

HB0185S04 compared with HB0185S03

~~{Omitted text}~~ shows text that was in HB0185S03 but was omitted in HB0185S04
inserted text shows text that was not in HB0185S03 but was inserted into HB0185S04

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1 **Carbon Credit Amendments**
2026 GENERAL SESSION
STATE OF UTAH
Chief Sponsor: Troy Shelley
Senate Sponsor:



2
3 **LONG TITLE**

4 **General Description:**

5 This bill addresses requirements related to the sale of a carbon credit.

6 **Highlighted Provisions:**

7 This bill:

- 8 ▶ defines and modifies terms;
- 9 ▶ creates the Carbon Credit Litigation Fund and specifies the purpose of the fund;
- 10 ▶ establishes reporting requirements for a state entity that sells or exchanges a carbon credit;
- 11 ▶ requires the ~~{Office of Energy Development}~~ state auditor to report on the sale of carbon credits by state entities to the Natural Resources, Agriculture, and Environmental Quality Appropriations Subcommittee; and
- 14 ▶ makes technical and conforming changes.

15 **Money Appropriated in this Bill:**

16 None

17 **Other Special Clauses:**

18 None

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19 **Utah Code Sections Affected:**

20 AMENDS:

21 **67-3-1 , as last amended by Laws of Utah 2025, First Special Session, Chapter 17**

22 **79-6-1301** , as enacted by Laws of Utah 2025, Chapters 146, 375

23 **79-6-1302** , as enacted by Laws of Utah 2025, Chapters 146, 375

24 **79-6-1303** , as enacted by Laws of Utah 2025, Chapters 146, 375

25 ENACTS:

26 **67-5-41** , Utah Code Annotated 1953

27

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

29 **Section 1. Section 67-3-1 is amended to read:**

30 **67-3-1. Functions and duties.**

31 (1)

(a) The state auditor is the auditor of public accounts and is independent of any executive or administrative officers of the state.

33 (b) The state auditor is not limited in the selection of personnel or in the determination of the reasonable and necessary expenses of the state auditor's office.

35 (2) The state auditor shall examine and certify annually in respect to each fiscal year, financial statements showing:

37 (a) the condition of the state's finances;

38 (b) the revenues received or accrued;

39 (c) expenditures paid or accrued;

40 (d) the amount of unexpended or unencumbered balances of the appropriations to the agencies, departments, divisions, commissions, and institutions; and

42 (e) the cash balances of the funds in the custody of the state treasurer.

43 (3)

(a) The state auditor shall:

44 (i) audit each permanent fund, each special fund, the General Fund, and the accounts of any department of state government or any independent agency or public corporation as the law requires, as the auditor determines is necessary, or upon request of the governor or the Legislature;

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- 48 (ii) perform the audits in accordance with generally accepted auditing standards and other auditing
procedures as promulgated by recognized authoritative bodies; and
- 50 (iii) as the auditor determines is necessary, conduct the audits to determine:
- 51 (A) honesty and integrity in fiscal affairs;
- 52 (B) accuracy and reliability of financial statements;
- 53 (C) effectiveness and adequacy of financial controls; and
- 54 (D) compliance with the law.
- 55 (b) If any state entity receives federal funding, the state auditor shall ensure that the audit is performed
in accordance with federal audit requirements.
- 57 (c)
- (i) The costs of the federal compliance portion of the audit may be paid from an appropriation to the
state auditor from the General Fund.
- 59 (ii) If an appropriation is not provided, or if the federal government does not specifically provide for
payment of audit costs, the costs of the federal compliance portions of the audit shall be allocated
on the basis of the percentage that each state entity's federal funding bears to the total federal funds
received by the state.
- 63 (iii) The allocation shall be adjusted to reflect any reduced audit time required to audit funds passed
through the state to local governments and to reflect any reduction in audit time obtained through
the use of internal auditors working under the direction of the state auditor.
- 67 (4)
- (a) Except as provided in Subsection (4)(b), the state auditor shall, in addition to financial audits, and as
the auditor determines is necessary, conduct performance and special purpose audits, examinations,
and reviews of any entity that receives public funds, including a determination of any or all of the
following:
- 71 (i) the honesty and integrity of all the entity's fiscal affairs;
- 72 (ii) whether the entity's administrators have faithfully complied with legislative intent;
- 73 (iii) whether the entity's operations have been conducted in an efficient, effective, and cost-efficient
manner;
- 75 (iv) whether the entity's programs have been effective in accomplishing the intended objectives;
and

