

Fuel Tax and Supply Amendments

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Calvin Roberts

Senate Sponsor: Brady Brammer

LONG TITLE

General Description:

This bill reduces the motor fuel tax rate, requires reporting related to refining operations, and enacts provisions related to pipeline permitting.

Highlighted Provisions:

This bill:

- ▶ enacts provisions related to permitting and right-of-way coordination for certain oil and gas infrastructure;
- ▶ reduces the rate of the motor fuel tax;
- ▶ requires refineries to report to the Office of Energy Development regarding production;
- ▶ provides guidelines regarding information and data reported by refineries to the Office of Energy Development;
- ▶ amends definitions related to the High Cost Infrastructure Development Tax Credit; and
- ▶ makes technical changes.

Money Appropriated in this Bill:

This bill appropriates \$11,903,900 in operating and capital budgets for fiscal year 2027, all of which is from the General Fund.

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

59-13-102, as last amended by Laws of Utah 2015, Chapter 275

59-13-201, as last amended by Laws of Utah 2023, Chapter 464

59-13-301, as last amended by Laws of Utah 2019, Chapter 479

63I-2-259, as last amended by Laws of Utah 2025, Chapters 157, 182, 277, and 366

28 **79-6-602**, as last amended by Laws of Utah 2025, Chapters 159, 251

29 ENACTS:

30 **19-14-101**, Utah Code Annotated 1953

31 **19-14-201**, Utah Code Annotated 1953

32 **19-14-202**, Utah Code Annotated 1953

33 **72-5-501**, Utah Code Annotated 1953

34 **72-5-502**, Utah Code Annotated 1953

35 **79-6-410**, Utah Code Annotated 1953

36

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

38 Section 1. Section **19-14-101** is enacted to read:

39 **CHAPTER 14. Midstream Facility Permitting**

40 **Part 1. General Provisions**

41 **19-14-101 . Definitions.**

42 As used in this chapter:

43 (1) "Applicant" means an individual or entity that applies for a pipeline or other permit as
 44 described in this chapter.

45 (2)(a) "Midstream facility" means a facility, structure, or infrastructure used for the
 46 gathering, processing, treatment, storage, or transportation of petroleum products
 47 between the point of extraction or production and the point of distribution or end use,
 48 including:

49 (i) pipelines;

50 (ii) storage tanks;

51 (iii) processing plants;

52 (iv) compression stations;

53 (v) pumping stations; and

54 (vi) related equipment and infrastructure necessary for the operation of the facility.

55 (b) "Midstream facility" does not include:

56 (i) a gathering line, flowline, or associated surface equipment subject to the
 57 regulation of the Board of Oil, Gas, and Mining; or

58 (ii) an underground storage facility, including salt caverns and associated injection
 59 wells, regulated by the Board of Oil, Gas, and Mining under Title 40, Mines and
 60 Mining.

61 Section 2. Section **19-14-201** is enacted to read:

62 **Part 2. Permitting**

63 **19-14-201 . Department permitting authority -- Application requirements.**

64 (1) For any permit required under this title, the department and the department's divisions
65 with permitting authorities described in the following chapters shall act as the permitting
66 authorities for a midstream facility:

67 (a) Chapter 2, Air Conservation Act;

68 (b) Chapter 2a, Air Quality - Special Provisions;

69 (c) Chapter 3, Radiation Control Act;

70 (d) Chapter 4, Safe Drinking Water Act;

71 (e) Chapter 5, Water Quality Act;

72 (f) Chapter 6, Hazardous Substances; and

73 (g) Chapter 7, Environmental Self-Evaluation Act.

74 (2) The department and the department's divisions described in Subsection (1) shall
75 coordinate with the Governor's Office of Economic Opportunity for permitting
76 coordination across agencies and divisions.

77 (3) A permit application for a midstream facility shall include:

78 (a) a detailed description of the proposed midstream facility;

79 (b) environmental and safety assessments as required by applicable law;

80 (c) evidence of financial capacity to complete the project; and

81 (d) other information the division directors with permitting authorities described in
82 Subsection (1) determine necessary to evaluate the application.

83 (4) The department shall, in accordance with Title 63G, Chapter 3, Utah Administrative
84 Rulemaking Act, make rules establishing:

85 (a) the form and process for submitting an application; and

86 (b) additional application requirements for each of the department's permitting divisions
87 applicable to the project.

88 (5) The department and the department's divisions may charge a fee for review of a
89 midstream facility consistent with existing fee authorities under this title.

90 (6) Nothing in this section alters the jurisdiction or authority of the department and the
91 department's divisions permitting authorities or creates a presumption that a division is
92 required to issue or approve a permit.

93 (7) Nothing in this section or in the coordination duties of the Governor's Office of
94 Economic Opportunity described in Subsection (2) limits, alters, or supersedes the

95 authority of the Board of Oil, Gas, and Mining or the Division of Oil, Gas, and Mining
 96 to regulate oil and gas operations, including the fostering and promotion of natural
 97 resource development under Title 40, Mines and Mining.

98 Section 3. Section **19-14-202** is enacted to read:

99 **19-14-202 . Permit processing timeline.**

100 (1) Subject to Subsections (2) and (3), if the division director receives an application
 101 described in Section 19-14-201, the applicable division director shall approve or deny an
 102 application within 120 days of the date on which the applicable division director
 103 receives the complete application.

104 (2)(a) The division director may, based on extraordinary circumstances, and without the
 105 concurrence of the applicant, extend the deadline described in Subsection (1) for a
 106 reasonable period not to exceed 30 days.

107 (b) If the division director extends the deadline as described in Subsection (2), the
 108 division director shall provide written findings to explain the need for the extension.

109 (3) The division director may, with concurrence of the applicant, extend the deadline
 110 described in Subsection (1) for a term agreed upon by the division director and the
 111 applicant.

112 Section 4. Section **59-13-102** is amended to read:

113 **59-13-102 . Definitions.**

114 As used in this chapter:

115 (1) "Aviation fuel" means fuel that is sold at airports and used exclusively for the operation
 116 of aircraft.

117 (2) "Clean fuel" means:

118 (a) the following special fuels:

119 (i) propane;

120 (ii) compressed natural gas;

121 (iii) liquified natural gas;

122 (iv) electricity; or

123 (v) hydrogen; or

124 (b) any motor or special fuel that meets the clean fuel vehicle standards in the federal
 125 Clean Air Act Amendments of 1990, Title II.

126 (3) "Commission" means the State Tax Commission.

127 (4) "Consumer Price Index" means the Consumer Price Index for All Urban Consumers as
 128 published by the Bureau of Labor Statistics of the United States Department of Labor.

