

**Carbon Credit Amendments**

2026 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Troy Shelley**

Senate Sponsor:

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**LONG TITLE****General Description:**

This bill addresses requirements relating to a carbon credit transaction.

**Highlighted Provisions:**

This bill:

- defines and modifies terms;
  - creates a 25% tax for the sale of a carbon credit and includes penalties for a violation;
  - creates a licensing requirement for a carbon credit transaction;
  - creates a tax credit for an in-state carbon credit;
  - establishes reporting requirements for a person selling or exchanging an in-state carbon credit;
  - creates a right of first refusal for the Office of Energy Development (office) to purchase an in-state carbon credit;
  - requires the office to submit a proposal for purchasing an in-state carbon credit to:
    - a committee or commission designated by the Legislative Management Committee;
- and
- the state treasurer;
  - voids a sale or exchange of an in-state carbon credit that violates state requirements;
  - requires a state entity that owns or controls a carbon credit to report a digital identification number and valuation of the carbon credit to the office;
  - creates a restricted account for the office to purchase in-state carbon credits; and
  - makes technical and conforming changes.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

None

**Utah Code Sections Affected:**

AMENDS:

31 **59-1-306**, as last amended by Laws of Utah 2025, Chapter 258  
32 **79-6-1301**, as enacted by Laws of Utah 2025, Chapters 146, 375  
33 **79-6-1302**, as enacted by Laws of Utah 2025, Chapters 146, 375  
34 **79-6-1303**, as enacted by Laws of Utah 2025, Chapters 146, 375

## ENACTS:

36 **59-35-101**, Utah Code Annotated 1953  
37 **59-35-201**, Utah Code Annotated 1953  
38 **59-35-202**, Utah Code Annotated 1953  
39 **59-35-203**, Utah Code Annotated 1953  
40 **59-35-301**, Utah Code Annotated 1953  
41 **59-35-302**, Utah Code Annotated 1953  
42 **59-35-401**, Utah Code Annotated 1953  
43 **59-35-501**, Utah Code Annotated 1953  
44 **79-6-1304**, Utah Code Annotated 1953

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

47 Section 1. Section **59-1-306** is amended to read:

48 **59-1-306 . Definition -- State Tax Commission Administrative Charge Account --**  
49 **Amount of administrative charge -- Deposit of revenue into the restricted account --**  
50 **Interest deposited into General Fund -- Expenditure of money deposited into the**  
51 **restricted account.**

52 (1) As used in this section, "qualifying tax, fee, or charge" means a tax, fee, or charge the  
53 commission administers under:

- 54 (a) Title 10, Chapter 1, Part 3, Municipal Energy Sales and Use Tax Act;  
55 (b) Title 10, Chapter 1, Part 4, Municipal Telecommunications License Tax Act;  
56 (c) Section 19-6-714;  
57 (d) Section 19-6-805;  
58 (e) Chapter 12, Sales and Use Tax Act, other than a tax under Chapter 12, Part 1, Tax  
59 Collection, or Chapter 12, Part 18, Additional State Sales and Use Tax Act;  
60 (f) Section 59-27-105;  
61 (g) Chapter 31, Cannabinoid Licensing and Tax Act;  
62 (h) Chapter 32, Local Impact Mitigation Tax Act;  
63 (i) Chapter 33, Wind or Solar Electric Generation Facility Capacity Tax;  
64 (j) Chapter 35, Carbon Credit Transaction License and Tax Act;

~~[(j)]~~ (k) Section 63H-1-205;

~~[(k)]~~ (l) Title 63N, Chapter 3, Part 6, Housing and Transit Reinvestment Zone Act; ~~[or]~~

~~[(l)]~~ (m) Title 69, Chapter 2, Part 4, Prepaid Wireless Telecommunications Service

Charges; or

~~[(m)]~~ (n) Title 79, Chapter 6, Part 11, Energy Project Assessment.

(2) There is created a restricted account within the General Fund known as the "State Tax Commission Administrative Charge Account."

(3) Subject to the other provisions of this section, the restricted account shall consist of administrative charges the commission retains and deposits in accordance with this section.

(4) For purposes of this section, the administrative charge is a percentage of revenue the commission collects from each qualifying tax, fee, or charge of not to exceed the lesser of:

(a) 1.5%; or

(b) an equal percentage of revenue the commission collects from each qualifying tax, fee, or charge sufficient to cover the cost to the commission of administering the qualifying taxes, fees, or charges.

(5) The commission shall deposit an administrative charge into the restricted account.

(6) Interest earned on the restricted account shall be deposited into the General Fund.

