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

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3 **LONG TITLE**4 **General Description:**

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

6 **Highlighted Provisions:**

7 This bill:

8 ▶ modifies the severance tax credit for mining exploration by:

9 • amending the definitions of exploration activity, eligible claimant, and minerals; and

10 • amending the aggregate value of tax credit certificates that may be issued;

11 ▶ authorizes a taxpayer to claim the high cost infrastructure tax credit against severance tax

12 liability instead of income tax liability;

13 ▶ creates a new severance tax credit part and moves existing tax credits to the new part;

14 ▶ addresses federal agency consultation before certain acts related to federal designations

15 and minerals; and

16 ▶ makes technical and conforming changes.

17 **Money Appropriated in this Bill:**

18 None

19 **Other Special Clauses:**

20 This bill provides retrospective operation.

21 **Utah Code Sections Affected:**

22 AMENDS:

23 **40-6-16 (Effective 05/07/25)**, as last amended by Laws of Utah 2024, Chapter 19024 **40-6-24 (Effective 05/07/25) (Retrospective 01/01/25)**, as enacted by Laws of Utah

25 2022, Chapter 108

26 **59-5-101 (Effective 05/07/25) (Retrospective 01/01/25)**, as last amended by Laws of

27 Utah 2009, Chapter 344

28 **59-5-102 (Effective 05/07/25) (Retrospective 01/01/25)**, as last amended by Laws of

29 Utah 2021, Chapter 280

30 **59-7-619 (Effective 05/07/25) (Retrospective 01/01/25)**, as last amended by Laws of

31 Utah 2023, Chapter 473  
 32 **59-10-1034 (Effective 05/07/25) (Retrospective 01/01/25)**, as last amended by Laws  
 33 of Utah 2021, Chapters 64, 280 and last amended by Coordination Clause, Laws of Utah 2021,  
 34 Chapter 280  
 35 **79-6-401 (Effective 05/07/25)**, as last amended by Laws of Utah 2024, Third Special  
 36 Session, Chapter 4  
 37 **79-6-602 (Effective 05/07/25) (Retrospective 01/01/25)**, as last amended by Laws of  
 38 Utah 2024, Chapter 192  
 39 **79-6-603 (Effective 05/07/25) (Retrospective 01/01/25)**, as last amended by Laws of  
 40 Utah 2024, Chapter 44  
 41 **79-6-604 (Effective 05/07/25) (Retrospective 01/01/25)**, as last amended by Laws of  
 42 Utah 2022, Chapter 44

43 ENACTS:

44 **59-5-301 (Effective 05/07/25) (Retrospective 01/01/25)**, Utah Code Annotated  
 45 1953  
 46 **59-5-302 (Effective 05/07/25) (Retrospective 01/01/25)**, Utah Code Annotated  
 47 1953  
 48 **59-5-303 (Effective 05/07/25) (Retrospective 01/01/25)**, Utah Code Annotated  
 49 1953  
 50 **59-5-305 (Effective 05/07/25) (Retrospective 01/01/25)**, Utah Code Annotated  
 51 1953  
 52 **63L-2-202 (Effective 05/07/25)**, Utah Code Annotated 1953

53 RENUMBERS AND AMENDS:

54 **59-5-304 (Effective 05/07/25) (Retrospective 01/01/25)**, (Renumbered from  
 55 59-5-216, as enacted by Laws of Utah 2022, Chapter 108)

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

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

59 **40-6-16 (Effective 05/07/25). Duties of division.**

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

- 61 (1) develop and implement an inspection program that will include production data,  
 62 pre-drilling checks, and site security reviews;
- 63 (2) publish a monthly production report;
- 64 (3) publish a monthly gas processing plant report;

- 65 (4) review and evaluate, before a hearing, evidence submitted with the petition to be  
 66 presented to the board;
- 67 (5) require adequate assurance of approved water rights in accordance with rules and orders  
 68 enacted under Section 40-6-5;
- 69 (6) notify the county executive of the county in which the drilling will take place in writing  
 70 of the issuance of a drilling permit;
- 71 (7) complete the verification of natural gas to hydrogen conversion plants required by  
 72 Section ~~[59-5-102]~~ 59-5-303;
- 73 (8) issue tax credit certificates in accordance with Section 40-6-24; and
- 74 (9) through the division's director, implement Title 19, Chapter 12, Pollution Control Act.

75 Section 2. Section **40-6-24** is amended to read:

76 **40-6-24 (Effective 05/07/25) (Retrospective 01/01/25). Tax credit for mining**  
 77 **exploration -- Division to issue certificates.**

78 (1) As used in this section:

79 (a)(i) "Certified expenditure" means a cost incurred for an activity in direct support of  
 80 an exploration activity conducted at a specific site.

81 (ii) "Certified expenditure" includes:

82 (A) the cost of obtaining an approval, a permit, a license, or a certificate for an  
 83 exploration activity;

84 (B) a direct labor cost and the cost of benefits for employees directly associated  
 85 with work described in Subsection (1)(a)(i);

86 (C) the cost of leasing equipment from a third party;

87 (D) the cost of owning, maintaining, or operating equipment;

88 (E) insurance and bond premiums associated with the activities described in  
 89 Subsections (1)(a)(ii)(A) through (D);

90 (F) the cost of a consultant or an independent contractor; and

91 (G) any general expense related to operating the business engaged in the  
 92 exploration activity to the extent the expense is directly attributable to the work  
 93 described in Subsection (1)(a)(i).

94 (iii) "Certified expenditure" does not include:

95 (A) return on investment; or

96 (B) insurance or bond premiums not described in Subsection (1)(a)(ii)(E).

97 ~~[(b) "Closed mine" means a mine that:]~~

98 ~~[(i) previously operated;]~~

- 99           ~~[(ii) does not currently operate; and]~~
- 100           ~~[(iii) for which each mining approval, permit, license, or certificate that allowed the~~
- 101           ~~mine to operate is no longer in effect.]~~
- 102           ~~[(e) "Construction commencement date of a new mine" means the earliest date on which~~
- 103           ~~each of the following is true:]~~
- 104           ~~[(i) the owner or owner's agent obtains for the mine each of the following that a~~
- 105           ~~reasonable and prudent person would consider adequate to commence~~
- 106           ~~construction of a mine:]~~
- 107           ~~[(A) each federal, state, or local government approval, permit, license, and~~
- 108           ~~certificate; and]~~
- 109           ~~[(B) each right in land, including each permit, lease, and title;]~~
- 110           ~~[(ii) each approval, permit, license, and certificate described in Subsection (1)(e)(i)(A)~~
- 111           ~~is in effect without any modification that might jeopardize the completion or~~
- 112           ~~continued construction of the mine; and]~~
- 113           ~~[(iii) the construction, including the continuation of construction, is not temporarily~~
- 114           ~~or permanently enjoined by an order or other decision of a court or administrative~~
- 115           ~~body.]~~
- 116           ~~[(d)]~~ (b)(i) "Eligible claimant" means a person [who] that:
- 117           ~~[(i)]~~ (A) is engaged in the business of mining or extracting minerals;
- 118           ~~[(ii)]~~ (B) is subject to a severance tax under Title 59, Chapter 5, Part 2, Mining
- 119           Severance Tax, as a direct result of minerals produced from one or more
- 120           exploration activities; and
- 121           ~~[(iii)]~~ (C) makes a certified expenditure during the taxable year.
- 122           (ii) "Eligible claimant" does not include a person in the business of mining or
- 123           extracting minerals on the Great Salt Lake from:
- 124           (A) the brines of the Great Salt Lake; or
- 125           (B) a material or secondary source, including tails, slag, waste dumps, or another
- 126           similar secondary source, derived from the brines of the Great Salt Lake.
- 127           ~~[(e)]~~ (c)(i) "Exploration activity" means an activity performed in the state for the
- 128           purpose of determining the existence, location, extent, or quality of a mineral
- 129           deposit.
- 130           (ii) "Exploration activity" includes:
- 131           (A) surveying by a geophysical method or by a geochemical method;
- 132           (B) drilling one or more exploration holes;

- 133 (C) conducting underground exploration;
- 134 (D) surface trenching or bulk sampling;
- 135 (E) taking aerial photographs;
- 136 (F) geological and geophysical logging;
- 137 (G) sample analysis;~~[-and]~~
- 138 (H) metallurgical testing~~[-]~~ ;
- 139 (I) an activity described in Subsection (1)(c)(i) that is associated with producing a
- 140 mineral from a natural deposit that is not part of a mine that exists at the time
- 141 the activity begins;
- 142 (J) an activity described in Subsection (1)(c)(i) that is associated with the
- 143 production of a mineral not under production within a mine that exists at the
- 144 time the activity begins;
- 145 (K) an activity described in Subsection (1)(c)(i) that is associated with recovering
- 146 a mineral not under production from a secondary source at the time the activity
- 147 begins, including tails, slag, waste dumps, or another similar secondary source,
- 148 whether in solution or otherwise;
- 149 (L) an activity described in Subsection (1)(c)(i) that is associated with expanding
- 150 production of a mineral using a mining method not used within a mine that
- 151 exists at the time the activity begins; or
- 152 (M) an activity described in Subsection (1)(c)(i) that is associated with expanding
- 153 existing production of a mineral that requires a new exploration or mining
- 154 permit or the modification of a permit issued before the activity begins.
- 155 [~~(iii) "Exploration activity" does not include an activity that occurs:]~~
- 156 [~~(A) after the construction commencement date of a new mine; or]~~
- 157 [~~(B) if the mine is or was a closed mine, after the mine reopening date.]~~
- 158 [~~(f)] (d) "Geochemical method" means a method of gathering geochemical data,~~
- 159 including collecting soil, rock, water, air, vegetation, or any other similar item and
- 160 performing a chemical analysis on the item.
- 161 [~~(g)] (e) "Geophysical method" means a method of gathering geophysical data that is~~
- 162 used in mineral exploration, including seismic, gravity, magnetic, radiometric, radar,
- 163 electromagnetic, and other remote sensing measurements.
- 164 [~~(h)] (f) "Mine" means the same as that term is defined in Section 59-5-201.~~
- 165 [~~(i) "Mine reopening date" means with respect to a closed mine, the earliest date on~~
- 166 ~~which each of the following is true:]~~