- 129 (5)(a) "Diesel fuel" means any liquid that is commonly or commercially known, offered
130 for sale, or used as a fuel in diesel engines.
- 131 (b) "Diesel fuel" includes any combustible liquid, by whatever name the liquid may be
132 known or sold, when the liquid is used in an internal combustion engine for the
133 generation of power to operate a motor vehicle licensed to operate on the highway,
134 except fuel that is subject to the tax imposed in Part 2, Motor Fuel, and Part 4,
135 Aviation Fuel, of this chapter.
- 136 (6) "Diesel gallon equivalent" means 6.06 pounds of liquified natural gas.
- 137 (7) "Distributor" means any person in this state who:
- 138 (a) imports or causes to be imported motor fuel for use, distribution, or sale, whether at
139 retail or wholesale;
- 140 (b) produces, refines, manufactures, or compounds motor fuel in this state for use,
141 distribution, or sale in this state;
- 142 (c) is engaged in the business of purchasing motor fuel for resale in wholesale quantities
143 to retail dealers of motor fuel and who accounts for his own motor fuel tax liability; or
- 144 (d) for purposes of Part 4, Aviation Fuel, only, makes retail sales of aviation fuel to:
- 145 (i) federally certificated air carriers; and
146 (ii) other persons.
- 147 (8) "Dyed diesel fuel" means diesel fuel that is dyed in accordance with 26 U.S.C. Sec.
148 4082 or United States Environmental Protection Agency or Internal Revenue Service
149 regulations and that is considered destined for nontaxable off-highway use.
- 150 (9) "Exchange agreement" means an agreement between licensed suppliers where one is a
151 position holder in a terminal who agrees to deliver taxable motor fuel or special fuel to
152 the other supplier or the other supplier's customer at the loading rack of the terminal
153 where the delivering supplier holds an inventory position.
- 154 (10) "Federally certificated air carrier" means a person who holds a certificate issued by the
155 Federal Aviation Administration authorizing the person to conduct an all-cargo
156 operation or scheduled operation, as defined in 14 C.F.R. Sec. 110.2.
- 157 (11) "Fuels" means any gas, liquid, solid, mixture, or other energy source which is
158 generally used in an engine or motor for the generation of power, including aviation
159 fuel, clean fuel, diesel fuel, motor fuel, and special fuel.
- 160 (12) "Gasoline gallon equivalent" means:
- 161 (a) 5.660 pounds of compressed natural gas; or
162 (b) 2.198 pounds of hydrogen.

- 163 (13) "Highway" means every way or place, of whatever nature, generally open to the use of
164 the public for the purpose of vehicular travel notwithstanding that the way or place may
165 be temporarily closed for the purpose of construction, maintenance, or repair.
- 166 (14) "Motor fuel" means fuel that is commonly or commercially known or sold as gasoline
167 or gasohol and is used for any purpose, but does not include aviation fuel.
- 168 (15) "Motor fuels received" means:
- 169 (a) motor fuels that have been loaded at the refinery or other place into tank cars, placed
170 in any tank at the refinery from which any withdrawals are made directly into tank
171 trucks, tank wagons, or other types of transportation equipment, containers, or
172 facilities other than tank cars, or placed in any tank at the refinery from which any
173 sales, uses, or deliveries not involving transportation are made directly; or
- 174 (b) motor fuels that have been imported by any person into the state from any other state
175 or territory by tank car, tank truck, pipeline, or any other conveyance at the time
176 when, and the place where, the interstate transportation of the motor fuel is
177 completed within the state by the person who at the time of the delivery is the owner
178 of the motor fuel.
- 179 (16) "Oil pricing service" means an organization that:
- 180 (a) publishes wholesale petroleum prices within the United States;
- 181 (b) publishes at least 25,000 rack prices on a daily basis; and
- 182 (c) receives daily gasoline and diesel prices from at least 100,000 retail outlets in the
183 United States and Canada.
- 184 (17)(a) "Qualified motor vehicle" means a special fuel-powered motor vehicle used,
185 designed, or maintained for transportation of persons or property which:
- 186 (i) has a gross vehicle weight or registered gross vehicle weight exceeding 26,000
187 pounds;
- 188 (ii) has three or more axles regardless of weight; or
- 189 (iii) is used in a combination of vehicles when the weight of the combination of
190 vehicles exceeds 26,000 pounds gross vehicle weight.
- 191 (b) "Qualified motor vehicle" does not include a recreational vehicle not used in
192 connection with any business activity.
- 193 (18) [~~"Rack," as used in Part 3, Special Fuel,~~] "Rack" means a deck, platform, or open bay
194 which consists of a series of metered pipes and hoses for the delivery or removal of
195 motor fuel or diesel fuel from a refinery or terminal into a motor vehicle, rail car, or
196 vessel.

- 197 (19)(a) [~~"Removal," as used in Part 3, Special Fuel,~~] "Removal" means the physical
198 transfer of motor fuel or diesel fuel from a production, manufacturing, terminal, or
199 refinery facility and includes use of motor fuel or diesel fuel.
- 200 (b) "Removal" does not include:
- 201 [~~(a)~~] (i) loss by evaporation or destruction; or
202 [~~(b)~~] (ii) transfers between refineries, racks, or terminals.
- 203 (20)(a) "Special fuel" means any fuel regardless of name or character that:
- 204 (i) is usable as fuel to operate or propel a motor vehicle upon the public highways of
205 the state; and
206 (ii) is not taxed under the category of aviation or motor fuel.
- 207 (b) Special fuel includes:
- 208 (i) fuels that are not conveniently measurable on a gallonage basis; and
209 (ii) diesel fuel.
- 210 (21) "Statewide average rack price of a gallon of motor fuel" means the average rack price
211 of a gallon of motor fuel determined by calculating the average of the Salt Lake City and
212 Cedar City terminal prices of the average daily average net closing price of a gallon of
213 branded regular, 10% ethanol, 9.0 Reid Vapor Pressure unleaded motor fuel for each
214 terminal.
- 215 [~~(21)~~] (22) [~~"Supplier," as used in Part 3, Special Fuel,~~] "Supplier" means a person who:
- 216 (a) imports or acquires immediately upon importation into this state motor fuel or diesel
217 fuel from within or without a state, territory, or possession of the United States or the
218 District of Columbia;
- 219 (b) produces, manufactures, refines, or blends motor fuel or diesel fuel in this state;
- 220 (c) otherwise acquires for distribution or sale in this state, motor fuel or diesel fuel with
221 respect to which there has been no previous taxable sale or use; or
222 (d) is in a two party exchange where the receiving party is deemed to be the supplier.
- 223 [~~(22)~~] (23) [~~"Terminal," as used in Part 3, Special Fuel,~~] "Terminal" means a facility for the
224 storage of motor fuel or diesel fuel which is supplied by a motor vehicle, pipeline, or
225 vessel and from which motor fuel or diesel fuel is removed for distribution at a rack.
- 226 [~~(23)~~] (24) "Two party exchange" means a transaction in which motor fuel or special fuel is
227 transferred between licensed suppliers [~~pursuant to~~] in accordance with an exchange
228 agreement.
- 229 [~~(24)~~] (25) "Undyed diesel fuel" means diesel fuel that is not subject to the dyeing
230 requirements in accordance with 26 U.S.C. Sec. 4082 or United States Environmental

231 Protection Agency or Internal Revenue Service regulations.
 232 ~~[(25)]~~ (26) ["Use," as used in Part 3, Special Fuel,] "Use" means the consumption of special
 233 fuel for the operation or propulsion of a motor vehicle upon the public highways of the
 234 state and includes the reception of special fuel into the fuel supply tank of a motor
 235 vehicle.

236 ~~[(26)]~~ (27) ["User," as used in Part 3, Special Fuel,] "User" means any person who uses
 237 special fuel within this state in an engine or motor for the generation of power to operate
 238 or propel a motor vehicle upon the public highways of the state.

239 ~~[(27)]~~ (28) "Ute tribal member" means an enrolled member of the Ute tribe.

240 ~~[(28)]~~ (29) "Ute tribe" means the Ute Indian Tribe of the Uintah and Ouray Reservation.