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- (v) whether the entity's management, control, and information systems are adequate, effective, and secure.
- 79 (b) The auditor may not conduct performance and special purpose audits, examinations, and reviews of
any entity that receives public funds if the entity:
- 81 (i) has an elected auditor; and
- 82 (ii) has, within the entity's last budget year, had the entity's financial statements or performance
formally reviewed by another outside auditor.
- 84 (5) The state auditor:
- 85 (a) shall administer any oath or affirmation necessary to the performance of the duties of the auditor's
office; and
- 87 (b) may:
- 88 (i) subpoena witnesses and documents, whether electronic or otherwise; and
- 89 (ii) examine into any matter that the auditor considers necessary.
- 90 (6) The state auditor may require all persons who have had the disposition or management of any
property of this state or its political subdivisions to submit statements regarding the property at the
time and in the form that the auditor requires.
- 93 (7) The state auditor shall:
- 94 (a) except where otherwise provided by law, institute suits in Salt Lake County in relation to the
assessment, collection, and payment of revenues against:
- 96 (i) persons who by any means have become entrusted with public money or property and have failed to
pay over or deliver the money or property; and
- 98 (ii) all debtors of the state;
- 99 (b) collect and pay into the state treasury all fees received by the state auditor;
- 100 (c) perform the duties of a member of all boards of which the state auditor is a member by the
constitution or laws of the state, and any other duties that are prescribed by the constitution and by
law;
- 103 (d) stop the payment of the salary of any state official or state employee who:
- 104 (i) refuses to settle accounts or provide required statements about the custody and disposition of public
funds or other state property;
- 106 (ii) refuses, neglects, or ignores the instruction of the state auditor or any controlling board or
department head with respect to the manner of keeping prescribed accounts or funds; or

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- 109 (iii) fails to correct any delinquencies, improper procedures, and errors brought to the official's or
employee's attention;
- 111 (e) establish accounting systems, methods, and forms for public accounts in all taxing or fee-assessing
units of the state in the interest of uniformity, efficiency, and economy;
- 113 (f) superintend the contractual auditing of all state accounts;
- 114 (g) subject to Subsection (8)(a), withhold state allocated funds or the disbursement of property taxes
from a state or local taxing or fee-assessing unit, if necessary, to ensure that officials and employees
in those taxing units comply with state laws and procedures in the budgeting, expenditures, and
financial reporting of public funds;
- 118 (h) subject to Subsection (9), withhold the disbursement of tax money from any county, if necessary, to
ensure that officials and employees in the county comply with Section 59-2-303.1; and
- 121 (i) withhold state allocated funds or the disbursement of property taxes from a local government entity
or a limited purpose entity, as those terms are defined in Section 67-1a-15 if the state auditor finds
the withholding necessary to ensure that the entity registers and maintains the entity's registration
with the lieutenant governor, in accordance with Section 67-1a-15.
- 126 (8)
- (a) Except as otherwise provided by law, the state auditor may not withhold funds under Subsection
(7)(g) until a state or local taxing or fee-assessing unit has received formal written notice of
noncompliance from the auditor and has been given 60 days to make the specified corrections.
- 130 (b) If, after receiving notice under Subsection (8)(a), a state or independent local fee-assessing unit that
exclusively assesses fees has not made corrections to comply with state laws and procedures in the
budgeting, expenditures, and financial reporting of public funds, the state auditor:
- 134 (i) shall provide a recommended timeline for corrective actions;
- 135 (ii) may prohibit the state or local fee-assessing unit from accessing money held by the state; and
- 137 (iii) may prohibit a state or local fee-assessing unit from accessing money held in an account of a
financial institution by filing an action in a court with jurisdiction under Title 78A, Judiciary and
Judicial Administration, requesting an order of the court to prohibit a financial institution from
providing the fee-assessing unit access to an account.
- 142 (c) The state auditor shall remove a limitation on accessing funds under Subsection (8)(b) upon
compliance with state laws and procedures in the budgeting, expenditures, and financial reporting of
public funds.

