

**Derrin R. Owens** proposes the following substitute bill:

**Severance Amendments**

2025 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Derrin R. Owens**

House Sponsor: Carl R. Albrecht

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**LONG TITLE**

**General Description:**

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

**Highlighted Provisions:**

This bill:

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

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

This bill provides retrospective operation.

**Utah Code Sections Affected:**

AMENDS:

**40-6-16 (Effective 05/07/25)**, as last amended by Laws of Utah 2024, Chapter 190

**59-5-101 (Effective 05/07/25) (Applies beginning 01/01/25)**, as last amended by Laws of Utah 2009, Chapter 344

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

## 47       ENACTS:

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

## 57       REPEALS AND REENACTS:

- 58       **40-6-24 (Effective 05/07/25) (Applies beginning 01/01/22)**, as enacted by Laws of Utah  
59       2022, Chapter 108

## 60       RENUMBERS AND AMENDS:

- 61       **59-5-304 (Effective 05/07/25) (Applies beginning 01/01/22)**, (Renumbered from  
62       59-5-216, as enacted by Laws of Utah 2022, Chapter 108)

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

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

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

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

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

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

**40-6-24 (Effective 05/07/25) (Applies beginning 01/01/22). Tax credit for mining exploration.**

(1) As used in this section:

(a) "Activity" means:

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

(b) "Assigned tax credit certificate" means a tax credit certificate the division issues to a

97 person to which a claimant assigns the claimant's tax credit.

98 (c)(i) "Certified expenditure" means a cost incurred for an activity in direct support of  
99 an eligible exploration activity conducted at a specific site.

100 (ii) "Certified expenditure" includes:

101 (A) the cost of obtaining an approval, a permit, a license, or a certificate for an  
102 eligible exploration activity;

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

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

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

107 (E) insurance and bond premiums associated with the activities described in  
108 Subsections (1)(c)(ii)(A) through (D);

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

110 (G) any general expense related to operating the business engaged in the eligible  
111 exploration activity to the extent the expense is directly attributable to the work  
112 described in Subsection (1)(c)(i).

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

114 (A) return on investment; or

115 (B) insurance or bond premiums not described in Subsection (1)(c)(ii)(E).

116 (d)(i) "Claimant" means a person that:

117 (A) is engaged in the business of mining or extracting minerals;

118 (B) is subject to a severance tax under Title 59, Chapter 5, Part 2, Mining  
119 Severance Tax, as a direct result of minerals produced from eligible  
120 exploration activities; and

121 (C) makes a certified expenditure.

122 (ii) "Claimant" does not include a person in the business of mining or extracting  
123 minerals on the Great Salt Lake from:

124 (A) the brines of the Great Salt Lake, except for a person using a nonevaporative  
125 mining or extraction method; or

126 (B) a material or secondary source, including tails, slag, waste dumps, or another  
127 similar secondary source, derived from the brines of the Great Salt Lake.

128 (e) "Eligible claimant" means a claimant or a person to which a claimant assigns a tax  
129 credit in accordance with Subsection (4)(a)(vi) or (7).

130 (f) "Eligible exploration activity" means an activity performed in the state that is

- 131 associated with:
- 132 (i) producing a mineral from a natural deposit that is not part of a mine that exists at  
133 the time the activity begins;
- 134 (ii) producing a mineral not under production within a mine that exists at the time the  
135 activity begins;
- 136 (iii) recovering a mineral not under production from a secondary source at the time  
137 the activity begins, including tails, slag, waste dumps, or another similar  
138 secondary source, whether in solution or otherwise;
- 139 (iv) expanding production of a mineral using a mining method not used within a mine  
140 that exists at the time the activity begins; or
- 141 (v) expanding existing production of a mineral that requires a new exploration or  
142 mining permit or the modification of a permit issued before the activity begins.
- 143 (g) "Geochemical method" means a method of gathering geochemical data, including  
144 collecting soil, rock, water, air, vegetation, or any other similar item and performing  
145 a chemical analysis on the item.
- 146 (h) "Geophysical method" means a method of gathering geophysical data that is used in  
147 mineral exploration, including seismic, gravity, magnetic, radiometric, radar,  
148 electromagnetic, and other remote sensing measurements.
- 149 (i) "Mine" means the same as that term is defined in Section 59-5-201.
- 150 (j) "Mineral" means:
- 151 (i) a metalliferous mineral as defined in Section 59-5-201; or  
152 (ii) a metalliferous compound as defined in Section 59-5-202.
- 153 (k) "Tax credit certificate" means a certificate the division issues that:
- 154 (i) lists the claimant's name and taxpayer identification number;  
155 (ii) lists the amount of the claimant's tax credit authorized under this section for a  
156 taxable year; and  
157 (iii) includes other information as determined by the division.
- 158 (2) Before claiming a tax credit under Section 59-5-304, a person shall apply to the division  
159 to enter an agreement and, upon becoming an eligible claimant, to receive a tax credit  
160 certificate.
- 161 (3)(a) Except as provided in Subsection (3)(b), a person shall enter an agreement with  
162 the division before beginning eligible exploration activities.
- 163 (b) A person that has certified expenditures from an eligible exploration activity for a  
164 taxable year beginning on or after January 1, 2022, and before January 1, 2026, shall

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

- 199 (b) The person shall include in the application for a tax credit certificate the following  
200 information for the taxable year in which the person seeks a tax credit certificate:  
201 (i) proof that the person is an eligible claimant;  
202 (ii) a description of the mineral that the eligible claimant produced and evidence to  
203 support that the mineral is produced from an eligible exploration activity;  
204 (iii) the amount of severance tax liability as a direct result of minerals produced from  
205 an eligible exploration activity that the eligible claimant incurred for the taxable  
206 year; and  
207 (iv) any other information the division requests.
- 208 (6)(a) After the division receives an application for a tax credit certificate, the division  
209 shall:  
210 (i) verify that the person is an eligible claimant; and  
211 (ii) determine whether the eligible claimant has approved certified expenditures.
- 212 (b) Subject to Subsection (6)(c), the division shall issue a tax credit certificate in an  
213 amount equal to the lesser of:  
214 (i) the amount of certified expenditures minus any certified expenditures for which  
215 the division previously issued a tax credit certificate; or  
216 (ii) the claimant's severance tax liability as a direct result of minerals produced from  
217 an eligible exploration activity for the taxable year.
- 218 (c)(i) The division may not issue a tax credit certificate if the aggregate value of tax  
219 credit certificates issued for certified expenditures related to eligible exploration  
220 activities at the same mine exceeds \$20,000,000.  
221 (ii) Notwithstanding Subsection (6)(c)(i), the division may issue a tax credit  
222 certificate up to an aggregate value of \$30,000,000 for certified expenditures  
223 related to eligible exploration activities at the same mine if the certified  
224 expenditures that exceed \$20,000,000 are for eligible exploration activities  
225 undertaken to produce a mineral for which the United States is greater than 50%  
226 net import reliant, as provided in the Mineral Commodity Summaries published  
227 by the United States Geological Survey, in the calendar year in which an eligible  
228 exploration activity commences.
- 229 (7)(a) If the claimant meets the requirements of Subsection (4)(a)(vi), the division shall  
230 issue an assigned tax credit certificate to the person identified by the claimant in an  
231 amount equal to the lesser of:  
232 (i) the amount of the claimant's certified expenditures minus any certified