- 167           ~~[(i) the owner or owner's agent obtains for the closed mine each of the following that~~  
 168           ~~a reasonable and prudent person would consider adequate to begin operation of a~~  
 169           ~~closed mine:]~~
- 170           ~~[(A) each federal, state, or local government approval, permit, license, and~~  
 171           ~~certificate; and]~~
- 172           ~~[(B) each right in land, including each permit, lease, and title;]~~
- 173           ~~[(ii) each approval, permit, license, and certificate described in Subsection (1)(i)(i)(A)~~  
 174           ~~is in effect without any modification that might jeopardize resuming operation of~~  
 175           ~~the closed mine; and]~~
- 176           ~~[(iii) resuming operation of the closed mine is not temporarily or permanently~~  
 177           ~~enjoined by an order or other decision of a court or administrative body.]~~
- 178           ~~[(j)] (g) "Mineral" means:~~
- 179           ~~(i) a metalliferous mineral as defined in Section 59-5-201; or~~  
 180           ~~(ii) a metalliferous compound as defined in Section 59-5-202.~~
- 181           ~~[(k)] (h) "Tax credit certificate" means a certificate issued by the division that:~~
- 182           ~~(i) lists the eligible claimant's name and taxpayer identification number;~~  
 183           ~~(ii) lists the amount of the eligible claimant's tax credit authorized under this section~~  
 184           ~~for a taxable year; and~~
- 185           ~~(iii) includes other information as determined by the division.~~
- 186           (2) ~~[An]~~ A person that meets the definition of eligible claimant and that seeks to claim a tax  
 187           credit under Section [59-5-216] 59-5-304 for a taxable year shall apply to the division for  
 188           a tax credit certificate.
- 189           (3) The ~~[eligible claimant]~~ person shall apply for a tax credit certificate on a form [provided  
 190           by the division and approved by the State Tax Commission] the division provides and the  
 191           State Tax Commission approves.
- 192           (4) The ~~[eligible claimant]~~ person shall include in the application for a tax credit certificate  
 193           the following information for the taxable year in which the person seeks a tax credit  
 194           certificate:
- 195           ~~(a) proof that the person is an eligible claimant[ satisfies the requirements of Subsection~~  
 196           ~~(1)(d)];~~
- 197           ~~(b) a description of the mine where the exploration activity occurred;~~  
 198           ~~(c) proof of each certified expenditure, including the amount; and~~  
 199           ~~(d) any other information the division requests.~~
- 200           (5)(a) After the division receives an application for a tax credit certificate[-] :

- 201           (i) the division shall verify that the person is an eligible claimant; and  
202           (ii) for each expenditure in the application, the division shall approve the expenditure  
203                 as a certified expenditure or deny the expenditure as an expenditure that is not a  
204                 certified expenditure.
- 205         (b) If the division denies an expenditure, the division shall provide the person a written  
206                 explanation that states each reason the division denied the expenditure and give the  
207                 person an opportunity to correct any deficiency or provide additional information.
- 208         (6)(a) The tax credit certificate shall state the amount of the tax credit, which is equal to  
209                 the amount of the eligible claimant's certified expenditures as approved by the  
210                 division in accordance with Subsection (5).
- 211         (b) The division may not issue a tax credit certificate for certified expenditures related to  
212                 exploration activities at a mine if the aggregate value of tax credit certificates issued  
213                 for certified expenditures related to exploration activities at the same mine exceeds  
214                 \$20,000,000.
- 215         (c) Notwithstanding Subsection (6)(b), the division may issue a tax credit certificate up  
216                 to an aggregate value of \$30,000,000 for certified expenditures related to exploration  
217                 activities at the same mine if the certified expenditures that exceed \$20,000,000 are  
218                 for exploration activities undertaken to produce a mineral for which the United States  
219                 is greater than 50% net import reliant, as provided in the Mineral Commodity  
220                 Summaries published by the United States Geological Survey, in the calendar year in  
221                 which an exploration activity commences.
- 222         (7)(a) An eligible claimant may assign a tax credit certificate to another person if the  
223                 eligible claimant provides written notice to the division in a form [~~prescribed by~~]the  
224                 division approves, that includes:
- 225                 (i) the eligible claimant's written certification or other proof that the eligible claimant  
226                         irrevocably elects not to claim the tax credit authorized by the tax credit  
227                         certificate; and
- 228                 (ii) contact information for the person to whom the eligible claimant is assigning the  
229                         tax credit certificate.
- 230         (b) If the eligible claimant meets the requirements of Subsection (7)(a), the division shall  
231                 issue an assigned tax credit certificate to the person identified by the eligible claimant  
232                 in an amount equal to the eligible claimant's tax credit certificate.
- 233         (c) A person to whom an eligible claimant assigns a tax credit certificate may claim the  
234                 tax credit under Section [~~59-5-216~~] 59-5-304 as if the person met the requirements of

235 Section ~~[59-5-216]~~ 59-5-304, if the person files a return under Title 59, Chapter 5,  
236 Part 2, Mining Severance Tax.

237 (8) An eligible claimant that receives a tax credit certificate in accordance with this section  
238 shall retain the tax credit certificate for the same time period that a person is required to  
239 keep books and records under Section 59-1-1406.

240 (9) The division shall annually submit to the State Tax Commission an electronic list that  
241 includes:

242 (a) the name and identifying information for:

243 (i) each eligible claimant to ~~[whom]~~ which the division issues a tax credit certificate;  
244 and

245 (ii) each person to ~~[whom]~~ which an eligible claimant assigns a tax credit certificate in  
246 accordance with Subsection (7);

247 (b) for each person described in Subsection (9)(a), the amount of the tax credit stated on  
248 the tax credit certificate; and

249 (c) for each person described in Subsection (9)(a)(ii), information necessary to identify  
250 the tax credit certificate that the eligible claimant assigned to the person.

251 (10) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
252 division may make rules governing the administration of the tax credit certificate  
253 process described in this section.

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

255 **59-5-101 (Effective 05/07/25) (Retrospective 01/01/25). Definitions.**

256 As used in this part:

257 (1) "Board" means the Board of Oil, Gas, and Mining created in Section 40-6-4.

258 (2) "Coal-to-liquid" means the process of converting coal into a liquid synthetic fuel.

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

263 (4) "Crude oil" means those hydrocarbons, regardless of gravity, that occur naturally in the  
264 liquid phase in the reservoir and are produced and recovered at the wellhead in liquid  
265 form.

266 (5) "Development well" means any oil and gas producing well other than a wildcat well.

267 (6) "Division" means the Division of Oil, Gas, and Mining established under Title 40,  
268 Chapter 6, Board and Division of Oil, Gas, and Mining.



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

- 303 (14) "Oil shale" means a group of fine black to dark brown shales containing bituminous  
304 material that yields petroleum upon distillation.
- 305 (15) "Operator" means any person engaged in the business of operating an oil or gas well,  
306 regardless of whether the person is:
- 307 (a) a working interest owner;
- 308 (b) an independent contractor; or
- 309 (c) acting in a capacity similar to Subsection (15)(a) or (b) as determined by the  
310 commission by rule made in accordance with Title 63G, Chapter 3, Utah  
311 Administrative Rulemaking Act.
- 312 (16) "Owner" means any person having a working interest, royalty interest, payment out of  
313 production, or any other interest in the oil or gas produced or extracted from an oil or  
314 gas well in the state, or in the proceeds of this production.
- 315 (17)(a) Subject to Subsections (17)(b) and (c), "processing costs" means the reasonable  
316 actual costs of processing oil or gas to remove:
- 317 (i) natural gas liquids; or
- 318 (ii) contaminants.
- 319 (b) If processing costs are determined on the basis of an arm's-length contract,  
320 processing costs are the actual costs.
- 321 (c)(i) If processing costs are determined on a basis other than an arm's-length  
322 contract, processing costs are those reasonable costs associated with:
- 323 (A) actual operating and maintenance expenses, including oil or gas used or  
324 consumed in processing;
- 325 (B) overhead directly attributable and allocable to the operation and maintenance;  
326 and
- 327 (C)(I) depreciation and a return on undepreciated capital investment; or  
328 (II) a cost equal to a return on the investment in the processing facilities as  
329 determined by the commission.
- 330 (ii) Subsection (17)(c)(i) includes situations where the producer performs the  
331 processing for the producer's product.
- 332 (18) "Producer" means any working interest owner in any lands in any oil or gas field from  
333 which gas or oil is produced.
- 334 [~~(19) "Recompletion" means any downhole operation that is:~~]
- 335 [~~(a) conducted to reestablish the producibility or serviceability of a well in any geologic~~  
336 ~~interval; and]~~

