

Troy Shelley proposes the following substitute bill:

**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 related to the sale of a carbon credit.

**Highlighted Provisions:**

This bill:

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

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

None

**Utah Code Sections Affected:**

AMENDS:

**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:

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

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

Section 1. Section **67-5-41** is enacted to read:

29           **67-5-41 . Carbon Credit Litigation Fund -- Report.**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  
35           Litigation Fund.36           (3) The fund consists of:37           (a) money deposited into the fund as a result of any judgment, settlement, or  
38           compromise of claims under Subsection (5);39           (b) interest and dividends earned on money in the fund; and40           (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  
43           Management Act; and44           (b) deposit interest or other earnings derived from investment of fund money into the  
45           fund.46           (5) Notwithstanding Section 67-5-40, the following shall be deposited into the fund after  
47           reimbursement to the attorney general for expenses related to the litigation described in  
48           Subsection (5)(a) or (b):49           (a) all money received by the attorney general as a result of any judgment, settlement, or  
50           compromise of claims pertaining to alleged violations of law related to the sale or  
51           marketing of carbon credits; and52           (b) all money received by the attorney general as a result of any judgment, settlement, or  
53           compromise of claims pertaining to alleged violations of law under Title 79, Chapter  
54           6, Part 13, Carbon Credit Transactions.55           (6)(a) The attorney general or the attorney general's designee shall authorize the  
56           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  
58           of the Attorney General, unless the administrative expense is directly related to a  
59           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;



- 97 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
- 103 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;
- 108 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
- 111 of higher education, officer, corporation, fund, division, office, committee, authority,
- 112 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
- 119 entity; or
- 120 (iii) a federal grant administered by a state entity.
- 121 Section 3. Section **79-6-1302** is amended to read:
- 122 **79-6-1302 . Requirements for sale by state entity -- Report -- Rulemaking.**
- 123 [(1) Except as provided in Subsection (2), before a state entity may sell or exchange an
- 124 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;
- 127 and]
- 128 [(c) report to the office any state funds that the state entity used for the creation of the
- 129 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, in a form and manner approved by the office:  
 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  
 135 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  
 137 buyer.

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

- 140 (a) the revenue generated from the sale of carbon credits by state entities reported under  
 141 Subsection (1)(b); and  
 142 (b) a summary of the carbon credit transactions reported to the office under Subsection  
 143 (1)(b).

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

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

149 Section 4. Section **79-6-1303** is amended to read:

150 **79-6-1303 . Property of the state -- Management.**

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

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

158 [(b) ~~The state treasurer shall ensure that an environmental commodity owned by the~~  
 159 ~~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~~

165           entity shall remain under the control of the state entity.

166           Section 5. **Effective Date.**

167           This bill takes effect on May 6, 2026.