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District Energy Amendments

2025 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Val L. Peterson

Senate Sponsor: Michael K. McKell

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LONG TITLE**General Description:**

This bill modifies the High Cost Infrastructure Development Tax Credit Act to include district energy systems.

Highlighted Provisions:

This bill:

- defines terms;
- modifies provisions regarding heat corporations to address cooling plants;
- adds district energy systems as qualifying energy delivery projects;
- establishes investment thresholds for district energy systems to qualify for high cost infrastructure tax credits; and
- makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

54-2-1, as last amended by Laws of Utah 2022, Chapter 314

79-6-602, as last amended by Laws of Utah 2024, Chapter 192

23

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

Section 1. Section **54-2-1** is amended to read:

54-2-1 . Definitions.

As used in this title:

- (1) "Avoided costs" means the incremental costs to an electrical corporation of electric energy or capacity or both that, due to the purchase of electric energy or capacity or both from small power production or cogeneration facilities, the electrical corporation would

- 31 not have to generate itself or purchase from another electrical corporation.
- 32 (2) "Clean coal technology" means a technology that may be researched, developed, or used
33 for reducing emissions or the rate of emissions from a thermal electric generation plant
34 that uses coal as a fuel source.
- 35 (3) "Cogeneration facility":
- 36 (a) means a facility that produces:
- 37 (i) electric energy; and
- 38 (ii) steam or forms of useful energy, including heat, that are used for industrial,
39 commercial, heating, or cooling purposes; and
- 40 (b) is a qualifying cogeneration facility under federal law.
- 41 (4) "Commission" means the Public Service Commission.
- 42 (5) "Commissioner" means a member of the commission.
- 43 (6) "Cooling plant" means all real estate, fixtures, machinery, appliances, and personal
44 property controlled, operated, or managed in connection with or to facilitate the
45 production, generation, transmission, delivery, or furnishing of artificial cold.
- 46 ~~[(6)]~~ (7)(a) "Corporation" includes an association and a joint stock company having any
47 powers or privileges not possessed by individuals or partnerships.
- 48 (b) "Corporation" does not include towns, cities, counties, conservancy districts,
49 improvement districts, or other governmental units created or organized under any
50 general or special law of this state.
- 51 ~~[(7)]~~ (8) "Department" means the Department of Transportation created in Section 72-1-201.
- 52 ~~[(8)]~~ (9) "Distribution electrical cooperative" includes an electrical corporation that:
- 53 (a) is a cooperative;
- 54 (b) conducts a business that includes the retail distribution of electricity the cooperative
55 purchases or generates for the cooperative's members; and
- 56 (c) is required to allocate or distribute savings in excess of additions to reserves and
57 surplus on the basis of patronage to the cooperative's:
- 58 (i) members; or
- 59 (ii) patrons.
- 60 ~~[(9)]~~ (10)(a) "Electrical corporation" includes every corporation, cooperative association,
61 and person, their lessees, trustees, and receivers, owning, controlling, operating, or
62 managing any electric plant, or in any way furnishing electric power for public
63 service or to its consumers or members for domestic, commercial, or industrial use,
64 within this state.