- 337 ~~[(b) approved by the division as a recompletion.]~~
- 338 ~~[(20)]~~ (19) "Research and development" means the process of inquiry or experimentation  
339 aimed at the discovery of facts, devices, technologies, or applications and the process of  
340 preparing those devices, technologies, or applications for marketing.
- 341 ~~[(21)]~~ (20) "Royalty interest owner" means the owner of an interest in oil or gas, or in the  
342 proceeds of production from the oil or gas who does not have the obligation to share in  
343 the expenses of developing and operating the property.
- 344 ~~[(22)]~~ (21) "Solid hydrocarbons" means:
- 345 (a) coal;
- 346 (b) gilsonite;
- 347 (c) ozocerite;
- 348 (d) elaterite;
- 349 (e) oil shale;
- 350 (f) tar sands; and
- 351 (g) all other hydrocarbon substances that occur naturally in solid form.
- 352 ~~[(23)]~~ (22) "Stripper well" means:
- 353 (a) an oil well whose average daily production for the days the well has produced has  
354 been 20 barrels or less of crude oil a day during any consecutive 12-month period; or
- 355 (b) a gas well whose average daily production for the days the well has produced has  
356 been 60 MCF or less of natural gas a day during any consecutive 90-day period.
- 357 ~~[(24)]~~ (23) "Tar sands" means impregnated sands that yield mixtures of liquid hydrocarbon  
358 and require further processing other than mechanical blending before becoming finished  
359 petroleum products.
- 360 ~~[(25)]~~ (24)(a) Subject to Subsections ~~[(25)(b)]~~ (24)(b) and (c), "transportation costs"  
361 means the reasonable actual costs of transporting oil or gas products from the well to  
362 the point of sale.
- 363 (b) If transportation costs are determined on the basis of an arm's-length contract,  
364 transportation costs are the actual costs.
- 365 (c)(i) If transportation costs are determined on a basis other than an arm's-length  
366 contract, transportation costs are those reasonable costs associated with:
- 367 (A) actual operating and maintenance expenses, including fuel used or consumed  
368 in transporting the oil or gas;
- 369 (B) overhead costs directly attributable and allocable to the operation and  
370 maintenance; and

- 371 (C) depreciation and a return on undepreciated capital investment.
- 372 (ii) Subsection ~~[(25)(e)(i)]~~ (24)(c)(i) includes situations where the producer performs
- 373 the transportation for the producer's product.
- 374 (d) Regardless of whether transportation costs are determined on the basis of an
- 375 arm's-length contract or a basis other than an arm's-length contract, transportation
- 376 costs include:
- 377 (i) carbon dioxide removal;
- 378 (ii) compression;
- 379 (iii) dehydration;
- 380 (iv) gathering;
- 381 (v) separating;
- 382 (vi) treating; or
- 383 (vii) a process similar to Subsections ~~[(25)(d)(i)]~~ (24)(d)(i) through (vi), as determined
- 384 by the commission by rule made in accordance with Title 63G, Chapter 3, Utah
- 385 Administrative Rulemaking Act.
- 386 ~~[(26)]~~ (25) "Tribe" means the Ute Indian Tribe of the Uintah and Ouray Reservation.
- 387 ~~[(27)]~~ (26) "Well~~[-or wells]~~" means any extractive means from which oil or gas is produced
- 388 or extracted, located within an oil or gas field, and operated by one person.
- 389 ~~[(28)]~~ (27) "Wildcat well" means an oil and gas producing well which is drilled and
- 390 completed in a pool, as defined under Section 40-6-2, in which a well has not been
- 391 previously completed as a well capable of producing in commercial quantities.
- 392 ~~[(29)]~~ (28) "Working interest owner" means the owner of an interest in oil or gas burdened
- 393 with a share of the expenses of developing and operating the property.
- 394 ~~[(30)(a)]~~ "Workover" means any downhole operation that is:
- 395 [(i) conducted to sustain, restore, or increase the producibility or serviceability of a
- 396 well in the geologic intervals in which the well is currently completed; and]
- 397 [(ii) approved by the division as a workover.]
- 398 ~~[(b)]~~ "Workover" does not include operations that are conducted primarily as routine
- 399 maintenance or to replace worn or damaged equipment.]
- 400 Section 4. Section **59-5-102** is amended to read:
- 401 **59-5-102 (Effective 05/07/25) (Retrospective 01/01/25). Definitions --**
- 402 **Severance tax -- Computation -- Rate -- Annual exemption -- Tax rate reduction.**
- 403 (1) As used in this section:
- 404 [(a) "Division" means the Division of Oil, Gas, and Mining created in Section 40-6-15.]

- 405 ~~[(b)]~~ "Office" means the Office of Energy Development created in Section 79-6-401.]
- 406 ~~[(e)]~~ (a) "Royalty rate" means the percentage of the interests described in Subsection
- 407 (2)(b)(i) as defined by a contract between the United States, the state, an Indian, or an
- 408 Indian tribe and the oil or gas producer.
- 409 ~~[(d)]~~ (b) "Taxable value" means the total value of the oil or gas minus:
- 410 (i) any royalties paid to, or the value of oil or gas taken in kind by, the interest
- 411 holders described in Subsection (2)(b)(i); and
- 412 (ii) the total value of oil or gas exempt from severance tax under Subsection (2)(b)(ii).
- 413 ~~[(e)]~~ (c) "Taxable volume" means:
- 414 (i) for oil, the total volume of barrels minus:
- 415 (A) for an interest described in Subsection (2)(b)(i), the product of the royalty rate
- 416 and the total volume of barrels; and
- 417 (B) the number of barrels that are exempt under Subsection (2)(b)(ii); and
- 418 (ii) for natural gas, the total volume of MCFs minus:
- 419 (A) for an interest described in Subsection (2)(b)(i), the product of the royalty rate
- 420 and the total volume of MCFs; and
- 421 (B) the number of MCFs that are exempt under Subsection (2)(b)(ii).
- 422 ~~[(f)]~~ (d) "Total value" means the value, as determined by Section 59-5-103.1, of all oil or
- 423 gas that is:
- 424 (i) produced; and
- 425 (ii)(A) saved;
- 426 (B) sold; or
- 427 (C) transported from the field where the oil or gas was produced.
- 428 ~~[(g)]~~ (e) "Total volume" means:
- 429 (i) for oil, the number of barrels:
- 430 (A) produced; and
- 431 (B)(I) saved;
- 432 (II) sold; or
- 433 (III) transported from the field where the oil was produced; and
- 434 (ii) for natural gas, the number of MCFs:
- 435 (A) produced; and
- 436 (B)(I) saved;
- 437 (II) sold; or
- 438 (III) transported from the field where the natural gas was produced.

439        [~~h~~] (f) "Value of oil or gas taken in kind" means the volume of oil or gas taken in kind  
440            multiplied by the market price for oil or gas at the location where the oil or gas was  
441            produced on the date the oil or gas was taken in kind.

442 (2)(a) Except as provided in Subsection (2)(b), a person owning an interest in oil or gas  
443        produced from a well in the state, including a working interest, royalty interest,  
444        payment out of production, or any other interest, or in the proceeds of the production  
445        of oil or gas, shall pay to the state a severance tax on the owner's interest in the  
446        taxable value of the oil or gas:

447            (i) produced; and

448            (ii)(A) saved;

449                    (B) sold; or

450                    (C) transported from the field where the substance was produced.

451 (b) The severance tax imposed by Subsection (2)(a) does not apply to:

452        (i) an interest of:

453            (A) the United States in oil or gas or in the proceeds of the production of oil or gas;

454            (B) the state or a political subdivision of the state in oil or gas or in the proceeds  
455            of the production of oil or gas; and

456            (C) an Indian or Indian tribe as defined in Section 9-9-101 in oil or gas or in the  
457            proceeds of the production of oil or gas produced from land under the  
458            jurisdiction of the United States; and

459        (ii) the value of:

460            (A) oil or gas produced from stripper wells, unless the exemption prevents the  
461            severance tax from being treated as a deduction for federal tax purposes;

462            (B) oil or gas produced in the first 12 months of production for wildcat wells  
463            started after January 1, 1990; and

464            (C) oil or gas produced in the first six months of production for development wells  
465            started after January 1, 1990.

466 (3)(a) The severance tax on oil shall be calculated as follows:

467        (i) dividing the taxable value by the taxable volume;

468        (ii)(A) multiplying the rate described in Subsection (4)(a)(i) by the portion of the  
469        figure calculated in Subsection (3)(a)(i) that is subject to the rate described in  
470        Subsection (4)(a)(i); and

471        (B) multiplying the rate described in Subsection (4)(a)(ii) by the portion of the  
472        figure calculated in Subsection (3)(a)(i) that is subject to the rate described in

- 473                    Subsection (4)(a)(ii);
- 474                    (iii) adding together the figures calculated in Subsections (3)(a)(ii)(A) and (B); and
- 475                    (iv) multiplying the figure calculated in Subsection (3)(a)(iii) by the taxable volume.
- 476                    (b) The severance tax on natural gas shall be calculated as follows:
- 477                    (i) dividing the taxable value by the taxable volume;
- 478                    (ii)(A) multiplying the rate described in Subsection (4)(b)(i) by the portion of the
- 479                    figure calculated in Subsection (3)(b)(i) that is subject to the rate described in
- 480                    Subsection (4)(b)(i); and
- 481                    (B) multiplying the rate described in Subsection (4)(b)(ii) by the portion of the
- 482                    figure calculated in Subsection (3)(b)(i) that is subject to the rate described in
- 483                    Subsection (4)(b)(ii);
- 484                    (iii) adding together the figures calculated in Subsections (3)(b)(ii)(A) and (B); and
- 485                    (iv) multiplying the figure calculated in Subsection (3)(b)(iii) by the taxable volume.
- 486                    (c) The severance tax on natural gas liquids shall be calculated by multiplying the
- 487                    taxable value of the natural gas liquids by the severance tax rate in Subsection (4)(c).
- 488                    (4) Subject to Subsection [~~(9)~~] (7):
- 489                    (a) the severance tax rate for oil is as follows:
- 490                    (i) 3% of the taxable value of the oil up to and including the first \$13 per barrel for
- 491                    oil; and
- 492                    (ii) 5% of the taxable value of the oil from \$13.01 and above per barrel for oil;
- 493                    (b) the severance tax rate for natural gas is as follows:
- 494                    (i) 3% of the taxable value of the natural gas up to and including the first \$1.50 per
- 495                    MCF for gas; and
- 496                    (ii) 5% of the taxable value of the natural gas from \$1.51 and above per MCF for gas;
- 497                    and
- 498                    (c) the severance tax rate for natural gas liquids is 4% of the taxable value of the natural
- 499                    gas liquids.
- 500                    (5) If oil or gas is shipped outside the state:
- 501                    (a) the shipment constitutes a sale; and
- 502                    (b) the oil or gas is subject to the tax imposed by this section.
- 503                    (6)(a) Except as provided in Subsection (6)(b), if the oil or gas is stockpiled, the tax is
- 504                    not imposed until the oil or gas is:
- 505                    (i) sold;
- 506                    (ii) transported; or

