordance with Title 63G, Chapter 3, Utah
391 Administrative Rulemaking Act.
- 392 ~~[(26)]~~ (25) "Tribe" means the Ute Indian Tribe of the Uintah and Ouray Reservation.
- 393 ~~[(27)]~~ (26) "Well~~[-or wells]~~" means any extractive means from which oil or gas is produced
394 or extracted, located within an oil or gas field, and operated by one person.
- 395 ~~[(28)]~~ (27) "Wildcat well" means an oil and gas producing well which is drilled and
396 completed in a pool, as defined under Section 40-6-2, in which a well has not been
397 previously completed as a well capable of producing in commercial quantities.
- 398 ~~[(29)]~~ (28) "Working interest owner" means the owner of an interest in oil or gas burdened
399 with a share of the expenses of developing and operating the property.
- 400 ~~[(30)(a)]~~ "Workover" means any downhole operation that is:
401 [(i) conducted to sustain, restore, or increase the producibility or serviceability of a

402 well in the geologic intervals in which the well is currently completed; and]
403 [(ii) approved by the division as a workover.]
404 [(b) "Workover" does not include operations that are conducted primarily as routine
405 maintenance or to replace worn or damaged equipment.]

406 Section 4. Section **59-5-102** is amended to read:

407 **59-5-102 (Effective 05/07/25) (Applies beginning 01/01/25). Definitions --**
408 **Severance tax -- Computation -- Rate -- Annual exemption -- Tax rate reduction.**

409 (1) As used in this section:

410 [(a) "Division" means the Division of Oil, Gas, and Mining created in Section 40-6-15.]

411 [(b) "Office" means the Office of Energy Development created in Section 79-6-401.]

412 [(e)] (a) "Royalty rate" means the percentage of the interests described in Subsection
413 (2)(b)(i) as defined by a contract between the United States, the state, an Indian, or an
414 Indian tribe and the oil or gas producer.

415 [(d)] (b) "Taxable value" means the total value of the oil or gas minus:

416 (i) any royalties paid to, or the value of oil or gas taken in kind by, the interest
417 holders described in Subsection (2)(b)(i); and

418 (ii) the total value of oil or gas exempt from severance tax under Subsection (2)(b)(ii).

419 [(e)] (c) "Taxable volume" means:

420 (i) for oil, the total volume of barrels minus:

421 (A) for an interest described in Subsection (2)(b)(i), the product of the royalty rate
422 and the total volume of barrels; and

423 (B) the number of barrels that are exempt under Subsection (2)(b)(ii); and

424 (ii) for natural gas, the total volume of MCFs minus:

425 (A) for an interest described in Subsection (2)(b)(i), the product of the royalty rate
426 and the total volume of MCFs; and

427 (B) the number of MCFs that are exempt under Subsection (2)(b)(ii).

428 [(f)] (d) "Total value" means the value, as determined by Section 59-5-103.1, of all oil or
429 gas that is:

430 (i) produced; and

431 (ii)(A) saved;

432 (B) sold; or

433 (C) transported from the field where the oil or gas was produced.

434 [(g)] (e) "Total volume" means:

435 (i) for oil, the number of barrels:

- 436 (A) produced; and
 437 (B)(I) saved;
 438 (II) sold; or
 439 (III) transported from the field where the oil was produced; and
 440 (ii) for natural gas, the number of MCFs:
 441 (A) produced; and
 442 (B)(I) saved;
 443 (II) sold; or
 444 (III) transported from the field where the natural gas was produced.
- 445 ~~(h)~~ (f) "Value of oil or gas taken in kind" means the volume of oil or gas taken in kind
 446 multiplied by the market price for oil or gas at the location where the oil or gas was
 447 produced on the date the oil or gas was taken in kind.
- 448 (2)(a) Except as provided in Subsection (2)(b), a person owning an interest in oil or gas
 449 produced from a well in the state, including a working interest, royalty interest,
 450 payment out of production, or any other interest, or in the proceeds of the production
 451 of oil or gas, shall pay to the state a severance tax on the owner's interest in the
 452 taxable value of the oil or gas:
 453 (i) produced; and
 454 (ii)(A) saved;
 455 (B) sold; or
 456 (C) transported from the field where the substance was produced.
- 457 (b) The severance tax imposed by Subsection (2)(a) does not apply to:
 458 (i) an interest of:
 459 (A) the United States in oil or gas or in the proceeds of the production of oil or gas;
 460 (B) the state or a political subdivision of the state in oil or gas or in the proceeds
 461 of the production of oil or gas; and
 462 (C) an Indian or Indian tribe as defined in Section 9-9-101 in oil or gas or in the
 463 proceeds of the production of oil or gas produced from land under the
 464 jurisdiction of the United States; and
 465 (ii) the value of:
 466 (A) oil or gas produced from stripper wells, unless the exemption prevents the
 467 severance tax from being treated as a deduction for federal tax purposes;
 468 (B) oil or gas produced in the first 12 months of production for wildcat wells
 469 started after January 1, 1990; and

- 470 (C) oil or gas produced in the first six months of production for development wells
471 started after January 1, 1990.
- 472 (3)(a) The severance tax on oil shall be calculated as follows:
- 473 (i) dividing the taxable value by the taxable volume;
- 474 (ii)(A) multiplying the rate described in Subsection (4)(a)(i) by the portion of the
475 figure calculated in Subsection (3)(a)(i) that is subject to the rate described in
476 Subsection (4)(a)(i); and
- 477 (B) multiplying the rate described in Subsection (4)(a)(ii) by the portion of the
478 figure calculated in Subsection (3)(a)(i) that is subject to the rate described in
479 Subsection (4)(a)(ii);
- 480 (iii) adding together the figures calculated in Subsections (3)(a)(ii)(A) and (B); and
- 481 (iv) multiplying the figure calculated in Subsection (3)(a)(iii) by the taxable volume.
- 482 (b) The severance tax on natural gas shall be calculated as follows:
- 483 (i) dividing the taxable value by the taxable volume;
- 484 (ii)(A) multiplying the rate described in Subsection (4)(b)(i) by the portion of the
485 figure calculated in Subsection (3)(b)(i) that is subject to the rate described in
486 Subsection (4)(b)(i); and
- 487 (B) multiplying the rate described in Subsection (4)(b)(ii) by the portion of the
488 figure calculated in Subsection (3)(b)(i) that is subject to the rate described in
489 Subsection (4)(b)(ii);
- 490 (iii) adding together the figures calculated in Subsections (3)(b)(ii)(A) and (B); and
- 491 (iv) multiplying the figure calculated in Subsection (3)(b)(iii) by the taxable volume.
- 492 (c) The severance tax on natural gas liquids shall be calculated by multiplying the
493 taxable value of the natural gas liquids by the severance tax rate in Subsection (4)(c).
- 494 (4) Subject to Subsection [~~(9)~~] (7):
- 495 (a) the severance tax rate for oil is as follows:
- 496 (i) 3% of the taxable value of the oil up to and including the first \$13 per barrel for
497 oil; and
- 498 (ii) 5% of the taxable value of the oil from \$13.01 and above per barrel for oil;
- 499 (b) the severance tax rate for natural gas is as follows:
- 500 (i) 3% of the taxable value of the natural gas up to and including the first \$1.50 per
501 MCF for gas; and
- 502 (ii) 5% of the taxable value of the natural gas from \$1.51 and above per MCF for gas;
503 and