- 65 (b) "Electrical corporation" does not include:
- 66 (i) an independent energy producer;
- 67 (ii) where electricity is generated on or distributed by the producer solely for the
- 68 producer's own use, or the use of the producer's tenants, or the use of members of
- 69 an association of unit owners formed under Title 57, Chapter 8, Condominium
- 70 Ownership Act, and not for sale to the public generally;
- 71 (iii) an eligible customer who provides electricity for the eligible customer's own use
- 72 or the use of the eligible customer's tenant or affiliate; or
- 73 (iv) a nonutility energy supplier who sells or provides electricity to:
- 74 (A) an eligible customer who has transferred the eligible customer's service to the
- 75 nonutility energy supplier in accordance with Section 54-3-32; or
- 76 (B) the eligible customer's tenant or affiliate.
- 77 (c) "Electrical corporation" does not include an entity that sells electric vehicle battery
- 78 charging services:
- 79 (i) if the entity obtains the electricity for the electric vehicle battery charging service,
- 80 including any electricity from an electricity storage device:
- 81 (A) from an electrical corporation in whose service area the electric vehicle
- 82 battery charging service is located; and
- 83 (B) under an established tariff for rates, charges, and conditions of service; and
- 84 (ii) unless the entity conducts another activity in the state that subjects the entity to
- 85 the jurisdiction and regulation of the commission as an electrical corporation.
- 86 ~~[(10)]~~ (11) "Electric plant" includes all real estate, fixtures, and personal property owned,
- 87 controlled, operated, or managed in connection with or to facilitate the production,
- 88 generation, transmission, delivery, or furnishing of electricity for light, heat, or power,
- 89 and all conduits, ducts, or other devices, materials, apparatus, or property for containing,
- 90 holding, or carrying conductors used or to be used for the transmission of electricity for
- 91 light, heat, or power.
- 92 ~~[(11)]~~ (12) "Eligible customer" means a person who:
- 93 (a) on December 31, 2013:
- 94 (i) was a customer of a public utility that, on December 31, 2013, had more than
- 95 200,000 retail customers in this state; and
- 96 (ii) owned an electric plant that is an electric generation plant that, on December 31,
- 97 2013, had a generation name plate capacity of greater than 150 megawatts; and
- 98 (b) produces electricity:

- 99 (i) from a qualifying power production facility for sale to a public utility in this state;
 100 (ii) primarily for the eligible customer's own use; or
 101 (iii) for the use of the eligible customer's tenant or affiliate.

102 ~~[(12)]~~ (13) "Eligible customer's tenant or affiliate" means one or more tenants or affiliates:

- 103 (a) of an eligible customer; and
 104 (b) who are primarily engaged in an activity:
 105 (i) related to the eligible customer's core mining or industrial businesses; and
 106 (ii) performed on real property that is:
 107 (A) within a 25-mile radius of the electric plant described in Subsection ~~[(11)]~~
 108 ~~(a)(ii);~~ (12)(a)(ii); and
 109 (B) owned by, controlled by, or under common control with, the eligible customer.

110 ~~[(13)]~~ (14) "Gas corporation" includes every corporation and person, their lessees, trustees,
 111 and receivers, owning, controlling, operating, or managing any gas plant for public
 112 service within this state or for the selling or furnishing of natural gas to any consumer or
 113 consumers within the state for domestic, commercial, or industrial use, except in the
 114 situation that:

- 115 (a) gas is made or produced on, and distributed by the maker or producer through,
 116 private property:
 117 (i) solely for the maker's or producer's own use or the use of the maker's or producer's
 118 tenants; and
 119 (ii) not for sale to others;
 120 (b) gas is compressed on private property solely for the owner's own use or the use of
 121 the owner's employees as a motor vehicle fuel; or
 122 (c) gas is compressed by a retailer of motor vehicle fuel on the retailer's property solely
 123 for sale as a motor vehicle fuel.

124 ~~[(14)]~~ (15) "Gas plant" includes all real estate, fixtures, and personal property owned,
 125 controlled, operated, or managed in connection with or to facilitate the production,
 126 generation, transmission, delivery, or furnishing of gas, natural or manufactured, for
 127 light, heat, or power.

128 (16)(a) "Heat corporation" means a corporation or person, including the corporation's or
 129 person's lessees, trustees, and receivers, that owns, controls, operates, or manages for
 130 public service within the state:

- 131 (i) a heating plant; or
 132 (ii) a heating plant and cooling plant operated in combination.

