

**Troy Shelley** proposes the following substitute bill:

**Carbon Credit Amendments**

2026 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Troy Shelley**

Senate Sponsor: Derrin R. Owens

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**LONG TITLE**

**General Description:**

This bill addresses requirements related to carbon credit transactions.

**Highlighted Provisions:**

This bill:

- defines and modifies terms;
- creates the Carbon Credit Investment Fund;
- imposes a 19% assessment on the sale of a carbon credit administered by the State Tax Commission and deposits the revenue into the Carbon Credit Investment Fund;
- creates the Carbon Credit Litigation Fund and specifies the purpose of the fund;
- authorizes the Attorney General to establish a volunteer task force to investigate issues related to carbon credit transactions;
- establishes reporting requirements for a person selling or exchanging an in-state carbon credit;
- creates a carbon credit broker licensing requirement for a carbon credit transaction;
- establishes a criminal penalty for selling a carbon credit without a carbon credit broker license;
- 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:
  - the Natural Resources, Agriculture, and Environmental Quality Appropriations Subcommittee; 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;

▸ requires a state entity that sells a carbon credit to deposit the revenue from the sale into the General Fund;

▸ creates a restricted account for the office to purchase in-state carbon credits and administer licensing and assessment requirements; and

▸ makes technical and conforming changes.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

None

**Utah Code Sections Affected:**

AMENDS:

**59-1-306**, as last amended by Laws of Utah 2025, Chapter 258

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

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

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

ENACTS:

**51-14-101**, Utah Code Annotated 1953

**51-14-201**, Utah Code Annotated 1953

**51-14-202**, Utah Code Annotated 1953

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

**79-6-1304**, Utah Code Annotated 1953

**79-6-1305**, Utah Code Annotated 1953

**79-6-1306**, Utah Code Annotated 1953

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

Section 1. Section **51-14-101** is enacted to read:

**CHAPTER 14. Carbon Credit Investment Fund**

**Part 1. General Provisions**

**51-14-101 . Definitions.**

As used in this chapter:

(1) "Completion rate" means the percentage of a degree granting institution's students that:

(a) graduate from the degree granting institution; or

(b) transfer to another degree granting institution.

- (2) "Degree granting institution" means the same as that term is defined in Section 53H-1-101.
- (3) "Division" means the Division of Finance created in Section 63A-3-101.
- (4) "Fund" means the Carbon Credit Investment Fund created in Section 51-14-201.
- (5)(a) "Principal" means money deposited into the fund in accordance with Section 51-14-201.
- (b) "Principal" does not include earnings like interest, dividends, or asset appreciation credited to the fund.
- (6) "Rural county" means a county with a population of 50,000 or less.

Section 2. Section **51-14-201** is enacted to read:

## **Part 2. Establishment of Carbon Credit Investment Fund**

### **51-14-201 . Carbon Credit Investment Fund -- Creation -- Distribution.**

- (1) There is created a Carbon Credit Investment Fund that consists of:
- (a) revenue deposited into the fund from the carbon credit assessment described in Section 79-6-1306;
- (b) interest and dividends earned on money in the fund; and
- (c) appropriations from the Legislature.
- (2) The state treasurer shall invest the money in the fund in accordance with Section 51-13-202.
- (3) At the beginning of each fiscal year, subject to appropriation by the Legislature, the division shall distribute money from the fund, as follows:
- (a) 5% to the Carbon Credit Litigation Fund created in Section 67-5-41; and
- (b) 5% to degree granting institutions:
- (i) located in a rural county;
- (ii) with a student enrollment composition of at least:
- (A) 45% of students from a rural county; and
- (B) 25% first generation students; and
- (iii) with a completion rate of no less than 55%.
- (4) The division shall, subject to appropriation by the Legislature, distribute 50% of the annual earnings from the investment in the fund to rural counties.