- 507 (iii) delivered.
- 508 (b) If oil or gas is stockpiled for more than two years, the oil or gas is subject to the tax  
509 imposed by this section.
- 510 ~~[(7)(a) Subject to other provisions of this Subsection (7), a taxpayer that pays for all or~~  
511 ~~part of the expenses of a recompletion or workover may claim a nonrefundable tax~~  
512 ~~credit equal to the amount stated on a tax credit certificate that the office issues to the~~  
513 ~~taxpayer.]~~
- 514 ~~[(b) The maximum tax credit per taxpayer per well in a calendar year is the lesser of:]~~
- 515 ~~[(i) 20% of the taxpayer's payment of expenses of a well recompletion or workover~~  
516 ~~during the calendar year; and]~~
- 517 ~~[(ii) \$30,000.]~~
- 518 ~~[(c) A taxpayer may carry forward a tax credit allowed under this Subsection (7) for the~~  
519 ~~next three calendar years if the tax credit exceeds the taxpayer's tax liability under~~  
520 ~~this part for the calendar year in which the taxpayer claims the tax credit.]~~
- 521 ~~[(d)(i) To claim a tax credit under this Subsection (7), a taxpayer shall follow the~~  
522 ~~procedures and requirements of this Subsection (7)(d).]~~
- 523 ~~[(ii) The taxpayer shall prepare a summary of the taxpayer's expenses of a well~~  
524 ~~recompletion or workover during the calendar year that the well recompletion or~~  
525 ~~workover is completed.]~~
- 526 ~~[(iii) An independent certified public accountant shall:]~~
- 527 ~~[(A) review the summary from the taxpayer; and]~~
- 528 ~~[(B) provide a report on the accuracy and validity of the amount of expenses of a~~  
529 ~~well recompletion or workover that the taxpayer included in the summary, in~~  
530 ~~accordance with the agreed upon procedures.]~~
- 531 ~~[(iv) The taxpayer shall submit the taxpayer's summary and the independent certified~~  
532 ~~public accountant's report to the division to verify that the expenses certified by~~  
533 ~~the independent certified public accountant are well recompletion or workover~~  
534 ~~expenses.]~~
- 535 ~~[(v) The division shall return to the taxpayer:]~~
- 536 ~~[(A) the taxpayer's summary;]~~
- 537 ~~[(B) the report by the independent certified public accountant; and]~~
- 538 ~~[(C) a report by the division that includes the amount of approved well~~  
539 ~~recompletion or workover expenses.]~~
- 540 ~~[(vi) The taxpayer shall apply to the office for a tax credit certificate to receive a~~



541 written certification, on a form approved by the commission, that includes:]

542 [~~(A) the amount of the taxpayer's payments of expenses of a well recompletion or~~

543 ~~workover during the calendar year; and]~~

544 [~~(B) the amount of the taxpayer's tax credit.]~~

545 [~~(vii) A taxpayer that receives a tax credit certificate shall retain the tax credit~~

546 ~~certificate for the same time period that a person is required to keep books and~~

547 ~~records under Section 59-1-1406.]~~

548 [(e) The office shall submit to the commission an electronic list that includes:]

549 [(i) the name and identifying information of each taxpayer to which the office issues

550 a tax credit certificate; and]

551 [(ii) for each taxpayer, the amount of the tax credit listed on the tax credit certificate.]

552 [(f) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act:]

553 [(i) the office may make rules to govern the application process for receiving a tax

554 credit certificate under this Subsection (7); and]

555 [(ii) the division shall make rules to establish the agreed upon procedures described

556 in Subsection (7)(d)(iii).]

557 [(8)(a) Subject to the other provisions of this Subsection (8), a taxpayer may claim a tax

558 credit against a severance tax owing on natural gas under this section if:]

559 [(i) the taxpayer is required to pay a severance tax on natural gas under this section;]

560 [(ii) the taxpayer owns or operates a plant in the state that converts natural gas to

561 hydrogen fuel; and]

562 [(iii) all of the natural gas for which the taxpayer owes a severance tax under this

563 section is used for the production in the state of hydrogen fuel for use in zero

564 emission motor vehicles.]

565 [(b) The taxpayer may claim a tax credit equal to the lesser of:]

566 [(i) the amount of tax that the taxpayer owes under this section; and]

567 [(ii) \$5,000,000.]

568 [(e)(i) To claim a tax credit under this Subsection (8), a taxpayer shall follow the

569 procedures and requirements of this Subsection (8)(c).]

570 [(ii) The taxpayer shall request that the division verify that the taxpayer owns or

571 operates a plant in this state:]

572 [(A) that converts natural gas to hydrogen fuel; and]

573 [(B) at which all natural gas is converted to hydrogen fuel for use in zero emission

574 motor vehicles.]

575 ~~[(d) The division shall submit to the commission an electronic list that includes the name~~  
 576 ~~and identifying information of each taxpayer for which the division completed the~~  
 577 ~~verification described in Subsection (8)(e).]~~

578 ~~[(9)] (7)~~ A 50% reduction in the tax rate is imposed upon the incremental production  
 579 achieved from an enhanced recovery project.

580 ~~[(10)] (8)~~ The taxes imposed by this section are:

581 (a) in addition to all other taxes provided by law; and

582 (b) delinquent, unless otherwise deferred, on June 1 following the calendar year when  
 583 the oil or gas is:

584 (i) produced; and

585 (ii)(A) saved;

586 (B) sold; or

587 (C) transported from the field.

588 ~~[(11)] (9)~~ With respect to the tax imposed by this section on each owner of an interest in the  
 589 production of oil or gas or in the proceeds of the production of oil or gas in the state,  
 590 each owner is liable for the tax in proportion to the owner's interest in the production or  
 591 in the proceeds of the production.

592 ~~[(12)] (10)~~ The tax imposed by this section shall be reported and paid by each producer that  
 593 takes oil or gas in kind pursuant to an agreement on behalf of the producer and on behalf  
 594 of each owner entitled to participate in the oil or gas sold by the producer or transported  
 595 by the producer from the field where the oil or gas is produced.

596 ~~[(13)] (11)~~ Each producer shall deduct the tax imposed by this section from the amounts due  
 597 to other owners for the production or the proceeds of the production.

598 Section 5. Section **59-5-301** is enacted to read:

599 **Part 3. Tax Credits**

600 **59-5-301 (Effective 05/07/25) (Retrospective 01/01/25). Definitions.**

601 As used in this part:

602 (1) "Division" means the Division of Oil, Gas, and Mining established under Title 40,

603 Chapter 6, Board and Division of Oil, Gas, and Mining.

604 (2) "High cost infrastructure project" means the same as that term is defined in Section  
 605 79-6-602.

606 (3) "Infrastructure cost-burdened entity" means the same as that term is defined in Section  
 607 79-6-602.

608 (4) "Infrastructure-related revenue" means the same as that term is defined in Section

- 609        79-6-602.
- 610        (5) "Natural gas" means the same as that term is defined in Section 59-5-101.
- 611        (6) "Natural gas liquids" means the same as that term is defined in Section 59-5-101.
- 612        (7) "Office" means the Office of Energy Development created in Section 79-6-401.
- 613        (8) "Recompletion" means any downhole operation that is:
- 614            (a) conducted to reestablish the producibility or serviceability of a well in any geologic
- 615            interval; and
- 616            (b) approved by the division as a recompletion.
- 617        (9) "Well" means the same as that term is defined in Section 59-5-101.
- 618        (10)(a) "Workover" means any downhole operation that is:
- 619            (i) conducted to sustain, restore, or increase the producibility or serviceability of a
- 620            well in the geologic intervals in which the well is currently completed; and
- 621            (ii) approved by the division as a workover.
- 622            (b) "Workover" does not include operations that are conducted primarily as routine
- 623            maintenance or to replace worn or damaged equipment.
- 624        Section 6. Section **59-5-302** is enacted to read:
- 625            **59-5-302 (Effective 05/07/25) (Retrospective 01/01/25). Tax credit for**
- 626 **recompletion or workover.**
- 627        (1) A taxpayer that pays for all or part of the expenses of a recompletion or workover may
- 628        claim a nonrefundable tax credit against taxes due under Section 59-5-102 equal to the
- 629        amount stated on a tax credit certificate that the office issues to the taxpayer.
- 630        (2) The maximum tax credit per taxpayer per well in a calendar year is the lesser of:
- 631            (a) 20% of the taxpayer's payment of expenses of a well recompletion or workover
- 632            during the calendar year; and
- 633            (b) \$30,000.
- 634        (3) A taxpayer may carry forward a tax credit allowed under this section for the next three
- 635        calendar years if the tax credit exceeds the taxpayer's tax liability under Section 59-5-102
- 636        for the calendar year in which the taxpayer claims the tax credit.
- 637        (4)(a) To claim a tax credit, a taxpayer shall follow the procedures and requirements of
- 638        this Subsection (4).
- 639            (b) The taxpayer shall prepare a summary of the taxpayer's expenses of a recompletion
- 640            or workover during the calendar year that the taxpayer completed the recompletion or
- 641            workover.
- 642            (c) An independent certified public accountant shall:

- 643           (i) review the summary from the taxpayer; and
- 644           (ii) provide a report on the accuracy and validity of the amount of expenses of a
- 645                     recompletion or workover that the taxpayer included in the summary, in
- 646                     accordance with the agreed upon procedures.
- 647       (d) The taxpayer shall submit the taxpayer's summary and the independent certified
- 648             public accountant's report to the division to verify that the expenses certified by the
- 649             independent certified public accountant are recompletion or workover expenses.
- 650       (e) The division shall return to the taxpayer:
- 651           (i) the taxpayer's summary;
- 652           (ii) the report by the independent certified public accountant; and
- 653           (iii) a report by the division that includes the amount of approved recompletion or
- 654                     workover expenses.
- 655       (f) The taxpayer shall apply to the office for a tax credit certificate to receive a written
- 656             certification, on a form the commission approves, that includes:
- 657           (i) the amount of the taxpayer's payments of expenses of a recompletion or workover
- 658                     during the calendar year; and
- 659           (ii) the amount of the taxpayer's tax credit.
- 660       (g) A taxpayer that receives a tax credit certificate shall retain the tax credit certificate
- 661             for the same time period that a person is required to keep books and records under
- 662             Section 59-1-1406.
- 663       (5) The office shall submit to the commission an electronic list that includes:
- 664           (a) the name and identifying information of each taxpayer to which the office issues a
- 665                     tax credit certificate; and
- 666           (b) for each taxpayer, the amount of the tax credit listed on the tax credit certificate.
- 667       (6) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act:
- 668           (a) the office may make rules to govern the application process for receiving a tax credit
- 669                     certificate; and
- 670           (b) the division shall make rules to establish the agreed upon procedures described in
- 671                     Subsection (4).
- 672       Section 7. Section **59-5-303** is enacted to read:
- 673           **59-5-303 (Effective 05/07/25) (Retrospective 01/01/25). Tax credit for**
- 674       **natural gas converted to hydrogen fuel.**
- 675       (1) A taxpayer may claim a tax credit against a severance tax owing on natural gas under
- 676             Section 59-5-102 if:

- 677 (a) the taxpayer is required to pay a severance tax on natural gas under Section 59-5-102;  
 678 (b) the taxpayer owns or operates a plant in the state that converts natural gas to  
 679 hydrogen fuel; and  
 680 (c) all of the natural gas for which the taxpayer owes a severance tax under Section  
 681 59-5-102 is used for the production in the state of hydrogen fuel for use in zero  
 682 emission motor vehicles.

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

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

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

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

690 (i) that converts natural gas to hydrogen fuel; and

691 (ii) at which all natural gas is converted to hydrogen fuel for use in zero emission  
 692 motor vehicles.

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

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

698 **[59-5-216] 59-5-304 (Effective 05/07/25) (Retrospective 01/01/25). Tax credit**  
 699 **for mining exploration.**

700 (1) As used in this section:

701 (a) "Eligible claimant" means a person:

702 (i) ~~[who]~~ that is an eligible claimant as defined in Section 40-6-24 and obtains a tax  
 703 credit certificate; or

704 (ii) to whom a person described in Subsection (1)(a)(i) assigns a tax credit certificate  
 705 and obtains an assigned tax credit certificate in accordance with Section 40-6-24.

706 (b) "Tax credit certificate" means the same as that term is defined in Section 40-6-24.

707 (2) Subject to Subsection (3), an eligible claimant may claim a nonrefundable tax credit  
 708 against severance tax otherwise due under ~~[this part]~~ Part 2, Mining Severance Tax, in an  
 709 amount equal to the amount stated on the tax credit certificate for the taxable year.

710 (3) An eligible claimant may not claim in any taxable year a credit under this section that

711 exceeds 30% of the eligible claimant's severance tax liability for the taxable year.  
712 (4) An eligible claimant may carry forward to the next 15 taxable years the amount of the  
713 eligible claimant's tax credit that exceeds the amount described in Subsection (3).

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

715 **59-5-305 (Effective 05/07/25) (Retrospective 01/01/25). High cost**  
716 **infrastructure tax credit.**

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

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

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

727 (3) An infrastructure cost-burdened entity may carry forward a tax credit under this section  
728 for a period that does not exceed the next seven taxable years if the amount of the  
729 severance tax credit exceeds the infrastructure cost-burdened entity's tax liability under  
730 this chapter for that taxable year.

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

732 **59-7-619 (Effective 05/07/25) (Retrospective 01/01/25). Nonrefundable high**  
733 **cost infrastructure development tax credit.**

734 (1) As used in this section:

735 (a) "High cost infrastructure project" means the same as that term is defined in Section  
736 79-6-602.

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

739 (c) "Infrastructure-related revenue" means the same as that term is defined in Section  
740 79-6-602.

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

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

- 745        (b) A corporation that is an infrastructure cost-burdened entity may not claim a tax credit  
746        under this section and under Section 59-5-305 using the same tax credit certificate.
- 747        (3) The tax credit under this section is the amount listed as the tax credit amount on a tax  
748        credit certificate that the office issues under Title 79, Chapter 6, Part 6, High Cost  
749        Infrastructure Development Tax Credit Act, to the infrastructure cost-burdened entity for  
750        the taxable year.
- 751        (4) An infrastructure cost-burdened entity may carry forward a tax credit under this section  
752        for a period that does not exceed the next seven taxable years if:
- 753        (a) the infrastructure cost-burdened entity is allowed to claim a tax credit under this  
754        section for a taxable year; and
- 755        (b) the amount of the tax credit exceeds the infrastructure cost-burdened entity's tax  
756        liability under this chapter for that taxable year.
- 757        (5)(a) In accordance with Section 59-7-159, the Revenue and Taxation Interim  
758        Committee shall study the tax credit allowed by this section and make  
759        recommendations concerning whether the tax credit should be continued, modified,  
760        or repealed.
- 761        (b)(i) Except as provided in Subsection (5)(b)(ii), for purposes of the study required  
762        by this Subsection (5), the office shall provide the following information, if  
763        available to the office, to the Office of the Legislative Fiscal Analyst:
- 764                (A) the amount of tax credit that the office grants to each infrastructure  
765                cost-burdened entity for each taxable year;
- 766                (B) the infrastructure-related revenue generated by each high cost infrastructure  
767                project;
- 768                (C) the information contained in the office's latest report under Section 79-6-605;  
769                and
- 770                (D) any other information that the Office of the Legislative Fiscal Analyst  
771                requests.
- 772        (ii)(A) In providing the information described in Subsection (5)(b)(i), the office  
773        shall redact information that identifies a recipient of a tax credit under this  
774        section.
- 775                (B) If, notwithstanding the redactions made under Subsection (5)(b)(ii)(A),  
776                reporting the information described in Subsection (5)(b)(i) might disclose the  
777                identity of a recipient of a tax credit, the office may file a request with the  
778                Revenue and Taxation Interim Committee to provide the information described

779 in Subsection (5)(b)(i) in the aggregate for all infrastructure cost-burdened  
780 entities that receive the tax credit under this section.

781 (c) As part of the study required by this Subsection (5), the Office of the Legislative  
782 Fiscal Analyst shall report to the Revenue and Taxation Interim Committee a  
783 summary and analysis of the information provided to the Office of the Legislative  
784 Fiscal Analyst by the office under Subsection (5)(b).

785 (d) The Revenue and Taxation Interim Committee shall ensure that the  
786 recommendations described in Subsection (5)(a) include an evaluation of:

- 787 (i) the cost of the tax credit to the state;  
788 (ii) the purpose and effectiveness of the tax credit; and  
789 (iii) the extent to which the state benefits from the tax credit.

790 (6) Notwithstanding Section 59-7-903, the commission may not remove the tax credit  
791 described in this section from the tax return for a taxable year beginning before January  
792 1, 2027.

793 Section 11. Section **59-10-1034** is amended to read:

794 **59-10-1034 (Effective 05/07/25) (Retrospective 01/01/25). Nonrefundable**  
795 **high cost infrastructure development tax credit.**

796 (1) As used in this section:

797 (a) "High cost infrastructure project" means the same as that term is defined in Section  
798 79-6-602.

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

801 (c) "Infrastructure-related revenue" means the same as that term is defined in Section  
802 79-6-602.

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

804 (2)(a) Subject to the other provisions of this section, a claimant, estate, or trust that is an  
805 infrastructure cost-burdened entity may claim a nonrefundable tax credit for  
806 development of a high cost infrastructure project as provided in this section.

807 (b) A claimant, estate, or trust that is an infrastructure cost-burdened entity may not  
808 claim a tax credit under this section and under Section 59-5-305 using the same tax  
809 credit certificate.

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



- 813 the taxable year.
- 814 (4) An infrastructure cost-burdened entity may carry forward a tax credit under this section  
815 for a period that does not exceed the next seven taxable years if:
- 816 (a) the infrastructure cost-burdened entity is allowed to claim a tax credit under this  
817 section for a taxable year; and
- 818 (b) the amount of the tax credit exceeds the infrastructure cost-burdened entity's tax  
819 liability under this chapter for that taxable year.
- 820 (5)(a) In accordance with Section 59-10-137, the Revenue and Taxation Interim  
821 Committee shall study the tax credit allowed by this section and make  
822 recommendations concerning whether the tax credit should be continued, modified,  
823 or repealed.
- 824 (b)(i) Except as provided in Subsection (5)(b)(ii), for purposes of the study required  
825 by this Subsection (5), the office shall provide the following information, if  
826 available to the office, to the Office of the Legislative Fiscal Analyst:
- 827 (A) the amount of tax credit that the office grants to each infrastructure  
828 cost-burdened entity for each taxable year;
- 829 (B) the infrastructure-related revenue generated by each high cost infrastructure  
830 project;
- 831 (C) the information contained in the office's latest report under Section 79-6-605;  
832 and
- 833 (D) any other information that the Office of the Legislative Fiscal Analyst  
834 requests.
- 835 (ii)(A) In providing the information described in Subsection (5)(b)(i), the office  
836 shall redact information that identifies a recipient of a tax credit under this  
837 section.
- 838 (B) If, notwithstanding the redactions made under Subsection (5)(b)(ii)(A),  
839 reporting the information described in Subsection (5)(b)(i) might disclose the  
840 identity of a recipient of a tax credit, the office may file a request with the  
841 Revenue and Taxation Interim Committee to provide the information described  
842 in Subsection (5)(b)(i) in the aggregate for all infrastructure cost-burdened  
843 entities that receive the tax credit under this section.
- 844 (c) As part of the study required by this Subsection (5), the Office of the Legislative  
845 Fiscal Analyst shall report to the Revenue and Taxation Interim Committee a  
846 summary and analysis of the information provided to the Office of the Legislative

- 847 Fiscal Analyst by the office under Subsection (5)(b).
- 848 (d) The Revenue and Taxation Interim Committee shall ensure that the
- 849 recommendations described in Subsection (5)(a) include an evaluation of:
- 850 (i) the cost of the tax credit to the state;
- 851 (ii) the purpose and effectiveness of the tax credit; and
- 852 (iii) the extent to which the state benefits from the tax credit.