- 133 (b) "Heat corporation" does not include a corporation or person, including the
 134 corporation's or peron's lessees, trustees, and receivers, that owns, controls, operates,
 135 or manages a cooling plant that is not operated in combination with a heating plant.
- 136 ~~[(15) "Heat corporation" includes every corporation and person, their lessees, trustees, and~~
 137 ~~receivers, owning, controlling, operating, or managing any heating plant for public~~
 138 ~~service within this state.]~~
- 139 ~~[(16)]~~ (17)(a) "Heating plant" includes all real estate, fixtures, machinery, appliances,
 140 and personal property controlled, operated, or managed in connection with or to
 141 facilitate the production, generation, transmission, delivery, or furnishing of artificial
 142 heat.
- 143 (b) "Heating plant" does not include either small power production facilities or
 144 cogeneration facilities.
- 145 ~~[(17)]~~ (18) "Independent energy producer" means every electrical corporation, person,
 146 corporation, or government entity, their lessees, trustees, or receivers, that own, operate,
 147 control, or manage an independent power production or cogeneration facility.
- 148 ~~[(18)]~~ (19) "Independent power production facility" means a facility that:
- 149 (a) produces electric energy solely by the use, as a primary energy source, of biomass,
 150 waste, a renewable resource, a geothermal resource, or any combination of the
 151 preceding sources; or
- 152 (b) is a qualifying power production facility.
- 153 ~~[(19)]~~ (20) "Large-scale electric utility" means a public utility that provides retail electric
 154 service to more than 200,000 retail customers in the state.
- 155 ~~[(20)]~~ (21) "Large-scale natural gas utility" means a public utility that provides retail natural
 156 gas service to more than 200,000 retail customers in the state.
- 157 ~~[(21)]~~ (22) "Nonutility energy supplier" means a person that:
- 158 (a) has received market-based rate authority from the Federal Energy Regulatory
 159 Commission in accordance with 16 U.S.C. Sec. 824d, 18 C.F.R. Part 35, Filing of
 160 Rate Schedules and Tariffs, or applicable Federal Energy Regulatory Commission
 161 orders; or
- 162 (b) owns, leases, operates, or manages an electric plant that is an electric generation
 163 plant that:
- 164 (i) has a capacity of greater than 100 megawatts; and
- 165 (ii) is hosted on the site of an eligible customer that consumes the output of the
 166 electric plant, in whole or in part, for the eligible customer's own use or the use of

167 the eligible customer's tenant or affiliate.

168 [~~(22)~~] (23) "Private telecommunications system" includes all facilities for the transmission
169 of signs, signals, writing, images, sounds, messages, data, or other information of any
170 nature by wire, radio, lightwaves, or other electromagnetic means, excluding mobile
171 radio facilities, that are owned, controlled, operated, or managed by a corporation or
172 person, including their lessees, trustees, receivers, or trustees appointed by any court, for
173 the use of that corporation or person and not for the shared use with or resale to any
174 other corporation or person on a regular basis.

175 [~~(23)~~] (24)(a) "Public utility" includes every railroad corporation, gas corporation,
176 electrical corporation, distribution electrical cooperative, wholesale electrical
177 cooperative, telephone corporation, telegraph corporation, water corporation,
178 sewerage corporation, heat corporation, and independent energy producer not
179 described in Section 54-2-201 where the service is performed for, or the commodity
180 delivered to, the public generally, or in the case of a gas corporation or electrical
181 corporation where the gas or electricity is sold or furnished to any member or
182 consumers within the state for domestic, commercial, or industrial use.

183 (b)(i) If any railroad corporation, gas corporation, electrical corporation, telephone
184 corporation, telegraph corporation, water corporation, sewerage corporation, heat
185 corporation, or independent energy producer not described in Section 54-2-201,
186 performs a service for or delivers a commodity to the public, it is considered to be
187 a public utility, subject to the jurisdiction and regulation of the commission and
188 this title.

189 (ii) If a gas corporation, independent energy producer not described in Section
190 54-2-201, or electrical corporation sells or furnishes gas or electricity to any
191 member or consumers within the state, for domestic, commercial, or industrial
192 use, for which any compensation or payment is received, it is considered to be a
193 public utility, subject to the jurisdiction and regulation of the commission and this
194 title.

195 (c) Any corporation or person not engaged in business exclusively as a public utility as
196 defined in this section is governed by this title in respect only to the public utility
197 owned, controlled, operated, or managed by the corporation or person, and not in
198 respect to any other business or pursuit.