(7) The commission shall expend money appropriated by the Legislature to the commission from the restricted account to administer qualifying taxes, fees, or charges or to offset general operational expenses.

Section 2. Section **59-35-101** is enacted to read:

## **CHAPTER 35. Carbon Credit Transaction License and Tax Act**

### **Part 1. General Provisions**

#### **59-35-101 . Definitions.**

As used in this chapter:

(1) "Carbon credit" means the same as that term is defined in Section 79-6-1301.

(2) "Carbon credit broker" means a person licensed under Part 2, Broker Licensing, that sells, attempts to sell, or assists in the sale of a carbon credit.

(3) "Regulatory carbon credit market" means a financial market regulated by a government entity in which a person may purchase a carbon credit.

(4) "Voluntary carbon credit market" means a financial market not regulated by a

government entity in which a person may purchase a carbon credit.

Section 3. Section **59-35-201** is enacted to read:

**Part 2. Broker Licensing**

**59-35-201 . Prohibition on the sale of a carbon credit without license.**

(1) A person may not sell, offer to sell, or assist in the sale of a carbon credit in this state without first:

(a) obtaining a license from the commission under Section 59-35-202; and

(b) complying with the bonding requirement described in Section 59-35-202.

(2) It is a class B misdemeanor for a person to violate Subsection (1).

Section 4. Section **59-35-202** is enacted to read:

**59-35-202 . Issuance of carbon credit broker license -- Bond required.**

(1) The commission shall issue a license to sell, offer to sell, or assist in the sale of a carbon credit to a person that submits an application, on a form created by the commission, that includes:

(a) the applicant's name;

(b) the applicant's business address;

(c) the applicant's affiliation or registration, if any, with a voluntary carbon credit market or regulatory carbon credit market;

(d) payment of the fee amount described in Subsection (5); and

(e) any other information the commission requires to implement this chapter.

(2) A license is:

(a) valid for two years; and

(b) renewable if a carbon credit broker meets the criteria for licensing described in Subsection (1).

(3)(a) The commission shall require a carbon credit broker to post a bond.

(b) Subject to Subsection (3)(c), the commission shall determine the form and amount of the bond.

(c) The minimum amount of the bond shall be \$500.

(4) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission may make rules to establish the additional information described in Subsection (1)(e) that a person shall provide in the application described in Subsection (1).

(5) The commission may not charge a fee of more than \$200 for a license under this section.

(6)(a) The commission shall maintain a public list of each carbon credit broker.

(b) The commission shall update the list at least once annually.

Section 5. Section **59-35-203** is enacted to read:

**59-35-203 . License revocation and reinstatement.**

(1) The commission shall revoke the license of a carbon credit broker that violates any provision of this chapter.

(2) A license may not be reissued to a carbon credit broker described in Subsection (1) until the carbon credit broker has complied with the requirements of this chapter, including paying any:

(a) tax due under Part 3, Carbon Credit Transaction Tax;

(b) penalty as provided in Section 59-1-401; and

(c) interest as provided in Section 59-1-402.

Section 6. Section **59-35-301** is enacted to read:

**Part 3. Carbon Credit Transaction Tax**

**59-35-301 . Taxation of a carbon credit transaction -- Exemption.**

(1) A tax is imposed on a sale of carbon credit equal to 25% of the amount of the total purchase price of the carbon credit.

(2) A carbon credit broker shall collect the tax imposed under Subsection (1) from a purchaser at the time the carbon credit is sold.

(3) A carbon credit broker that collects a tax under Subsection (1) shall inform a purchaser of the tax credit described in Section 59-35-401.

(4) A sale of a carbon credit is exempt from the tax described in Subsection (1) if purchased under Subsection 79-6-1302(2).

Section 7. Section **59-35-302** is enacted to read:

**59-35-302 . Remittance of carbon credit transaction tax -- Deposit of revenue.**

(1) A carbon credit broker that collects a tax imposed on a sale of a carbon credit described in Section 59-35-301 shall remit to the commission, in an electronic format approved by the commission:

(a) the tax due in the previous quarter; and

(b) the tax return.

(2) A carbon credit broker shall file a return and remit the tax collected on or before the first day of April, July, October, and January.

(3) A carbon credit broker that sells or assists in the sale of a carbon credit shall:

(a) provide a receipt of sale to the purchaser of the carbon credit; and

(b) maintain records to determine the amount of tax due under this part for a period of

three years.

(4)(a) The commission shall deposit the revenue generated by the tax imposed under this chapter into the General Fund.

(b) The commission may retain and deposit an administrative charge in accordance with Section 59-1-306 from the revenues the commission collects from a tax under this chapter.