Section 3. Section **51-14-202** is enacted to read:

### **51-14-202 . Carbon Credit Investment Fund -- Investment -- Administrative costs.**

- (1) The state treasurer shall:

- (a) invest money in the fund to maximize the growth of the principal;
- (b) invest and manage fund assets as a prudent investor would by:
  - (i) considering the purpose, terms, distribution requirements, and other circumstances of the fund; and
  - (ii) exercising reasonable care, skill, and caution in order to meet the standard of care of a prudent investor; and
- (c) except as provided in Subsection 51-14-201(4), deposit into the fund the interest, dividends, or other earnings attributable to the fund.

(2) The state treasurer may deduct any administrative costs incurred by managing the fund from earnings generated by investments in the fund.

Section 4. Section **59-1-306** is amended to read:

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

- (1) As used in this section, "qualifying tax, fee, or charge" means a tax, fee, or charge the commission administers under:
- (a) Title 10, Chapter 1, Part 3, Municipal Energy Sales and Use Tax Act;
  - (b) Title 10, Chapter 1, Part 4, Municipal Telecommunications License Tax Act;
  - (c) Section 19-6-714;
  - (d) Section 19-6-805;
  - (e) Chapter 12, Sales and Use Tax Act, other than a tax under Chapter 12, Part 1, Tax Collection, or Chapter 12, Part 18, Additional State Sales and Use Tax Act;
  - (f) Section 59-27-105;
  - (g) Chapter 31, Cannabinoid Licensing and Tax Act;
  - (h) Chapter 32, Local Impact Mitigation Tax Act;
  - (i) Chapter 33, Wind or Solar Electric Generation Facility Capacity Tax;
  - (j) Section 63H-1-205;
  - (k) Title 63N, Chapter 3, Part 6, Housing and Transit Reinvestment Zone Act; [or]
  - (l) Title 69, Chapter 2, Part 4, Prepaid Wireless Telecommunications Service Charges; [or]
  - (m) Title 79, Chapter 6, Part 11, Energy Project Assessment[-] ; and
  - (n) Section 79-6-1306.
- (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 5. Section **67-5-41** is enacted to read:

**67-5-41 . Carbon Credit Litigation Fund.**

- (1) As used in this section, "carbon credit" means the same as that term is defined in Section 79-6-1301.
- (2) There is created an expendable special revenue account called the Carbon Credit Litigation Fund.
- (3) The fund consists of:
- (a) money deposited into the fund from the Carbon Credit Investment Fund created in Section 51-14-201;
  - (b) interest and dividends earned on money in the fund; and
  - (c) money appropriated to the fund by the Legislature.
- (4)(a) The state treasurer shall invest money in the fund in accordance with Title 51, Chapter 7, State Money Management Act.
- (b) The state treasurer shall deposit interest or other earnings derived from investment of fund money into the fund.
- (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):

(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

(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.

(6)(a) The attorney general or the attorney general's designee shall authorize the expenditure of fund money in accordance with this section.

(b) The money in the fund may not be used for an administrative expense of the Office of the Attorney General, except for a purpose described in Subsection (7).

(7) The attorney general may use money in the fund to:

(a) investigate violations of Title 79, Chapter 6, Part 13, Carbon Credit Transactions;

(b) prevent a federal requirement for the state to adopt or participate in:

(i) a cap and trade program for carbon credits;

(ii) mandatory carbon emissions reporting; or

(iii) a climate remediation program; and

(c) recover a carbon credit or the profit of a carbon credit transferred out of the state in a fraudulent sale.

(8)(a) The attorney general may establish a volunteer task force consisting of representatives from public and private agencies or organizations in the state to address any of the activities described in Subsection (7).

(b) The attorney general may employ necessary support staff to implement and administer the fund and the activities of a task force.

(9)(a) The attorney general shall submit an annual report to the Natural Resources, Agriculture, and Environmental Quality Appropriations Subcommittee regarding the status of the fund.

(b) The report shall include:

(i) contributions received, expenditures made, and programs and services funded; and

(ii) if the attorney general establishes a task force under Subsection (8), all activities and programs initiated through the task force.