199 (d) Any person or corporation defined as an electrical corporation or public utility under
200 this section may continue to serve its existing customers subject to any order or

- 201 future determination of the commission in reference to the right to serve those
202 customers.
- 203 (e)(i) "Public utility" does not include any person that is otherwise considered a
204 public utility under this Subsection [~~(23)~~] (24) solely because of that person's
205 ownership of an interest in an electric plant, cogeneration facility, or small power
206 production facility in this state if all of the following conditions are met:
- 207 (A) the ownership interest in the electric plant, cogeneration facility, or small
208 power production facility is leased to:
 - 209 (I) a public utility, and that lease has been approved by the commission;
 - 210 (II) a person or government entity that is exempt from commission regulation
211 as a public utility; or
 - 212 (III) a combination of Subsections [~~(23)(e)(i)(A)(I)~~] (24)(e)(i)(A)(I) and (II);
 - 213 (B) the lessor of the ownership interest identified in Subsection [~~(23)(e)(i)(A)~~]
214 (24)(e)(i)(A) is:
 - 215 (I) primarily engaged in a business other than the business of a public utility; or
 - 216 (II) a person whose total equity or beneficial ownership is held directly or
217 indirectly by another person engaged in a business other than the business
218 of a public utility; and
 - 219 (C) the rent reserved under the lease does not include any amount based on or
220 determined by revenues or income of the lessee.
- 221 (ii) Any person that is exempt from classification as a public utility under Subsection [
222 ~~(23)(e)(i)~~] (24)(e)(i) shall continue to be so exempt from classification following
223 termination of the lessee's right to possession or use of the electric plant for so
224 long as the former lessor does not operate the electric plant or sell electricity from
225 the electric plant. If the former lessor operates the electric plant or sells electricity,
226 the former lessor shall continue to be so exempt for a period of 90 days following
227 termination, or for a longer period that is ordered by the commission. This period
228 may not exceed one year. A change in rates that would otherwise require
229 commission approval may not be effective during the 90-day or extended period
230 without commission approval.
- 231 (f) "Public utility" does not include any person that provides financing for, but has no
232 ownership interest in an electric plant, small power production facility, or
233 cogeneration facility. In the event of a foreclosure in which an ownership interest in
234 an electric plant, small power production facility, or cogeneration facility is

235 transferred to a third-party financier of an electric plant, small power production
236 facility, or cogeneration facility, then that third-party financier is exempt from
237 classification as a public utility for 90 days following the foreclosure, or for a longer
238 period that is ordered by the commission. This period may not exceed one year.

239 (g)(i) The distribution or transportation of natural gas for use as a motor vehicle fuel
240 does not cause the distributor or transporter to be a "public utility," unless the
241 commission, after notice and a public hearing, determines by rule that it is in the
242 public interest to regulate the distributors or transporters, but the retail sale alone
243 of compressed natural gas as a motor vehicle fuel may not cause the seller to be a
244 "public utility."

245 (ii) In determining whether it is in the public interest to regulate the distributors or
246 transporters, the commission shall consider, among other things, the impact of the
247 regulation on the availability and price of natural gas for use as a motor fuel.

248 (h) "Public utility" does not include:

249 (i) an eligible customer who provides electricity for the eligible customer's own use
250 or the use of the eligible customer's tenant or affiliate; or

251 (ii) a nonutility energy supplier that sells or provides electricity to:

252 (A) an eligible customer who has transferred the eligible customer's service to the
253 nonutility energy supplier in accordance with Section 54-3-32; or

254 (B) the eligible customer's tenant or affiliate.

255 (i) "Public utility" does not include an entity that sells electric vehicle battery charging
256 services:

257 (i) if the entity obtains the electricity for the electric vehicle battery charging service,
258 including any electricity from an electricity storage device:

259 (A) from a large-scale electric utility or an electrical corporation in whose service
260 area the electric vehicle battery charging service is located; and

261 (B) under an established tariff for rates, charges, and conditions of service; and

262 (ii) unless the entity conducts another activity in the state that subjects the entity to
263 the jurisdiction and regulation of the commission as a public utility.