- 504 (c) the severance tax rate for natural gas liquids is 4% of the taxable value of the natural
505 gas liquids.
- 506 (5) If oil or gas is shipped outside the state:
- 507 (a) the shipment constitutes a sale; and
- 508 (b) the oil or gas is subject to the tax imposed by this section.
- 509 (6)(a) Except as provided in Subsection (6)(b), if the oil or gas is stockpiled, the tax is
510 not imposed until the oil or gas is:
- 511 (i) sold;
- 512 (ii) transported; or
- 513 (iii) delivered.
- 514 (b) If oil or gas is stockpiled for more than two years, the oil or gas is subject to the tax
515 imposed by this section.
- 516 ~~[(7)(a) Subject to other provisions of this Subsection (7), a taxpayer that pays for all or~~
517 ~~part of the expenses of a recompletion or workover may claim a nonrefundable tax~~
518 ~~credit equal to the amount stated on a tax credit certificate that the office issues to the~~
519 ~~taxpayer.]~~
- 520 ~~[(b) The maximum tax credit per taxpayer per well in a calendar year is the lesser of:]~~
- 521 ~~[(i) 20% of the taxpayer's payment of expenses of a well recompletion or workover~~
522 ~~during the calendar year; and]~~
- 523 ~~[(ii) \$30,000.]~~
- 524 ~~[(c) A taxpayer may carry forward a tax credit allowed under this Subsection (7) for the~~
525 ~~next three calendar years if the tax credit exceeds the taxpayer's tax liability under~~
526 ~~this part for the calendar year in which the taxpayer claims the tax credit.]~~
- 527 ~~[(d)(i) To claim a tax credit under this Subsection (7), a taxpayer shall follow the~~
528 ~~procedures and requirements of this Subsection (7)(d).]~~
- 529 ~~[(ii) The taxpayer shall prepare a summary of the taxpayer's expenses of a well~~
530 ~~recompletion or workover during the calendar year that the well recompletion or~~
531 ~~workover is completed.]~~
- 532 ~~[(iii) An independent certified public accountant shall:]~~
- 533 ~~[(A) review the summary from the taxpayer; and]~~
- 534 ~~[(B) provide a report on the accuracy and validity of the amount of expenses of a~~
535 ~~well recompletion or workover that the taxpayer included in the summary, in~~
536 ~~accordance with the agreed upon procedures.]~~
- 537 ~~[(iv) The taxpayer shall submit the taxpayer's summary and the independent certified~~

- 538 public accountant's report to the division to verify that the expenses certified by
539 the independent certified public accountant are well recompletion or workover
540 expenses.]
- 541 [(v) The division shall return to the taxpayer:]
- 542 [(A) the taxpayer's summary;]
- 543 [(B) the report by the independent certified public accountant; and]
- 544 [(C) a report by the division that includes the amount of approved well
545 recompletion or workover expenses.]
- 546 [(vi) The taxpayer shall apply to the office for a tax credit certificate to receive a
547 written certification, on a form approved by the commission, that includes:]
- 548 [(A) the amount of the taxpayer's payments of expenses of a well recompletion or
549 workover during the calendar year; and]
- 550 [(B) the amount of the taxpayer's tax credit.]
- 551 [(vii) A taxpayer that receives a tax credit certificate shall retain the tax credit
552 certificate for the same time period that a person is required to keep books and
553 records under Section 59-1-1406.]
- 554 [(e) The office shall submit to the commission an electronic list that includes:]
- 555 [(i) the name and identifying information of each taxpayer to which the office issues
556 a tax credit certificate; and]
- 557 [(ii) for each taxpayer, the amount of the tax credit listed on the tax credit certificate.]
- 558 [(f) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act:]
- 559 [(i) the office may make rules to govern the application process for receiving a tax
560 credit certificate under this Subsection (7); and]
- 561 [(ii) the division shall make rules to establish the agreed upon procedures described
562 in Subsection (7)(d)(iii).]
- 563 [(8)(a) Subject to the other provisions of this Subsection (8), a taxpayer may claim a tax
564 credit against a severance tax owing on natural gas under this section if:]
- 565 [(i) the taxpayer is required to pay a severance tax on natural gas under this section;]
- 566 [(ii) the taxpayer owns or operates a plant in the state that converts natural gas to
567 hydrogen fuel; and]
- 568 [(iii) all of the natural gas for which the taxpayer owes a severance tax under this
569 section is used for the production in the state of hydrogen fuel for use in zero
570 emission motor vehicles.]
- 571 [(b) The taxpayer may claim a tax credit equal to the lesser of:]

606 **59-5-301 (Effective 05/07/25) (Applies beginning 01/01/25). Definitions.**

607 As used in this part:

- 608 (1) "Division" means the Division of Oil, Gas, and Mining established under Title 40,
609 Chapter 6, Board and Division of Oil, Gas, and Mining.
- 610 (2) "High cost infrastructure project" means the same as that term is defined in Section
611 79-6-602.
- 612 (3) "Infrastructure cost-burdened entity" means the same as that term is defined in Section
613 79-6-602.
- 614 (4) "Infrastructure-related revenue" means the same as that term is defined in Section
615 79-6-602.
- 616 (5) "Natural gas" means the same as that term is defined in Section 59-5-101.
- 617 (6) "Natural gas liquids" means the same as that term is defined in Section 59-5-101.
- 618 (7) "Office" means the Office of Energy Development created in Section 79-6-401.
- 619 (8) "Recompletion" means any downhole operation that is:
- 620 (a) conducted to reestablish the producibility or serviceability of a well in any geologic
621 interval; and
- 622 (b) approved by the division as a recompletion.
- 623 (9) "Well" means the same as that term is defined in Section 59-5-101.
- 624 (10)(a) "Workover" means any downhole operation that is:
- 625 (i) conducted to sustain, restore, or increase the producibility or serviceability of a
626 well in the geologic intervals in which the well is currently completed; and
- 627 (ii) approved by the division as a workover.
- 628 (b) "Workover" does not include operations that are conducted primarily as routine
629 maintenance or to replace worn or damaged equipment.

630 Section 6. Section **59-5-302** is enacted to read:

631 **59-5-302 (Effective 05/07/25) (Applies beginning 01/01/25). Tax credit for**
632 **recompletion or workover.**

- 633 (1) A taxpayer that pays for all or part of the expenses of a recompletion or workover may
634 claim a nonrefundable tax credit against taxes due under Section 59-5-102 equal to the
635 amount stated on a tax credit certificate that the office issues to the taxpayer.
- 636 (2) The maximum tax credit per taxpayer per well in a calendar year is the lesser of:
- 637 (a) 20% of the taxpayer's payment of expenses of a well recompletion or workover
638 during the calendar year; and
- 639 (b) \$30,000.

