

# SB0207S01 compared with SB0207

{Omitted text} shows text that was in SB0207 but was omitted in SB0207S01

inserted text shows text that was not in SB0207 but was inserted into SB0207S01

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## Local Impact Mitigation Amendments

2025 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Ronald M. Winterton

House Sponsor:

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### LONG TITLE

#### General Description:

This bill enacts a local impact mitigation tax for oil and gas production.

#### Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ imposes a local impact mitigation tax on oil {or} and gas that is produced within the state {between} within a certain period and is saved, sold, or transported;
- ▶ provides for certain exemptions from the tax;
- ▶ requires quarterly payment of the tax from oil {or} and gas producers;
- ▶ requires the State Tax Commission to distribute tax revenue within a certain time to the counties from which the revenue was collected;
- ▶ provides for certain tax revenue distribution requirements for a county that receives tax revenue;
- ▶ limits the use of tax revenue to certain transportation-related mitigation projects;
- ▶ requires the State Tax Commission to collect an administrative charge from the collected tax revenue;

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- 18       ▶ prohibits counties from imposing certain oil or gas mitigation fees;and  
19       ▶ requires any county that receives tax revenue to report to the Legislature regarding the county's  
use of the tax revenue{~~and~~} .

- 21       ▶ {~~schedules the future repeal of the tax, subject to legislative review.~~}

## 23 Money Appropriated in this Bill:

24       None

25       None

## 28 ENACTS:

29       **59-32-101** , Utah Code Annotated 1953 , Utah Code Annotated 1953

30       **59-32-102** , Utah Code Annotated 1953 , Utah Code Annotated 1953

31       **59-32-103** , Utah Code Annotated 1953 , Utah Code Annotated 1953

32       **59-32-104** , Utah Code Annotated 1953 , Utah Code Annotated 1953

## . AMENDS:

- 28       ~~{63I-1-259, as last amended by Laws of Utah 2024, Third Special Session, Chapter 5, as last  
amended by Laws of Utah 2024, Third Special Session, Chapter 5}~~

33

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

35       Section 1. Section 1 is enacted to read:

37

## CHAPTER 32. LOCAL IMPACT MITIGATION TAX ACT

### 37 **59-32-101. Definitions.**

As used in this chapter:

40 (1) "Barrel" means an amount equal to 42 gallons of oil at atmospheric pressure and at a temperature of  
60 degrees Fahrenheit.

42 (2) "Condensate" means hydrocarbons, regardless of gravity, that occur naturally in the gaseous phase  
in the reservoir and are separated from the natural gas as liquids through the process of condensation  
either in the reservoir, in the wellbore, or at the surface in field separators.

46 (3) "Crude oil" means hydrocarbons, regardless of gravity, that occur naturally in the liquid phase in the  
reservoir and are produced at the wellhead in liquid form.

47 (4) "Development well" means the same at that term is defined in Section 59-5-101.

48 ~~{(4)}~~ (5)

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- . (a) "Gas" means:
- 49 (i) natural gas;
- 50 (ii) natural gas liquids; or
- 51 (iii) any mixture of natural gas and natural gas liquids.
- 52 (b) "Gas" does not include any gaseous or liquid substance processed from coal, oil shale, tar sands, or  
any other hydrocarbon substance that occurs naturally in solid form.
- 55 ~~{(5)}~~ (6) "MCF" means an amount equal to 1,000 cubic feet of gas at a pressure of 14.73 pounds per  
square inch and at a temperature of 60 degrees Fahrenheit.
- 57 ~~{(6)}~~ (7) "Natural gas" means hydrocarbons, other than oil and natural gas liquids, that occur naturally  
in the gaseous phase in the reservoir and are produced and recovered at the wellhead in gaseous  
form.
- 60 ~~{(7)}~~ (8) "Natural gas liquids" means hydrocarbons, regardless of gravity, that are separated from  
natural gas as liquids in gas processing plants through the process of condensation, absorption,  
adsorption, or other methods.
- 63 ~~{(8)}~~ (9)
- . (a) "Oil" means:
- 64 (i) crude oil;
- 65 (ii) condensate; or
- 66 (iii) any mixture of crude oil and condensate.
- 67 (b) "Oil" does not include any gaseous or liquid substance processed from coal, oil shale, tar sands, or  
any other hydrocarbon substance that occurs naturally in solid form.
- 70 ~~{(9)}~~ (10)
- . (a) "Oil or gas mitigation fee" means any fee or tax, whether one-time or ongoing, that is imposed~~{:~~  
by a county on oil or gas producers for purposes of mitigating the direct impacts of oil or gas  
production on county roads.
- 72 ~~{(i) {by a county for the purpose of mitigating the direct impacts of oil or gas production on~~  
qualifying roads within the county; and}
- 74 ~~{(ii) {on oil or gas producers within the county.}}~~
- 75 (b) "Oil or gas mitigation fee" includes:
- 76 (i) a transportation service fee or other fee established under Chapter 27a, County Land Use,  
Development, and Management Act, meeting the requirements of Subsection ~~{(9)(a)}~~ (10)(a); and