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- 145 (d) If a local taxing or fee-assessing unit has not adopted a budget in compliance with state law, the
state auditor:
- 147 (i) shall provide notice to the taxing or fee-assessing unit of the unit's failure to comply;
- 149 (ii) may prohibit the taxing or fee-assessing unit from accessing money held by the state; and
- 151 (iii) may prohibit a taxing or fee-assessing unit from accessing money held in an account of a financial
institution by:
- 153 (A) contacting the taxing or fee-assessing unit's financial institution and requesting that the institution
prohibit access to the account; or
- 155 (B) filing an action in a court with jurisdiction under Title 78A, Judiciary and Judicial Administration,
requesting an order of the court to prohibit a financial institution from providing the taxing or fee-
assessing unit access to an account.
- 158 (e) If the local taxing or fee-assessing unit adopts a budget in compliance with state law, the state
auditor shall eliminate a limitation on accessing funds described in Subsection (8)(d).
- 161 (9) The state auditor may not withhold funds under Subsection (7)(h) until a county has received formal
written notice of noncompliance from the auditor and has been given 60 days to make the specified
corrections.
- 164 (10)
- (a) The state auditor may not withhold funds under Subsection (7)(i) until the state auditor receives a
notice of non-registration, as that term is defined in Section 67-1a-15.
- 167 (b) If the state auditor receives a notice of non-registration, the state auditor may prohibit the local
government entity or limited purpose entity, as those terms are defined in Section 67-1a-15, from
accessing:
- 170 (i) money held by the state; and
- 171 (ii) money held in an account of a financial institution by:
- 172 (A) contacting the entity's financial institution and requesting that the institution prohibit access to the
account; or
- 174 (B) filing an action in a court with jurisdiction under Title 78A, Judiciary and Judicial Administration,
requesting an order of the court to prohibit a financial institution from providing the entity access to
an account.
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(c) The state auditor shall remove the prohibition on accessing funds described in Subsection (10)(b) if the state auditor received a notice of registration, as that term is defined in Section 67-1a-15, from the lieutenant governor.

180 (11) Notwithstanding Subsection (7)(g), (7)(h), (7)(i), (8)(b), (8)(d), or (10)(b), the state auditor:

182 (a) shall authorize a disbursement by a local government entity or limited purpose entity, as those terms are defined in Section 67-1a-15, or a state or local taxing or fee-assessing unit if the disbursement is necessary to:

185 (i) avoid a major disruption in the operations of the local government entity, limited purpose entity, or state or local taxing or fee-assessing unit; or

187 (ii) meet debt service obligations; and

188 (b) may authorize a disbursement by a local government entity, limited purpose entity, or state or local taxing or fee-assessing unit as the state auditor determines is appropriate.

191 (12)

(a) The state auditor may seek relief under the Utah Rules of Civil Procedure to take temporary custody of public funds if an action is necessary to protect public funds from being improperly diverted from their intended public purpose.

194 (b) If the state auditor seeks relief under Subsection (12)(a):

195 (i) the state auditor is not required to exhaust the procedures in Subsection (7) or (8); and

197 (ii) the state treasurer may hold the public funds in accordance with Section 67-4-1 if a court orders the public funds to be protected from improper diversion from their public purpose.

200 (13) The state auditor shall:

201 (a) establish audit guidelines and procedures for audits of local mental health and substance abuse authorities and their contract providers, conducted [~~pursuant to~~] in accordance with Title 17, Chapter 77, Local Health and Human [Servicees] Service, Title 26B, Chapter 5, Health Care - Substance Use and Mental Health, and Title 51, Chapter 2a, Accounting Reports from Political Subdivisions, Interlocal Organizations, and Other Local Entities Act; and

207 (b) ensure that those guidelines and procedures provide assurances to the state that:

208 (i) state and federal funds appropriated to local mental health authorities are used for mental health purposes;