- 640 (3) A taxpayer may carry forward a tax credit allowed under this section for the next three
641 calendar years if the tax credit exceeds the taxpayer's tax liability under Section 59-5-102
642 for the calendar year in which the taxpayer claims the tax credit.
- 643 (4)(a) To claim a tax credit, a taxpayer shall follow the procedures and requirements of
644 this Subsection (4).
- 645 (b) The taxpayer shall prepare a summary of the taxpayer's expenses of a recompletion
646 or workover during the calendar year that the taxpayer completed the recompletion or
647 workover.
- 648 (c) An independent certified public accountant shall:
- 649 (i) review the summary from the taxpayer; and
- 650 (ii) provide a report on the accuracy and validity of the amount of expenses of a
651 recompletion or workover that the taxpayer included in the summary, in
652 accordance with the agreed upon procedures.
- 653 (d) The taxpayer shall submit the taxpayer's summary and the independent certified
654 public accountant's report to the division to verify that the expenses certified by the
655 independent certified public accountant are recompletion or workover expenses.
- 656 (e) The division shall return to the taxpayer:
- 657 (i) the taxpayer's summary;
- 658 (ii) the report by the independent certified public accountant; and
- 659 (iii) a report by the division that includes the amount of approved recompletion or
660 workover expenses.
- 661 (f) The taxpayer shall apply to the office for a tax credit certificate to receive a written
662 certification, on a form the commission approves, that includes:
- 663 (i) the amount of the taxpayer's payments of expenses of a recompletion or workover
664 during the calendar year; and
- 665 (ii) the amount of the taxpayer's tax credit.
- 666 (g) A taxpayer that receives a tax credit certificate shall retain the tax credit certificate
667 for the same time period that a person is required to keep books and records under
668 Section 59-1-1406.
- 669 (5) The office shall submit to the commission an electronic list that includes:
- 670 (a) the name and identifying information of each taxpayer to which the office issues a
671 tax credit certificate; and
- 672 (b) for each taxpayer, the amount of the tax credit listed on the tax credit certificate.
- 673 (6) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act:

- 674 (a) the office may make rules to govern the application process for receiving a tax credit
675 certificate; and
676 (b) the division shall make rules to establish the agreed upon procedures described in
677 Subsection (4).

678 Section 7. Section **59-5-303** is enacted to read:

679 **59-5-303 (Effective 05/07/25) (Applies beginning 01/01/25). Tax credit for**
680 **natural gas converted to hydrogen fuel.**

681 (1) A taxpayer may claim a tax credit against a severance tax owing on natural gas under
682 Section 59-5-102 if:

- 683 (a) the taxpayer is required to pay a severance tax on natural gas under Section 59-5-102;
684 (b) the taxpayer owns or operates a plant in the state that converts natural gas to
685 hydrogen fuel; and
686 (c) all of the natural gas for which the taxpayer owes a severance tax under Section
687 59-5-102 is used for the production in the state of hydrogen fuel for use in zero
688 emission motor vehicles.

689 (2) The taxpayer may claim a tax credit equal to the lesser of:

- 690 (a) the amount of tax that the taxpayer owes under Section 59-5-102; and
691 (b) \$5,000,000.

692 (3)(a) To claim a tax credit, a taxpayer shall follow the procedures and requirements of
693 this Subsection (3).

694 (b) The taxpayer shall request that the division verify that the taxpayer owns or operates
695 a plant in this state:

- 696 (i) that converts natural gas to hydrogen fuel; and
697 (ii) at which all natural gas is converted to hydrogen fuel for use in zero emission
698 motor vehicles.

699 (4) The division shall submit to the commission an electronic list that includes the name
700 and identifying information of each taxpayer for which the division completed the
701 verification described in Subsection (3).

702 Section 8. Section **59-5-304**, which is renumbered from Section 59-5-216 is renumbered
703 and amended to read:

704 **[59-5-216] 59-5-304 (Effective 05/07/25) (Applies beginning 01/01/25). Tax credit**
705 **for mining exploration.**

706 (1) As used in this section:

- 707 (a) "Assigned tax credit certificate" means the same as that term is defined in Section

708 40-6-24.
 709 (b) "Eligible claimant" means a person:
 710 (i) ~~[who is an eligible]~~ that is a claimant as defined in Section 40-6-24 and obtains a
 711 tax credit certificate; or
 712 (ii) to ~~[whom]~~ which a person described in Subsection ~~[(1)(a)(i)]~~ (1)(b)(i) assigns a tax
 713 credit certificate and that obtains an assigned tax credit certificate in accordance
 714 with Section 40-6-24.

715 ~~[(b)]~~ (c) "Tax credit certificate" means the same as that term is defined in Section 40-6-24.

716 (2) ~~[Subject to Subsection (3),]~~ For a taxable year beginning on or after January 1, 2027, an
 717 eligible claimant may claim a nonrefundable tax credit against severance tax otherwise
 718 due under [this part] Part 2, Mining Severance Tax, in an amount equal to the amount
 719 stated on[the tax credit certificate for the taxable year.] :

720 (a) the tax credit certificate for the taxable year for an eligible claimant described in
 721 Subsection (1)(b)(i); or

722 (b) the assigned tax credit certificate for the taxable year for an eligible claimant
 723 described in Subsection (1)(b)(ii).

724 ~~[(3) An eligible claimant may not claim in any taxable year a credit under this section that~~
 725 ~~exceeds 30% of the eligible claimant's severance tax liability for the taxable year.]~~

726 ~~[(4)]~~ (3) An eligible claimant may carry forward to the next 15 taxable years the amount of
 727 the eligible claimant's tax credit that exceeds the amount described in Subsection ~~[(3)]~~ (2).

728 Section 9. Section **59-5-305** is enacted to read:

729 **59-5-305 (Effective 05/07/25) (Applies beginning 01/01/25). High cost**
 730 **infrastructure tax credit.**

731 (1)(a) Subject to Subsection (1)(b), an infrastructure cost-burdened entity may claim a
 732 nonrefundable tax credit against severance taxes due under Part 1, Oil and Gas
 733 Severance Tax, or Part 2, Mining Severance Tax, for development of a high cost
 734 infrastructure project.

735 (b) An infrastructure cost-burdened entity may not claim a tax credit under this section
 736 and under Section 59-7-619 or 59-10-1034 using the same tax credit certificate.

737 (2) The tax credit under this section is the amount listed as the tax credit amount on a tax
 738 credit certificate that the office issues under Title 79, Chapter 6, Part 6, High Cost
 739 Infrastructure Development Tax Credit Act, to the infrastructure cost-burdened entity for
 740 the taxable year.

741 (3) An infrastructure cost-burdened entity may carry forward a tax credit under this section

742 for a period that does not exceed the next seven taxable years if the amount of the
743 severance tax credit exceeds the infrastructure cost-burdened entity's tax liability under
744 this chapter for that taxable year.

745 Section 10. Section **59-7-619** is amended to read:

746 **59-7-619 (Effective 05/07/25) (Applies beginning 01/01/25). Nonrefundable high**
747 **cost infrastructure development tax credit.**

748 (1) As used in this section:

749 (a) "High cost infrastructure project" means the same as that term is defined in Section
750 79-6-602.

751 (b) "Infrastructure cost-burdened entity" means the same as that term is defined in
752 Section 79-6-602.

753 (c) "Infrastructure-related revenue" means the same as that term is defined in Section
754 79-6-602.

755 (d) "Office" means the Office of Energy Development created in Section 79-6-401.

756 (2)(a) Subject to the other provisions of this section, a corporation that is an
757 infrastructure cost-burdened entity may claim a nonrefundable tax credit for
758 development of a high cost infrastructure project as provided in this section.

759 (b) A corporation that is an infrastructure cost-burdened entity may not claim a tax credit
760 under this section and under Section 59-5-305 using the same tax credit certificate.

761 (3) The tax credit under this section is the amount listed as the tax credit amount on a tax
762 credit certificate that the office issues under Title 79, Chapter 6, Part 6, High Cost
763 Infrastructure Development Tax Credit Act, to the infrastructure cost-burdened entity for
764 the taxable year.

765 (4) An infrastructure cost-burdened entity may carry forward a tax credit under this section
766 for a period that does not exceed the next seven taxable years if:

767 (a) the infrastructure cost-burdened entity is allowed to claim a tax credit under this
768 section for a taxable year; and

769 (b) the amount of the tax credit exceeds the infrastructure cost-burdened entity's tax
770 liability under this chapter for that taxable year.