241 ~~[(29)]~~ (30) "Ute trust land" means the lands:

242 (a) of the Uintah and Ouray Reservation that are held in trust by the United States for the
 243 benefit of:

244 (i) the Ute tribe;

245 (ii) an individual; or

246 (iii) a group of individuals; or

247 (b) specified as trust land by agreement between the governor and the Ute tribe meeting
 248 the requirements of Subsections 59-13-201.5(3) and 59-13-301.5(3).

249 Section 5. Section **59-13-201** is amended to read:

250 **59-13-201 . Rate -- Tax basis -- Exemptions -- Revenue deposited into the**
 251 **Transportation Fund -- Restricted account for boating uses -- Refunds -- Reduction of**
 252 **tax in limited circumstances.**

253 (1)(a)(i) Subject to Subsection (1)(a)(ii) and the provisions of this section and except
 254 as provided in Subsection (1)(e), a tax is imposed at the rate of 14.2% of the
 255 statewide average rack price of a gallon of motor fuel per gallon upon all motor
 256 fuel that is sold, used, or received for sale or used in this state.

257 (ii) Beginning on July 1, 2026, and ending on December 31, 2026, the commission
 258 shall apply a tax rate of \$0.319 per gallon upon all motor fuel that is sold, used, or
 259 received for sale or used in this state.

260 ~~[(ii) Notwithstanding Subsection (1)(a)(i), for the period beginning on July 1, 2023,~~
 261 ~~and ending on December 31, 2023, the rate described in Subsection (1)(a)(i) shall~~
 262 ~~be 34.5 cents per gallon.]~~

263 (b)(i) ~~Until December 31, 2018, and subject to the requirements under Subsection~~
 264 ~~(1)(e), the statewide average rack price of a gallon of motor fuel under Subsection~~

265 (1)(a) shall be determined by calculating the previous fiscal year statewide
266 average rack price of a gallon of regular unleaded motor fuel, excluding federal
267 and state excise taxes, for the 12 months ending on the previous June 30 as
268 published by an oil pricing service.]

269 [(ii) Beginning on January 1, 2019, and subject] Subject to the requirements under
270 Subsection (1)(c), the statewide average rack price of a gallon of motor fuel under
271 Subsection (1)(a) shall be determined by calculating the previous three fiscal years
272 statewide average rack price of a gallon of regular unleaded motor fuel, excluding
273 federal and state excise taxes, for the 36 months ending on the previous June 30 as
274 published by an oil pricing service.

275 (c)(i) Subject to the requirement in Subsection (1)(c)(ii), the three-year rolling
276 average of the statewide average rack price of a gallon of motor fuel determined
277 under Subsection (1)(b) may not be less than \$1.78 per gallon.

278 (ii) [~~Beginning on January 1, 2019, the~~] The commission shall, on January 1, annually
279 adjust the minimum statewide average rack price of a gallon of motor fuel
280 described in Subsection (1)(c)(i) by taking the minimum statewide average rack
281 price of a gallon of motor fuel for the previous calendar year and adding an
282 amount equal to the greater of:

283 (A) an amount calculated by multiplying the minimum statewide average rack
284 price of a gallon of motor fuel for the previous calendar year by the actual
285 percent change during the previous fiscal year in the Consumer Price Index; and
286 (B) 0.

287 (iii) The statewide average rack price of a gallon of motor fuel determined by the
288 commission under Subsection (1)(b) may not exceed:

289 [~~(A) for a calendar year beginning on January 1, 2024, \$2.57 per gallon;~~]

290 [~~(B) for a calendar year beginning on January 1, 2025, \$2.71 per gallon;~~]

291 [~~(C)~~] (A) for a calendar year beginning on January 1, 2026, \$2.82 per gallon; and

292 [~~(D)~~] (B) for a calendar year beginning on January 1, 2028, and thereafter, \$2.96
293 per gallon.

294 (iv) The minimum statewide average rack price of a gallon of motor fuel described
295 and adjusted under Subsections (1)(c)(i) and (ii) may not exceed the maximum
296 statewide average rack price of a gallon of motor fuel under Subsection (1)(c)(iii).

297 (d)(i) The commission shall annually:

298 (A) determine the three-year rolling average of the statewide average rack price of

- 299 a gallon of motor fuel in accordance with Subsections (1)(b) and (c);
300 (B) adjust the fuel tax rate imposed under Subsection (1)(a), rounded to the
301 nearest one-tenth of a cent, based on the determination under Subsection (1)(b);
302 (C) publish the adjusted fuel tax as a cents per gallon rate; and
303 (D) post or otherwise make public the adjusted fuel tax rate as determined in
304 Subsection (1)(d)(i)(B) no later than 60 days before the annual effective date
305 under Subsection (1)(d)(ii).
- 306 (ii) The tax rate imposed under this Subsection (1) and adjusted as required under
307 Subsection (1)(d)(i) shall take effect on January 1 of each year.
- 308 (e) In lieu of the tax imposed under Subsection (1)(a) and subject to the provisions of
309 this section, a tax is imposed at the rate of 3/19 of the rate imposed under Subsection
310 (1)(a), rounded up to the nearest penny, upon all motor fuels that meet the definition
311 of clean fuel in Section 59-13-102 and are sold, used, or received for sale or use in
312 this state.
- 313 (2) Any increase or decrease in tax rate applies to motor fuel that is imported to the state or
314 sold at refineries in the state on or after the effective date of the rate change.
- 315 (3)(a) No motor fuel tax is imposed upon:
- 316 (i) motor fuel that is brought into and sold in this state in original packages as purely
317 interstate commerce sales;
- 318 (ii) motor fuel that is exported from this state if proof of actual exportation on forms
319 prescribed by the commission is made within 180 days after exportation;
- 320 (iii) motor fuel or components of motor fuel that is sold and used in this state and
321 distilled from coal, oil shale, rock asphalt, bituminous sand, or solid hydrocarbons
322 located in this state; or
- 323 (iv) motor fuel that is sold to the United States government, this state, or the political
324 subdivisions of this state.
- 325 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
326 commission shall make rules governing the procedures for administering the tax
327 exemption provided under Subsection (3)(a)(iv).
- 328 (4) The commission may either collect no tax on motor fuel exported from the state or,
329 upon application, refund the tax paid.
- 330 (5)(a) All revenue received by the commission under this part shall be deposited daily
331 with the state treasurer and credited to the Transportation Fund.
- 332 (b) An appropriation from the Transportation Fund shall be made to the commission to

333 cover expenses incurred in the administration and enforcement of this part and the
334 collection of the motor fuel tax.

335 (6)(a) The commission shall determine what amount of motor fuel tax revenue is
336 received from the sale or use of motor fuel used in motorboats registered under Title
337 73, Chapter 18, State Boating Act, and this amount shall be deposited into a restricted
338 revenue account in the General Fund of the state.

339 (b) The funds from this account shall be used for the construction, improvement,
340 operation, and maintenance of state-owned boating facilities and for the payment of
341 the costs and expenses of the Division of Outdoor Recreation in administering and
342 enforcing Title 73, Chapter 18, State Boating Act.

343 (7)(a) The United States government or any of its instrumentalities, this state, or a
344 political subdivision of this state that has purchased motor fuel from a licensed
345 distributor or from a retail dealer of motor fuel and has paid the tax on the motor fuel
346 as provided in this section is entitled to a refund of the tax and may file with the
347 commission for a quarterly refund.