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

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

257 **59-5-101 (Effective 05/07/25) (Applies beginning 01/01/25). Definitions.**

258 As used in this part:

- 259 (1) "Board" means the Board of Oil, Gas, and Mining created in Section 40-6-4.  
 260 (2) "Coal-to-liquid" means the process of converting coal into a liquid synthetic fuel.  
 261 (3) "Condensate" means [~~those~~] the hydrocarbons, regardless of gravity, that occur naturally  
 262 in the gaseous phase in the reservoir that are separated from the natural gas as liquids  
 263 through the process of condensation either in the reservoir, in the wellbore, or at the  
 264 surface in field separators.  
 265 (4) "Crude oil" means [~~those~~] the hydrocarbons, regardless of gravity, that occur naturally in  
 266 the liquid phase in the reservoir and are produced and recovered at the wellhead in liquid



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

- 301 (13) "Oil or gas field" means a geographical area overlying oil or gas structures~~[-The]~~ , the  
302 boundaries of ~~[oil or gas fields]~~ which shall conform with the boundaries as fixed by the [  
303 ~~Board and Division of Oil, Gas, and Mining]~~ board and division under Title 40, Chapter  
304 6, Board and Division of Oil, Gas, and Mining.
- 305 (14) "Oil shale" means a group of fine black to dark brown shales containing bituminous  
306 material that yields petroleum upon distillation.
- 307 (15) "Operator" means any person engaged in the business of operating an oil or gas well,  
308 regardless of whether the person is:
- 309 (a) a working interest owner;
- 310 (b) an independent contractor; or
- 311 (c) acting in a capacity similar to Subsection (15)(a) or (b) as determined by the  
312 commission by rule made in accordance with Title 63G, Chapter 3, Utah  
313 Administrative Rulemaking Act.
- 314 (16) "Owner" means any person having a working interest, royalty interest, payment out of  
315 production, or any other interest in the oil or gas produced or extracted from an oil or  
316 gas well in the state, or in the proceeds of this production.
- 317 (17)(a) Subject to Subsections (17)(b) and (c), "processing costs" means the reasonable  
318 actual costs of processing oil or gas to remove:
- 319 (i) natural gas liquids; or
- 320 (ii) contaminants.
- 321 (b) If processing costs are determined on the basis of an arm's-length contract,  
322 processing costs are the actual costs.
- 323 (c)(i) If processing costs are determined on a basis other than an arm's-length  
324 contract, processing costs are those reasonable costs associated with:
- 325 (A) actual operating and maintenance expenses, including oil or gas used or  
326 consumed in processing;
- 327 (B) overhead directly attributable and allocable to the operation and maintenance;  
328 and
- 329 (C)(I) depreciation and a return on undepreciated capital investment; or  
330 (II) a cost equal to a return on the investment in the processing facilities as  
331 determined by the commission.
- 332 (ii) Subsection (17)(c)(i) includes situations where the producer performs the  
333 processing for the producer's product.
- 334 (18) "Producer" means any working interest owner in any lands in any oil or gas field from

335 which gas or oil is produced.

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

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

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

340 [(~~20~~)] (19) "Research and development" means the process of inquiry or experimentation  
341 aimed at the discovery of facts, devices, technologies, or applications and the process of  
342 preparing those devices, technologies, or applications for marketing.

343 [(~~21~~)] (20) "Royalty interest owner" means the owner of an interest in oil or gas, or in the  
344 proceeds of production from the oil or gas who does not have the obligation to share in  
345 the expenses of developing and operating the property.

346 [(~~22~~)] (21) "Solid hydrocarbons" means:

347 (a) coal;

348 (b) gilsonite;

349 (c) ozocerite;

350 (d) elaterite;

351 (e) oil shale;

352 (f) tar sands; and

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

354 [(~~23~~)] (22) "Stripper well" means:

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

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

359 [(~~24~~)] (23) "Tar sands" means impregnated sands that yield mixtures of liquid hydrocarbon  
360 and require further processing other than mechanical blending before becoming finished  
361 petroleum products.

362 [(~~25~~)] (24)(a) Subject to Subsections [(~~25~~)(b)] (24)(b) and (c), "transportation costs"  
363 means the reasonable actual costs of transporting oil or gas products from the well to  
364 the point of sale.

365 (b) If transportation costs are determined on the basis of an arm's-length contract,  
366 transportation costs are the actual costs.

367 (c)(i) If transportation costs are determined on a basis other than an arm's-length  
368 contract, transportation costs are those reasonable costs associated with:

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

403 **59-5-102 (Effective 05/07/25) (Applies beginning 01/01/25). Definitions --**  
 404 **Severance tax -- Computation -- Rate -- Annual exemption -- Tax rate reduction.**

405 (1) As used in this section:

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

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

408 [~~(e)~~] (a) "Royalty rate" means the percentage of the interests described in Subsection

409 (2)(b)(i) as defined by a contract between the United States, the state, an Indian, or an  
 410 Indian tribe and the oil or gas producer.

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

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

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

415 [~~(e)~~] (c) "Taxable volume" means:

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

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

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

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

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

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

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

426 (i) produced; and

427 (ii)(A) saved;

428 (B) sold; or

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

430 [~~(g)~~] (e) "Total volume" means:

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

432 (A) produced; and

433 (B)(I) saved;

434 (II) sold; or

435 (III) transported from the field where the oil was produced; and

436 (ii) for natural gas, the number of MCFs:

- 437 (A) produced; and  
438 (B)(I) saved;  
439 (II) sold; or  
440 (III) transported from the field where the natural gas was produced.
- 441 ~~[(h)]~~ (f) "Value of oil or gas taken in kind" means the volume of oil or gas taken in kind  
442 multiplied by the market price for oil or gas at the location where the oil or gas was  
443 produced on the date the oil or gas was taken in kind.
- 444 (2)(a) Except as provided in Subsection (2)(b), a person owning an interest in oil or gas  
445 produced from a well in the state, including a working interest, royalty interest,  
446 payment out of production, or any other interest, or in the proceeds of the production  
447 of oil or gas, shall pay to the state a severance tax on the owner's interest in the  
448 taxable value of the oil or gas:
- 449 (i) produced; and  
450 (ii)(A) saved;  
451 (B) sold; or  
452 (C) transported from the field where the substance was produced.
- 453 (b) The severance tax imposed by Subsection (2)(a) does not apply to:
- 454 (i) an interest of:
- 455 (A) the United States in oil or gas or in the proceeds of the production of oil or gas;  
456 (B) the state or a political subdivision of the state in oil or gas or in the proceeds  
457 of the production of oil or gas; and  
458 (C) an Indian or Indian tribe as defined in Section 9-9-101 in oil or gas or in the  
459 proceeds of the production of oil or gas produced from land under the  
460 jurisdiction of the United States; and
- 461 (ii) the value of:
- 462 (A) oil or gas produced from stripper wells, unless the exemption prevents the  
463 severance tax from being treated as a deduction for federal tax purposes;  
464 (B) oil or gas produced in the first 12 months of production for wildcat wells  
465 started after January 1, 1990; and  
466 (C) oil or gas produced in the first six months of production for development wells  
467 started after January 1, 1990.
- 468 (3)(a) The severance tax on oil shall be calculated as follows:
- 469 (i) dividing the taxable value by the taxable volume;  
470 (ii)(A) multiplying the rate described in Subsection (4)(a)(i) by the portion of the