771 (5)(a) In accordance with Section 59-7-159, the Revenue and Taxation Interim
772 Committee shall study the tax credit allowed by this section and make
773 recommendations concerning whether the tax credit should be continued, modified,
774 or repealed.

775 (b)(i) Except as provided in Subsection (5)(b)(ii), for purposes of the study required

- 776 by this Subsection (5), the office shall provide the following information, if
 777 available to the office, to the Office of the Legislative Fiscal Analyst:
- 778 (A) the amount of tax credit that the office grants to each infrastructure
 779 cost-burdened entity for each taxable year;
 - 780 (B) the infrastructure-related revenue generated by each high cost infrastructure
 781 project;
 - 782 (C) the information contained in the office's latest report under Section 79-6-605;
 783 and
 - 784 (D) any other information that the Office of the Legislative Fiscal Analyst
 785 requests.
- 786 (ii)(A) In providing the information described in Subsection (5)(b)(i), the office
 787 shall redact information that identifies a recipient of a tax credit under this
 788 section.
- 789 (B) If, notwithstanding the redactions made under Subsection (5)(b)(ii)(A),
 790 reporting the information described in Subsection (5)(b)(i) might disclose the
 791 identity of a recipient of a tax credit, the office may file a request with the
 792 Revenue and Taxation Interim Committee to provide the information described
 793 in Subsection (5)(b)(i) in the aggregate for all infrastructure cost-burdened
 794 entities that receive the tax credit under this section.
- 795 (c) As part of the study required by this Subsection (5), the Office of the Legislative
 796 Fiscal Analyst shall report to the Revenue and Taxation Interim Committee a
 797 summary and analysis of the information provided to the Office of the Legislative
 798 Fiscal Analyst by the office under Subsection (5)(b).
- 799 (d) The Revenue and Taxation Interim Committee shall ensure that the
 800 recommendations described in Subsection (5)(a) include an evaluation of:
- 801 (i) the cost of the tax credit to the state;
 - 802 (ii) the purpose and effectiveness of the tax credit; and
 - 803 (iii) the extent to which the state benefits from the tax credit.
- 804 (6) Notwithstanding Section 59-7-903, the commission may not remove the tax credit
 805 described in this section from the tax return for a taxable year beginning before January
 806 1, 2027.
- 807 Section 11. Section **59-10-1034** is amended to read:
- 808 **59-10-1034 (Effective 05/07/25) (Applies beginning 01/01/25). Nonrefundable**
 809 **high cost infrastructure development tax credit.**

- 810 (1) As used in this section:
- 811 (a) "High cost infrastructure project" means the same as that term is defined in Section
- 812 79-6-602.
- 813 (b) "Infrastructure cost-burdened entity" means the same as that term is defined in
- 814 Section 79-6-602.
- 815 (c) "Infrastructure-related revenue" means the same as that term is defined in Section
- 816 79-6-602.
- 817 (d) "Office" means the Office of Energy Development created in Section 79-6-401.
- 818 (2)(a) Subject to the other provisions of this section, a claimant, estate, or trust that is an
- 819 infrastructure cost-burdened entity may claim a nonrefundable tax credit for
- 820 development of a high cost infrastructure project as provided in this section.
- 821 (b) A claimant, estate, or trust that is an infrastructure cost-burdened entity may not
- 822 claim a tax credit under this section and under Section 59-5-305 using the same tax
- 823 credit certificate.
- 824 (3) The tax credit under this section is the amount listed as the tax credit amount on a tax
- 825 credit certificate that the office issues under Title 79, Chapter 6, Part 6, High Cost
- 826 Infrastructure Development Tax Credit Act, to the infrastructure cost-burdened entity for
- 827 the taxable year.
- 828 (4) An infrastructure cost-burdened entity may carry forward a tax credit under this section
- 829 for a period that does not exceed the next seven taxable years if:
- 830 (a) the infrastructure cost-burdened entity is allowed to claim a tax credit under this
- 831 section for a taxable year; and
- 832 (b) the amount of the tax credit exceeds the infrastructure cost-burdened entity's tax
- 833 liability under this chapter for that taxable year.
- 834 (5)(a) In accordance with Section 59-10-137, the Revenue and Taxation Interim
- 835 Committee shall study the tax credit allowed by this section and make
- 836 recommendations concerning whether the tax credit should be continued, modified,
- 837 or repealed.
- 838 (b)(i) Except as provided in Subsection (5)(b)(ii), for purposes of the study required
- 839 by this Subsection (5), the office shall provide the following information, if
- 840 available to the office, to the Office of the Legislative Fiscal Analyst:
- 841 (A) the amount of tax credit that the office grants to each infrastructure
- 842 cost-burdened entity for each taxable year;
- 843 (B) the infrastructure-related revenue generated by each high cost infrastructure

- 844 project;
- 845 (C) the information contained in the office's latest report under Section 79-6-605;
- 846 and
- 847 (D) any other information that the Office of the Legislative Fiscal Analyst
- 848 requests.
- 849 (ii)(A) In providing the information described in Subsection (5)(b)(i), the office
- 850 shall redact information that identifies a recipient of a tax credit under this
- 851 section.
- 852 (B) If, notwithstanding the redactions made under Subsection (5)(b)(ii)(A),
- 853 reporting the information described in Subsection (5)(b)(i) might disclose the
- 854 identity of a recipient of a tax credit, the office may file a request with the
- 855 Revenue and Taxation Interim Committee to provide the information described
- 856 in Subsection (5)(b)(i) in the aggregate for all infrastructure cost-burdened
- 857 entities that receive the tax credit under this section.
- 858 (c) As part of the study required by this Subsection (5), the Office of the Legislative
- 859 Fiscal Analyst shall report to the Revenue and Taxation Interim Committee a
- 860 summary and analysis of the information provided to the Office of the Legislative
- 861 Fiscal Analyst by the office under Subsection (5)(b).
- 862 (d) The Revenue and Taxation Interim Committee shall ensure that the
- 863 recommendations described in Subsection (5)(a) include an evaluation of:
- 864 (i) the cost of the tax credit to the state;
- 865 (ii) the purpose and effectiveness of the tax credit; and
- 866 (iii) the extent to which the state benefits from the tax credit.
- 867 Section 12. Section **63I-1-240** is amended to read:
- 868 **63I-1-240 (Effective 05/07/25). Repeal dates: Title 40.**
- 869 (1) Section 40-2-204, Coal Miner Certification Panel created -- Duties, is repealed July
- 870 1, 2034.
- 871 (2) Section 40-6-24, Tax credit for mining exploration -- Division to issue certificates, is
- 872 repealed July 1, 2037.
- 873 Section 13. Section **63I-1-259** is amended to read:
- 874 **63I-1-259 (Effective 05/07/25). Repeal dates: Title 59.**
- 875 (1) Subsection 59-1-403(4)(aa), regarding a requirement for the State Tax Commission to
- 876 inform the Department of Workforce Services whether an individual claimed a federal
- 877 earned income tax credit, is repealed July 1, 2029.

- 878 (2) Section 59-5-304, Tax credit for mining exploration, is repealed July 1, 2037.
879 [(2)] (3) Section 59-7-618.1, Tax credit related to alternative fuel heavy duty vehicles, is
880 repealed July 1, 2029.
881 [(3)] (4) Section 59-9-102.5, Offset for occupational health and safety related donations, is
882 repealed December 31, 2030.
883 [(4)] (5) Section 59-10-1033.1, Tax credit related to alternative fuel heavy duty vehicles, is
884 repealed July 1, 2029.