853 Section 12. Section **63L-2-202** is enacted to read:

854 **63L-2-202 (Effective 05/07/25). Federal impacts related to critical mineral**  
 855 **deposits.**

856 (1) As used in this section:

- 857 (a) "Critical mineral deposit" means a deposit of a mineral, element, substance, or  
 858 material designated as critical by the Secretary of the Interior in accordance with 30  
 859 U.S.C. Sec. 1606.
- 860 (b) "Federal designation" means the designation of a:
- 861 (i) national monument;
- 862 (ii) national conservation area;
- 863 (iii) wilderness area or wilderness study area;
- 864 (iv) area of critical environmental concern;
- 865 (v) research natural area; or
- 866 (vi) national recreation area.

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

871 Section 13. Section **79-6-401** is amended to read:

872 **79-6-401 (Effective 05/07/25). Office of Energy Development -- Creation --**  
 873 **Director -- Purpose -- Rulemaking regarding confidential information -- Fees --**  
 874 **Transition for employees.**

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

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

879 (b) The director shall have demonstrated the necessary administrative and professional  
 880 ability through education and experience to efficiently and effectively manage the

- 881 office's affairs.
- 882 (3) The purposes of the office are to:
- 883 (a) serve as the primary resource for advancing energy and mineral development in the
- 884 state;
- 885 (b) implement:
- 886 (i) the state energy policy under Section 79-6-301; and
- 887 (ii) the governor's energy and mineral development goals and objectives;
- 888 (c) advance energy education, outreach, and research, including the creation of
- 889 elementary, higher education, and technical college energy education programs;
- 890 (d) promote energy and mineral development workforce initiatives;
- 891 (e) support collaborative research initiatives targeted at Utah-specific energy and
- 892 mineral development;
- 893 (f) in coordination with the Department of Environmental Quality and other relevant
- 894 state agencies:
- 895 (i) develop effective policy strategies to advocate for and protect the state's interests
- 896 relating to federal energy and environmental entities, programs, and regulations;
- 897 (ii) participate in the federal environmental rulemaking process by:
- 898 (A) advocating for positive reform of federal energy and environmental
- 899 regulations and permitting;
- 900 (B) coordinating with other states to develop joint advocacy strategies; and
- 901 (C) conducting other government relations efforts; and
- 902 (iii) direct the funding of legal efforts to combat federal overreach and unreasonable
- 903 delays regarding energy and environmental permitting; and
- 904 (g) fund the development of detailed and accurate forecasts of the state's long-term
- 905 energy supply and demand, including a baseline projection of expected supply and
- 906 demand and analysis of potential alternative scenarios.
- 907 (4) By following the procedures and requirements of Title 63J, Chapter 5, Federal Funds
- 908 Procedures Act, the office may:
- 909 (a) seek federal grants or loans;
- 910 (b) seek to participate in federal programs; and
- 911 (c) in accordance with applicable federal program guidelines, administer federally
- 912 funded state energy programs.
- 913 (5) The office shall perform the duties required by Sections 11-42a-106, ~~[59-5-102]~~ 59-5-302,
- 914 59-7-614.7, 59-10-1029, Part 5, Alternative Energy Development Tax Credit Act, and

- 915 Part 6, High Cost Infrastructure Development Tax Credit Act.
- 916 (6)(a) For purposes of administering this section, the office may make rules, by  
917 following Title 63G, Chapter 3, Utah Administrative Rulemaking Act, to maintain as  
918 confidential, and not as a public record, information that the office receives from any  
919 source.
- 920 (b) The office shall maintain information the office receives from any source at the level  
921 of confidentiality assigned by the source.
- 922 (7) The office may charge application, filing, and processing fees in amounts determined by  
923 the office in accordance with Section 63J-1-504 as dedicated credits for performing  
924 office duties described in this part.
- 925 (8)(a) An employee of the office on April 30, 2024, is an at-will employee.
- 926 (b) For an employee described in Subsection (8)(a) who was employed by the office on  
927 April 30, 2024, the employee shall have the same salary and benefit options an  
928 employee had when the office was part of the office of the governor.
- 929 (c) An employee of the office hired on or after May 1, 2024, shall receive compensation  
930 as provided in Title 63A, Chapter 17, Utah State Personnel Management Act.
- 931 (9)(a) The office shall prepare a strategic energy plan to achieve the state's energy  
932 policy, including:
- 933 (i) technological and infrastructure innovation needed to meet future energy demand  
934 including:
- 935 (A) energy production technologies;
- 936 (B) battery and storage technologies;
- 937 (C) smart grid technologies;
- 938 (D) energy efficiency technologies; and
- 939 (E) any other developing energy technology, energy infrastructure planning, or  
940 investments that will assist the state in meeting energy demand;
- 941 (ii) the state's efficient use and development of:
- 942 (A) energy resources, including natural gas, coal, clean coal, hydrogen, oil, oil  
943 shale, and oil sands;
- 944 (B) renewable energy resources, including geothermal, solar, hydrogen, wind,  
945 biomass, biofuel, and hydroelectric;
- 946 (C) nuclear power; and
- 947 (D) earth minerals;
- 948 (iii) areas of energy-related academic research;

- 949 (iv) specific areas of workforce development necessary for an evolving energy  
950 industry;
- 951 (v) the development of partnerships with national laboratories; and  
952 (vi) a proposed state budget for economic development and investment.
- 953 (b) In preparing the strategic energy plan, the office shall:
- 954 (i) consult with stakeholders, including representatives from:
- 955 (A) energy companies in the state;  
956 (B) private and public institutions of higher education within the state conducting  
957 energy-related research; and  
958 (C) other state agencies; and
- 959 (ii) use modeling and industry standard data to:
- 960 (A) define the energy services required by a growing economy;  
961 (B) calculate energy needs;  
962 (C) develop state strategy for energy transportation, including transmission lines,  
963 pipelines, and other infrastructure needs;  
964 (D) optimize investments to meet energy needs at the least cost and least risk  
965 while meeting the policy outlined in this section;  
966 (E) address state needs and investments through a prospective 30-year period,  
967 divided into five-year working plans; and  
968 (F) update the plan at least every two years.
- 969 (c) The office shall report annually to the Public Utilities, Energy, and Technology  
970 Interim Committee on or before the October interim meeting describing:
- 971 (i) progress towards creation and implementation of the strategic energy plan;  
972 (ii) the plan's compliance with the state energy policy; and  
973 (iii) a proposed budget for the office to continue development of the strategic energy  
974 plan.
- 975 (10) The director shall:
- 976 (a) annually review and propose updates to the state's energy policy, as contained in  
977 Section 79-6-301;
- 978 (b) promote as the governor considers necessary:
- 979 (i) the development of cost-effective energy resources both renewable and  
980 nonrenewable; and  
981 (ii) educational programs, including programs supporting conservation and energy  
982 efficiency measures;

- 983 (c) coordinate across state agencies to assure consistency with state energy policy,  
984 including:
- 985 (i) working with the State Energy Program to promote access to federal assistance for  
986 energy-related projects for state agencies and members of the public;
- 987 (ii) working with the Division of Emergency Management to assist the governor in  
988 carrying out the governor's energy emergency powers under Title 53, Chapter 2a,  
989 Part 10, Energy Emergency Powers of the Governor Act;
- 990 (iii) participating in the annual review of the energy emergency plan and the  
991 maintenance of the energy emergency plan and a current list of contact persons  
992 required by Section 53-2a-902; and
- 993 (iv) identifying and proposing measures necessary to facilitate low-income  
994 consumers' access to energy services;
- 995 (d) coordinate with the Division of Emergency Management ongoing activities designed  
996 to test an energy emergency plan to ensure coordination and information sharing  
997 among state agencies and political subdivisions in the state, public utilities and other  
998 energy suppliers, and other relevant public sector persons as required by Sections  
999 53-2a-902, 53-2a-1004, 53-2a-1008, and 53-2a-1010;
- 1000 (e) coordinate with requisite state agencies to study:
- 1001 (i) the creation of a centralized state repository for energy-related information;
- 1002 (ii) methods for streamlining state review and approval processes for energy-related  
1003 projects; and
- 1004 (iii) the development of multistate energy transmission and transportation  
1005 infrastructure;
- 1006 (f) coordinate energy-related regulatory processes within the state;
- 1007 (g) compile, and make available to the public, information about federal, state, and local  
1008 approval requirements for energy-related projects;
- 1009 (h) act as the state's advocate before federal and local authorities for energy-related  
1010 infrastructure projects or coordinate with the appropriate state agency; and
- 1011 (i) help promote the Division of Facilities Construction and Management's measures to  
1012 improve energy efficiency in state buildings.
- 1013 (11) The director has standing to testify on behalf of the governor at the Public Service  
1014 Commission created in Section 54-1-1.
- 1015 (12) The office shall include best practices in developing actionable goals and  
1016 recommendations as part of preparing and updating every two years the strategic energy

1017 plan required under Subsection (9).