Section 8. Section **59-35-401** is enacted to read:

#### **Part 4. Tax Credit**

##### **59-35-401 . Tax credit -- Requirements -- Certification by Office of Energy Development.**

(1) As used in this section:

- (a) "Carbon credit transaction" means the sale of a carbon credit subject to the tax described in Section 59-35-301.
- (b) "Carbon emission offset" means the same as that term is defined in Section 79-6-1301.
- (c) "In-state carbon credit" means the same as that term is defined in Section 79-6-1301.
- (d) "Office" means the Office of Energy Development created in Section 79-6-401.

(2) A taxpayer may claim a tax credit against a carbon credit transaction tax described in Section 59-35-301 if:

- (a) the taxpayer is required to pay a tax on a carbon credit transaction under Section 59-35-301;
- (b) the carbon credit transaction is for an in-state carbon credit;
- (c) the taxpayer reports or causes to be reported to the office the information about the carbon credit transaction required under Subsection 79-6-1302(1)(b); and
- (d) the carbon emission offset that is the subject of the carbon credit transaction:
  - (i) originated from a project within the state; and
  - (ii) is transferred to or applied to a project within the state.

(3) The taxpayer may claim a tax credit equal to the amount of tax that the taxpayer owes under Section 59-35-301.

(4)(a) To claim a tax credit, a taxpayer shall follow the procedures and requirements of this Subsection (4).

(b) The taxpayer shall submit a request to the office to verify, in a form and manner designated by the office, that:

- (i) the taxpayer completed a carbon credit transaction for an in-state carbon credit;
- (ii) the taxpayer reported the carbon credit transaction to the office in accordance

- with Subsection 79-6-1302(1)(b); and
- (iii) the carbon emission offset that is the subject of the carbon credit transaction:
- (A) originated from a project within the state; and
- (B) is transferred to or applied to a project within the state.
- (5) The office shall submit to the commission an electronic certificate that includes the name and identifying information of each taxpayer for which the office completes the verification described in Subsection (4).

Section 9. Section **59-35-501** is enacted to read:

### **Part 5. Violations**

#### **59-35-501 . Report of violation to Office of Energy Development.**

- (1) If the commission suspects that a person is selling or offering for sale a carbon credit in the state in violation of this chapter, the commission shall report the person's identifying information:
- (a) to the Office of Energy Development created in Section 79-6-401; and
- (b) within 30 days after the day on which the commission becomes aware of the suspected violation.

Section 10. Section **79-6-1301** is amended to read:

### **Part 13. Carbon Credit Transactions**

#### **79-6-1301 . Definitions.**

As used in this part:

- (1)(a) "Carbon credit" means a payment or other financial compensation for a carbon emission offset.
- (b) "Carbon credit" does not include a payment related to:
- (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
- (ii) an industrial or commercial use of liquefied carbon dioxide.
- (2) "Carbon emission offset" means:
- (a) a reduction in the amount of greenhouse gas present in the atmosphere; or
- (b) an amount of greenhouse gas prevented from entering the atmosphere.
- [4] (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.

~~[(2)(a) "Environmental commodity" means a representation of the financial value of:]~~  
~~[(i) a reduction in the amount of greenhouse gas present in the atmosphere; or]~~  
~~[(ii) an amount of greenhouse gas prevented from entering the atmosphere.]~~  
~~[(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.]~~

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

- ~~(a) carbon dioxide or a gas emission converted into a carbon dioxide equivalent; or~~
- ~~(b) methane.~~

~~(5) "In-state carbon credit" means a carbon credit generated from:~~

- ~~(a) a carbon emission offset related to a resource or facility located in the state; or~~
- ~~(b) activities receiving state funds.~~

~~[(4)] (6) "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.~~

~~[(5)] (7)(a) "State funds" means money appropriated by the Legislature.~~

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

- ~~(i) a tax incentive;~~
- ~~(ii) a permit or an activity related to the development of a permit issued by a state entity; or~~
- ~~(iii) a federal grant administered by a state entity.~~

Section 11. Section **79-6-1302** is amended to read:

**79-6-1302 . Reporting requirement -- Waiting period -- Right to purchase -- Sale or exchange in violation void.**

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

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

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

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

(1) Before a person may sell or exchange an in-state carbon credit, the person shall:

(a) obtain a digital identification number for the in-state carbon credit;

(b) report to the office, in a form and manner approved by the office:

(i) a digital identification number for the in-state carbon credit;



- (ii) a description of the carbon emission offset that is the subject of the in-state carbon credit;
- (iii) any state funds or facilities that the person used for the creation of the in-state carbon credit;
- (iv) the terms of a negotiated sale or exchange of the in-state carbon credit with an attempted buyer; and
- (v) any information required by the office related to a negotiated sale or exchange of an in-state carbon credit with an attempted buyer; and

(c) wait at least 90 days after the day on which the person reports a negotiated sale or exchange of an in-state carbon credit under Subsection (1)(b) before completing the sale or exchange, subject to the requirements of Subsection (2).