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

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



- 539           ~~[(B) the report by the independent certified public accountant; and]~~  
540           ~~[(C) a report by the division that includes the amount of approved well~~  
541           ~~recompletion or workover expenses.]~~  
542           ~~[(vi) The taxpayer shall apply to the office for a tax credit certificate to receive a~~  
543           ~~written certification, on a form approved by the commission, that includes:]~~  
544           ~~[(A) the amount of the taxpayer's payments of expenses of a well recompletion or~~  
545           ~~workover during the calendar year; and]~~  
546           ~~[(B) the amount of the taxpayer's tax credit.]~~  
547           ~~[(vii) A taxpayer that receives a tax credit certificate shall retain the tax credit~~  
548           ~~certificate for the same time period that a person is required to keep books and~~  
549           ~~records under Section 59-1-1406.]~~  
550           ~~[(e) The office shall submit to the commission an electronic list that includes:]~~  
551           ~~[(i) the name and identifying information of each taxpayer to which the office issues~~  
552           ~~a tax credit certificate; and]~~  
553           ~~[(ii) for each taxpayer, the amount of the tax credit listed on the tax credit certificate.]~~  
554           ~~[(f) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act:]~~  
555           ~~[(i) the office may make rules to govern the application process for receiving a tax~~  
556           ~~credit certificate under this Subsection (7); and]~~  
557           ~~[(ii) the division shall make rules to establish the agreed upon procedures described~~  
558           ~~in Subsection (7)(d)(iii).]~~  
559           ~~[(8)(a) Subject to the other provisions of this Subsection (8), a taxpayer may claim a tax~~  
560           ~~credit against a severance tax owing on natural gas under this section if:]~~  
561           ~~[(i) the taxpayer is required to pay a severance tax on natural gas under this section;]~~  
562           ~~[(ii) the taxpayer owns or operates a plant in the state that converts natural gas to~~  
563           ~~hydrogen fuel; and]~~  
564           ~~[(iii) all of the natural gas for which the taxpayer owes a severance tax under this~~  
565           ~~section is used for the production in the state of hydrogen fuel for use in zero~~  
566           ~~emission motor vehicles.]~~  
567           ~~[(b) The taxpayer may claim a tax credit equal to the lesser of:]~~  
568           ~~[(i) the amount of tax that the taxpayer owes under this section; and]~~  
569           ~~[(ii) \$5,000,000.]~~  
570           ~~[(c)(i) To claim a tax credit under this Subsection (8), a taxpayer shall follow the~~  
571           ~~procedures and requirements of this Subsection (8)(c).]~~  
572           ~~[(ii) The taxpayer shall request that the division verify that the taxpayer owns or~~

573 operates a plant in this state:]  
 574 [(A) that converts natural gas to hydrogen fuel; and]  
 575 [(B) at which all natural gas is converted to hydrogen fuel for use in zero-emission  
 576 motor vehicles.]

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

580 [(9)] (7) A 50% reduction in the tax rate is imposed upon the incremental production  
 581 achieved from an enhanced recovery project.

582 [(10)] (8) The taxes imposed by this section are:

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

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

586 (i) produced; and

587 (ii)(A) saved;

588 (B) sold; or

589 (C) transported from the field.

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

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

598 [(13)] (11) Each producer shall deduct the tax imposed by this section from the amounts due  
 599 to other owners for the production or the proceeds of the production.

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

601 **Part 3. Tax Credits**

602 **59-5-301 (Effective 05/07/25) (Applies beginning 01/01/25). Definitions.**

603 As used in this part:

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

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

606 (2) "High cost infrastructure project" means the same as that term is defined in Section

- 607 79-6-602.
- 608 (3) "Infrastructure cost-burdened entity" means the same as that term is defined in Section  
609 79-6-602.
- 610 (4) "Infrastructure-related revenue" means the same as that term is defined in Section  
611 79-6-602.
- 612 (5) "Natural gas" means the same as that term is defined in Section 59-5-101.
- 613 (6) "Natural gas liquids" means the same as that term is defined in Section 59-5-101.
- 614 (7) "Office" means the Office of Energy Development created in Section 79-6-401.
- 615 (8) "Recompletion" means any downhole operation that is:
- 616 (a) conducted to reestablish the producibility or serviceability of a well in any geologic  
617 interval; and
- 618 (b) approved by the division as a recompletion.
- 619 (9) "Well" means the same as that term is defined in Section 59-5-101.
- 620 (10)(a) "Workover" means any downhole operation that is:
- 621 (i) conducted to sustain, restore, or increase the producibility or serviceability of a  
622 well in the geologic intervals in which the well is currently completed; and
- 623 (ii) approved by the division as a workover.
- 624 (b) "Workover" does not include operations that are conducted primarily as routine  
625 maintenance or to replace worn or damaged equipment.
- 626 Section 6. Section **59-5-302** is enacted to read:
- 627 **59-5-302 (Effective 05/07/25) (Applies beginning 01/01/25). Tax credit for**  
628 **recompletion or workover.**
- 629 (1) A taxpayer that pays for all or part of the expenses of a recompletion or workover may  
630 claim a nonrefundable tax credit against taxes due under Section 59-5-102 equal to the  
631 amount stated on a tax credit certificate that the office issues to the taxpayer.
- 632 (2) The maximum tax credit per taxpayer per well in a calendar year is the lesser of:
- 633 (a) 20% of the taxpayer's payment of expenses of a well recompletion or workover  
634 during the calendar year; and
- 635 (b) \$30,000.
- 636 (3) A taxpayer may carry forward a tax credit allowed under this section for the next three  
637 calendar years if the tax credit exceeds the taxpayer's tax liability under Section 59-5-102  
638 for the calendar year in which the taxpayer claims the tax credit.
- 639 (4)(a) To claim a tax credit, a taxpayer shall follow the procedures and requirements of  
640 this Subsection (4).

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

675 **59-5-303 (Effective 05/07/25) (Applies beginning 01/01/25). Tax credit for**  
 676 **natural gas converted to hydrogen fuel.**

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

679 (a) the taxpayer is required to pay a severance tax on natural gas under Section 59-5-102;

680 (b) the taxpayer owns or operates a plant in the state that converts natural gas to  
 681 hydrogen fuel; and

682 (c) all of the natural gas for which the taxpayer owes a severance tax under Section  
 683 59-5-102 is used for the production in the state of hydrogen fuel for use in zero  
 684 emission motor vehicles.

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

686 (a) the amount of tax that the taxpayer owes under Section 59-5-102; and

687 (b) \$5,000,000.

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

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

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

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

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

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

700 **[59-5-216] 59-5-304 (Effective 05/07/25) (Applies beginning 01/01/22). Tax credit**  
 701 **for mining exploration.**

702 (1) As used in this section:

703 (a) "Assigned tax credit certificate" means the same as that term is defined in Section  
 704 40-6-24.

705 [(a)] (b) "Eligible claimant" means a person:

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

708 (ii) to [whom] which a person described in Subsection [(1)(a)(i)] (1)(b)(i) assigns a tax

709 credit certificate and that obtains an assigned tax credit certificate in accordance  
710 with Section 40-6-24.

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

712 (2) ~~[Subject to Subsection (3), an]~~ An eligible claimant may claim a nonrefundable tax  
713 credit against severance tax [otherwise due under this part] due under Part 2, Mining  
714 Severance Tax, in an amount equal to the amount stated on:

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

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

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

721 ~~[(4)]~~ (3) An eligible claimant may carry forward to the next 15 taxable years the amount of  
722 the eligible claimant's tax credit that exceeds the amount described in Subsection ~~[(3)]~~ (2).