264 (j) "Public utility" does not include an independent energy producer that is not subject to
265 regulation by the commission as a public utility under Section 54-2-201.

266 [~~(24)~~] (25) "Purchasing utility" means any electrical corporation that is required to purchase
267 electricity from small power production or cogeneration facilities pursuant to the Public
268 Utility Regulatory Policies Act, 16 U.S.C. Sec. 824a-3.

269 ~~[(25)]~~ (26) "Qualifying power producer" means a corporation, cooperative association, or
270 person, or the lessee, trustee, and receiver of the corporation, cooperative association, or
271 person, who owns, controls, operates, or manages any qualifying power production
272 facility or cogeneration facility.

273 ~~[(26)]~~ (27) "Qualifying power production facility" means a facility that:

274 (a) produces electrical energy solely by the use, as a primary energy source, of biomass,
275 waste, a renewable resource, a geothermal resource, or any combination of the
276 preceding sources;

277 (b) has a power production capacity that, together with any other facilities located at the
278 same site, is no greater than 80 megawatts; and

279 (c) is a qualifying small power production facility under federal law.

280 ~~[(27)]~~ (28) "Railroad" includes every commercial, interurban, and other railway, other than a
281 street railway, and each branch or extension of a railway, by any power operated,
282 together with all tracks, bridges, trestles, rights-of-way, subways, tunnels, stations,
283 depots, union depots, yards, grounds, terminals, terminal facilities, structures, and
284 equipment, and all other real estate, fixtures, and personal property of every kind used in
285 connection with a railway owned, controlled, operated, or managed for public service in
286 the transportation of persons or property.

287 ~~[(28)]~~ (29) "Railroad corporation" includes every corporation and person, their lessees,
288 trustees, and receivers, owning, controlling, operating, or managing any railroad for
289 public service within this state.

290 ~~[(29)]~~ (30)(a) "Sewerage corporation" includes every corporation and person, their
291 lessees, trustees, and receivers, owning, controlling, operating, or managing any
292 sewerage system for public service within this state.

293 (b) "Sewerage corporation" does not include private sewerage companies engaged in
294 disposing of sewage only for their stockholders, or towns, cities, counties,
295 conservancy districts, improvement districts, or other governmental units created or
296 organized under any general or special law of this state.

297 ~~[(30)]~~ (31) "Telegraph corporation" includes every corporation and person, their lessees,
298 trustees, and receivers, owning, controlling, operating, or managing any telegraph line
299 for public service within this state.

300 ~~[(31)]~~ (32) "Telegraph line" includes all conduits, ducts, poles, wires, cables, instruments,
301 and appliances, and all other real estate, fixtures, and personal property owned,
302 controlled, operated, or managed in connection with or to facilitate communication by

303 telegraph, whether that communication be had with or without the use of transmission
304 wires.

305 [~~(32)~~] (33) "Telephone cooperative" means a telephone corporation that:

306 (a) is a cooperative; and

307 (b) is organized for the purpose of providing telecommunications service to the
308 telephone corporation's members and the public at cost plus a reasonable rate of
309 return.

310 [~~(33)~~] (34)(a) "Telephone corporation" means any corporation or person, and their
311 lessees, trustee, receivers, or trustees appointed by any court, who owns, controls,
312 operates, manages, or resells a public telecommunications service as defined in
313 Section 54-8b-2.

314 (b) "Telephone corporation" does not mean a corporation, partnership, or firm providing:

315 (i) intrastate telephone service offered by a provider of cellular, personal
316 communication systems (PCS), or other commercial mobile radio service as
317 defined in 47 U.S.C. Sec. 332 that has been issued a covering license by the
318 Federal Communications Commission;

319 (ii) Internet service; or

320 (iii) resold intrastate toll service.