348 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
349 commission shall make rules governing the application and refund provided for in
350 Subsection (7)(a).

351 (8)(a) The commission shall refund annually into the Off-highway Vehicle Account in
352 the General Fund an amount equal to .5% of the motor fuel tax revenues collected
353 under this section.

354 (b) This amount shall be used as provided in Section 41-22-19.

355 (9)(a) [~~Beginning on April 1, 2001, a~~] A tax imposed under this section on motor fuel
356 that is sold, used, or received for sale or use in this state is reduced to the extent
357 provided in Subsection (9)(b) if:

358 (i) a tax imposed on the basis of the sale, use, or receipt for sale or use of the motor
359 fuel is paid to the Navajo Nation;

360 (ii) the tax described in Subsection (9)(a)(i) is imposed without regard to whether [~~or~~
361 ~~not~~]the person required to pay the tax is an enrolled member of the Navajo
362 Nation; and

363 (iii) the commission and the Navajo Nation execute and maintain an agreement as
364 provided in this Subsection (9) for the administration of the reduction of tax.

365 (b)(i) If but for Subsection (9)(a) the motor fuel is subject to a tax imposed by this
366 section:

- 367 (A) the state shall be paid the difference described in Subsection (9)(b)(ii) if that
 368 difference is greater than \$0; and
- 369 (B) a person may not require the state to provide a refund, a credit, or similar tax
 370 relief if the difference described in Subsection (9)(b)(ii) is less than or equal to
 371 \$0.
- 372 (ii) The difference described in Subsection (9)(b)(i) is equal to the difference between:
 373 (A) the amount of tax imposed on the motor fuel by this section; less
 374 (B) the tax imposed and collected by the Navajo Nation on the motor fuel.
- 375 (c) For purposes of Subsections (9)(a) and (b), the tax paid to the Navajo Nation under a
 376 tax imposed by the Navajo Nation on the basis of the sale, use, or receipt for sale or
 377 use of motor fuel does not include any interest or penalties a taxpayer may be
 378 required to pay to the Navajo Nation.
- 379 (d) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
 380 commission shall make rules governing the procedures for administering the
 381 reduction of tax provided under this Subsection (9).
- 382 (e) The agreement required under Subsection (9)(a):
 383 (i) may not:
 384 (A) authorize the state to impose a tax in addition to a tax imposed under this
 385 chapter;
 386 (B) provide a reduction of taxes greater than or different from the reduction
 387 described in this Subsection (9); or
 388 (C) affect the power of the state to establish rates of taxation;
- 389 (ii) shall:
 390 (A) be in writing;
 391 (B) be signed by[:]
 392 [~~(F)~~] the chair of the commission or the chair's designee[:], and
 393 [~~(H)~~] a person designated by the Navajo Nation that may bind the Navajo
 394 Nation;
 395 (C) be conditioned on obtaining any approval required by federal law;
 396 (D) state the effective date of the agreement; and
 397 (E) state any accommodation the Navajo Nation makes related to the construction
 398 and maintenance of state highways and other infrastructure within the Utah
 399 portion of the Navajo Nation; and
- 400 (iii) may:

- 401 (A) notwithstanding Section 59-1-403, authorize the commission to disclose to the
 402 Navajo Nation information that is[;]
 403 [(H)] contained in a document filed with the commission[;] , and
 404 [(H)] related to the tax imposed under this section;
- 405 (B) provide for maintaining records by the commission or the Navajo Nation; or
 406 (C) provide for inspections or audits of distributors, carriers, or retailers located or
 407 doing business within the Utah portion of the Navajo Nation.

408 (f)(i) If~~[, on or after April 1, 2001,]~~ the Navajo Nation changes the tax rate of a tax
 409 imposed on motor fuel, any change in the reduction of taxes under this Subsection
 410 (9) as a result of the change in the tax rate is not effective until the first day of the
 411 calendar quarter after a 60-day period beginning on the date the commission
 412 receives notice:

- 413 (A) from the Navajo Nation; and
 414 (B) meeting the requirements of Subsection (9)(f)(ii).
 415 (ii) The notice described in Subsection (9)(f)(i) shall state:

- 416 (A) that the Navajo Nation has changed or will change the tax rate of a tax
 417 imposed on motor fuel;
 418 (B) the effective date of the rate change of the tax described in Subsection
 419 (9)(f)(ii)(A); and
 420 (C) the new rate of the tax described in Subsection (9)(f)(ii)(A).

421 (g) If the agreement required by Subsection (9)(a) terminates, a reduction of tax is not
 422 permitted under this Subsection (9) beginning on the first day of the calendar quarter
 423 after a 30-day period beginning on the day the agreement terminates.

424 (h) If there is a conflict between this Subsection (9) and the agreement required by
 425 Subsection (9)(a), this Subsection (9) governs.

426 Section 6. Section **59-13-301** is amended to read:

427 **59-13-301 . Tax basis -- Rate -- Exemptions -- Revenue deposited with treasurer**
 428 **and credited to Transportation Fund -- Reduction of tax in limited circumstances.**

429 (1)(a) Except as provided in Subsections (1)(b), (2), (3), (11), and (12) and Section [
 430 59-13-304] 59-13-301.5, a tax is imposed at the same rate imposed under Subsection
 431 59-13-201(1)(a) on the:

- 432 (i) removal of undyed diesel fuel from any refinery;
 433 (ii) removal of undyed diesel fuel from any terminal;
 434 (iii) entry into the state of any undyed diesel fuel for consumption, use, sale, or

- 435 warehousing;
- 436 (iv) sale of undyed diesel fuel to any person who is not registered as a supplier under
- 437 this part unless the tax has been collected under this section;
- 438 (v) any untaxed special fuel blended with undyed diesel fuel; or
- 439 (vi) use of untaxed special fuel other than propane or electricity.
- 440 **(b) For the special fuel tax rate beginning on July 1, 2026, and ending on December 31,**
- 441 **2026:**
- 442 **(i) the adjustment described in Subsection 59-13-201(1)(a)(ii) does not apply; and**
- 443 **(ii) the commission shall apply the same rate in place as of January 1, 2026.**
- 444 ~~(b)~~ **(c)** The tax imposed under this section shall only be imposed once upon any special
- 445 fuel.
- 446 (2)(a) No special fuel tax is imposed or collected upon dyed diesel fuel which:
- 447 (i) is sold or used for any purpose other than to operate or propel a motor vehicle
- 448 upon the public highways of the state, but this exemption applies only in those
- 449 cases where the purchasers or the users of special fuel establish to the satisfaction
- 450 of the commission that the special fuel was used for purposes other than to operate
- 451 a motor vehicle upon the public highways of the state; or
- 452 (ii) is sold to this state or any of its political subdivisions.
- 453 (b) No special fuel tax is imposed on undyed diesel fuel or clean fuel that is:
- 454 (i) sold to the United States government or any of its instrumentalities or to this state
- 455 or any of its political subdivisions;
- 456 (ii) exported from this state if proof of actual exportation on forms prescribed by the
- 457 commission is made within 180 days after exportation;
- 458 (iii) used in a vehicle off-highway;
- 459 (iv) used to operate a power take-off unit of a vehicle;
- 460 (v) used for off-highway agricultural uses;
- 461 (vi) used in a separately fueled engine on a vehicle that does not propel the vehicle
- 462 upon the highways of the state; or
- 463 (vii) used in machinery and equipment not registered and not required to be
- 464 registered for highway use.
- 465 (3) No tax is imposed or collected on special fuel if it is:
- 466 (a)(i) purchased for business use in machinery and equipment not registered and not
- 467 required to be registered for highway use; and
- 468 (ii) used ~~[pursuant to]~~ in accordance with the conditions of a state implementation