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

724 **59-5-305 (Effective 05/07/25) (Applies beginning 01/01/25). High cost**  
725 **infrastructure tax credit.**

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

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

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

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

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

741 **59-7-619 (Effective 05/07/25) (Applies beginning 01/01/25). Nonrefundable high**  
742 **cost infrastructure development tax credit.**

- 743 (1) As used in this section:
- 744 (a) "High cost infrastructure project" means the same as that term is defined in Section  
745 79-6-602.
- 746 (b) "Infrastructure cost-burdened entity" means the same as that term is defined in  
747 Section 79-6-602.
- 748 (c) "Infrastructure-related revenue" means the same as that term is defined in Section  
749 79-6-602.
- 750 (d) "Office" means the Office of Energy Development created in Section 79-6-401.
- 751 (2)(a) Subject to the other provisions of this section, a corporation that is an  
752 infrastructure cost-burdened entity may claim a nonrefundable tax credit for  
753 development of a high cost infrastructure project as provided in this section.
- 754 (b) A corporation that is an infrastructure cost-burdened entity may not claim a tax credit  
755 under this section and under Section 59-5-305 using the same tax credit certificate.
- 756 (3) The tax credit under this section is the amount listed as the tax credit amount on a tax  
757 credit certificate that the office issues under Title 79, Chapter 6, Part 6, High Cost  
758 Infrastructure Development Tax Credit Act, to the infrastructure cost-burdened entity for  
759 the taxable year.
- 760 (4) An infrastructure cost-burdened entity may carry forward a tax credit under this section  
761 for a period that does not exceed the next seven taxable years if:
- 762 (a) the infrastructure cost-burdened entity is allowed to claim a tax credit under this  
763 section for a taxable year; and
- 764 (b) the amount of the tax credit exceeds the infrastructure cost-burdened entity's tax  
765 liability under this chapter for that taxable year.
- 766 (5)(a) In accordance with Section 59-7-159, the Revenue and Taxation Interim  
767 Committee shall study the tax credit allowed by this section and make  
768 recommendations concerning whether the tax credit should be continued, modified,  
769 or repealed.
- 770 (b)(i) Except as provided in Subsection (5)(b)(ii), for purposes of the study required  
771 by this Subsection (5), the office shall provide the following information, if  
772 available to the office, to the Office of the Legislative Fiscal Analyst:
- 773 (A) the amount of tax credit that the office grants to each infrastructure  
774 cost-burdened entity for each taxable year;
- 775 (B) the infrastructure-related revenue generated by each high cost infrastructure  
776 project;

- 777 (C) the information contained in the office's latest report under Section 79-6-605;  
778 and  
779 (D) any other information that the Office of the Legislative Fiscal Analyst  
780 requests.
- 781 (ii)(A) In providing the information described in Subsection (5)(b)(i), the office  
782 shall redact information that identifies a recipient of a tax credit under this  
783 section.
- 784 (B) If, notwithstanding the redactions made under Subsection (5)(b)(ii)(A),  
785 reporting the information described in Subsection (5)(b)(i) might disclose the  
786 identity of a recipient of a tax credit, the office may file a request with the  
787 Revenue and Taxation Interim Committee to provide the information described  
788 in Subsection (5)(b)(i) in the aggregate for all infrastructure cost-burdened  
789 entities that receive the tax credit under this section.
- 790 (c) As part of the study required by this Subsection (5), the Office of the Legislative  
791 Fiscal Analyst shall report to the Revenue and Taxation Interim Committee a  
792 summary and analysis of the information provided to the Office of the Legislative  
793 Fiscal Analyst by the office under Subsection (5)(b).
- 794 (d) The Revenue and Taxation Interim Committee shall ensure that the  
795 recommendations described in Subsection (5)(a) include an evaluation of:  
796 (i) the cost of the tax credit to the state;  
797 (ii) the purpose and effectiveness of the tax credit; and  
798 (iii) the extent to which the state benefits from the tax credit.
- 799 (6) Notwithstanding Section 59-7-903, the commission may not remove the tax credit  
800 described in this section from the tax return for a taxable year beginning before January  
801 1, 2027.
- 802 Section 11. Section **59-10-1034** is amended to read:  
803 **59-10-1034 (Effective 05/07/25) (Applies beginning 01/01/25). Nonrefundable**  
804 **high cost infrastructure development tax credit.**
- 805 (1) As used in this section:  
806 (a) "High cost infrastructure project" means the same as that term is defined in Section  
807 79-6-602.  
808 (b) "Infrastructure cost-burdened entity" means the same as that term is defined in  
809 Section 79-6-602.  
810 (c) "Infrastructure-related revenue" means the same as that term is defined in Section



- 811 79-6-602.
- 812 (d) "Office" means the Office of Energy Development created in Section 79-6-401.
- 813 (2)(a) Subject to the other provisions of this section, a claimant, estate, or trust that is an  
814 infrastructure cost-burdened entity may claim a nonrefundable tax credit for  
815 development of a high cost infrastructure project as provided in this section.
- 816 (b) A claimant, estate, or trust that is an infrastructure cost-burdened entity may not  
817 claim a tax credit under this section and under Section 59-5-305 using the same tax  
818 credit certificate.
- 819 (3) The tax credit under this section is the amount listed as the tax credit amount on a tax  
820 credit certificate that the office issues under Title 79, Chapter 6, Part 6, High Cost  
821 Infrastructure Development Tax Credit Act, to the infrastructure cost-burdened entity for  
822 the taxable year.
- 823 (4) An infrastructure cost-burdened entity may carry forward a tax credit under this section  
824 for a period that does not exceed the next seven taxable years if:
- 825 (a) the infrastructure cost-burdened entity is allowed to claim a tax credit under this  
826 section for a taxable year; and
- 827 (b) the amount of the tax credit exceeds the infrastructure cost-burdened entity's tax  
828 liability under this chapter for that taxable year.
- 829 (5)(a) In accordance with Section 59-10-137, the Revenue and Taxation Interim  
830 Committee shall study the tax credit allowed by this section and make  
831 recommendations concerning whether the tax credit should be continued, modified,  
832 or repealed.
- 833 (b)(i) Except as provided in Subsection (5)(b)(ii), for purposes of the study required  
834 by this Subsection (5), the office shall provide the following information, if  
835 available to the office, to the Office of the Legislative Fiscal Analyst:
- 836 (A) the amount of tax credit that the office grants to each infrastructure  
837 cost-burdened entity for each taxable year;
- 838 (B) the infrastructure-related revenue generated by each high cost infrastructure  
839 project;
- 840 (C) the information contained in the office's latest report under Section 79-6-605;  
841 and
- 842 (D) any other information that the Office of the Legislative Fiscal Analyst  
843 requests.
- 844 (ii)(A) In providing the information described in Subsection (5)(b)(i), the office

845 shall redact information that identifies a recipient of a tax credit under this  
846 section.

847 (B) If, notwithstanding the redactions made under Subsection (5)(b)(ii)(A),  
848 reporting the information described in Subsection (5)(b)(i) might disclose the  
849 identity of a recipient of a tax credit, the office may file a request with the  
850 Revenue and Taxation Interim Committee to provide the information described  
851 in Subsection (5)(b)(i) in the aggregate for all infrastructure cost-burdened  
852 entities that receive the tax credit under this section.

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

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

- 859 (i) the cost of the tax credit to the state;  
860 (ii) the purpose and effectiveness of the tax credit; and  
861 (iii) the extent to which the state benefits from the tax credit.