Section 6. 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 offer of payment, or other financial compensation or benefit, for a carbon emission offset.
- (b) "Carbon credit" does not include a payment or offer of 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 credit broker" means a person licensed under Section 79-6-1305, that sells, attempts to sell, or assists in the sale of a carbon credit.
- (3) "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.
- ~~[(1)]~~ (4) "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)]~~ (5) "Greenhouse gas" means:
- (a) carbon dioxide or a gas emission converted into a carbon dioxide equivalent; or
  - (b) methane.
- (6) "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.
- (7) "Regulatory carbon credit market" means a financial market regulated by a government entity in which a person may purchase a carbon credit.
- ~~[(4)]~~ (8) "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)]~~ (9)(a) "State funds" means:
- (i) money appropriated by the Legislature[-] ; and
  - (ii) a bond issued by a state entity that creates a carbon emission offset.

(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.

(10) "Tax commission" means the State Tax Commission created in Section 59-1-201.

(11) "Voluntary carbon credit market" means a financial market not regulated by a government entity in which a person may purchase a carbon credit.

Section 7. Section **79-6-1302** is amended to read:

**79-6-1302 . Reporting requirement -- Requirements for sale -- 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 carbon credit broker license described in Section 79-6-1305 or hire a carbon credit broker;

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

(c) 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, including the source 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

(d) wait at least 45 days after the day on which the person reports a negotiated sale or exchange of an in-state carbon credit under Subsection (1)(c) before completing the



- 266 sale or exchange, subject to the office's right of first refusal described in Subsection  
267 (2).
- 268 (2)(a) The office may exercise a right of first refusal to purchase an in-state carbon credit  
269 reported to the office under Subsection (1)(c) for the amount agreed upon between  
270 the attempted seller and the attempted buyer.
- 271 (b) If the office exercises a right of first refusal under Subsection (2)(a), the office shall  
272 provide written notification of the office's decision to exercise the right of first  
273 refusal:
- 274 (i) to the person that reports the negotiated sale to the office under Subsection (1)(c);  
275 and
- 276 (ii) within 45 days after the day on which the negotiated sale is reported to the office.
- 277 (c) If the office fails to provide notification in accordance with Subsection (2)(b), the  
278 office may not exercise the right of first refusal described in Subsection (2)(a).
- 279 (3) Subject to the reporting requirements described in Subsection (1)(c) and the office's  
280 right of first refusal described in Subsection (2), the seller of an in-state carbon credit  
281 shall execute the sale or exchange of the in-state carbon credit in accordance with the  
282 terms the seller reports to the office under Subsection (1)(c)(iv) no later than:
- 283 (a) 30 days after the day on which the seller receives notification that the office waives  
284 the office's right of first refusal; or
- 285 (b) if the office does not provide the notification described in Subsection (2)(b), 75 days  
286 after the day on which the seller reports the terms of the negotiated sale to the office.
- 287 (4) Before purchasing an in-state carbon credit under Subsection (2)(a), the office shall  
288 submit a proposal for review to:
- 289 (a) the Natural Resources, Agriculture, and Environmental Quality Appropriations  
290 Subcommittee; and
- 291 (b) the state treasurer.
- 292 (5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
293 office shall make rules regarding:
- 294 (a) the form and manner of reporting an in-state carbon credit to the office under  
295 Subsection (1)(c); and
- 296 (b) the office's right of first refusal described in Subsection (2).
- 297 (6) A sale or exchange of an in-state carbon credit that violates a requirement of this part is  
298 void.
- 299 ~~[(2) This section does not apply to an environmental commodity created from an activity on~~

300 school and institutional trust lands, as that term is defined in Section 53C-1-103.]

301 Section 8. Section **79-6-1303** is amended to read:

302 **79-6-1303 . Property of the state -- Management -- Valuation of state-owned**  
303 **carbon credit required -- Deposit of proceeds from sale.**

304 (1) If the state or a state entity appropriates or expends state funds [~~for the creation of an~~  
305 ~~environmental commodity~~] that create a carbon credit, the state owns a portion of [~~an~~  
306 ~~environmental commodity~~] the carbon credit that is proportional to the amount of state  
307 funds appropriated or expended [~~for the creation of the environmental commodity~~].

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

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

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

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

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

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

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

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

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

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

323 (c) report the digital identification number and valuation for the carbon credit to the  
324 office.