1018 (13) The office shall maintain and regularly update a public website that provides an  
1019 accessible dashboard of relevant metrics and reports and makes available the data used  
1020 to create the strategic energy plan.

1021 Section 14. Section **79-6-602** is amended to read:

1022 **79-6-602 (Effective 05/07/25) (Retrospective 01/01/25). Definitions.**

1023 As used in this part:

1024 (1) "Applicant" means a person that conducts business in the state and that applies for a tax  
1025 credit under this part.

1026 (2)(a) "Energy delivery project" means a project that is designed to:

1027 (i) increase the capacity for the delivery of energy to a user of energy inside or  
1028 outside the state;

1029 (ii) increase the capability of an existing energy delivery system or related facility to  
1030 deliver energy to a user of energy inside or outside the state; or

1031 (iii) increase the production and delivery of geothermal energy through horizontal  
1032 drilling to create injection and production wells.

1033 (b) "Energy delivery project" includes:

1034 (i) a hydroelectric energy storage system;

1035 (ii) a utility-scale battery storage system; or

1036 (iii) a nuclear power generation system.

1037 (3) "Emissions reduction project" means a project that is designed to reduce the emissions  
1038 of an existing electrical generation facility, refinery, smelter, kiln, mineral processing  
1039 facility, manufacturing facility, oil or gas production facility, or other industrial facility,  
1040 by utilizing selective catalytic reduction technology, carbon capture utilization and  
1041 sequestration technology, or any other emissions reduction technology or equipment.

1042 (4) "Fuel standard compliance project" means a project designed to retrofit a fuel refinery in  
1043 order to make the refinery capable of producing fuel that complies with the United  
1044 States Environmental Protection Agency's Tier 3 gasoline sulfur standard described in  
1045 40 C.F.R. Sec. 79.54.

1046 (5) "High cost infrastructure project" means:

1047 (a) for an energy delivery project, fuel standard compliance project, mineral processing  
1048 project, or underground mine infrastructure project, a project:

1049 (i)(A) that expands or creates new industrial, mining, manufacturing, or  
1050 agriculture activity in the state, not including a retail business;

- 1051 (B) that involves new investment of at least \$50,000,000 made by an existing  
1052 industrial, mining, manufacturing, or agriculture entity located within a county  
1053 of the first or second class;
- 1054 (C) that involves new investment of at least \$25,000,000 made by an existing  
1055 industrial, mining, manufacturing, or agriculture entity located within a county  
1056 of the third, fourth, fifth, or sixth class, or a municipality with a population of  
1057 10,000 or less located within a county of the second class; or
- 1058 (D) for the construction of a plant or other facility for the storage or production of  
1059 fuel used for transportation, electricity generation, or industrial use;
- 1060 (ii) that requires or is directly facilitated by infrastructure construction; and
- 1061 (iii) for which the cost of infrastructure construction to the entity creating the project  
1062 is greater than:
- 1063 (A) 10% of the total cost of the project; or  
1064 (B) \$10,000,000; and
- 1065 (b) for an emissions reduction project, water purification project, or water resource  
1066 forecasting project, a project:
- 1067 (i) that involves:
- 1068 (A) new investment of at least \$50,000,000 made by an existing industrial,  
1069 mining, manufacturing, or agriculture entity located within a county of the first  
1070 or second class; or
- 1071 (B) new investment of at least \$25,000,000 made by an existing industrial,  
1072 mining, manufacturing, or agriculture entity located within a county of the  
1073 third, fourth, fifth, or sixth class, or a municipality with a population of 10,000  
1074 or less located within a county of the second class; and
- 1075 (ii) that requires or is directly facilitated by infrastructure construction.
- 1076 (6) "Infrastructure" means:
- 1077 (a) an energy delivery project;
- 1078 (b) a railroad as defined in Section 54-2-1;
- 1079 (c) a fuel standard compliance project;
- 1080 (d) a road improvement project;
- 1081 (e) a water self-supply project;
- 1082 (f) a water removal system project;
- 1083 (g) a solution-mined subsurface salt cavern;
- 1084 (h) a project that is designed to:



- 1085 (i) increase the capacity for water delivery to a water user in the state; or  
 1086 (ii) increase the capability of an existing water delivery system or related facility to  
 1087 deliver water to a water user in the state;
- 1088 (i) an underground mine infrastructure project;  
 1089 (j) an emissions reduction project;  
 1090 (k) a mineral processing project;  
 1091 (l) a water purification project; or  
 1092 (m) a water resource forecasting project.
- 1093 (7)(a) "Infrastructure cost-burdened entity" means an applicant that enters into an  
 1094 agreement with the office that qualifies the applicant to receive a tax credit as  
 1095 provided in this part.
- 1096 (b) "Infrastructure cost-burdened entity" includes a pass-through entity taxpayer, as  
 1097 defined in Section 59-10-1402, of a person described in Subsection (7)(a).
- 1098 (8) "Infrastructure-related revenue" means an amount of tax revenue, for an entity creating  
 1099 a high cost infrastructure project, in a taxable year, that is directly attributable to a high  
 1100 cost infrastructure project, under:
- 1101 (a) Subsection 59-24-103.5(2)(e);  
 1102 (b) Title 59, Chapter 5, Part 1, Oil and Gas Severance Tax;  
 1103 (c) Title 59, Chapter 5, Part 2, Mining Severance Tax;  
 1104 (d) Title 59, Chapter 7, Corporate Franchise and Income Taxes;  
 1105 (e) Title 59, Chapter 10, Individual Income Tax Act; and  
 1106 (f) Title 59, Chapter 12, Sales and Use Tax Act.
- 1107 (9) "Mineral processing project" means a project that is designed to:
- 1108 (a) process, smelt, refine, convert, separate, or otherwise beneficiate metalliferous  
 1109 minerals as defined in Section 59-5-201 or a metalliferous compound as defined in  
 1110 Section 59-5-202;
- 1111 (b) calcine limestone or manufacture cement;  
 1112 (c) process, refine, or otherwise beneficiate chloride compounds, salts, potash, gypsum,  
 1113 sulfur or sulfuric acid, ammonium nitrate, phosphate, or uintaite; or  
 1114 (d) convert or gasify coal to recover chemical compounds, gases, or minerals.
- 1115 (10) "Office" means the Office of Energy Development created in Section 79-6-401.
- 1116 (11) "Tax credit" means a tax credit under Section 59-5-305, 59-7-619<sub>2</sub>, or 59-10-1034.
- 1117 (12) "Tax credit certificate" means a certificate issued by the office to an infrastructure  
 1118 cost-burdened entity that:

- 1119 (a) lists the name of the infrastructure cost-burdened entity;
- 1120 (b) lists the infrastructure cost-burdened entity's taxpayer identification number;
- 1121 (c) lists, for a taxable year, the amount of the tax credit authorized for the infrastructure
- 1122 cost-burdened entity under this part; and
- 1123 (d) includes other information as determined by the office.
- 1124 (13)(a) "Underground mine infrastructure project" means a project that:
- 1125 (i) is designed to create permanent underground infrastructure to facilitate
- 1126 underground mining operations; and
- 1127 (ii) services multiple levels or areas of an underground mine or multiple underground
- 1128 mines.
- 1129 (b) "Underground mine infrastructure project" includes:
- 1130 (i) an underground access or a haulage road, entry, ramp, or decline;
- 1131 (ii) a vertical or incline mine shaft;
- 1132 (iii) a ventilation shaft or an air course; or
- 1133 (iv) a conveyor or a truck haulageway.
- 1134 (14) "Water purification project" means a project that, in order to meet applicable quality
- 1135 standards established under Title 19, Chapter 5, Water Quality Act, is designed to reduce
- 1136 the existing total dissolved solids or other naturally existing impurities contained in
- 1137 water sources:
- 1138 (a) located at a distance of not less than 2,000 feet below the surface;
- 1139 (b) associated with existing mineral operations; or
- 1140 (c) associated with deep water mining operations designed primarily for the
- 1141 revitalization of the Great Salt Lake.
- 1142 (15) "Water resource forecasting project" means a project that includes a network of
- 1143 permanent physical data collection systems designed to improve forecasting for the
- 1144 availability of seasonal water flows within the state, including flash flooding and other
- 1145 event-driven water flows resulting from localized severe weather events.

1146 Section 15. Section **79-6-603** is amended to read:

1147 **79-6-603 (Effective 05/07/25) (Retrospective 01/01/25). Tax credit -- Amount**

1148 **-- Eligibility -- Reporting.**

- 1149 (1)(a) Before the office enters into an agreement described in Subsection (3) with an
- 1150 applicant regarding a project, the office, in consultation with the Utah Energy
- 1151 Infrastructure Board created in Section 79-6-902, and other state agencies as
- 1152 necessary, shall, in accordance with the procedures described in Section 79-6-604,