321 [~~(34)~~] (35) "Telephone line" includes all conduits, ducts, poles, wires, cables, instruments,
322 and appliances, and all other real estate, fixtures, and personal property owned,
323 controlled, operated, or managed in connection with or to facilitate communication by
324 telephone whether that communication is had with or without the use of transmission
325 wires.

326 [~~(35)~~] (36) "Transportation of persons" includes every service in connection with or
327 incidental to the safety, comfort, or convenience of the person transported, and the
328 receipt, carriage, and delivery of that person and that person's baggage.

329 [~~(36)~~] (37) "Transportation of property" includes every service in connection with or
330 incidental to the transportation of property, including in particular its receipt, delivery,
331 elevation, transfer, switching, carriage, ventilation, refrigeration, icing, dunnage,
332 storage, and hauling, and the transmission of credit by express companies.

333 [~~(37)~~] (38) "Utility-owned vehicle charging infrastructure" means all facilities, equipment,
334 and electrical systems owned and installed by a large-scale electric utility:

335 (a) on the customer's side or the large-scale electric utility's side of the electricity
336 metering equipment; and

337 (b) to facilitate utility vehicle charging service or other electric vehicle battery charging
338 service.

339 [~~(38)~~] (39) "Utility vehicle charging service" means the furnishing of electricity:

340 (a) to an electric vehicle battery charging station;

341 (b) by a public utility in whose service area the charging station is located; and

342 (c) pursuant to a duly established tariff for rates, charges, and conditions of service for
343 the electricity.

344 [~~(39)~~] (40) "Water corporation" includes every corporation and person, their lessees,
345 trustees, and receivers, owning, controlling, operating, or managing any water system
346 for public service within this state. It does not include private irrigation companies
347 engaged in distributing water only to their stockholders, or towns, cities, counties, water
348 conservancy districts, improvement districts, or other governmental units created or
349 organized under any general or special law of this state.

350 [~~(40)~~] (41)(a) "Water system" includes all reservoirs, tunnels, shafts, dams, dikes,
351 headgates, pipes, flumes, canals, structures, and appliances, and all other real estate,
352 fixtures, and personal property owned, controlled, operated, or managed in
353 connection with or to facilitate the diversion, development, storage, supply,
354 distribution, sale, furnishing, carriage, appointment, apportionment, or measurement
355 of water for power, fire protection, irrigation, reclamation, or manufacturing, or for
356 municipal, domestic, or other beneficial use.

357 (b) "Water system" does not include private irrigation companies engaged in distributing
358 water only to their stockholders.

359 [~~(41)~~] (42) "Wholesale electrical cooperative" includes every electrical corporation that is:

360 (a) in the business of the wholesale distribution of electricity it has purchased or
361 generated to its members and the public; and

362 (b) required to distribute or allocate savings in excess of additions to reserves and
363 surplus to members or patrons on the basis of patronage.

364 Section 2. Section **79-6-602** is amended to read:

365 **79-6-602 . Definitions.**

366 As used in this part:

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

369 (2)(a) "District energy system" means equipment and facilities that:

370 (i) use one or more thermal energy sources to provide:

- 371 (A) space heating;
 372 (B) hot water; or
 373 (C) space cooling; and
 374 (ii) deliver services through a distribution system.
- 375 (b) "District energy system" includes:
 376 (i) plants;
 377 (ii) equipment;
 378 (iii) distribution piping;
 379 (iv) apparatus; and
 380 (v) other facilities used to provide space heating, hot water, or space cooling.
- 381 ~~[(2)]~~ (3)(a) "Energy delivery project" means a project that is designed to:
 382 (i) increase the capacity for the delivery of energy to a user of energy inside or
 383 outside the state;
 384 (ii) increase the capability of an existing energy delivery system or related facility to
 385 deliver energy to a user of energy inside or outside the state;~~[-or]~~
 386 (iii) increase the production and delivery of geothermal energy through horizontal
 387 drilling to create injection and production wells~~[-]~~ ;or
 388 (iv) increase the capacity for recovery of thermal energy for a heating or cooling
 389 system through a district energy system.
- 390 (b) "Energy delivery project" includes:
 391 (i) a hydroelectric energy storage system;
 392 (ii) a utility-scale battery storage system;~~[-or]~~
 393 (iii) a nuclear power generation system~~[-]~~ ;or
 394 (iv) a district energy system.
- 395 ~~[(3)]~~ (4) "Emissions reduction project" means a project that is designed to reduce the
 396 emissions of an existing electrical generation facility, refinery, smelter, kiln, mineral
 397 processing facility, manufacturing facility, oil or gas production facility, or other
 398 industrial facility, by utilizing selective catalytic reduction technology, carbon capture
 399 utilization and sequestration technology, or any other emissions reduction technology or
 400 equipment.
- 401 ~~[(4)]~~ (5) "Fuel standard compliance project" means a project designed to retrofit a fuel
 402 refinery in order to make the refinery capable of producing fuel that complies with the
 403 United States Environmental Protection Agency's Tier 3 gasoline sulfur standard
 404 described in 40 C.F.R. Sec. 79.54.