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- (ii) a private provider under an annual or otherwise ongoing contract to provide comprehensive mental health programs or services for a local mental health authority is in compliance with state and local contract requirements and state and federal law;
- 214 (iii) state and federal funds appropriated to local substance abuse authorities are used for substance
abuse programs and services; and
- 216 (iv) a private provider under an annual or otherwise ongoing contract to provide comprehensive
substance abuse programs or services for a local substance abuse authority is in compliance with
state and local contract requirements, and state and federal law.
- 220 (14)
- (a) The state auditor may, in accordance with the auditor's responsibilities for political subdivisions
of the state as provided in Title 51, Chapter 2a, Accounting Reports from Political Subdivisions,
Interlocal Organizations, and Other Local Entities Act, initiate audits or investigations of any
political subdivision that are necessary to determine honesty and integrity in fiscal affairs, accuracy
and reliability of financial statements, effectiveness, and adequacy of financial controls and
compliance with the law.
- 227 (b) If the state auditor receives notice under Subsection 11-41-104(7) from the Governor's Office
of Economic Opportunity on or after July 1, 2024, the state auditor may initiate an audit or
investigation of the public entity subject to the notice to determine compliance with Section
11-41-103.
- 231 (15)
- (a) The state auditor may not audit work that the state auditor performed before becoming state auditor.
- 233 (b) If the state auditor has previously been a responsible official in state government whose work has
not yet been audited, the Legislature shall:
- 235 (i) designate how that work shall be audited; and
- 236 (ii) provide additional funding for those audits, if necessary.
- 237 (16) The state auditor shall:
- 238 (a) with the assistance, advice, and recommendations of an advisory committee appointed by the state
auditor from among special district boards of trustees, officers, and employees and special service
district boards, officers, and employees:
- 241 (i) prepare a Uniform Accounting Manual for Special Districts that:
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- (A) prescribes a uniform system of accounting and uniform budgeting and reporting procedures for special districts under Title 17B, Limited Purpose Local Government Entities - Special Districts, and special service districts under Title 17D, Chapter 1, Special Service District Act;
- 246 (B) conforms with generally accepted accounting principles; and
- 247 (C) prescribes reasonable exceptions and modifications for smaller districts to the uniform system of accounting, budgeting, and reporting;
- 249 (ii) maintain the manual under this Subsection (16)(a) so that the manual continues to reflect generally accepted accounting principles;
- 251 (iii) conduct a continuing review and modification of procedures in order to improve them;
- 253 (iv) prepare and supply each district with suitable budget and reporting forms; and
- 254 (v)
- (A) prepare instructional materials, conduct training programs, and render other services considered necessary to assist special districts and special service districts in implementing the uniform accounting, budgeting, and reporting procedures; and
- 258 (B) ensure that any training described in Subsection (16)(a)(v)(A) complies with Title 63G, Chapter 22, State Training and Certification Requirements; and
- 260 (b) continually analyze and evaluate the accounting, budgeting, and reporting practices and experiences of specific special districts and special service districts selected by the state auditor and make the information available to all districts.
- 263 (17)
- (a) The following records in the custody or control of the state auditor are protected records under Title 63G, Chapter 2, Government Records Access and Management Act:
- 266 (i) records that would disclose information relating to allegations of personal misconduct, gross mismanagement, or illegal activity of a past or present governmental employee if the information or allegation cannot be corroborated by the state auditor through other documents or evidence, and the records relating to the allegation are not relied upon by the state auditor in preparing a final audit report;
- 272 (ii) records and audit workpapers to the extent the workpapers would disclose the identity of an individual who during the course of an audit, communicated the existence of any waste of public funds, property, or manpower, or a violation or suspected violation of a law, rule, or regulation adopted under the laws of this state, a political subdivision of the state, or any

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recognized entity of the United States, if the information was disclosed on the condition that the identity of the individual be protected;

- 279 (iii) before an audit is completed and the final audit report is released, records or drafts circulated
to an individual who is not an employee or head of a governmental entity for the individual's
282 response or information;
284 (iv) records that would disclose an outline or part of any audit survey plans or audit program; and
285 (v) requests for audits, if disclosure would risk circumvention of an audit.
- (b) The provisions of Subsections (17)(a)(i), (ii), and (iii) do not prohibit the disclosure of records
or information that relate to a violation of the law by a governmental entity or employee to a
government prosecutor or peace officer.
- 288 (c) The provisions of this Subsection (17) do not limit the authority otherwise given to the state auditor
to classify a document as public, private, controlled, or protected under Title 63G, Chapter 2,
Government Records Access and Management Act.
- 291 (d)
- (i) As used in this Subsection (17)(d), "record dispute" means a dispute between the state auditor and
the subject of an audit performed by the state auditor as to whether the state auditor may release
a record, as defined in Section 63G-2-103, to the public that the state auditor gained access to in
the course of the state auditor's audit but which the subject of the audit claims is not subject to
disclosure under Title 63G, Chapter 2, Government Records Access and Management Act.
- 297 (ii) The state auditor may submit a record dispute to the director of the Government Records Office,
created in Section 63A-12-202, for a determination of whether the state auditor may, in conjunction
with the state auditor's release of an audit report, release to the public the record that is the subject of
the record dispute.
- 301 (iii) The state auditor or the subject of the audit may seek judicial review of the director's determination,
described in Subsection (17)(d)(ii), as provided in Section 63G-2-404.
- 304 (18) If the state auditor conducts an audit of an entity that the state auditor has previously audited
and finds that the entity has not implemented a recommendation made by the state auditor in a
previous audit, the state auditor shall notify the Legislative Management Committee through the
Legislative Management Committee's Audit Subcommittee that the entity has not implemented that
recommendation.