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- 79 (ii) an impact fee established under Title 11, Chapter 36a, Impact Fees Act, meeting the requirements of  
Subsection ~~{(9)(a)}~~ (10)(a).
- 81 (c) "Oil or gas mitigation fee" does not include the tax imposed by this chapter.
- 82 ~~{(10)}~~ (11) "Produced" means extracted at the wellhead.
- 83 ~~{(11)}~~ (12) "Producer" means the operator of the well from which oil or gas is produced.
- 84 ~~{(12)}~~ (13) "Qualifying road" means a paved public road that is:
- 85 (a) a class B road as described in Section 72-3-103; or
- 86 (b) a class C road as described in Section 72-3-104.
- 87 ~~{(13)}~~ (14) "Qualifying special service district" means a special service district under Title 17D,  
Chapter 1, Special Service District Act, that provides construction, repair, maintenance, or  
improvements for public roads.
- 90 ~~{(14)}~~ (15) "Recipient county" means a county that receives revenue collected from the tax imposed by  
this chapter.
- 90 (16) "Stripper well" means the same as that term is defined in Section 59-5-101.
- 91 (17) "Wildcat well" means the same as that term is defined in Section 59-5-101.
- 92 Section 2. Section 2 is enacted to read:
- 93 **59-32-102. Imposition of local impact mitigation tax {for oil and gas production} -- Rate**  
**-- Exemptions -- Shipment out-of-state -- Stockpiling -- Relation to other taxes -- Prohibition on**  
**county imposition of oil or gas mitigation fee.**
- 96 (1)
- . (a) ~~{A}~~ Except as provided in Subsection (2), a local impact mitigation tax is imposed at the rate  
specified in Subsection (1)(b) on the total volume of oil and gas that is ~~{produced within this state~~  
on or after January 1, 2026, and before January 1, 2029. :
- 98 (i) produced within the state on or after January 1, 2026, and before January 1, 2029; and
- 100 (ii)
- . (A) saved;
- 101 (B) sold; or
- 102 (C) transported from the field from which the oil or gas was produced.
- 98 (b) The rate of the tax ~~{imposed by}~~ under this chapter is:
- 99 (i) 5 cents per barrel of oil ~~{produced}~~ described in Subsection (1)(a); and
- 100 (ii) ~~{1}~~ .0024 cent per MCF of gas ~~{produced}~~ described in Subsection (1)(a).

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- 101 (2) The tax under this chapter does not apply to {oil or gas produced by} :
- 102 (a) oil or gas produced by the United States;
- 103 (b) oil or gas produced by the state or a political subdivision of the state; {or}
- 104 (c) oil or gas produced by an Indian or Indian tribe as defined in Section 9-9-101{;} from land under the  
jurisdiction of the United States;
- 111 (d) oil or gas produced from a stripper well;
- 112 (e) oil or gas produced from a wildcat well during the first 12 months of well production;
- 113 (f) oil or gas produced from a development well during the first six months of well production; or
- 115 (g) gas produced and consumed for purposes of processing oil or gas to a marketable state.
- 117 (3) If oil or gas is shipped outside the state:
- 118 (a) the shipment constitutes a sale; and
- 119 (b) the oil or gas is subject to the tax imposed by this chapter.
- 120 (4)
- 121 (a) Except as provided in Subsection (4)(b), if oil or gas is stockpiled, the tax under this chapter is not  
imposed until the oil or gas is:
- 122 (i) sold;
- 123 (ii) transported; or
- 124 (iii) delivered.
- 125 (b) If oil or gas is stockpiled for more than two years, the oil or gas is subject to the tax imposed by this  
chapter.
- 105 ~~{(3)}~~ (5) The tax under this chapter:
- 106 (a) is separate from and in addition to all other taxes provided by law, including the severance tax  
imposed under Chapter 5, Part 1, Oil and Gas Severance Tax; {and}
- 130 (b) does not affect the requirements applicable to the severance tax imposed under Chapter 5, Part 1,  
Oil and Gas Severance Tax, including the requirements for the disposition of severance tax revenue  
under Sections 59-5-116 and 59-5-119; and
- 108 ~~{(b)}~~ (c) is not a severance tax for purposes of Utah Constitution, Article XIII, Section 5, Subsection  
(9).
- 110 ~~{(4)}~~ (6) Unless specifically authorized by statute, a county may not impose an oil or gas mitigation  
fee.
- 137 Section 3. Section 3 is enacted to read:

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138           **59-32-103. Payment of tax -- Revenue distribution -- Expenditure of tax revenue --**  
**Administration.**

115   (1)

.   (a) The tax imposed by this chapter shall be paid:

141       (i) by the producer of oil or gas subject to the tax to the commission; and

.   ~~{(a)}~~ (ii) {The tax imposed by this chapter shall be paid by the producer to the commission} on a  
quarterly basis on or before the last day of the month following each calendar quarterly period  
~~{using}~~ in a ~~{form}~~ manner prescribed by the commission.

118   (b) For purposes of this Subsection (1), the commission may require necessary information from  
producers regarding oil or gas production.

120   (2) The commission shall distribute the revenue collected from the tax under this chapter:

121   (a) to the county within which the revenue is collected ~~{for}~~ from oil or gas production; and

122   (b) within 60 days from the date on which the tax is paid.

123   (3)

.   (a)

.   (i) If a county has created a qualifying special service district, the county treasurer shall transfer the  
revenue distributed to the county under Subsection (2) to the qualifying special service district.

126   (ii) A qualifying special service district described in Subsection (3)(a)(i) shall expend the revenue  
as provided in Subsection (4).

128   (b)

.   (i) If a county has not created a qualifying special service district, the county treasurer shall deposit the  
revenue distributed to the county under Subsection (2) into a special revenue fund that is created to  
hold the revenue and is separate from the county's general fund.

132   (ii) A county described in Subsection (3)(b)(i) shall expend the revenue as provided in Subsection (4).

134   (4) The revenue collected from the tax under this chapter may only be expended for transportation  
projects that mitigate the direct impacts of oil or gas production on qualifying roads located within  
the recipient county.

137   (5) The commission shall:

138   (a) administer, collect, and enforce the tax under this chapter in accordance with Chapter 1, General  
Taxation Policies; and

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(b) retain and deposit an administrative charge in accordance with Section 59-1-306 from the revenue the commission collects from the tax under this chapter.

168 Section 4. Section 4 is enacted to read:

169 **59-32-104. County report to Legislature.**

144 (1) Each recipient county shall submit a written report to the Natural Resources, Agriculture, and Environment Interim Committee on or before September 1, 2029.

146 (2) The report described in Subsection (1) shall include:

147 (a) an accounting of the county's use of revenue received by the county from the tax under this chapter, including information regarding each transportation project for which the revenue has provided funding;

150 (b) for each transportation project described under Subsection (2)(a):

151 (i) an explanation as to how the transportation project mitigates the direct impacts of oil or gas production on qualifying roads located within the county; and

153 (ii) a description of any other funding sources in addition to the revenue from the tax under this chapter; and

155 (c) any recommendations for legislative action to reauthorize the tax for the purpose described in Subsection 59-32-103(4).

157 (3) The Natural Resources, Agriculture, and Environment Interim Committee shall:

158 (a) study any recommendations provided by a recipient county under Subsection (2)(c); and

160 (b) if the Natural Resources, Agriculture, and Environment Interim Committee decides to recommend legislative action to the Legislature, prepare legislation for consideration by the Legislature in the next general session.

163 ~~{Section 5. Section 63I-1-259 is amended to read: }~~

164 **63I-1-259. Repeal dates: Title 59.**

165 (1) Subsection 59-1-403(4)(aa), regarding a requirement for the State Tax Commission to inform the Department of Workforce Services whether an individual claimed a federal earned income tax credit, is repealed July 1, 2029.

168 (2) Section 59-7-618.1, Tax credit related to alternative fuel heavy duty vehicles, is repealed July 1, 2029.

170 (3) Section 59-9-102.5, Offset for occupational health and safety related donations, is repealed December 31, 2030.

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172 (4) Section 59-10-1033.1, Tax credit related to alternative fuel heavy duty vehicles, is repealed July 1,  
2029.

174 (5) Title 59, Chapter 32, Local Impact Mitigation Tax Act, is repealed July 1, 2030.

189 Section 5. **Effective date.**

This bill takes effect on May 7, 2025.

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