- 1153 certify:
- 1154 (i) that the project meets the definition of a high cost infrastructure project under this
- 1155 part;
- 1156 (ii) that the high cost infrastructure project will generate infrastructure-related
- 1157 revenue;
- 1158 (iii) the economic life of the high cost infrastructure project; and
- 1159 (iv) that the applicant has received a certificate of existence from the Division of
- 1160 Corporations and Commercial Code.
- 1161 (b) For purposes of determining whether a project meets the definition of a high cost
- 1162 infrastructure project, the office shall consider a project to be a new project if the
- 1163 project began no earlier than the taxable year before the year in which the applicant
- 1164 submits an application or a preliminary application for a tax credit.
- 1165 (2)(a) Before the office enters into an agreement described in Subsection (3) with an
- 1166 applicant regarding a project, the Utah Energy Infrastructure Board shall evaluate the
- 1167 project's net benefit to the state, including:
- 1168 (i) whether the project is likely to increase the property tax revenue for the
- 1169 municipality or county where the project will be located;
- 1170 (ii) whether the project would contribute to the economy of the state and the
- 1171 municipality, tribe, or county where the project will be located;
- 1172 (iii) whether the project would provide new infrastructure for an area where the type
- 1173 of infrastructure the project would create is underdeveloped;
- 1174 (iv) whether the project is supported by a business case for providing the revenue
- 1175 necessary to finance the construction and operation of the project;
- 1176 (v) whether the project would have a positive environmental impact on the state;
- 1177 (vi) whether the project promotes responsible energy development;
- 1178 (vii) whether the project would upgrade or improve an existing entity in order to
- 1179 ensure the entity's continued operation and economic viability;
- 1180 (viii) whether the project is less likely to be completed without a tax credit issued to
- 1181 the applicant under this part; and
- 1182 (ix) other relevant factors that the board specifies in the board's evaluation.
- 1183 (b) Before the office enters into an agreement described in Subsection (3) with an
- 1184 applicant regarding an energy delivery project, in addition to the criteria described in
- 1185 Subsection (2)(a) the Utah Energy Infrastructure Board shall determine that the
- 1186 project:

- 1187 (i) is strategically situated to maximize connections to an energy source project  
1188 located in the state that is:
- 1189 (A) existing;
  - 1190 (B) under construction;
  - 1191 (C) planned; or
  - 1192 (D) foreseeable;
- 1193 (ii) is supported by a project plan related to:
- 1194 (A) engineering;
  - 1195 (B) environmental issues;
  - 1196 (C) energy production;
  - 1197 (D) load or other capacity; and
  - 1198 (E) any other issue related to the building and operation of energy delivery  
1199 infrastructure; and
- 1200 (iii) complies with the regulations of the following regarding the building of energy  
1201 delivery infrastructure:
- 1202 (A) the Federal Energy Regulatory Commission;
  - 1203 (B) the North American Electric Reliability Council; and
  - 1204 (C) the Public Service Commission of Utah.
- 1205 (c) The Utah Energy Infrastructure Board may recommend that the office deny an  
1206 applicant a tax credit if, as determined by the Utah Energy Infrastructure Board:
- 1207 (i) the project does not sufficiently benefit the state based on the criteria described in  
1208 Subsection (2)(a); or
  - 1209 (ii) for an energy delivery project, the project does not satisfy the conditions  
1210 described in Subsection (2)(b).
- 1211 (3) Subject to the procedures described in Section 79-6-604, if an applicant meets the  
1212 requirements of Subsection (1) to receive a tax credit, and the applicant's project  
1213 receives a favorable recommendation from the Utah Energy Infrastructure Board under  
1214 Subsection (2), the office shall enter into an agreement with the applicant to authorize  
1215 the tax credit in accordance with this part.
- 1216 (4) The office shall grant a tax credit to an infrastructure cost-burdened entity, for a high  
1217 cost infrastructure project, under an agreement described in Subsection (3):
- 1218 (a) for the lesser of:
  - 1219 (i) the economic life of the high cost infrastructure project;
  - 1220 (ii) 20 years; or

- 1221 (iii) a time period, the first taxable year of which is the taxable year when the  
1222 construction of the high cost infrastructure project begins and the last taxable year  
1223 of which is the taxable year in which the infrastructure cost-burdened entity has  
1224 recovered, through the tax credit, an amount equal to:
- 1225 (A) 50% of the cost of the infrastructure construction associated with the high cost  
1226 infrastructure project; or
- 1227 (B) if the high cost infrastructure project is a fuel standard compliance project,  
1228 30% of the cost of the infrastructure construction associated with the high cost  
1229 infrastructure project;
- 1230 (b) except as provided in Subsections (4)(a) and (d), in a total amount equal to 30% of  
1231 the high cost infrastructure project's total infrastructure-related revenue over the time  
1232 period described in Subsection (4)(a);
- 1233 (c) for a taxable year, in an amount that does not exceed the high cost infrastructure  
1234 project's infrastructure-related revenue during that taxable year;
- 1235 (d) that the infrastructure cost-burdened entity may use against severance tax or income  
1236 tax, but not both; and
- 1237 ~~[(d)]~~ (e) if the high cost infrastructure project is a fuel standard compliance project, in a  
1238 total amount that is:
- 1239 (i) determined by the Utah Energy Infrastructure Board, based on:
- 1240 (A) the applicant's likelihood of completing the high cost infrastructure project  
1241 without a tax credit; and
- 1242 (B) how soon the applicant plans to complete the high cost infrastructure project;  
1243 and
- 1244 (ii) equal to or less than 30% of the high cost infrastructure project's total  
1245 infrastructure-related revenue over the time period described in Subsection (4)(a).
- 1246 (5) An infrastructure cost-burdened entity shall, for each taxable year:
- 1247 (a) file a report with the office showing the high cost infrastructure project's  
1248 infrastructure-related revenue during the taxable year;
- 1249 (b) subject to Subsection (7), file a report with the office that is prepared by an  
1250 independent certified public accountant that verifies the infrastructure-related revenue  
1251 described in Subsection (5)(a); and
- 1252 (c) provide the office with information required by the office to certify the economic life  
1253 of the high cost infrastructure project.
- 1254 (6) An infrastructure cost-burdened entity shall retain records supporting a claim for a tax

1255 credit for the same period of time during which a person is required to keep books and  
1256 records under Section 59-1-1406.

1257 (7) An infrastructure cost-burdened entity for which a report is prepared under Subsection  
1258 (5)(b) shall pay the costs of preparing the report.

1259 (8) The office shall certify, for each taxable year, the infrastructure-related revenue  
1260 generated by an infrastructure cost-burdened entity.

1261 Section 16. Section **79-6-604** is amended to read:

1262 **79-6-604 (Effective 05/07/25) (Retrospective 01/01/25). Tax credit --**

1263 **Application procedure.**

1264 (1) An applicant shall provide the office with:

1265 (a) an application for a tax credit certificate;

1266 (b) documentation that the applicant meets the requirements described in Subsection  
1267 79-6-603(1), to the satisfaction of the office, for the taxable year for which the  
1268 applicant seeks to claim a tax credit; and

1269 (c) documentation that expressly directs and authorizes the State Tax Commission to  
1270 disclose to the office the applicant's returns and other information concerning the  
1271 applicant that would otherwise be subject to confidentiality under Section 59-1-403  
1272 or Section 6103, Internal Revenue Code.

1273 (2)(a) The office shall, for an applicant, submit the documentation described in  
1274 Subsection (1)(c) to the State Tax Commission.

1275 (b) Upon receipt of the documentation described in Subsection (1)(c), the State Tax  
1276 Commission shall provide the office with the documentation described in Subsection  
1277 (1)(c).

1278 (3) If, after the office reviews the documentation from the State Tax Commission under  
1279 Subsection (2)(b) and the information the applicant submits to the office under Section  
1280 79-6-603, the office, in consultation with the Utah Energy Infrastructure Board created  
1281 in Section 79-6-902, determines that the applicant is not eligible for the tax credit under  
1282 Section 79-6-603, or that the applicant's documentation is inadequate, the office shall:

1283 (a) deny the tax credit; or

1284 (b) inform the applicant that the documentation supporting the applicant's claim for a tax  
1285 credit was inadequate and request that the applicant supplement the applicant's  
1286 documentation.

1287 (4) Except as provided in Subsection (5), if, after the office reviews the documentation  
1288 described in Subsection (2)(b) and the information described in Subsection [79-6-603(6)]

- 1289 79-6-603(5), the office, in consultation with the Utah Energy Infrastructure Board  
 1290 created in Section 79-6-902, determines that the documentation supporting an applicant's  
 1291 claim for a tax credit adequately demonstrates that the applicant is eligible for the tax  
 1292 credit under Section 79-6-603, the office shall, on the basis of the documentation:
- 1293 (a) enter, with the applicant, into the agreement described in Subsection 79-6-603(3);
  - 1294 (b) issue a tax credit certificate to the applicant; and
  - 1295 (c) provide a duplicate copy of the tax credit certificate described in Subsection (4)(b) to  
 1296 the State Tax Commission.
- 1297 (5) The office may deny an applicant a tax credit based on the recommendation of the Utah  
 1298 Energy Infrastructure Board, as provided in Subsection 79-6-603(2).
- 1299 (6) An infrastructure cost-burdened entity may not claim a tax credit[~~under Section~~  
 1300 ~~59-7-619 or 59-10-1034~~] unless the infrastructure cost-burdened entity receives a tax  
 1301 credit certificate from the office.
- 1302 (7) An infrastructure cost-burdened entity that claims a tax credit shall retain the tax credit  
 1303 certificate in accordance with Subsection [~~79-6-603(7)~~] 79-6-603(6).
- 1304 (8) Except for the information that is necessary for the office to disclose in order to make  
 1305 the report described in Section 79-6-605, the office shall treat a document an applicant  
 1306 or infrastructure cost-burdened entity provides to the office as a protected record under  
 1307 Section 63G-2-305.

1308 Section 17. **Effective Date.**

1309 This bill takes effect on May 7, 2025.

1310 Section 18. **Retrospective operation.**

1311 This actions affecting the following sections have retrospective operation for a taxable  
 1312 year beginning on or after January 1, 2025:

- 1313 (1) Section 40-6-24;
- 1314 (2) Section 59-5-101;
- 1315 (3) Section 59-5-102;
- 1316 (4) Section 59-5-301;
- 1317 (5) Section 59-5-302;
- 1318 (6) Section 59-5-303;
- 1319 (7) Section 59-5-304;
- 1320 (8) Section 59-5-305;
- 1321 (9) Section 59-7-619;
- 1322 (10) Section 59-10-1034;

- 1323 (11) Section 79-6-602;
- 1324 (12) Section 79-6-603; and
- 1325 (13) Section 79-6-604.