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- (19) The state auditor shall, with the advice and consent of the Senate, appoint the state privacy auditor described in Section 67-3-13.
- 311 (20) Except as provided in Subsection (21), the state auditor shall report, or ensure that another
government entity reports, on the financial, operational, and performance metrics for the state
system of higher education and the state system of public education, including metrics in relation to
students, programs, and schools within those systems.
- 315 (21)
- (a) Notwithstanding Subsection (20), the state auditor shall conduct regular audits of:
- 316 (i) the scholarship granting organization for the Carson Smith Opportunity Scholarship Program,
created in Section 53E-7-402;
- 318 (ii) the State Board of Education for the Carson Smith Scholarship Program, created in Section
53F-4-302; and
- 320 (iii) the scholarship program manager for the Utah Fits All Scholarship Program, created in
Section 53F-6-402, including an analysis of the cost effectiveness of the program, taking into
consideration the amount of the scholarship and the amount of state and local funds dedicated
on a per-student basis within the traditional public education system.
- 325 (b) Nothing in this subsection limits or impairs the authority of the State Board of Education to
administer the programs described in Subsection (21)(a).
- 327 (22) The state auditor shall, based on the information posted by the Office of Legislative Research and
General Counsel under Subsection 36-12-12.1(2), for each policy, track and post the following
information on the state auditor's website:
- 330 (a) the information posted under Subsections 36-12-12.1(2)(a) through (e);
- 331 (b) an indication regarding whether the policy is timely adopted, adopted late, or not adopted;
- 333 (c) an indication regarding whether the policy complies with the requirements established by law for the
policy; and
- 335 (d) a link to the policy.
- 336 (23)
- (a) A legislator may request that the state auditor conduct an inquiry to determine whether a
government entity, government official, or government employee has complied with a legal
obligation directly imposed, by statute, on the government entity, government official, or
government employee.

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- 340 (b) The state auditor may, upon receiving a request under Subsection (23)(a), conduct the inquiry
requested.
- 342 (c) If the state auditor conducts the inquiry described in Subsection (23)(b), the state auditor shall post
the results of the inquiry on the state auditor's website.
- 344 (d) The state auditor may limit the inquiry described in this Subsection (23) to a simple determination,
without conducting an audit, regarding whether the obligation was fulfilled.
- 347 (24) The state auditor shall:
- 348 (a) ensure compliance with Title 63G, Chapter 31, Distinctions on the Basis of Sex, in accordance with
Section 63G-31-401; and
- 350 (b) report to the Legislative Management Committee, upon request, regarding the state auditor's actions
under this Subsection (24).
- 352 (25) The state auditor shall report compliance with Sections 67-27-107, 67-27-108, and 67-27-109 by:
- 354 (a) establishing a process to receive and audit each alleged violation; and
- 355 (b) reporting to the Legislative Management Committee, upon request, regarding the state auditor's
findings and recommendations under this Subsection (25).
- 357 (26) The state auditor shall ensure compliance with Section 63G-1-704 regarding the display of flags in
or on government property.
- 359 (27)
- (a) On or before January 31 each year, the state auditor shall prepare a report that states, for each entity
that holds public funds as defined in Section 51-7-3, the entity's total balance, as of the last day of
the immediately preceding fiscal year, of cash, cash equivalents, and investments, as those terms are
defined under the standards established by the Governmental Accounting Standards Board.
- 364 (b) The state auditor shall make the report described in Subsection (27)(a) publicly available on a
website that the state auditor maintains.
- 366 (28) The state auditor shall:
- 367 (a) maintain a list of carbon credit transaction information reported to the state auditor under Subsection
79-6-1302(1); and
- 369 (b) report carbon credit transaction information to the Natural Resources, Agriculture, and
Environmental Quality Appropriations Subcommittee in accordance with Subsection 79-6-1302(2).
- 372 Section 2. Section 2 is enacted to read:
- 373 **67-5-41. Carbon Credit Litigation Fund -- Report.**