862 Section 12. Section **63I-1-240** is amended to read:

863 **63I-1-240 (Effective 05/07/25). Repeal dates: Title 40.**

864 (1) Section 40-2-204, Coal Miner Certification Panel created -- Duties, is repealed July  
865 1, 2034.

866 (2) Section 40-6-24, Tax credit for mining exploration, is repealed July 1, 2035.

867 Section 13. Section **63I-1-259** is amended to read:

868 **63I-1-259 (Effective 05/07/25). Repeal dates: Title 59.**

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

872 (2) Section 59-5-304, Tax credit for mining exploration, is repealed July 1, 2035.

873 ~~[(2)]~~ (3) Section 59-7-618.1, Tax credit related to alternative fuel heavy duty vehicles, is  
874 repealed July 1, 2029.

875 ~~[(3)]~~ (4) Section 59-9-102.5, Offset for occupational health and safety related donations, is  
876 repealed December 31, 2030.

877 ~~[(4)]~~ (5) Section 59-10-1033.1, Tax credit related to alternative fuel heavy duty vehicles, is  
878 repealed July 1, 2029.

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

880 **63L-2-202 (Effective 05/07/25). Federal impacts related to critical mineral**  
 881 **deposits.**

882 (1) As used in this section:

883 (a) "Critical mineral deposit" means a deposit of a mineral, element, substance, or  
 884 material designated as critical by the Secretary of the Interior in accordance with 30  
 885 U.S.C. Sec. 1606.

886 (b) "Federal designation" means the designation of a:

887 (i) national monument;

888 (ii) national conservation area;

889 (iii) wilderness area or wilderness study area;

890 (iv) area of critical environmental concern;

891 (v) research natural area; or

892 (vi) national recreation area.

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

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

898 **79-6-401 (Effective 05/07/25) (Applies beginning 01/01/25). Office of Energy**  
 899 **Development -- Creation -- Director -- Purpose -- Rulemaking regarding confidential**  
 900 **information -- Fees -- Transition for employees.**

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

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

905 (b) The director shall have demonstrated the necessary administrative and professional  
 906 ability through education and experience to efficiently and effectively manage the  
 907 office's affairs.

908 (3) The purposes of the office are to:

909 (a) serve as the primary resource for advancing energy and mineral development in the  
 910 state;

911 (b) implement:

912 (i) the state energy policy under Section 79-6-301; and

- 913 (ii) the governor's energy and mineral development goals and objectives;
- 914 (c) advance energy education, outreach, and research, including the creation of
- 915 elementary, higher education, and technical college energy education programs;
- 916 (d) promote energy and mineral development workforce initiatives;
- 917 (e) support collaborative research initiatives targeted at Utah-specific energy and
- 918 mineral development;
- 919 (f) in coordination with the Department of Environmental Quality and other relevant
- 920 state agencies:
- 921 (i) develop effective policy strategies to advocate for and protect the state's interests
- 922 relating to federal energy and environmental entities, programs, and regulations;
- 923 (ii) participate in the federal environmental rulemaking process by:
- 924 (A) advocating for positive reform of federal energy and environmental
- 925 regulations and permitting;
- 926 (B) coordinating with other states to develop joint advocacy strategies; and
- 927 (C) conducting other government relations efforts; and
- 928 (iii) direct the funding of legal efforts to combat federal overreach and unreasonable
- 929 delays regarding energy and environmental permitting; and
- 930 (g) fund the development of detailed and accurate forecasts of the state's long-term
- 931 energy supply and demand, including a baseline projection of expected supply and
- 932 demand and analysis of potential alternative scenarios.
- 933 (4) By following the procedures and requirements of Title 63J, Chapter 5, Federal Funds
- 934 Procedures Act, the office may:
- 935 (a) seek federal grants or loans;
- 936 (b) seek to participate in federal programs; and
- 937 (c) in accordance with applicable federal program guidelines, administer federally
- 938 funded state energy programs.
- 939 (5) The office shall perform the duties required by Sections 11-42a-106, ~~[59-5-102]~~ 59-5-302,
- 940 59-7-614.7, 59-10-1029, Part 5, Alternative Energy Development Tax Credit Act, and
- 941 Part 6, High Cost Infrastructure Development Tax Credit Act.
- 942 (6)(a) For purposes of administering this section, the office may make rules, by
- 943 following Title 63G, Chapter 3, Utah Administrative Rulemaking Act, to maintain as
- 944 confidential, and not as a public record, information that the office receives from any
- 945 source.
- 946 (b) The office shall maintain information the office receives from any source at the level

- 947 of confidentiality assigned by the source.
- 948 (7) The office may charge application, filing, and processing fees in amounts determined by  
949 the office in accordance with Section 63J-1-504 as dedicated credits for performing  
950 office duties described in this part.
- 951 (8)(a) An employee of the office on April 30, 2024, is an at-will employee.
- 952 (b) For an employee described in Subsection (8)(a) who was employed by the office on  
953 April 30, 2024, the employee shall have the same salary and benefit options an  
954 employee had when the office was part of the office of the governor.
- 955 (c) An employee of the office hired on or after May 1, 2024, shall receive compensation  
956 as provided in Title 63A, Chapter 17, Utah State Personnel Management Act.
- 957 (9)(a) The office shall prepare a strategic energy plan to achieve the state's energy  
958 policy, including:
- 959 (i) technological and infrastructure innovation needed to meet future energy demand  
960 including:
- 961 (A) energy production technologies;
- 962 (B) battery and storage technologies;
- 963 (C) smart grid technologies;
- 964 (D) energy efficiency technologies; and
- 965 (E) any other developing energy technology, energy infrastructure planning, or  
966 investments that will assist the state in meeting energy demand;
- 967 (ii) the state's efficient use and development of:
- 968 (A) energy resources, including natural gas, coal, clean coal, hydrogen, oil, oil  
969 shale, and oil sands;
- 970 (B) renewable energy resources, including geothermal, solar, hydrogen, wind,  
971 biomass, biofuel, and hydroelectric;
- 972 (C) nuclear power; and
- 973 (D) earth minerals;
- 974 (iii) areas of energy-related academic research;
- 975 (iv) specific areas of workforce development necessary for an evolving energy  
976 industry;
- 977 (v) the development of partnerships with national laboratories; and
- 978 (vi) a proposed state budget for economic development and investment.
- 979 (b) In preparing the strategic energy plan, the office shall:
- 980 (i) consult with stakeholders, including representatives from:

- 981 (A) energy companies in the state;
- 982 (B) private and public institutions of higher education within the state conducting
- 983 energy-related research; and
- 984 (C) other state agencies; and
- 985 (ii) use modeling and industry standard data to:
- 986 (A) define the energy services required by a growing economy;
- 987 (B) calculate energy needs;
- 988 (C) develop state strategy for energy transportation, including transmission lines,
- 989 pipelines, and other infrastructure needs;
- 990 (D) optimize investments to meet energy needs at the least cost and least risk
- 991 while meeting the policy outlined in this section;
- 992 (E) address state needs and investments through a prospective 30-year period,
- 993 divided into five-year working plans; and
- 994 (F) update the plan at least every two years.
- 995 (c) The office shall report annually to the Public Utilities, Energy, and Technology
- 996 Interim Committee on or before the October interim meeting describing:
- 997 (i) progress towards creation and implementation of the strategic energy plan;
- 998 (ii) the plan's compliance with the state energy policy; and
- 999 (iii) a proposed budget for the office to continue development of the strategic energy
- 1000 plan.
- 1001 (10) The director shall:
- 1002 (a) annually review and propose updates to the state's energy policy, as contained in
- 1003 Section 79-6-301;
- 1004 (b) promote as the governor considers necessary:
- 1005 (i) the development of cost-effective energy resources both renewable and
- 1006 nonrenewable; and
- 1007 (ii) educational programs, including programs supporting conservation and energy
- 1008 efficiency measures;
- 1009 (c) coordinate across state agencies to assure consistency with state energy policy,
- 1010 including:
- 1011 (i) working with the State Energy Program to promote access to federal assistance for
- 1012 energy-related projects for state agencies and members of the public;
- 1013 (ii) working with the Division of Emergency Management to assist the governor in
- 1014 carrying out the governor's energy emergency powers under Title 53, Chapter 2a,