885 Section 14. Section **63L-2-202** is enacted to read:

886 **63L-2-202 (Effective 05/07/25). Federal impacts related to critical mineral**
887 **deposits.**

888 (1) As used in this section:

- 889 (a) "Critical mineral deposit" means a deposit of a mineral, element, substance, or
890 material designated as critical by the Secretary of the Interior in accordance with 30
891 U.S.C. Sec. 1606.
892 (b) "Federal designation" means the designation of a:
893 (i) national monument;
894 (ii) national conservation area;
895 (iii) wilderness area or wilderness study area;
896 (iv) area of critical environmental concern;
897 (v) research natural area; or
898 (vi) national recreation area.

899 (2) The Legislature requests that a federal agency, including the president of the United
900 States, consult with the state before implementing, announcing, or planning a federal
901 designation that may impact the exploration or development of a critical mineral deposit
902 in the state.

903 Section 15. Section **79-6-401** is amended to read:

904 **79-6-401 (Effective 05/07/25) (Applies beginning 01/01/25). Office of Energy**
905 **Development -- Creation -- Director -- Purpose -- Rulemaking regarding confidential**
906 **information -- Fees -- Transition for employees.**

907 (1) There is created an Office of Energy Development within the Department of Natural
908 Resources to be administered by a director.

909 (2)(a) The executive director shall appoint the director and the director shall serve at the
910 pleasure of the executive director.

911 (b) The director shall have demonstrated the necessary administrative and professional

- 912 ability through education and experience to efficiently and effectively manage the
913 office's affairs.
- 914 (3) The purposes of the office are to:
- 915 (a) serve as the primary resource for advancing energy and mineral development in the
916 state;
- 917 (b) implement:
- 918 (i) the state energy policy under Section 79-6-301; and
919 (ii) the governor's energy and mineral development goals and objectives;
- 920 (c) advance energy education, outreach, and research, including the creation of
921 elementary, higher education, and technical college energy education programs;
- 922 (d) promote energy and mineral development workforce initiatives;
- 923 (e) support collaborative research initiatives targeted at Utah-specific energy and
924 mineral development;
- 925 (f) in coordination with the Department of Environmental Quality and other relevant
926 state agencies:
- 927 (i) develop effective policy strategies to advocate for and protect the state's interests
928 relating to federal energy and environmental entities, programs, and regulations;
- 929 (ii) participate in the federal environmental rulemaking process by:
- 930 (A) advocating for positive reform of federal energy and environmental
931 regulations and permitting;
- 932 (B) coordinating with other states to develop joint advocacy strategies; and
933 (C) conducting other government relations efforts; and
- 934 (iii) direct the funding of legal efforts to combat federal overreach and unreasonable
935 delays regarding energy and environmental permitting; and
- 936 (g) fund the development of detailed and accurate forecasts of the state's long-term
937 energy supply and demand, including a baseline projection of expected supply and
938 demand and analysis of potential alternative scenarios.
- 939 (4) By following the procedures and requirements of Title 63J, Chapter 5, Federal Funds
940 Procedures Act, the office may:
- 941 (a) seek federal grants or loans;
- 942 (b) seek to participate in federal programs; and
- 943 (c) in accordance with applicable federal program guidelines, administer federally
944 funded state energy programs.
- 945 (5) The office shall perform the duties required by Sections 11-42a-106, [~~59-5-102~~] 59-5-302,

- 946 59-7-614.7, 59-10-1029, Part 5, Alternative Energy Development Tax Credit Act, and
947 Part 6, High Cost Infrastructure Development Tax Credit Act.
- 948 (6)(a) For purposes of administering this section, the office may make rules, by
949 following Title 63G, Chapter 3, Utah Administrative Rulemaking Act, to maintain as
950 confidential, and not as a public record, information that the office receives from any
951 source.
- 952 (b) The office shall maintain information the office receives from any source at the level
953 of confidentiality assigned by the source.
- 954 (7) The office may charge application, filing, and processing fees in amounts determined by
955 the office in accordance with Section 63J-1-504 as dedicated credits for performing
956 office duties described in this part.
- 957 (8)(a) An employee of the office on April 30, 2024, is an at-will employee.
- 958 (b) For an employee described in Subsection (8)(a) who was employed by the office on
959 April 30, 2024, the employee shall have the same salary and benefit options an
960 employee had when the office was part of the office of the governor.
- 961 (c) An employee of the office hired on or after May 1, 2024, shall receive compensation
962 as provided in Title 63A, Chapter 17, Utah State Personnel Management Act.
- 963 (9)(a) The office shall prepare a strategic energy plan to achieve the state's energy
964 policy, including:
- 965 (i) technological and infrastructure innovation needed to meet future energy demand
966 including:
- 967 (A) energy production technologies;
- 968 (B) battery and storage technologies;
- 969 (C) smart grid technologies;
- 970 (D) energy efficiency technologies; and
- 971 (E) any other developing energy technology, energy infrastructure planning, or
972 investments that will assist the state in meeting energy demand;
- 973 (ii) the state's efficient use and development of:
- 974 (A) energy resources, including natural gas, coal, clean coal, hydrogen, oil, oil
975 shale, and oil sands;
- 976 (B) renewable energy resources, including geothermal, solar, hydrogen, wind,
977 biomass, biofuel, and hydroelectric;
- 978 (C) nuclear power; and
- 979 (D) earth minerals;

- 980 (iii) areas of energy-related academic research;
- 981 (iv) specific areas of workforce development necessary for an evolving energy
- 982 industry;
- 983 (v) the development of partnerships with national laboratories; and
- 984 (vi) a proposed state budget for economic development and investment.
- 985 (b) In preparing the strategic energy plan, the office shall:
- 986 (i) consult with stakeholders, including representatives from:
- 987 (A) energy companies in the state;
- 988 (B) private and public institutions of higher education within the state conducting
- 989 energy-related research; and
- 990 (C) other state agencies; and
- 991 (ii) use modeling and industry standard data to:
- 992 (A) define the energy services required by a growing economy;
- 993 (B) calculate energy needs;
- 994 (C) develop state strategy for energy transportation, including transmission lines,
- 995 pipelines, and other infrastructure needs;
- 996 (D) optimize investments to meet energy needs at the least cost and least risk
- 997 while meeting the policy outlined in this section;
- 998 (E) address state needs and investments through a prospective 30-year period,
- 999 divided into five-year working plans; and
- 1000 (F) update the plan at least every two years.
- 1001 (c) The office shall report annually to the Public Utilities, Energy, and Technology
- 1002 Interim Committee on or before the October interim meeting describing:
- 1003 (i) progress towards creation and implementation of the strategic energy plan;
- 1004 (ii) the plan's compliance with the state energy policy; and
- 1005 (iii) a proposed budget for the office to continue development of the strategic energy
- 1006 plan.
- 1007 (10) The director shall:
- 1008 (a) annually review and propose updates to the state's energy policy, as contained in
- 1009 Section 79-6-301;
- 1010 (b) promote as the governor considers necessary:
- 1011 (i) the development of cost-effective energy resources both renewable and
- 1012 nonrenewable; and
- 1013 (ii) educational programs, including programs supporting conservation and energy