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- 30 (1) As used in this section:
- 31 (a) "Carbon credit" means the same as that term is defined in Section 79-6-1301.
- 32 (b) "Fund" means the Carbon Credit Litigation Fund created in Subsection (2).
- 33 (c) "Greenhouse gas" means the same as that term is defined in Section 79-6-1301.
- 34 (2) There is created an expendable special revenue account called the Carbon Credit Litigation Fund.
- 36 (3) The fund consists of:
- 37 (a) money deposited into the fund as a result of any judgment, settlement, or compromise of claims
under Subsection (5);
- 39 (b) interest and dividends earned on money in the fund; and
- 40 (c) money appropriated to the fund by the Legislature.
- 41 (4) The state treasurer shall:
- 42 (a) invest money in the fund in accordance with Title 51, Chapter 7, State Money Management Act; and
- 44 (b) deposit interest or other earnings derived from investment of fund money into the fund.
- 46 (5) Notwithstanding Section 67-5-40, the following shall be deposited into the fund after reimbursement
to the attorney general for expenses related to the litigation described in Subsection (5)(a) or (b):
- 49 (a) all money received by the attorney general as a result of any judgment, settlement, or compromise of
claims pertaining to alleged violations of law related to the sale or marketing of carbon credits; and
- 52 (b) all money received by the attorney general as a result of any judgment, settlement, or compromise
of claims pertaining to alleged violations of law under Title 79, Chapter 6, Part 13, Carbon Credit
Transactions.
- 55 (6)
- (a) The attorney general or the attorney general's designee shall authorize the expenditure of fund
money in accordance with this section.
- 57 (b) The money in the fund may not be used for an administrative expense of the Office of the Attorney
General, unless the administrative expense is directly related to a purpose described in Subsection
(7).
- 60 (7) The attorney general may use money in the fund to:
- 61 (a) prevent a federal requirement for the state to adopt or participate in:
- 62 (i) a cap and trade program for carbon credits;
- 63 (ii) mandatory carbon emissions reporting;
- 64 (iii) a claim against the state related to greenhouse gas emissions; or

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- 65 (iv) a climate remediation program; and
66 (b) recover a carbon credit or the profit of a carbon credit transferred out of the state in a fraudulent
sale.
68 (8)
(a) By November 30 of each year, the attorney general shall submit an annual report to the Natural
Resources, Agriculture, and Environmental Quality Appropriations Subcommittee regarding the
status of the fund.
71 (b) The report shall include:
72 (i) contributions received, expenditures made, and programs and services funded; and
73 (ii) if the attorney general establishes a task force to study an issue related to this section, activities and
programs initiated through the task force.

419 Section 3. Section **79-6-1301** is amended to read:

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Part 13. Carbon Credit Transactions

421

79-6-1301. Definitions.

As used in this part:

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- (1)
(a) "Carbon credit" means a payment or offer of payment, or other financial compensation or benefit,
for a carbon emission offset.
81 (b) "Carbon credit" includes a natural asset credit.
82 (c) "Carbon credit" does not include a payment or offer of payment related to:
83 (i) a right or interest associated with a regulated pollutant, as that term is defined in Title V of the 1990
Clean Air Act; or
85 (ii) an industrial or commercial use of liquefied carbon dioxide.

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(2) "Carbon emission offset" means:

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(a) a reduction in the amount of greenhouse gas present in the atmosphere; or

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(b) an amount of greenhouse gas prevented from entering the atmosphere.

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~~[(1)]~~ (3) "Digital identification number" means an identification number assigned to [an environmental
commodity] a carbon credit by a governmental or accredited third-party verification entity that
certifies or registers [an environmental commodity] a carbon credit for sale or exchange.

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~~[(2)]~~

~~(a) "Environmental commodity" means a representation of the financial value of:]~~

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94 [(i) a reduction in the amount of greenhouse gas present in the atmosphere; or]

95 [(ii) an amount of greenhouse gas prevented from entering the atmosphere.]

96 [(b) "Environmental commodity" does not include a right or interest associated with a regulated
pollutant, as that term is defined in Title V of the 1990 Clean Air Act.]