- 469 plan approved under Title 19, Chapter 2, Air Conservation Act; or
470 (b) propane or electricity.
- 471 (4) Upon request of a buyer meeting the requirements under Subsection (3), the Division of
472 Air Quality shall issue an exemption certificate that may be shown to a seller.
- 473 (5) The special fuel tax shall be paid by the supplier.
- 474 (6)(a) The special fuel tax shall be paid by every user who is required by Sections
475 59-13-303 and 59-13-305 to obtain a special fuel user permit and file special fuel tax
476 reports.
- 477 (b) The user shall receive a refundable credit for special fuel taxes paid on purchases
478 which are delivered into vehicles and for which special fuel tax liability is reported.
- 479 (7)(a) Except as provided under Subsections (7)(b) and (c), all revenue received by the
480 commission from taxes and license fees under this part shall be deposited daily with
481 the state treasurer and credited to the Transportation Fund.
- 482 (b) An appropriation from the Transportation Fund shall be made to the commission to
483 cover expenses incurred in the administration and enforcement of this part and the
484 collection of the special fuel tax.
- 485 (c) Five dollars of each special fuel user trip permit fee paid under Section 59-13-303
486 may be used by the commission as a dedicated credit to cover the costs of electronic
487 credentialing as provided in Section 41-1a-303.
- 488 (8) The commission may either collect no tax on special fuel exported from the state or,
489 upon application, refund the tax paid.
- 490 (9)(a) The United States government or any of its instrumentalities, this state, or a
491 political subdivision of this state that has purchased special fuel from a supplier or
492 from a retail dealer of special fuel and has paid the tax on the special fuel as provided
493 in this section is entitled to a refund of the tax and may file with the commission for a
494 quarterly refund in a manner prescribed by the commission.
- 495 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
496 commission shall make rules governing the application and refund provided for in
497 Subsection (9)(a).
- 498 (10)(a) The purchaser shall pay the tax on diesel fuel or clean fuel purchased for uses
499 under Subsections (2)(b)(i), (iii), (iv), (v), (vi), and (vii) and apply for a refund for the
500 tax paid as provided in Subsection (9) and this Subsection (10).
- 501 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
502 commission shall make rules governing the application and refund for off-highway

- 503 and nonhighway uses provided under Subsections (2)(b)(iii), (iv), (vi), and (vii).
- 504 (c) A refund of tax paid under this part on diesel fuel used for nonhighway agricultural
505 uses shall be made in accordance with the tax return procedures under Section
506 59-13-202.
- 507 (11)(a) [~~Beginning on April 1, 2001, a~~] A tax imposed under this section on special fuel
508 is reduced to the extent provided in Subsection (11)(b) if:
- 509 (i) the Navajo Nation imposes a tax on the special fuel;
- 510 (ii) the tax described in Subsection (11)(a)(i) is imposed without regard to whether
511 the person required to pay the tax is an enrolled member of the Navajo Nation; and
- 512 (iii) the commission and the Navajo Nation execute and maintain an agreement as
513 provided in this Subsection (11) for the administration of the reduction of tax.
- 514 (b)(i) If but for Subsection (11)(a) the special fuel is subject to a tax imposed by this
515 section:
- 516 (A) the state shall be paid the difference described in Subsection (11)(b)(ii) if that
517 difference is greater than \$0; and
- 518 (B) a person may not require the state to provide a refund, a credit, or similar tax
519 relief if the difference described in Subsection (11)(b)(ii) is less than or equal
520 to \$0.
- 521 (ii) The difference described in Subsection (11)(b)(i) is equal to the difference
522 between:
- 523 (A) the amount of tax imposed on the special fuel by this section; less
524 (B) the tax imposed and collected by the Navajo Nation on the special fuel.
- 525 (c) For purposes of Subsections (11)(a) and (b), the tax paid to the Navajo Nation on the
526 special fuel does not include any interest or penalties a taxpayer may be required to
527 pay to the Navajo Nation.
- 528 (d) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
529 commission shall make rules governing the procedures for administering the
530 reduction of tax provided under this Subsection (11).
- 531 (e) The agreement required under Subsection (11)(a):
- 532 (i) may not:
- 533 (A) authorize the state to impose a tax in addition to a tax imposed under this
534 chapter;
- 535 (B) provide a reduction of taxes greater than or different from the reduction
536 described in this Subsection (11); or

- 537 (C) affect the power of the state to establish rates of taxation;
- 538 (ii) shall:
- 539 (A) be in writing;
- 540 (B) be signed by[:]
- 541 [(H)] the chair of the commission or the chair's designee[;] , and
- 542 [(H)] a person designated by the Navajo Nation that may bind the Navajo
- 543 Nation;
- 544 (C) be conditioned on obtaining any approval required by federal law;
- 545 (D) state the effective date of the agreement; and
- 546 (E) state any accommodation the Navajo Nation makes related to the construction
- 547 and maintenance of state highways and other infrastructure within the Utah
- 548 portion of the Navajo Nation; and
- 549 (iii) may:
- 550 (A) notwithstanding Section 59-1-403, authorize the commission to disclose to the
- 551 Navajo Nation information that is[:]
- 552 [(H)] contained in a document filed with the commission[;] , and
- 553 [(H)] related to the tax imposed under this section;
- 554 (B) provide for maintaining records by the commission or the Navajo Nation; or
- 555 (C) provide for inspections or audits of suppliers, distributors, carriers, or retailers
- 556 located or doing business within the Utah portion of the Navajo Nation.
- 557 (f)(i) If[~~on or after April 1, 2001,~~] the Navajo Nation changes the tax rate of a tax
- 558 imposed on special fuel, any change in the amount of the reduction of taxes under
- 559 this Subsection (11) as a result of the change in the tax rate is not effective until
- 560 the first day of the calendar quarter after a 60-day period beginning on the date the
- 561 commission receives notice:
- 562 (A) from the Navajo Nation; and
- 563 (B) meeting the requirements of Subsection (11)(f)(ii).
- 564 (ii) The notice described in Subsection (11)(f)(i) shall state:
- 565 (A) that the Navajo Nation has changed or will change the tax rate of a tax
- 566 imposed on special fuel;
- 567 (B) the effective date of the rate change of the tax described in Subsection
- 568 (11)(f)(ii)(A); and
- 569 (C) the new rate of the tax described in Subsection (11)(f)(ii)(A).
- 570 (g) If the agreement required by Subsection (11)(a) terminates, a reduction of tax is not