- 1014 efficiency measures;
- 1015 (c) coordinate across state agencies to assure consistency with state energy policy,
1016 including:
- 1017 (i) working with the State Energy Program to promote access to federal assistance for
1018 energy-related projects for state agencies and members of the public;
- 1019 (ii) working with the Division of Emergency Management to assist the governor in
1020 carrying out the governor's energy emergency powers under Title 53, Chapter 2a,
1021 Part 10, Energy Emergency Powers of the Governor Act;
- 1022 (iii) participating in the annual review of the energy emergency plan and the
1023 maintenance of the energy emergency plan and a current list of contact persons
1024 required by Section 53-2a-902; and
- 1025 (iv) identifying and proposing measures necessary to facilitate low-income
1026 consumers' access to energy services;
- 1027 (d) coordinate with the Division of Emergency Management ongoing activities designed
1028 to test an energy emergency plan to ensure coordination and information sharing
1029 among state agencies and political subdivisions in the state, public utilities and other
1030 energy suppliers, and other relevant public sector persons as required by Sections
1031 53-2a-902, 53-2a-1004, 53-2a-1008, and 53-2a-1010;
- 1032 (e) coordinate with requisite state agencies to study:
- 1033 (i) the creation of a centralized state repository for energy-related information;
- 1034 (ii) methods for streamlining state review and approval processes for energy-related
1035 projects; and
- 1036 (iii) the development of multistate energy transmission and transportation
1037 infrastructure;
- 1038 (f) coordinate energy-related regulatory processes within the state;
- 1039 (g) compile, and make available to the public, information about federal, state, and local
1040 approval requirements for energy-related projects;
- 1041 (h) act as the state's advocate before federal and local authorities for energy-related
1042 infrastructure projects or coordinate with the appropriate state agency; and
- 1043 (i) help promote the Division of Facilities Construction and Management's measures to
1044 improve energy efficiency in state buildings.
- 1045 (11) The director has standing to testify on behalf of the governor at the Public Service
1046 Commission created in Section 54-1-1.
- 1047 (12) The office shall include best practices in developing actionable goals and

1048 recommendations as part of preparing and updating every two years the strategic energy
1049 plan required under Subsection (9).

1050 (13) The office shall maintain and regularly update a public website that provides an
1051 accessible dashboard of relevant metrics and reports and makes available the data used
1052 to create the strategic energy plan.

1053 Section 16. Section **79-6-602** is amended to read:

1054 **79-6-602 (Effective 05/07/25) (Applies beginning 01/01/25). Definitions.**

1055 As used in this part:

1056 (1) "Applicant" means a person that conducts business in the state and that applies for a tax
1057 credit under this part.

1058 (2)(a) "Energy delivery project" means a project that is designed to:

1059 (i) increase the capacity for the delivery of energy to a user of energy inside or
1060 outside the state;

1061 (ii) increase the capability of an existing energy delivery system or related facility to
1062 deliver energy to a user of energy inside or outside the state; or

1063 (iii) increase the production and delivery of geothermal energy through horizontal
1064 drilling to create injection and production wells.

1065 (b) "Energy delivery project" includes:

1066 (i) a hydroelectric energy storage system;

1067 (ii) a utility-scale battery storage system; or

1068 (iii) a nuclear power generation system.

1069 (3) "Emissions reduction project" means a project that is designed to reduce the emissions
1070 of an existing electrical generation facility, refinery, smelter, kiln, mineral processing
1071 facility, manufacturing facility, oil or gas production facility, or other industrial facility,
1072 by utilizing selective catalytic reduction technology, carbon capture utilization and
1073 sequestration technology, or any other emissions reduction technology or equipment.

1074 (4) "Fuel standard compliance project" means a project designed to retrofit a fuel refinery in
1075 order to make the refinery capable of producing fuel that complies with the United
1076 States Environmental Protection Agency's Tier 3 gasoline sulfur standard described in
1077 40 C.F.R. Sec. 79.54.

1078 (5) "High cost infrastructure project" means:

1079 (a) for an energy delivery project, fuel standard compliance project, mineral processing
1080 project, or underground mine infrastructure project, a project:

1081 (i)(A) that expands or creates new industrial, mining, manufacturing, or

- 1082 agriculture activity in the state, not including a retail business;
- 1083 (B) that involves new investment of at least \$50,000,000 made by an existing
- 1084 industrial, mining, manufacturing, or agriculture entity located within a county
- 1085 of the first or second class;
- 1086 (C) that involves new investment of at least \$25,000,000 made by an existing
- 1087 industrial, mining, manufacturing, or agriculture entity located within a county
- 1088 of the third, fourth, fifth, or sixth class, or a municipality with a population of
- 1089 10,000 or less located within a county of the second class; or
- 1090 (D) for the construction of a plant or other facility for the storage or production of
- 1091 fuel used for transportation, electricity generation, or industrial use;
- 1092 (ii) that requires or is directly facilitated by infrastructure construction; and
- 1093 (iii) for which the cost of infrastructure construction to the entity creating the project
- 1094 is greater than:
- 1095 (A) 10% of the total cost of the project; or
- 1096 (B) \$10,000,000; and
- 1097 (b) for an emissions reduction project, water purification project, or water resource
- 1098 forecasting project, a project:
- 1099 (i) that involves:
- 1100 (A) new investment of at least \$50,000,000 made by an existing industrial,
- 1101 mining, manufacturing, or agriculture entity located within a county of the first
- 1102 or second class; or
- 1103 (B) new investment of at least \$25,000,000 made by an existing industrial,
- 1104 mining, manufacturing, or agriculture entity located within a county of the
- 1105 third, fourth, fifth, or sixth class, or a municipality with a population of 10,000
- 1106 or less located within a county of the second class; and
- 1107 (ii) that requires or is directly facilitated by infrastructure construction.
- 1108 (6) "Infrastructure" means:
- 1109 (a) an energy delivery project;
- 1110 (b) a railroad as defined in Section 54-2-1;
- 1111 (c) a fuel standard compliance project;
- 1112 (d) a road improvement project;
- 1113 (e) a water self-supply project;
- 1114 (f) a water removal system project;
- 1115 (g) a solution-mined subsurface salt cavern;

- 1116 (h) a project that is designed to:
- 1117 (i) increase the capacity for water delivery to a water user in the state; or
- 1118 (ii) increase the capability of an existing water delivery system or related facility to
- 1119 deliver water to a water user in the state;
- 1120 (i) an underground mine infrastructure project;
- 1121 (j) an emissions reduction project;
- 1122 (k) a mineral processing project;
- 1123 (l) a water purification project; or
- 1124 (m) a water resource forecasting project.
- 1125 (7)(a) "Infrastructure cost-burdened entity" means an applicant that enters into an
- 1126 agreement with the office that qualifies the applicant to receive a tax credit as
- 1127 provided in this part.
- 1128 (b) "Infrastructure cost-burdened entity" includes a pass-through entity taxpayer, as
- 1129 defined in Section 59-10-1402, of a person described in Subsection (7)(a).
- 1130 (8) "Infrastructure-related revenue" means an amount of tax revenue, for an entity creating
- 1131 a high cost infrastructure project, in a taxable year, that is directly attributable to a high
- 1132 cost infrastructure project, under:
- 1133 (a) Subsection 59-24-103.5(2)(e);
- 1134 (b) Title 59, Chapter 5, Part 1, Oil and Gas Severance Tax;
- 1135 (c) Title 59, Chapter 5, Part 2, Mining Severance Tax;
- 1136 (d) Title 59, Chapter 7, Corporate Franchise and Income Taxes;
- 1137 (e) Title 59, Chapter 10, Individual Income Tax Act; and
- 1138 (f) Title 59, Chapter 12, Sales and Use Tax Act.
- 1139 (9) "Mineral processing project" means a project that is designed to:
- 1140 (a) process, smelt, refine, convert, separate, or otherwise beneficiate metalliferous
- 1141 minerals as defined in Section 59-5-201 or a metalliferous compound as defined in
- 1142 Section 59-5-202;
- 1143 (b) calcine limestone or manufacture cement;
- 1144 (c) process, refine, or otherwise beneficiate chloride compounds, salts, potash, gypsum,
- 1145 sulfur or sulfuric acid, ammonium nitrate, phosphate, or uintaite; or
- 1146 (d) convert or gasify coal to recover chemical compounds, gases, or minerals.
- 1147 (10) "Office" means the Office of Energy Development created in Section 79-6-401.
- 1148 (11) "Tax credit" means a tax credit under Section 59-5-305, 59-7-619, or 59-10-1034.
- 1149 (12) "Tax credit certificate" means a certificate issued by the office to an infrastructure