- 405 ~~(5)~~ (6) "High cost infrastructure project" means:
- 406 (a) for an energy delivery project, fuel standard compliance project, mineral processing
- 407 project, or underground mine infrastructure project, a project:
- 408 (i)(A) that expands or creates new industrial, mining, manufacturing, or
- 409 agriculture activity in the state, not including a retail business;
- 410 (B) that involves new investment of at least \$50,000,000 made by an existing
- 411 industrial, mining, manufacturing, or agriculture entity located within a county
- 412 of the first or second class;
- 413 (C) that involves new investment of at least \$25,000,000 made by an existing
- 414 industrial, mining, manufacturing, or agriculture entity located within a county
- 415 of the third, fourth, fifth, or sixth class, or a municipality with a population of
- 416 10,000 or less located within a county of the second class;~~or~~
- 417 (D) that involves new investment of at least \$10,000,000 for the construction of a
- 418 plant or facility for thermal energy production of heating or cooling used in a
- 419 district energy system; or
- 420 ~~(D)~~ (E) for the construction of a plant or other facility for the storage or
- 421 production of fuel used for transportation, electricity generation, or industrial
- 422 use;
- 423 (ii) that requires or is directly facilitated by infrastructure construction; and
- 424 (iii) for which the cost of infrastructure construction to the entity creating the project
- 425 is greater than:
- 426 (A) 10% of the total cost of the project; or
- 427 (B) \$10,000,000; and
- 428 (b) for an emissions reduction project, water purification project, or water resource
- 429 forecasting project, a project:
- 430 (i) that involves:
- 431 (A) new investment of at least \$50,000,000 made by an existing industrial,
- 432 mining, manufacturing, or agriculture entity located within a county of the first
- 433 or second class; or
- 434 (B) new investment of at least \$25,000,000 made by an existing industrial,
- 435 mining, manufacturing, or agriculture entity located within a county of the
- 436 third, fourth, fifth, or sixth class, or a municipality with a population of 10,000
- 437 or less located within a county of the second class; and
- 438 (ii) that requires or is directly facilitated by infrastructure construction.