- 1015 Part 10, Energy Emergency Powers of the Governor Act;
- 1016 (iii) participating in the annual review of the energy emergency plan and the
- 1017 maintenance of the energy emergency plan and a current list of contact persons
- 1018 required by Section 53-2a-902; and
- 1019 (iv) identifying and proposing measures necessary to facilitate low-income
- 1020 consumers' access to energy services;
- 1021 (d) coordinate with the Division of Emergency Management ongoing activities designed
- 1022 to test an energy emergency plan to ensure coordination and information sharing
- 1023 among state agencies and political subdivisions in the state, public utilities and other
- 1024 energy suppliers, and other relevant public sector persons as required by Sections
- 1025 53-2a-902, 53-2a-1004, 53-2a-1008, and 53-2a-1010;
- 1026 (e) coordinate with requisite state agencies to study:
- 1027 (i) the creation of a centralized state repository for energy-related information;
- 1028 (ii) methods for streamlining state review and approval processes for energy-related
- 1029 projects; and
- 1030 (iii) the development of multistate energy transmission and transportation
- 1031 infrastructure;
- 1032 (f) coordinate energy-related regulatory processes within the state;
- 1033 (g) compile, and make available to the public, information about federal, state, and local
- 1034 approval requirements for energy-related projects;
- 1035 (h) act as the state's advocate before federal and local authorities for energy-related
- 1036 infrastructure projects or coordinate with the appropriate state agency; and
- 1037 (i) help promote the Division of Facilities Construction and Management's measures to
- 1038 improve energy efficiency in state buildings.
- 1039 (11) The director has standing to testify on behalf of the governor at the Public Service
- 1040 Commission created in Section 54-1-1.
- 1041 (12) The office shall include best practices in developing actionable goals and
- 1042 recommendations as part of preparing and updating every two years the strategic energy
- 1043 plan required under Subsection (9).
- 1044 (13) The office shall maintain and regularly update a public website that provides an
- 1045 accessible dashboard of relevant metrics and reports and makes available the data used
- 1046 to create the strategic energy plan.

1047 Section 16. Section **79-6-602** is amended to read:

1048 **79-6-602 (Effective 05/07/25) (Applies beginning 01/01/25). Definitions.**

- 1049 As used in this part:
- 1050 (1) "Applicant" means a person that conducts business in the state and that applies for a tax  
1051 credit under this part.
- 1052 (2)(a) "Energy delivery project" means a project that is designed to:
- 1053 (i) increase the capacity for the delivery of energy to a user of energy inside or  
1054 outside the state;
- 1055 (ii) increase the capability of an existing energy delivery system or related facility to  
1056 deliver energy to a user of energy inside or outside the state; or
- 1057 (iii) increase the production and delivery of geothermal energy through horizontal  
1058 drilling to create injection and production wells.
- 1059 (b) "Energy delivery project" includes:
- 1060 (i) a hydroelectric energy storage system;
- 1061 (ii) a utility-scale battery storage system; or
- 1062 (iii) a nuclear power generation system.
- 1063 (3) "Emissions reduction project" means a project that is designed to reduce the emissions  
1064 of an existing electrical generation facility, refinery, smelter, kiln, mineral processing  
1065 facility, manufacturing facility, oil or gas production facility, or other industrial facility,  
1066 by utilizing selective catalytic reduction technology, carbon capture utilization and  
1067 sequestration technology, or any other emissions reduction technology or equipment.
- 1068 (4) "Fuel standard compliance project" means a project designed to retrofit a fuel refinery in  
1069 order to make the refinery capable of producing fuel that complies with the United  
1070 States Environmental Protection Agency's Tier 3 gasoline sulfur standard described in  
1071 40 C.F.R. Sec. 79.54.
- 1072 (5) "High cost infrastructure project" means:
- 1073 (a) for an energy delivery project, fuel standard compliance project, mineral processing  
1074 project, or underground mine infrastructure project, a project:
- 1075 (i)(A) that expands or creates new industrial, mining, manufacturing, or  
1076 agriculture activity in the state, not including a retail business;
- 1077 (B) that involves new investment of at least \$50,000,000 made by an existing  
1078 industrial, mining, manufacturing, or agriculture entity located within a county  
1079 of the first or second class;
- 1080 (C) that involves new investment of at least \$25,000,000 made by an existing  
1081 industrial, mining, manufacturing, or agriculture entity located within a county  
1082 of the third, fourth, fifth, or sixth class, or a municipality with a population of



- 1083 10,000 or less located within a county of the second class; or
- 1084 (D) for the construction of a plant or other facility for the storage or production of
- 1085 fuel used for transportation, electricity generation, or industrial use;
- 1086 (ii) that requires or is directly facilitated by infrastructure construction; and
- 1087 (iii) for which the cost of infrastructure construction to the entity creating the project
- 1088 is greater than:
- 1089 (A) 10% of the total cost of the project; or
- 1090 (B) \$10,000,000; and
- 1091 (b) for an emissions reduction project, water purification project, or water resource
- 1092 forecasting project, a project:
- 1093 (i) that involves:
- 1094 (A) new investment of at least \$50,000,000 made by an existing industrial,
- 1095 mining, manufacturing, or agriculture entity located within a county of the first
- 1096 or second class; or
- 1097 (B) new investment of at least \$25,000,000 made by an existing industrial,
- 1098 mining, manufacturing, or agriculture entity located within a county of the
- 1099 third, fourth, fifth, or sixth class, or a municipality with a population of 10,000
- 1100 or less located within a county of the second class; and
- 1101 (ii) that requires or is directly facilitated by infrastructure construction.
- 1102 (6) "Infrastructure" means:
- 1103 (a) an energy delivery project;
- 1104 (b) a railroad as defined in Section 54-2-1;
- 1105 (c) a fuel standard compliance project;
- 1106 (d) a road improvement project;
- 1107 (e) a water self-supply project;
- 1108 (f) a water removal system project;
- 1109 (g) a solution-mined subsurface salt cavern;
- 1110 (h) a project that is designed to:
- 1111 (i) increase the capacity for water delivery to a water user in the state; or
- 1112 (ii) increase the capability of an existing water delivery system or related facility to
- 1113 deliver water to a water user in the state;
- 1114 (i) an underground mine infrastructure project;
- 1115 (j) an emissions reduction project;
- 1116 (k) a mineral processing project;