- 1150 cost-burdened entity that:
- 1151 (a) lists the name of the infrastructure cost-burdened entity;
- 1152 (b) lists the infrastructure cost-burdened entity's taxpayer identification number;
- 1153 (c) lists, for a taxable year, the amount of the tax credit authorized for the infrastructure
- 1154 cost-burdened entity under this part; and
- 1155 (d) includes other information as determined by the office.
- 1156 (13)(a) "Underground mine infrastructure project" means a project that:
- 1157 (i) is designed to create permanent underground infrastructure to facilitate
- 1158 underground mining operations; and
- 1159 (ii) services multiple levels or areas of an underground mine or multiple underground
- 1160 mines.
- 1161 (b) "Underground mine infrastructure project" includes:
- 1162 (i) an underground access or a haulage road, entry, ramp, or decline;
- 1163 (ii) a vertical or incline mine shaft;
- 1164 (iii) a ventilation shaft or an air course; or
- 1165 (iv) a conveyor or a truck haulageway.
- 1166 (14) "Water purification project" means a project that, in order to meet applicable quality
- 1167 standards established under Title 19, Chapter 5, Water Quality Act, is designed to reduce
- 1168 the existing total dissolved solids or other naturally existing impurities contained in
- 1169 water sources:
- 1170 (a) located at a distance of not less than 2,000 feet below the surface;
- 1171 (b) associated with existing mineral operations; or
- 1172 (c) associated with deep water mining operations designed primarily for the
- 1173 revitalization of the Great Salt Lake.
- 1174 (15) "Water resource forecasting project" means a project that includes a network of
- 1175 permanent physical data collection systems designed to improve forecasting for the
- 1176 availability of seasonal water flows within the state, including flash flooding and other
- 1177 event-driven water flows resulting from localized severe weather events.

1178 Section 17. Section **79-6-603** is amended to read:

1179 **79-6-603 (Effective 05/07/25) (Applies beginning 01/01/25). Tax credit -- Amount**
1180 **-- Eligibility -- Reporting.**

- 1181 (1)(a) Before the office enters into an agreement described in Subsection (3) with an
- 1182 applicant regarding a project, the office, in consultation with the Utah Energy
- 1183 Infrastructure Board created in Section 79-6-902, and other state agencies as

- 1184 necessary, shall, in accordance with the procedures described in Section 79-6-604,
 1185 certify:
- 1186 (i) that the project meets the definition of a high cost infrastructure project under this
 1187 part;
 - 1188 (ii) that the high cost infrastructure project will generate infrastructure-related
 1189 revenue;
 - 1190 (iii) the economic life of the high cost infrastructure project; and
 - 1191 (iv) that the applicant has received a certificate of existence from the Division of
 1192 Corporations and Commercial Code.
- 1193 (b)(i) ~~[For purposes of determining whether a project meets the definition of a high~~
 1194 ~~cost infrastructure project,]~~ Except as provided in Subsection (1)(b)(ii), the office
 1195 shall consider a project to be a new project, for purposes of determining whether a
 1196 project meets the definition of a high cost infrastructure project, if the project
 1197 began no earlier than the taxable year before the year in which the applicant
 1198 submits an application or a preliminary application for a tax credit.
- 1199 (ii) For the taxable year beginning on or after January 1, 2025, and beginning before
 1200 January 1, 2026, the office may consider a project to be a new project if the
 1201 applicant applies for a tax credit in accordance with Subsection (5)(a).
- 1202 (2)(a) Before the office enters into an agreement described in Subsection (3) with an
 1203 applicant regarding a project, the Utah Energy Infrastructure Board shall evaluate the
 1204 project's net benefit to the state, including:
- 1205 (i) whether the project is likely to increase the property tax revenue for the
 1206 municipality or county where the project will be located;
 - 1207 (ii) whether the project would contribute to the economy of the state and the
 1208 municipality, tribe, or county where the project will be located;
 - 1209 (iii) whether the project would provide new infrastructure for an area where the type
 1210 of infrastructure the project would create is underdeveloped;
 - 1211 (iv) whether the project is supported by a business case for providing the revenue
 1212 necessary to finance the construction and operation of the project;
 - 1213 (v) whether the project would have a positive environmental impact on the state;
 - 1214 (vi) whether the project promotes responsible energy development;
 - 1215 (vii) whether the project would upgrade or improve an existing entity in order to
 1216 ensure the entity's continued operation and economic viability;
 - 1217 (viii) whether the project is less likely to be completed without a tax credit issued to

- 1218 the applicant under this part; and
- 1219 (ix) other relevant factors that the board specifies in the board's evaluation.
- 1220 (b) Before the office enters into an agreement described in Subsection (3) with an
- 1221 applicant regarding an energy delivery project, in addition to the criteria described in
- 1222 Subsection (2)(a) the Utah Energy Infrastructure Board shall determine that the
- 1223 project:
- 1224 (i) is strategically situated to maximize connections to an energy source project
- 1225 located in the state that is:
- 1226 (A) existing;
- 1227 (B) under construction;
- 1228 (C) planned; or
- 1229 (D) foreseeable;
- 1230 (ii) is supported by a project plan related to:
- 1231 (A) engineering;
- 1232 (B) environmental issues;
- 1233 (C) energy production;
- 1234 (D) load or other capacity; and
- 1235 (E) any other issue related to the building and operation of energy delivery
- 1236 infrastructure; and
- 1237 (iii) complies with the regulations of the following regarding the building of energy
- 1238 delivery infrastructure:
- 1239 (A) the Federal Energy Regulatory Commission;
- 1240 (B) the North American Electric Reliability Council; and
- 1241 (C) the Public Service Commission of Utah.
- 1242 (c) The Utah Energy Infrastructure Board may recommend that the office deny an
- 1243 applicant a tax credit if, as determined by the Utah Energy Infrastructure Board:
- 1244 (i) the project does not sufficiently benefit the state based on the criteria described in
- 1245 Subsection (2)(a); or
- 1246 (ii) for an energy delivery project, the project does not satisfy the conditions
- 1247 described in Subsection (2)(b).
- 1248 (3) Subject to the procedures described in Section 79-6-604, if an applicant meets the
- 1249 requirements of Subsection (1) to receive a tax credit, and the applicant's project
- 1250 receives a favorable recommendation from the Utah Energy Infrastructure Board under
- 1251 Subsection (2), the office shall enter into an agreement with the applicant to authorize