- 571 permitted under this Subsection (11) beginning on the first day of the calendar
 572 quarter after a 30-day period beginning on the day the agreement terminates.
- 573 (h) If there is a conflict between this Subsection (11) and the agreement required by
 574 Subsection (11)(a), this Subsection (11) governs.
- 575 (12)(a)(i) [~~Subject~~] Beginning on January 1, 2026, and subject to Subsections
 576 (12)(a)(ii) and (iii), a tax imposed under this section on compressed natural gas is
 577 imposed at a rate of[~~:~~] \$0.212 per gallon equivalent.
- 578 [~~(A) until June 30, 2016, 10-1/2 cents per gasoline gallon equivalent;~~]
 579 [~~(B) beginning on July 1, 2016, and until June 30, 2017, 12-1/2 cents per gasoline~~
 580 ~~gallon equivalent;~~]
 581 [~~(C) beginning on July 1, 2017, and until June 30, 2018, 14-1/2 cents per gasoline~~
 582 ~~gallon equivalent; and]~~
 583 [~~(D) beginning on or after July 1, 2018, 16-1/2 cents per gasoline gallon~~
 584 ~~equivalent.]~~
- 585 (ii) Beginning on January 1, [~~2020~~] 2027, the commission shall, on January 1,
 586 annually adjust the rate of a tax imposed under this section on compressed natural
 587 gas by taking the rate for the previous calendar year and adding an amount equal
 588 to the greater of:
- 589 (A) an amount calculated by multiplying the rate of a tax imposed under this
 590 section on compressed natural gas for the previous calendar year by the actual
 591 percent change during the previous fiscal year in the Consumer Price Index; and
 592 (B) 0.
- 593 (iii) The rate of a tax imposed under this section on compressed natural gas
 594 determined by the commission under Subsection (12)(a)(ii) may not exceed 22-1/2
 595 cents per gasoline gallon equivalent.
- 596 (b)(i) [~~Subject~~] Beginning on January 1, 2026, and subject to Subsections (12)(b)(ii)
 597 and (iii), a tax imposed under this section on liquified natural gas is imposed at a
 598 rate of[~~:~~] \$0.212 per gallon equivalent.
- 599 [~~(A) until June 30, 2016, 10-1/2 cents per diesel gallon equivalent;~~]
 600 [~~(B) beginning on July 1, 2016, and until June 30, 2017, 12-1/2 cents per diesel~~
 601 ~~gallon equivalent;~~]
 602 [~~(C) beginning on July 1, 2017, and until June 30, 2018, 14-1/2 cents per diesel~~
 603 ~~gallon equivalent; and]~~
 604 [~~(D) beginning on or after July 1, 2018, 16-1/2 cents per diesel gallon equivalent.]~~

- 605 (ii) Beginning on January 1, [2020] 2027, the commission shall, on January 1,
606 annually adjust the rate of a tax imposed under this section on liquified natural gas
607 by taking the rate for the previous calendar year and adding an amount equal to
608 the greater of:
- 609 (A) an amount calculated by multiplying the rate of a tax imposed under this
610 section on liquified natural gas for the previous calendar year by the actual
611 percent change during the previous fiscal year in the Consumer Price Index; and
612 (B) 0.
- 613 (iii) The rate of a tax imposed under this section on liquified natural gas determined
614 by the commission under Subsection (12)(b)(ii) may not exceed 22-1/2 cents per
615 diesel gallon equivalent.
- 616 (c)(i) [~~Subject~~] Beginning on January 1, 2026, and subject to Subsections (12)(c)(ii)
617 and (iii), a tax imposed under this section on hydrogen used to operate or propel a
618 motor vehicle upon the public highways of the state is imposed at a rate of[:]
619 \$0.212 per gallon equivalent.
- 620 [~~(A) until June 30, 2016, 10-1/2 cents per gasoline gallon equivalent;]~~
621 [~~(B) beginning on July 1, 2016, and until June 30, 2017, 12-1/2 cents per gasoline~~
622 ~~gallon equivalent;]~~
623 [~~(C) beginning on July 1, 2017, and until June 30, 2018, 14-1/2 cents per gasoline~~
624 ~~gallon equivalent; and]~~
625 [~~(D) beginning on or after July 1, 2018, 16-1/2 cents per gasoline gallon~~
626 ~~equivalent.]~~
- 627 (ii) Beginning on January 1, [2020] 2027, the commission shall, on January 1,
628 annually adjust the rate of a tax imposed under this section on hydrogen used to
629 operate or propel a motor vehicle upon the public highways of the state by taking
630 the rate for the previous calendar year and adding an amount equal to the greater
631 of:
- 632 (A) an amount calculated by multiplying the rate of a tax imposed under this
633 section on hydrogen used to operate or propel a motor vehicle upon the public
634 highways of the state for the previous calendar year by the actual percent
635 change during the previous fiscal year in the Consumer Price Index; and
636 (B) 0.
- 637 (iii) The rate of a tax imposed under this section on hydrogen used to operate or
638 propel a motor vehicle upon the public highways of the state determined by the

639 commission under Subsection (12)(c)(ii) may not exceed 22-1/2 cents per gasoline
640 gallon equivalent.

641 (d)(i) The commission shall annually:

642 (A) adjust the fuel tax rates imposed under Subsections (12)(a)(ii), (b)(ii), and
643 (c)(ii), rounded to the nearest one-tenth of a cent;

644 (B) publish the adjusted fuel tax as a cents per gallon rate; and

645 (C) post or otherwise make public the adjusted fuel tax rate as determined in
646 Subsection (12)(d)(i)(A) no later than 60 days [~~prior to~~] before the annual
647 effective date under Subsection (12)(d)(ii).

648 (ii) The tax rates imposed under this Subsection (12) and adjusted as required under
649 Subsection (12)(d)(i) shall take effect on January 1 of each year.

650 Section 7. Section **63I-2-259** is amended to read:

651 **63I-2-259 . Repeal dates: Title 59.**

652 (1) Subsection 59-7-159(3)(b)(iii), referencing Section 59-7-614.10, is repealed December
653 31, 2026.

654 (2) Section 59-7-614.10, Nonrefundable enterprise zone tax credit, is repealed December
655 31, 2026.

656 (3) Subsection 59-10-137(3)(b)(viii), referencing Section 59-10-1037, is repealed
657 December 31, 2026.

658 (4) Section 59-10-1037, Nonrefundable enterprise zone tax credit, is repealed December 31,
659 2026.

660 (5) Subsections 59-13-201(1)(a)(ii) and 59-13-301(1)(b), regarding the temporary
661 application of a motor fuel tax rate between July 1, 2026, and December 31, 2026, are
662 repealed on January 1, 2027.

663 [~~(5)~~] (6) Subsection 59-14-807(3)(a)(iii), regarding the Youth Electronic Cigarette,
664 Marijuana, and Other Drug Prevention Committee, is repealed July 1, 2030.

665 [~~(6)~~] (7) Subsection 59-14-807(4)(b), regarding the Youth Electronic Cigarette, Marijuana,
666 and Other Drug Prevention Committee, is repealed July 1, 2030.

667 [~~(7)~~] (8) Section 59-24-103.8, Radioactive waste facility expansion tax -- Payment --
668 Deposit of tax revenue, is repealed July 1, 2026.

669 Section 8. Section **72-5-501** is enacted to read:

670 **Part 5. Pipeline Right-of-Way Cooperation**

671 **72-5-501 . Definitions.**

672 As used in this part:

673 (1) "Common carrier pipeline" is a pipeline engaged in the transportation of petroleum
674 products, including refined products, that holds itself out to provide transportation
675 service to the public for compensation on reasonable terms.

676 (2) "Finished product pipeline" means a common carrier pipeline and related facilities used
677 to transport refined petroleum products, renewables, or other finished energy products.

678 Section 9. Section **72-5-502** is enacted to read:

679 **72-5-502 . Pipeline right-of-way cooperation.**

680 If a proposed route for a finished product pipeline crosses a state or federal highway, the
681 department shall cooperate with and assist the pipeline proponent in negotiating and siting of
682 the highway-pipeline intersection.