- 1117 (l) a water purification project; or  
1118 (m) a water resource forecasting project.
- 1119 (7)(a) "Infrastructure cost-burdened entity" means an applicant that enters into an  
1120 agreement with the office that qualifies the applicant to receive a tax credit as  
1121 provided in this part.
- 1122 (b) "Infrastructure cost-burdened entity" includes a pass-through entity taxpayer, as  
1123 defined in Section 59-10-1402, of a person described in Subsection (7)(a).
- 1124 (8) "Infrastructure-related revenue" means an amount of tax revenue, for an entity creating  
1125 a high cost infrastructure project, in a taxable year, that is directly attributable to a high  
1126 cost infrastructure project, under:
- 1127 (a) Subsection 59-24-103.5(2)(e);  
1128 (b) Title 59, Chapter 5, Part 1, Oil and Gas Severance Tax;  
1129 (c) Title 59, Chapter 5, Part 2, Mining Severance Tax;  
1130 (d) Title 59, Chapter 7, Corporate Franchise and Income Taxes;  
1131 (e) Title 59, Chapter 10, Individual Income Tax Act; and  
1132 (f) Title 59, Chapter 12, Sales and Use Tax Act.
- 1133 (9) "Mineral processing project" means a project that is designed to:
- 1134 (a) process, smelt, refine, convert, separate, or otherwise beneficiate metalliferous  
1135 minerals as defined in Section 59-5-201 or a metalliferous compound as defined in  
1136 Section 59-5-202;
- 1137 (b) calcine limestone or manufacture cement;  
1138 (c) process, refine, or otherwise beneficiate chloride compounds, salts, potash, gypsum,  
1139 sulfur or sulfuric acid, ammonium nitrate, phosphate, or uintaite; or  
1140 (d) convert or gasify coal to recover chemical compounds, gases, or minerals.
- 1141 (10) "Office" means the Office of Energy Development created in Section 79-6-401.
- 1142 (11) "Tax credit" means a tax credit under Section 59-5-305, 59-7-619, or 59-10-1034.
- 1143 (12) "Tax credit certificate" means a certificate issued by the office to an infrastructure  
1144 cost-burdened entity that:
- 1145 (a) lists the name of the infrastructure cost-burdened entity;  
1146 (b) lists the infrastructure cost-burdened entity's taxpayer identification number;  
1147 (c) lists, for a taxable year, the amount of the tax credit authorized for the infrastructure  
1148 cost-burdened entity under this part; and  
1149 (d) includes other information as determined by the office.
- 1150 (13)(a) "Underground mine infrastructure project" means a project that:

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

1172 Section 17. Section **79-6-603** is amended to read:

1173 **79-6-603 (Effective 05/07/25) (Applies beginning 01/01/25). Tax credit -- Amount**  
 1174 **-- Eligibility -- Reporting.**

- 1175 (1)(a) Before the office enters into an agreement described in Subsection (3) with an  
 1176 applicant regarding a project, the office, in consultation with the Utah Energy  
 1177 Infrastructure Board created in Section 79-6-902, and other state agencies as  
 1178 necessary, shall, in accordance with the procedures described in Section 79-6-604,  
 1179 certify:
- 1180 (i) that the project meets the definition of a high cost infrastructure project under this  
 1181 part;  
 1182 (ii) that the high cost infrastructure project will generate infrastructure-related  
 1183 revenue;  
 1184 (iii) the economic life of the high cost infrastructure project; and

1185 (iv) that the applicant has received a certificate of existence from the Division of  
1186 Corporations and Commercial Code.

1187 (b)(i) ~~[For purposes of determining whether a project meets the definition of a high~~  
1188 ~~cost infrastructure project,]~~ Except as provided in Subsection (1)(b)(ii), the office  
1189 shall consider a project to be a new project, for purposes of determining whether a  
1190 project meets the definition of a high cost infrastructure project, if the project  
1191 began no earlier than the taxable year before the year in which the applicant  
1192 submits an application or a preliminary application for a tax credit.

1193 (ii) For the taxable year beginning on or after January 1, 2025, and beginning before  
1194 January 1, 2026, the office may consider a project to be a new project if the  
1195 applicant applies for a tax credit in accordance with Subsection (5)(a).

1196 (2)(a) Before the office enters into an agreement described in Subsection (3) with an  
1197 applicant regarding a project, the Utah Energy Infrastructure Board shall evaluate the  
1198 project's net benefit to the state, including:

- 1199 (i) whether the project is likely to increase the property tax revenue for the  
1200 municipality or county where the project will be located;
- 1201 (ii) whether the project would contribute to the economy of the state and the  
1202 municipality, tribe, or county where the project will be located;
- 1203 (iii) whether the project would provide new infrastructure for an area where the type  
1204 of infrastructure the project would create is underdeveloped;
- 1205 (iv) whether the project is supported by a business case for providing the revenue  
1206 necessary to finance the construction and operation of the project;
- 1207 (v) whether the project would have a positive environmental impact on the state;
- 1208 (vi) whether the project promotes responsible energy development;
- 1209 (vii) whether the project would upgrade or improve an existing entity in order to  
1210 ensure the entity's continued operation and economic viability;
- 1211 (viii) whether the project is less likely to be completed without a tax credit issued to  
1212 the applicant under this part; and
- 1213 (ix) other relevant factors that the board specifies in the board's evaluation.

1214 (b) Before the office enters into an agreement described in Subsection (3) with an  
1215 applicant regarding an energy delivery project, in addition to the criteria described in  
1216 Subsection (2)(a) the Utah Energy Infrastructure Board shall determine that the  
1217 project:

- 1218 (i) is strategically situated to maximize connections to an energy source project

- 1219 located in the state that is:
- 1220 (A) existing;
- 1221 (B) under construction;
- 1222 (C) planned; or
- 1223 (D) foreseeable;
- 1224 (ii) is supported by a project plan related to:
- 1225 (A) engineering;
- 1226 (B) environmental issues;
- 1227 (C) energy production;
- 1228 (D) load or other capacity; and
- 1229 (E) any other issue related to the building and operation of energy delivery
- 1230 infrastructure; and
- 1231 (iii) complies with the regulations of the following regarding the building of energy
- 1232 delivery infrastructure:
- 1233 (A) the Federal Energy Regulatory Commission;
- 1234 (B) the North American Electric Reliability Council; and
- 1235 (C) the Public Service Commission of Utah.
- 1236 (c) The Utah Energy Infrastructure Board may recommend that the office deny an
- 1237 applicant a tax credit if, as determined by the Utah Energy Infrastructure Board:
- 1238 (i) the project does not sufficiently benefit the state based on the criteria described in
- 1239 Subsection (2)(a); or
- 1240 (ii) for an energy delivery project, the project does not satisfy the conditions
- 1241 described in Subsection (2)(b).
- 1242 (3) Subject to the procedures described in Section 79-6-604, if an applicant meets the
- 1243 requirements of Subsection (1) to receive a tax credit, and the applicant's project
- 1244 receives a favorable recommendation from the Utah Energy Infrastructure Board under
- 1245 Subsection (2), the office shall enter into an agreement with the applicant to authorize
- 1246 the tax credit in accordance with this part.
- 1247 (4) The office shall grant a tax credit to an infrastructure cost-burdened entity, for a high
- 1248 cost infrastructure project, under an agreement described in Subsection (3):
- 1249 (a) for the lesser of:
- 1250 (i) the economic life of the high cost infrastructure project;
- 1251 (ii) 20 years; or
- 1252 (iii) a time period, the first taxable year of which is the taxable year when the