- 1252 the tax credit in accordance with this part.
- 1253 (4) The office shall grant a tax credit to an infrastructure cost-burdened entity, for a high
1254 cost infrastructure project, under an agreement described in Subsection (3):
- 1255 (a) for the lesser of:
- 1256 (i) the economic life of the high cost infrastructure project;
- 1257 (ii) 20 years; or
- 1258 (iii) a time period, the first taxable year of which is the taxable year when the
1259 construction of the high cost infrastructure project begins and the last taxable year
1260 of which is the taxable year in which the infrastructure cost-burdened entity has
1261 recovered, through the tax credit, an amount equal to:
- 1262 (A) 50% of the cost of the infrastructure construction associated with the high cost
1263 infrastructure project; or
- 1264 (B) if the high cost infrastructure project is a fuel standard compliance project,
1265 30% of the cost of the infrastructure construction associated with the high cost
1266 infrastructure project;
- 1267 (b) except as provided in Subsections (4)(a) and (d), in a total amount equal to 30% of
1268 the high cost infrastructure project's total infrastructure-related revenue over the time
1269 period described in Subsection (4)(a);
- 1270 (c) for a taxable year, in an amount that does not exceed the high cost infrastructure
1271 project's infrastructure-related revenue during that taxable year;
- 1272 (d) that the infrastructure cost-burdened entity may use against severance tax or income
1273 tax, but not both; and
- 1274 ~~(e)~~ (e) if the high cost infrastructure project is a fuel standard compliance project, in a
1275 total amount that is:
- 1276 (i) determined by the Utah Energy Infrastructure Board, based on:
- 1277 (A) the applicant's likelihood of completing the high cost infrastructure project
1278 without a tax credit; and
- 1279 (B) how soon the applicant plans to complete the high cost infrastructure project;
1280 and
- 1281 (ii) equal to or less than 30% of the high cost infrastructure project's total
1282 infrastructure-related revenue over the time period described in Subsection (4)(a).
- 1283 (5)(a) For the taxable year beginning on or after January 1, 2025, and beginning before
1284 January 1, 2026, the office shall grant a tax credit certificate to an infrastructure
1285 cost-burdened entity:

1286 (i) that applies for a tax credit described in Section 59-5-305;
1287 (ii) that meets the requirements of Subsection (4) except that the first taxable year for
1288 which the infrastructure cost-burdened entity claims a tax credit is the taxable year
1289 beginning on or after January 1, 2024, and beginning before January 1, 2025; and
1290 (iii) in an amount that does not exceed the high cost infrastructure project's
1291 infrastructure-related revenue during the taxable year beginning on or after
1292 January 1, 2024, and beginning before January 1, 2025.

1293 (b) The tax credit described in Subsection (5)(a) is in addition to a tax credit for which
1294 the infrastructure cost-burdened entity may claim against income tax or severance tax
1295 for the taxable year beginning on or after January 1, 2025, and beginning before
1296 January 1, 2026.

1297 ~~[(5)]~~ (6) An infrastructure cost-burdened entity shall, for each taxable year:

1298 (a) file a report with the office showing the high cost infrastructure project's
1299 infrastructure-related revenue during the taxable year;

1300 (b) subject to Subsection ~~[(7)]~~ (8), file a report with the office that is prepared by an
1301 independent certified public accountant that verifies the infrastructure-related revenue
1302 described in Subsection ~~[(5)(a)]~~ (6)(a); and

1303 (c) provide the office with information required by the office to certify the economic life
1304 of the high cost infrastructure project.

1305 ~~[(6)]~~ (7) An infrastructure cost-burdened entity shall retain records supporting a claim for a
1306 tax credit for the same period of time during which a person is required to keep books
1307 and records under Section 59-1-1406.

1308 ~~[(7)]~~ (8) An infrastructure cost-burdened entity for which a report is prepared under
1309 Subsection ~~[(5)(b)]~~ (6)(b) shall pay the costs of preparing the report.

1310 ~~[(8)]~~ (9) The office shall certify, for each taxable year, the infrastructure-related revenue
1311 generated by an infrastructure cost-burdened entity.

1312 Section 18. Section **79-6-604** is amended to read:

1313 **79-6-604 (Effective 05/07/25) (Applies beginning 01/01/25). Tax credit --**

1314 **Application procedure.**

1315 (1) An applicant shall provide the office with:

1316 (a) an application for a tax credit certificate;

1317 (b) documentation that the applicant meets the requirements described in Subsection
1318 79-6-603(1), to the satisfaction of the office, for the taxable year for which the
1319 applicant seeks to claim a tax credit; and

- 1320 (c) documentation that expressly directs and authorizes the State Tax Commission to
 1321 disclose to the office the applicant's returns and other information concerning the
 1322 applicant that would otherwise be subject to confidentiality under Section 59-1-403
 1323 or Section 6103, Internal Revenue Code.
- 1324 (2)(a) The office shall, for an applicant, submit the documentation described in
 1325 Subsection (1)(c) to the State Tax Commission.
- 1326 (b) Upon receipt of the documentation described in Subsection (1)(c), the State Tax
 1327 Commission shall provide the office with the documentation described in Subsection
 1328 (1)(c).
- 1329 (3) If, after the office reviews the documentation from the State Tax Commission under
 1330 Subsection (2)(b) and the information the applicant submits to the office under Section
 1331 79-6-603, the office, in consultation with the Utah Energy Infrastructure Board created
 1332 in Section 79-6-902, determines that the applicant is not eligible for the tax credit under
 1333 Section 79-6-603, or that the applicant's documentation is inadequate, the office shall:
- 1334 (a) deny the tax credit; or
- 1335 (b) inform the applicant that the documentation supporting the applicant's claim for a tax
 1336 credit was inadequate and request that the applicant supplement the applicant's
 1337 documentation.
- 1338 (4) Except as provided in Subsection (5), if, after the office reviews the documentation
 1339 described in Subsection (2)(b) and the information described in Subsection [~~79-6-603(6)~~]
 1340 79-6-603(5), the office, in consultation with the Utah Energy Infrastructure Board
 1341 created in Section 79-6-902, determines that the documentation supporting an applicant's
 1342 claim for a tax credit adequately demonstrates that the applicant is eligible for the tax
 1343 credit under Section 79-6-603, the office shall, on the basis of the documentation:
- 1344 (a) enter, with the applicant, into the agreement described in Subsection 79-6-603(3);
- 1345 (b) issue a tax credit certificate to the applicant; and
- 1346 (c) provide a duplicate copy of the tax credit certificate described in Subsection (4)(b) to
 1347 the State Tax Commission.
- 1348 (5) The office may deny an applicant a tax credit based on the recommendation of the Utah
 1349 Energy Infrastructure Board, as provided in Subsection 79-6-603(2).
- 1350 (6) An infrastructure cost-burdened entity may not claim a tax credit[~~under Section~~
 1351 ~~59-7-619 or 59-10-1034~~] unless the infrastructure cost-burdened entity receives a tax
 1352 credit certificate from the office.
- 1353 (7) An infrastructure cost-burdened entity that claims a tax credit shall retain the tax credit

1354 certificate in accordance with Subsection [~~79-6-603(7)~~] 79-6-603(6).

1355 (8) Except for the information that is necessary for the office to disclose in order to make
1356 the report described in Section 79-6-605, the office shall treat a document an applicant
1357 or infrastructure cost-burdened entity provides to the office as a protected record under
1358 Section 63G-2-305.

1359 Section 19. **Effective Date.**

1360 This bill takes effect on May 7, 2025.

1361 Section 20. **Retrospective operation.**

1362 The actions affecting the following sections have retrospective operation for a taxable
1363 year beginning on or after January 1, 2025:

1364 (1) Section 40-6-24;

1365 (2) Section 59-5-101;

1366 (3) Section 59-5-102;

1367 (4) Section 59-5-301;

1368 (5) Section 59-5-302;

1369 (6) Section 59-5-303;

1370 (7) Section 59-5-304;

1371 (8) Section 59-5-305;

1372 (9) Section 59-7-619;

1373 (10) Section 59-10-1034;

1374 (11) Section 79-6-401;

1375 (12) Section 79-6-602;

1376 (13) Section 79-6-603; and

1377 (14) Section 79-6-604.