683 Section 10. Section **79-6-410** is enacted to read:

684 **79-6-410 . Refinery production report.**

685 (1) As used in this section:

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

688 (b) "Crude oil" means hydrocarbons, regardless of gravity, that occur naturally in the
689 gaseous phase in the reservoir and are separated from the natural gas as liquids
690 through the process of condensation either in the reservoir, in the wellbore, or at the
691 surface infield separators.

692 (c) "Finished petroleum product" means a product resulting from petroleum refining,
693 including gasoline, diesel fuel, jet fuel, kerosene, fuel oils, lubricating oils, asphalt,
694 petroleum coke, liquefied petroleum gases, and other products derived from the
695 refining process.

696 (d) "Petroleum refined" means the volume of crude oil and unfinished petroleum
697 products introduced into the refining process.

698 (e) "Refine" means the industrial process of converting crude oil or unfinished
699 petroleum products into finished petroleum products through distillation, cracking,
700 reforming, blending, or other chemical or physical processes.

701 (f) "Refiner" means a person that owns, operates, or controls a refinery.

702 (g) "Refinery" means a facility located in this state at which petroleum refining is
703 conducted, including processing units, storage facilities, and associated infrastructure
704 under common ownership or operational control at a single geographic location or
705 integrated complex.

706 (2) Beginning July 1, 2026, and quarterly thereafter, a refiner shall provide to the office a

- 707 report that includes:
- 708 (a) the total number of barrels of crude oil refined at the refinery in the previous calendar
- 709 quarter;
- 710 (b) the total quantity of the products derived and produced from refining at the refinery
- 711 in the previous calendar quarter;
- 712 (c) the total quantity of finished petroleum products, itemized by type, that arrived at the
- 713 refinery or terminal in the previous calendar quarter; and
- 714 (d) the total quantity of finished petroleum products, itemized by type, that leave the
- 715 refinery or terminal.
- 716 (3)(a) The office shall compile the data received in the report described in Subsection (2)
- 717 for each refiner.
- 718 (b) The office shall provide the compiled data described in Subsection (3)(a) in an
- 719 aggregated form to the Division of Oil, Gas, and Mining on a quarterly basis.
- 720 (4)(a) Information provided to the office under this section is:
- 721 (i) a protected record under Title 63G, Chapter 2, Government Records Access and
- 722 Management Act;
- 723 (ii) confidential commercial information; and
- 724 (iii) a trade secret for purposes of state law.
- 725 (b) Information described in Subsection (4)(a) is not subject to disclosure, inspection, or
- 726 copying under Title 63G, Chapter 2, Government Records Access and Management
- 727 Act, or any other state law.
- 728 (c) The protected status of information under this section is mandatory and does not
- 729 require a claim or assertion by the reporting entity.
- 730 (5)(a) The office or any state agency may not release, publish, or disclose information
- 731 reported under this section in a manner that identifies, or could reasonably be used to
- 732 identify:
- 733 (i) a refinery;
- 734 (ii) a refiner;
- 735 (iii) a facility; or
- 736 (iv) operational proprietary business information.
- 737 (b) Information may be released only in aggregated statistical form that prevents
- 738 identification of a reporting entity.
- 739 (6)(a) Information collected under this section may be used only for:
- 740 (i) statewide statistical analysis; or

- 741 (ii) energy planning purposes.
- 742 (b) Information collected under this section may not be used as the basis for:
- 743 (i) regulatory enforcement;
- 744 (ii) administrative action;
- 745 (iii) market intervention;
- 746 (iv) price regulation;
- 747 (v) civil or criminal investigation; or
- 748 (vi) any action against a reporting entity, except for enforcement of the reporting
- 749 requirement under this section.
- 750 (7)(a) Information reported under this section may not be shared with another state
- 751 agency or political subdivision unless:
- 752 (i) the receiving entity agrees in writing to maintain confidentiality protections at
- 753 least as stringent as those provided in this section; and
- 754 (ii) the information is used only for purposes permitted under Subsection (6).
- 755 (b) Information may not be disclosed to the public or a private party through interagency
- 756 transfer.
- 757 (8) Information reported under this section may not be disclosed to a federal agency unless
- 758 disclosure is required by federal law and the receiving agency provides written
- 759 assurance that the information will be protected by confidentiality protections at least as
- 760 stringent as those provided under federal law governing refinery reporting data.
- 761 (9)(a) Information reported under this section is not subject to subpoena, discovery, or
- 762 admission into evidence in any civil, criminal, or administrative proceeding.
- 763 (b) A court may not order disclosure of information reported under this section.
- 764 (10)(a) The office shall adopt rules establishing a secure procedure for submission,
- 765 storage, and handling of information reported under this section.
- 766 (b) The office shall implement administrative, technical, and physical safeguards to
- 767 protect the confidentiality and integrity of the information.
- 768 (11)(a) The office may retain reported information only for the minimum period
- 769 necessary to perform the purposes described in Subsection (6).
- 770 (b) The office shall securely destroy confidential information after the retention period.
- 771 (12)(a) A person who knowingly discloses information protected under this section is
- 772 guilty of a class A misdemeanor.
- 773 (b) A reporting entity may bring a civil action for damages, injunctive relief, and
- 774 attorney fees against a person or government entity that unlawfully discloses

775 protected information.

776 (13) Submission of information under this section does not waive any privilege or
777 protection under state or federal law.

778 (14) This section shall be interpreted to provide confidentiality protections at least as
779 stringent as protections applied to refinery operational data collected by the United
780 States Energy Information Administration.

781 Section 11. Section **79-6-602** is amended to read:

782 **79-6-602 . Definitions.**

783 As used in this part:

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

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

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

788 (A) space heating;

789 (B) hot water; or

790 (C) space cooling; and

791 (ii) deliver services through a distribution system.

792 (b) "District energy system" includes:

793 (i) plants;

794 (ii) equipment;

795 (iii) distribution piping;

796 (iv) apparatus; and

797 (v) other facilities used to provide space heating, hot water, or space cooling.

798 (3)(a) "Energy delivery project" means a project that is designed to:

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

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

803 (iii) increase the production and delivery of geothermal energy through horizontal
804 drilling to create injection and production wells; [or]

805 (iv) increase the capacity for recovery of thermal energy for a heating or cooling
806 system through a district energy system[-] ; or

807 (v) increase storage capacity of refined hydrocarbon products.