- 1253 construction of the high cost infrastructure project begins and the last taxable year  
1254 of which is the taxable year in which the infrastructure cost-burdened entity has  
1255 recovered, through the tax credit, an amount equal to:
- 1256 (A) 50% of the cost of the infrastructure construction associated with the high cost  
1257 infrastructure project; or
- 1258 (B) if the high cost infrastructure project is a fuel standard compliance project,  
1259 30% of the cost of the infrastructure construction associated with the high cost  
1260 infrastructure project;
- 1261 (b) except as provided in Subsections (4)(a) and (d), in a total amount equal to 30% of  
1262 the high cost infrastructure project's total infrastructure-related revenue over the time  
1263 period described in Subsection (4)(a);
- 1264 (c) for a taxable year, in an amount that does not exceed the high cost infrastructure  
1265 project's infrastructure-related revenue during that taxable year;
- 1266 (d) that the infrastructure cost-burdened entity may use against severance tax or income  
1267 tax, but not both; and
- 1268 [~~(d)~~] (e) if the high cost infrastructure project is a fuel standard compliance project, in a  
1269 total amount that is:
- 1270 (i) determined by the Utah Energy Infrastructure Board, based on:
- 1271 (A) the applicant's likelihood of completing the high cost infrastructure project  
1272 without a tax credit; and
- 1273 (B) how soon the applicant plans to complete the high cost infrastructure project;  
1274 and
- 1275 (ii) equal to or less than 30% of the high cost infrastructure project's total  
1276 infrastructure-related revenue over the time period described in Subsection (4)(a).
- 1277 (5)(a) For the taxable year beginning on or after January 1, 2025, and beginning before  
1278 January 1, 2026, the office shall grant a tax credit certificate to an infrastructure  
1279 cost-burdened entity:
- 1280 (i) that applies for a tax credit described in Section 59-5-305;
- 1281 (ii) that meets the requirements of Subsection (4) except that the first taxable year for  
1282 which the infrastructure cost-burdened entity claims a credit is taxable year 2024;  
1283 and
- 1284 (iii) in an amount that does not exceed the high cost infrastructure project's  
1285 infrastructure-related revenue during the taxable year beginning on or after  
1286 January 1, 2024, and beginning before January 1, 2025.

1287 (b) The tax credit described in Subsection (5)(a) is in addition to a tax credit for which  
 1288 the infrastructure cost-burdened entity may claim against income tax or severance tax  
 1289 for the taxable year beginning on or after January 1, 2025, and beginning before  
 1290 January 1, 2026.

1291 [~~5~~] (6) An infrastructure cost-burdened entity shall, for each taxable year:

1292 (a) file a report with the office showing the high cost infrastructure project's  
 1293 infrastructure-related revenue during the taxable year;

1294 (b) subject to Subsection [~~7~~] (8), file a report with the office that is prepared by an  
 1295 independent certified public accountant that verifies the infrastructure-related revenue  
 1296 described in Subsection [~~5~~](a) (6)(a); and

1297 (c) provide the office with information required by the office to certify the economic life  
 1298 of the high cost infrastructure project.

1299 [~~6~~] (7) An infrastructure cost-burdened entity shall retain records supporting a claim for a  
 1300 tax credit for the same period of time during which a person is required to keep books  
 1301 and records under Section 59-1-1406.

1302 [~~7~~] (8) An infrastructure cost-burdened entity for which a report is prepared under  
 1303 Subsection [~~5~~](b) (6)(b) shall pay the costs of preparing the report.

1304 [~~8~~] (9) The office shall certify, for each taxable year, the infrastructure-related revenue  
 1305 generated by an infrastructure cost-burdened entity.

1306 Section 18. Section **79-6-604** is amended to read:

1307 **79-6-604 (Effective 05/07/25) (Applies beginning 01/01/25). Tax credit --**

1308 **Application procedure.**

1309 (1) An applicant shall provide the office with:

1310 (a) an application for a tax credit certificate;

1311 (b) documentation that the applicant meets the requirements described in Subsection  
 1312 79-6-603(1), to the satisfaction of the office, for the taxable year for which the  
 1313 applicant seeks to claim a tax credit; and

1314 (c) documentation that expressly directs and authorizes the State Tax Commission to  
 1315 disclose to the office the applicant's returns and other information concerning the  
 1316 applicant that would otherwise be subject to confidentiality under Section 59-1-403  
 1317 or Section 6103, Internal Revenue Code.

1318 (2)(a) The office shall, for an applicant, submit the documentation described in  
 1319 Subsection (1)(c) to the State Tax Commission.

1320 (b) Upon receipt of the documentation described in Subsection (1)(c), the State Tax

1321 Commission shall provide the office with the documentation described in Subsection  
1322 (1)(c).

1323 (3) If, after the office reviews the documentation from the State Tax Commission under  
1324 Subsection (2)(b) and the information the applicant submits to the office under Section  
1325 79-6-603, the office, in consultation with the Utah Energy Infrastructure Board created  
1326 in Section 79-6-902, determines that the applicant is not eligible for the tax credit under  
1327 Section 79-6-603, or that the applicant's documentation is inadequate, the office shall:

1328 (a) deny the tax credit; or

1329 (b) inform the applicant that the documentation supporting the applicant's claim for a tax  
1330 credit was inadequate and request that the applicant supplement the applicant's  
1331 documentation.

1332 (4) Except as provided in Subsection (5), if, after the office reviews the documentation  
1333 described in Subsection (2)(b) and the information described in Subsection [~~79-6-603(6)~~  
1334 ~~79-6-603(5)~~], the office, in consultation with the Utah Energy Infrastructure Board  
1335 created in Section 79-6-902, determines that the documentation supporting an applicant's  
1336 claim for a tax credit adequately demonstrates that the applicant is eligible for the tax  
1337 credit under Section 79-6-603, the office shall, on the basis of the documentation:

1338 (a) enter, with the applicant, into the agreement described in Subsection 79-6-603(3);

1339 (b) issue a tax credit certificate to the applicant; and

1340 (c) provide a duplicate copy of the tax credit certificate described in Subsection (4)(b) to  
1341 the State Tax Commission.

1342 (5) The office may deny an applicant a tax credit based on the recommendation of the Utah  
1343 Energy Infrastructure Board, as provided in Subsection 79-6-603(2).

1344 (6) An infrastructure cost-burdened entity may not claim a tax credit[~~under Section~~  
1345 ~~59-7-619 or 59-10-1034~~] unless the infrastructure cost-burdened entity receives a tax  
1346 credit certificate from the office.

1347 (7) An infrastructure cost-burdened entity that claims a tax credit shall retain the tax credit  
1348 certificate in accordance with Subsection [~~79-6-603(7)~~] 79-6-603(6).

1349 (8) Except for the information that is necessary for the office to disclose in order to make  
1350 the report described in Section 79-6-605, the office shall treat a document an applicant  
1351 or infrastructure cost-burdened entity provides to the office as a protected record under  
1352 Section 63G-2-305.

1353 Section 19. **Effective Date.**

1354 This bill takes effect on May 7, 2025.



- 1355           Section 20. **Retrospective operation.**
- 1356           (1) Except as provided in Subsections (2) and (3), this bill has retrospective operation for a
- 1357           taxable year beginning on or after January 1, 2025.
- 1358           (2) The actions affecting the following sections have retrospective operation for a taxable
- 1359           year beginning on or after January 1, 2022:
- 1360           (a) Section 40-6-24 (Effective 05/07/25)(Applies beginning 01/01/22); and
- 1361           (b) Section 59-5-304 (Effective 05/07/25)(Applies beginning 01/01/22).
- 1362           (3) The actions affecting the following sections have no retrospective operation:
- 1363           (a) Section 40-6-16 (Effective 05/07/25); and
- 1364           (b) Section 63L-2-202 (Effective 05/07/25).