(2)(a) The office may exercise a right of first refusal to purchase an in-state carbon credit reported to the office under Subsection (1)(b) for the amount agreed upon between the attempted seller of the in-state carbon credit and the attempted buyer.

(b) If the office exercises a right of first refusal under Subsection (2)(a), the office shall provide written notification of the office's decision to exercise the right of first refusal:

- (i) to the person that reports the negotiated sale to the office under Subsection (1)(b); and
- (ii) within 90 days after the day on which the negotiated sale is reported to the office.

(c) If the office fails to provide notification in accordance with Subsection (2)(b), the office may not exercise the right of first refusal described in Subsection (2)(a).

(3) Subject to the reporting requirements described in Subsection (1)(b) and the office's right of first refusal described in Subsection (2), the seller of an in-state carbon credit shall execute the sale or exchange of the in-state carbon credit in accordance with the terms the seller reports to the office under Subsection (1)(b)(iv) no later than:

- (a) 30 days after the day on which the seller receives notification that the office waives the office's right of first refusal; or
- (b) if the office does not provide the notification described in Subsection (2)(b), 120 days after the day on which the seller reports the terms of the negotiated sale to the office.

(4) Before purchasing an in-state carbon credit under Subsection (2)(a), the office shall submit a proposal for review to:

- (a) a committee or commission designated by the Legislative Management Committee;

301           and

302           (b) the state treasurer.

303       (5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
304           office shall make rules regarding:

305           (a) the form and manner of reporting an in-state carbon credit to the office under  
306               Subsection (1)(b); and

307           (b) the office's right of first refusal described in Subsection (2).

308       (6) A sale or exchange of an in-state carbon credit that violates a requirement of this part is  
309           void.

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

312           Section 12. Section **79-6-1303** is amended to read:

313           **79-6-1303 . Property of the state -- Management -- Valuation of state-owned**  
314       **carbon credit required.**

315       (1) If the state or a state entity appropriates or expends state funds for the creation of [~~an~~  
316           ~~environmental commodity~~] a carbon credit, the state owns a portion of [~~an environmental~~  
317           ~~commodity~~] the carbon credit that is proportional to the amount of state funds  
318           appropriated or expended[~~for the creation of the environmental commodity~~].

319       (2)(a) Except as provided in Subsection (3), the state treasurer may sell, exchange, or  
320           hold [~~an environmental commodity~~] a carbon credit, or any portion thereof, owned by  
321           the state in accordance with Subsection (2)(b).

322           (b) The state treasurer shall ensure that [~~an environmental commodity~~] a carbon credit  
323               owned by the state is sold, exchanged, or held:

324               (i) for the benefit of the citizens of the state;

325               (ii) to promote energy independence for the state;

326               (iii) to maximize the natural resources of the state; and

327               (iv) consistent with Part 3, State Energy Policy.

328       (3) [~~An environmental commodity~~] A carbon credit created or purchased by a state entity  
329           shall remain under the control of the state entity.

330       (4) A state entity that owns or controls a carbon credit shall:

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

332           (b) obtain a valuation of the carbon credit from a governmental or accredited third-party  
333               verification entity that appraises a carbon credit for sale or exchange; and

334           (c) report the digital identification number and valuation for the carbon credit to the

335 office.

336 Section 13. Section **79-6-1304** is enacted to read:

337 **79-6-1304 . Carbon Credit Restricted Account.**

338 (1) There is created a restricted account known as the Carbon Credit Restricted Account.

339 (2) The account consists of:

340 (a) appropriations made to the account by the Legislature;

341 (b) private donations, grants, gifts, bequests, or money made available from any other  
342 source to implement this part; and

343 (c) interest or earnings on the money in the restricted account.

344 (3)(a) The state treasurer shall invest money in the restricted account consistent with  
345 Title 51, Chapter 7, State Money Management Act.

346 (b) The state treasurer shall deposit interest or other earnings derived from investment  
347 of restricted account money into the restricted account.

348 (4) Subject to appropriation by the Legislature, the office may use money in the restricted  
349 account to:

350 (a) purchase an in-state carbon credit in accordance with Subsection 79-6-1302(2); and

351 (b) record and track a digital identification number reported to the office under  
352 Subsection 79-6-1302(1).

353 Section 14. **Effective Date.**

354 This bill takes effect on May 6, 2026.