

SB0207S02 compared with SB0207

~~{Omitted text}~~ shows text that was in SB0207 but was omitted in SB0207S02

inserted text shows text that was not in SB0207 but was inserted into SB0207S02

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1

Local Impact Mitigation Amendments
2025 GENERAL SESSION
STATE OF UTAH
Chief Sponsor: Ronald M. Winterton
House Sponsor: R. Neil Walter



2

3 **LONG TITLE**

4 **General Description:**

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

6 **Highlighted Provisions:**

7 This bill:

- 8 ▶ defines terms;
- 9 ▶ 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;
- 11 ▶ provides for certain exemptions from the tax;
- 10 ▶ requires quarterly payment of the tax from oil ~~{or}~~ and gas producers;
- 11 ▶ requires the State Tax Commission to distribute tax revenue within a certain time to the counties from which the revenue was collected;
- 13 ▶ provides for certain tax revenue distribution requirements for a county that receives tax revenue;
- 15 ▶ limits the use of tax revenue to certain transportation-related mitigation projects;
- 16 ▶ 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;
- 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 ▶ **makes technical and conforming changes.**

24 Money Appropriated in this Bill:

25 None

26 Other Special Clauses:

27 None

29 AMENDS:

30 **59-1-306 , as last amended by Laws of Utah 2024, Chapter 35 , as last amended by Laws of
Utah 2024, Chapter 35**

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}**~~

31 ENACTS:

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

33 **59-32-102** , Utah Code Annotated 1953 , Utah Code Annotated 1953

34 **59-32-103** , Utah Code Annotated 1953 , Utah Code Annotated 1953

35 **59-32-104** , Utah Code Annotated 1953 , Utah Code Annotated 1953

36

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

38 **Section 1. Section 59-1-306 is amended to read:**

39 **59-1-306. Definition -- State Tax Commission Administrative Charge Account -- Amount of
administrative charge -- Deposit of revenue into the restricted account -- Interest deposited into
General Fund -- Expenditure of money deposited into the restricted account.**

43 (1) As used in this section, "qualifying tax, fee, or charge" means a tax, fee, or charge the commission
administers under:

45 (a) Title 10, Chapter 1, Part 3, Municipal Energy Sales and Use Tax Act;

46 (b) Title 10, Chapter 1, Part 4, Municipal Telecommunications License Tax Act;

47 (c) Section 19-6-714;

48 (d) Section 19-6-805;

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- 49 (e) Chapter 12, Sales and Use Tax Act, other than a tax under Chapter 12, Part 1, Tax Collection, or
Chapter 12, Part 18, Additional State Sales and Use Tax Act;
- 51 (f) Section 59-27-105;
- 52 (g) Chapter 31, Cannabinoid Licensing and Tax Act;
- 53 (h) Chapter 32, Local Impact Mitigation Tax Act;
- 54 [~~h~~] (i) Section 63H-1-205; or
- 55 [~~h~~] (j) Title 69, Chapter 2, Part 4, Prepaid Wireless Telecommunications Service Charges.
- 57 (2) There is created a restricted account within the General Fund known as the "State Tax Commission
Administrative Charge Account."
- 59 (3) Subject to the other provisions of this section, the restricted account shall consist of administrative
charges the commission retains and deposits in accordance with this section.
- 62 (4) For purposes of this section, the administrative charge is a percentage of revenue the commission
collects from each qualifying tax, fee, or charge of not to exceed the lesser of:
- 65 (a) 1.5%; or
- 66 (b) an equal percentage of revenue the commission collects from each qualifying tax, fee, or charge
sufficient to cover the cost to the commission of administering the qualifying taxes, fees, or charges.
- 69 (5) The commission shall deposit an administrative charge into the restricted account.
- 70 (6) Interest earned on the restricted account shall be deposited into the General Fund.
- 71 (7) The commission shall expend money appropriated by the Legislature to the commission from the
restricted account to administer qualifying taxes, fees, or charges.

73 Section 2. Section 2 is enacted to read:

37 **CHAPTER 32. LOCAL IMPACT MITIGATION TAX ACT**

75 **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.

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- 85 (4) "Development well" means the same at that term is defined in Section 59-5-101.
- 48 ~~{(4)}~~ (5)
- (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:

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- 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
- 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.
- 128 (16) "Stripper well" means the same as that term is defined in Section 59-5-101.
- 129 (17) "Wildcat well" means the same as that term is defined in Section 59-5-101.
- 130 Section 3. Section 3 is enacted to read:
- 131 **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.}~~ :
- 136 (i) produced within the state on or after January 1, 2026, and before January 1, 2029; and
- 138 (ii)
- (A) saved;
- 139 (B) sold; or
- 140 (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:

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- 99 (i) 5 cents per barrel of oil {produced} described in Subsection (1)(a); and
100 (ii) {+} 1/4 cent per MCF of gas {produced} described in Subsection (1)(a).
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;
149 (d) oil or gas produced from a stripper well;
150 (e) oil or gas produced from a wildcat well during the first 12 months of well production;
151 (f) oil or gas produced from a development well during the first six months of well production; or
153 (g) gas produced and consumed for purposes of processing oil or gas to a marketable state.
155 (3) If oil or gas is shipped outside the state:
156 (a) the shipment constitutes a sale; and
157 (b) the oil or gas is subject to the tax imposed by this chapter.
158 (4)
(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:
160 (i) sold;
161 (ii) transported; or
162 (iii) delivered.
163 (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}
168 (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).

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~~{(4)}~~ (6) Unless specifically authorized by statute, a county may not impose an oil or gas mitigation fee.

175 Section 4. Section 4 is enacted to read:

176 **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:

179 (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-}~~ electronically 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:

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- 138 (a) administer, collect, and enforce the tax under this chapter in accordance with Chapter 1, General
140 Taxation Policies; and
- 146 (b) retain and deposit an administrative charge in accordance with Section 59-1-306 from the revenue
153 the commission collects from the tax under this chapter.
- 206 Section 5. Section 5 is enacted to read:
- 207 **59-32-104. County report to Legislature.**
- 144 (1) Each recipient county shall submit a written report to the Natural Resources, Agriculture, and
146 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,
150 including information regarding each transportation project for which the revenue has provided
151 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
153 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;
155 and
- 155 (c) any recommendations for legislative action to reauthorize the tax for the purpose described in
157 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
163 legislative action to the Legislature, prepare legislation for consideration by the Legislature in the
164 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.

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

227 Section 6. **Effective date.**

This bill takes effect on May 7, 2025.

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