98 [(3)] (4) "Greenhouse gas" means:

99 (a) carbon dioxide or a gas emission converted into a carbon dioxide equivalent; or

100 (b) methane.

101 (5) "Natural asset company" means the same as that term is defined in Section 63L-13-101.

102 (6)

(a) "Natural asset credit" means a payment or offer of payment, or other financial compensation or
benefit:

104 (i) for the preservation of a natural and biological process on a parcel of land; or

105 (ii) by a natural asset company for an activity described in Section 63L-13-203.

106 (b) "Natural asset credit" does not include:

107 (i) the commercial extraction, production, or sale of a natural or agricultural resource; or

109 (ii) a right or interest associated with the beneficial use or appropriation of water.

110 [(4)] (7) "State entity" means a department, commission, board, council, agency, institution of higher
education, officer, corporation, fund, division, office, committee, authority, laboratory, library, unit,
bureau, panel, or other administrative unit of the state.

113 [(5)] (8)

(a) "State funds" means:

114 (i) money appropriated by the Legislature[-] ; and

115 (ii) a bond issued by a state entity that creates a carbon emission offset.

116 (b) "State funds" does not include money or financial benefit in the form of:

117 (i) a tax incentive;

118 (ii) a permit or an activity related to the development of a permit issued by a state entity; or

120 (iii) a federal grant administered by a state entity.

465 Section 4. Section **79-6-1302** is amended to read:

466 **79-6-1302. Requirements for sale by state entity -- {Report} Administration by state auditor**
-- {Rulemaking} Report.

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[1] Except as provided in Subsection (2), before a state entity may sell or exchange an environmental commodity, the state entity shall:]

125 [(a) obtain a digital identification number for the environmental commodity;]

126 [(b) report a digital identification number for the environmental commodity to the office; and]

128 [(c) report to the office any state funds that the state entity used for the creation of the environmental commodity.]

130 (1) Before a state entity may sell or exchange a carbon credit, the state entity shall:

131 (a) obtain a digital identification number for the carbon credit; and

132 (b) report to the {office} state auditor, in a form and manner approved by the {office} state auditor:

133 (i) a digital identification number for the carbon credit;

134 (ii) a description of the carbon emission offset, including the source of the carbon emission offset, that is the subject of the carbon credit; and

136 (iii) the terms of a negotiated sale or exchange of the carbon credit with an attempted buyer.

138 (2) Before November 30 of each year, the {office} state auditor shall report to the Natural Resources, Agriculture, and Environmental Quality Appropriations Subcommittee:

140 (a) the revenue generated from the sale of carbon credits by state entities reported under Subsection (1) (b); and

142 (b) a summary of the carbon credit transactions reported to the {office} state auditor under Subsection (1)(b).

489 [(2)]

144 {(3)} {In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the office shall make rules regarding the form and manner of reporting a carbon credit to the office under Subsection (1)(b).}

This section does not apply to an environmental commodity created from an activity on school and institutional trust lands, as that term is defined in Section 53C-1-103.]

491 Section 5. Section **79-6-1303** is amended to read:

492 **79-6-1303. {Property of the state -- } Management.**

151 [(1) If the state or a state entity appropriates or expends state funds {f} for the creation of an environmental commodity { } that create a carbon credit}, the state owns a portion of {f} an environmental commodity { } the carbon credit that is proportional to the amount of state funds appropriated or expended {f} for the creation of the environmental commodity { } .]

HB0185S03 compared with HB0185S04

- 155 [(2)
(a) Except as provided in Subsection (3), the state treasurer may sell, exchange, or hold an
environmental commodity, or any portion thereof, owned by the state in accordance with Subsection
(2)(b).]
- 158 [(b) The state treasurer shall ensure that an environmental commodity owned by the state is sold,
exchanged, or held:]
- 160 [(i) for the benefit of the citizens of the state;]
161 [(ii) to promote energy independence for the state;]
162 [(iii) to maximize the natural resources of the state; and]
163 [(iv) consistent with Part 3, State Energy Policy.]
- 164 [(3){ } {(2)}] { } An environmental commodity] A carbon credit created or purchased by a state entity
shall remain under the control of the state entity.

508 Section 6. **Effective date.**

Effective Date.

This bill takes effect on May 6, 2026.

3-2-26 9:30 AM