325 (5) If a state entity or the state treasurer sells a carbon credit, the proceeds of the sale shall  
326 be deposited into the General Fund.

327 Section 9. Section **79-6-1304** is enacted to read:

328 **79-6-1304 . Carbon Credit Restricted Account.**

329 (1) There is created an account known as the Carbon Credit Restricted Account.

330 (2) The account consists of:

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

332 (b) the revenue from the broker licensing fee described in Subsection 79-6-1305(5);

333 (c) private donations, grants, gifts, bequests, or money made available from any other

source to implement this part; and

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

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

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

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

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

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

(c) administer the broker license program described in Section 79-6-1305; and

(d) administer the carbon credit assessment described in Section 79-6-1306.

Section 10. Section **79-6-1305** is enacted to read:

**79-6-1305 . Carbon credit broker license -- License required for sale -- Bond required -- Criminal penalty -- Revocation of license.**

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

(i) obtaining a carbon credit broker license from the office; and

(ii) complying with a bonding requirement described in Subsection (4).

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

(2) The office 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 office, 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 bond described in Subsection (4);

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

(f) any other information required by the office..

(3) A carbon credit broker license under this section is:

(a) valid for two years; and

(b) renewable if a carbon credit broker meets the criteria for licensing described in Subsection (2).

- (4)(a) The office shall require a carbon credit broker to post a bond.
- (b) Subject to Subsection (4)(c), the office shall determine the form and amount of the bond.
- (c) The minimum amount of the bond shall be \$500.
- (5)(a) The office may charge a fee of no more than \$200 for a license under this section.
- (b) The office shall deposit the revenue from the fee into the Carbon Credit Restricted Account created in Section 79-6-1304.
- (6)(a) The office shall maintain a public list of each carbon credit broker.
- (b) The office shall update the list at least once annually.
- (7)(a) The office shall revoke the license of a carbon credit broker that violates any provision of this part.
- (b) A license may not be reissued to a carbon credit broker until the carbon credit broker has complied with the requirements of this section.
- (8) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the office may make rules to establish:
- (a) additional information described in Subsection (2)(f) that a person shall provide in the application described in Subsection (2); and
- (b) the form of the bond described in Subsection (4).
- Section 11. Section **79-6-1306** is enacted to read:
- 79-6-1306 . Carbon credit transaction assessment -- Administration by State Tax Commission -- Distribution -- Rulemaking.**
- (1)(a) Except as provided in Subsection (2), a carbon credit broker shall pay a carbon credit assessment to the tax commission for each sale of a carbon credit.
- (b) The amount of a carbon credit assessment is equal to 19% of the amount of the total purchase price of the carbon credit.
- (c) A carbon credit broker shall:
- (i) collect the assessment from a purchaser at the time the carbon credit is sold;
- (ii) maintain records to determine the amount of the carbon credit assessment due under this section for a period of three years;
- (iii) file a quarterly return in a form approved by the tax commission; and
- (iv) remit to the tax commission the tax collected on or before the first day of each calendar quarter.
- (2) Notwithstanding Subsection (1), a sale of a carbon credit is exempt from a carbon credit assessment if the carbon emission offset that is the subject of the carbon credit sale:

402 (a) originated from a project within the state; and

403 (b) is transferred to or applied to a project within the state.

404 (3) The office shall quarterly determine the amount of the carbon credit assessment that  
405 each carbon credit broker owes under this section and report the amount to the tax  
406 commission to be collected in accordance with Subsection (1).

407 (4)(a) The tax commission shall:

408 (i) administer, collect, and enforce the carbon credit assessment collected under this  
409 section in accordance with Title 59, Chapter 1, General Taxation Policies; and

410 (ii) deposit revenue collected under this section into the Carbon Credit Investment  
411 Fund created in Section 51-14-201.

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

415 (5) The office may make rules, in accordance with Title 63G, Chapter 3, Utah  
416 Administrative Rulemaking Act, to create procedures for assessing and reporting the  
417 amounts to be collected under this section.

418 Section 12. **Effective Date.**

419 This bill takes effect on May 6, 2026.