- 439 ~~[(6)]~~ (7) "Infrastructure" means:
- 440 (a) an energy delivery project;
- 441 (b) a railroad as defined in Section 54-2-1;
- 442 (c) a fuel standard compliance project;
- 443 (d) a road improvement project;
- 444 (e) a water self-supply project;
- 445 (f) a water removal system project;
- 446 (g) a solution-mined subsurface salt cavern;
- 447 (h) a project that is designed to:
- 448 (i) increase the capacity for water delivery to a water user in the state; or
- 449 (ii) increase the capability of an existing water delivery system or related facility to
- 450 deliver water to a water user in the state;
- 451 (i) an underground mine infrastructure project;
- 452 (j) an emissions reduction project;
- 453 (k) a mineral processing project;
- 454 (l) a district energy system project;
- 455 ~~[(+)]~~ (m) a water purification project; or
- 456 ~~[(m)]~~ (n) a water resource forecasting project.
- 457 ~~[(7)]~~ (8)(a) "Infrastructure cost-burdened entity" means an applicant that enters into an
- 458 agreement with the office that qualifies the applicant to receive a tax credit as
- 459 provided in this part.
- 460 (b) "Infrastructure cost-burdened entity" includes a pass-through entity taxpayer, as
- 461 defined in Section 59-10-1402, of a person described in Subsection ~~[(7)(a)]~~ (8)(a).
- 462 ~~[(8)]~~ (9) "Infrastructure-related revenue" means an amount of tax revenue, for an entity
- 463 creating a high cost infrastructure project, in a taxable year, that is directly attributable to
- 464 a high cost infrastructure project, under:
- 465 (a) Subsection 59-24-103.5(2)(e);
- 466 (b) Title 59, Chapter 5, Part 1, Oil and Gas Severance Tax;
- 467 (c) Title 59, Chapter 5, Part 2, Mining Severance Tax;
- 468 (d) Title 59, Chapter 7, Corporate Franchise and Income Taxes;
- 469 (e) Title 59, Chapter 10, Individual Income Tax Act; and
- 470 (f) Title 59, Chapter 12, Sales and Use Tax Act.
- 471 ~~[(9)]~~ (10) "Mineral processing project" means a project that is designed to:
- 472 (a) process, smelt, refine, convert, separate, or otherwise beneficiate metalliferous

- 473 minerals as defined in Section 59-5-201 or a metalliferous compound as defined in
474 Section 59-5-202;
- 475 (b) calcine limestone or manufacture cement;
- 476 (c) process, refine, or otherwise beneficiate chloride compounds, salts, potash, gypsum,
477 sulfur or sulfuric acid, ammonium nitrate, phosphate, or uintaite; or
- 478 (d) convert or gasify coal to recover chemical compounds, gases, or minerals.
- 479 ~~[(10)]~~ (11) "Office" means the Office of Energy Development created in Section 79-6-401.
- 480 ~~[(11)]~~ (12) "Tax credit" means a tax credit under Section 59-7-619 or 59-10-1034.
- 481 ~~[(12)]~~ (13) "Tax credit certificate" means a certificate issued by the office to an
482 infrastructure cost-burdened entity that:
- 483 (a) lists the name of the infrastructure cost-burdened entity;
- 484 (b) lists the infrastructure cost-burdened entity's taxpayer identification number;
- 485 (c) lists, for a taxable year, the amount of the tax credit authorized for the infrastructure
486 cost-burdened entity under this part; and
- 487 (d) includes other information as determined by the office.
- 488 ~~[(13)]~~ (14)(a) "Underground mine infrastructure project" means a project that:
- 489 (i) is designed to create permanent underground infrastructure to facilitate
490 underground mining operations; and
- 491 (ii) services multiple levels or areas of an underground mine or multiple underground
492 mines.
- 493 (b) "Underground mine infrastructure project" includes:
- 494 (i) an underground access or a haulage road, entry, ramp, or decline;
- 495 (ii) a vertical or incline mine shaft;
- 496 (iii) a ventilation shaft or an air course; or
- 497 (iv) a conveyor or a truck haulageway.
- 498 ~~[(14)]~~ (15) "Water purification project" means a project that, in order to meet applicable
499 quality standards established under Title 19, Chapter 5, Water Quality Act, is designed
500 to reduce the existing total dissolved solids or other naturally existing impurities
501 contained in water sources:
- 502 (a) located at a distance of not less than 2,000 feet below the surface;
- 503 (b) associated with existing mineral operations; or
- 504 (c) associated with deep water mining operations designed primarily for the
505 revitalization of the Great Salt Lake.
- 506 ~~[(15)]~~ (16) "Water resource forecasting project" means a project that includes a network of

507 permanent physical data collection systems designed to improve forecasting for the
508 availability of seasonal water flows within the state, including flash flooding and other
509 event-driven water flows resulting from localized severe weather events.

510 Section 3. **Effective Date.**

511 This bill takes effect on May 7, 2025.