808 (b) "Energy delivery project" includes:

- 809 (i) a hydroelectric energy storage system;
- 810 (ii) a utility-scale battery storage system;
- 811 (iii) a nuclear power generation system; [ø†]
- 812 (iv) a district energy system[-] ; or
- 813 (v) development of a pipeline and related infrastructure for transmission of refined
- 814 hydrocarbons for storage in a solution-mined subsurface salt cavern.
- 815 (4) "Emissions reduction project" means a project that is designed to reduce the emissions
- 816 of an existing electrical generation facility, refinery, smelter, kiln, mineral processing
- 817 facility, manufacturing facility, oil or gas production facility, or other industrial facility,
- 818 by utilizing selective catalytic reduction technology, carbon capture utilization and
- 819 sequestration technology, or any other emissions reduction technology or equipment.
- 820 (5) "Fuel standard compliance project" means a project designed to retrofit a fuel refinery in
- 821 order to make the refinery capable of producing fuel that complies with the United
- 822 States Environmental Protection Agency's Tier 3 gasoline sulfur standard described in
- 823 40 C.F.R. Sec. 79.54.
- 824 (6) "High cost infrastructure project" means:
- 825 (a) for an energy delivery project, fuel standard compliance project, mineral processing
- 826 project, or underground mine infrastructure project, a project:
- 827 (i)(A) that expands or creates new industrial, mining, manufacturing, or
- 828 agriculture activity in the state, not including a retail business;
- 829 (B) that involves new investment of at least \$50,000,000 made by an existing
- 830 industrial, mining, manufacturing, or agriculture entity located within a county
- 831 of the first or second class;
- 832 (C) that involves new investment of at least \$25,000,000 made by an existing
- 833 industrial, mining, manufacturing, or agriculture entity located within a county
- 834 of the third, fourth, fifth, or sixth class, or a municipality with a population of
- 835 10,000 or less located within a county of the second class;
- 836 (D) that involves new investment of at least \$10,000,000 for the construction of a
- 837 plant or facility for thermal energy production of heating or cooling used in a
- 838 district energy system; or
- 839 (E) for the construction of a plant or other facility for the storage or production of
- 840 fuel used for transportation, electricity generation, or industrial use;
- 841 (ii) that requires or is directly facilitated by infrastructure construction; and
- 842 (iii) for which the cost of infrastructure construction to the entity creating the project

- 843 is greater than:
- 844 (A) 10% of the total cost of the project; or
- 845 (B) \$10,000,000; and
- 846 (b) for an emissions reduction project, water purification project, or water resource
- 847 forecasting project, a project:
- 848 (i) that involves:
- 849 (A) new investment of at least \$50,000,000 made by an existing industrial,
- 850 mining, manufacturing, or agriculture entity located within a county of the first
- 851 or second class; or
- 852 (B) new investment of at least \$25,000,000 made by an existing industrial,
- 853 mining, manufacturing, or agriculture entity located within a county of the
- 854 third, fourth, fifth, or sixth class, or a municipality with a population of 10,000
- 855 or less located within a county of the second class; and
- 856 (ii) that requires or is directly facilitated by infrastructure construction.
- 857 (7) "Infrastructure" means:
- 858 (a) an energy delivery project;
- 859 (b) a railroad as defined in Section 54-2-1;
- 860 (c) a fuel standard compliance project;
- 861 (d) a road improvement project;
- 862 (e) a water self-supply project;
- 863 (f) a water removal system project;
- 864 (g) a solution-mined subsurface salt cavern;
- 865 (h) a project that is designed to:
- 866 (i) increase the capacity for water delivery to a water user in the state; or
- 867 (ii) increase the capability of an existing water delivery system or related facility to
- 868 deliver water to a water user in the state;
- 869 (i) an underground mine infrastructure project;
- 870 (j) an emissions reduction project;
- 871 (k) a mineral processing project;
- 872 (l) a district energy system project;
- 873 (m) a water purification project; or
- 874 (n) a water resource forecasting project.
- 875 (8)(a) "Infrastructure cost-burdened entity" means an applicant that enters into an
- 876 agreement with the office that qualifies the applicant to receive a tax credit as

- 877 provided in this part.
- 878 (b) "Infrastructure cost-burdened entity" includes a pass-through entity taxpayer, as
879 defined in Section 59-10-1402, of a person described in Subsection (8)(a).
- 880 (9) "Infrastructure-related revenue" means an amount of tax revenue, for an entity creating
881 a high cost infrastructure project, in a taxable year, that is directly attributable to a high
882 cost infrastructure project, under:
- 883 (a) Subsection 59-24-103.5(2)(e);
884 (b) Title 59, Chapter 5, Part 1, Oil and Gas Severance Tax;
885 (c) Title 59, Chapter 5, Part 2, Mining Severance Tax;
886 (d) Title 59, Chapter 7, Corporate Franchise and Income Taxes;
887 (e) Title 59, Chapter 10, Individual Income Tax Act; and
888 (f) Title 59, Chapter 12, Sales and Use Tax Act.
- 889 (10) "Mineral processing project" means a project that is designed to:
- 890 (a) process, smelt, refine, convert, separate, or otherwise beneficiate metalliferous
891 minerals as defined in Section 59-5-201 or a metalliferous compound as defined in
892 Section 59-5-202;
893 (b) calcine limestone or manufacture cement;
894 (c) process, refine, or otherwise beneficiate chloride compounds, salts, potash, gypsum,
895 sulfur or sulfuric acid, ammonium nitrate, phosphate, or uintaite; or
896 (d) convert or gasify coal to recover chemical compounds, gases, or minerals.
- 897 (11) "Office" means the Office of Energy Development created in Section 79-6-401.
- 898 (12) "Tax credit" means a tax credit under Section 59-5-305, 59-7-619, or 59-10-1034.
- 899 (13) "Tax credit certificate" means a certificate issued by the office to an infrastructure
900 cost-burdened entity that:
- 901 (a) lists the name of the infrastructure cost-burdened entity;
902 (b) lists the infrastructure cost-burdened entity's taxpayer identification number;
903 (c) lists, for a taxable year, the amount of the tax credit authorized for the infrastructure
904 cost-burdened entity under this part; and
905 (d) includes other information as determined by the office.
- 906 (14)(a) "Underground mine infrastructure project" means a project that:
- 907 (i) is designed to create permanent underground infrastructure to facilitate
908 underground mining operations; and
909 (ii) services multiple levels or areas of an underground mine or multiple underground
910 mines.

- 911 (b) "Underground mine infrastructure project" includes:
- 912 (i) an underground access or a haulage road, entry, ramp, or decline;
- 913 (ii) a vertical or incline mine shaft;
- 914 (iii) a ventilation shaft or an air course; or
- 915 (iv) a conveyor or a truck haulageway.
- 916 (15) "Water purification project" means a project that, in order to meet applicable quality
- 917 standards established under Title 19, Chapter 5, Water Quality Act, is designed to reduce
- 918 the existing total dissolved solids or other naturally existing impurities contained in
- 919 water sources:
- 920 (a) located at a distance of not less than 2,000 feet below the surface;
- 921 (b) associated with existing mineral operations; or
- 922 (c) associated with deep water mining operations designed primarily for the
- 923 revitalization of the Great Salt Lake.
- 924 (16) "Water resource forecasting project" means a project that includes a network of
- 925 permanent physical data collection systems designed to improve forecasting for the
- 926 availability of seasonal water flows within the state, including flash flooding and other
- 927 event-driven water flows resulting from localized severe weather events.

928 Section 12. **FY 2027 Appropriations.**

929 The following sums of money are appropriated for the fiscal year beginning July 1,
 930 2026, and ending June 30, 2027. These are additions to amounts previously appropriated for
 931 fiscal year 2027.

932 Subsection 12(a). **Operating and Capital Budgets**

933 Under the terms and conditions of Title 63J, Chapter 1, Budgetary Procedures Act, the
 934 Legislature appropriates the following sums of money from the funds or accounts indicated for
 935 the use and support of the government of the state of Utah.

936	ITEM 1 To Transportation - Pass-Through	
937	From General Fund, One-time	11,903,900
938	Schedule of Programs:	
939	B and C Roads	11,903,900

940 Section 13. **Effective Date.**

941 This bill takes effect on May 6, 2026.