

FOSSIL FUELS TAX AMENDMENTS

2019 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Joel K. Briscoe

Senate Sponsor: _____

LONG TITLE

General Description:

This bill creates a tax on carbon dioxide emissions.

Highlighted Provisions:

This bill:

- ▶ requires the Department of Environmental Quality to certify carbon dioxide emissions by certain taxpayers;
- ▶ establishes a grant program to fund projects that assist air quality control regions in the state to achieve attainment status;
- ▶ creates a refundable corporate income and individual income tax credit for mining and manufacturing corporations and pass-through entities;
- ▶ modifies the individual income tax credit for retirement income;
- ▶ creates a refundable state earned income tax credit and provides for apportionment of that tax credit;
- ▶ requires the Division of Finance to reimburse the Education Fund from the Carbon Emissions Tax Expendable Revenue Fund for certain tax credits claimed;
- ▶ eliminates the state sales and use tax on food;
- ▶ eliminates the state sales and use tax on residential fuel and commercial fuel;
- ▶ modifies dedicated credit calculations;
- ▶ imposes a carbon dioxide emissions tax, including:
 - defining terms;



- 28 • requiring records;
- 29 • addressing rate and remittance requirements for tax on motor fuel, special fuel,
- 30 aviation fuel, natural gas, large emitter emissions, and electricity;
- 31 • granting rulemaking authority; and
- 32 • creating the Carbon Emissions Tax Expendable Revenue Fund and the Carbon
- 33 Emissions Tax Refund Restricted Account and providing for the funds'
- 34 expenditure; and
- 35 ▶ makes technical and conforming changes.

36 Money Appropriated in this Bill:

37 None

38 Other Special Clauses:

39 This bill provides a special effective date.

40 Utah Code Sections Affected:

41 AMENDS:

- 42 **35A-8-308**, as last amended by Laws of Utah 2017, Chapters 181 and 421
- 43 **35A-8-309**, as last amended by Laws of Utah 2017, Chapters 181 and 421
- 44 **59-10-1019**, as renumbered and amended by Laws of Utah 2008, Chapter 389
- 45 **59-12-103**, as amended by Statewide Initiative -- Proposition 3, Nov. 6, 2018
- 46 **63I-1-219**, as last amended by Laws of Utah 2018, Chapter 31
- 47 **63N-2-502**, as last amended by Laws of Utah 2016, Chapter 350
- 48 **72-2-126**, as last amended by Laws of Utah 2016, Chapter 38

49 ENACTS:

- 50 **19-1-207**, Utah Code Annotated 1953
- 51 **19-1-208**, Utah Code Annotated 1953
- 52 **19-2-401**, Utah Code Annotated 1953
- 53 **59-7-624**, Utah Code Annotated 1953
- 54 **59-10-1102.1**, Utah Code Annotated 1953
- 55 **59-10-1112**, Utah Code Annotated 1953
- 56 **59-10-1113**, Utah Code Annotated 1953
- 57 **59-30-101**, Utah Code Annotated 1953
- 58 **59-30-102**, Utah Code Annotated 1953

- 59 [59-30-103](#), Utah Code Annotated 1953
- 60 [59-30-104](#), Utah Code Annotated 1953
- 61 [59-30-201](#), Utah Code Annotated 1953
- 62 [59-30-202](#), Utah Code Annotated 1953
- 63 [59-30-203](#), Utah Code Annotated 1953
- 64 [59-30-204](#), Utah Code Annotated 1953
- 65 [59-30-205](#), Utah Code Annotated 1953
- 66 [59-30-206](#), Utah Code Annotated 1953
- 67 [59-30-207](#), Utah Code Annotated 1953
- 68 [59-30-301](#), Utah Code Annotated 1953
- 69 [59-30-302](#), Utah Code Annotated 1953

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

72 Section 1. Section **19-1-207** is enacted to read:

73 **19-1-207. Certification of large emitter for tax purposes.**

74 (1) As used in this section:

75 (a) "Dyed diesel fuel" means the same as that term is defined in Section [59-13-102](#).

76 (b) "Large emitter" means the same as that term is defined in Section [59-30-102](#).

77 (c) "Metric ton" means the same as that term is defined in Section [59-30-102](#).

78 (d) "Operator" means the same as that term is defined in Section [59-30-102](#).

79 (2) (a) On or before May 1, an operator shall apply to the department for a written
 80 certification of the total number of metric tons of carbon dioxide that the large emitter emitted
 81 in this state during the previous calendar year from combustion of each of the following
 82 relating to stationary fuel combustion, petroleum refining, petroleum and natural gas systems,
 83 lime production, cement production, or use of off-highway vehicles:

84 (i) coal;

85 (ii) dyed diesel fuel; and

86 (iii) fuel gas.

87 (b) In applying for the certification required by this section, an operator shall provide
 88 the department with the following information for the previous calendar year:

89 (i) (A) the number of short tons for each type of coal that the large emitter combusted

90 in this state;

91 (B) the number of gallons of dyed diesel fuel that the large emitter combusted in this
92 state; and

93 (C) the number, in thousands, of standard cubic feet of fuel gas that the large emitter
94 combusted in this state;

95 (ii) measurements in metric tons of carbon dioxide emissions in this state from:

96 (A) coal;

97 (B) dyed diesel fuel; and

98 (C) fuel gas; and

99 (iii) the information that the large emitter provides to the United States Environmental
100 Protection Agency for the facility as required by 40 C.F.R. Sec. 98.2.

101 (3) (a) Prior to issuing a certification, the department shall determine the large emitter's
102 number of metric tons of carbon dioxide emissions by:

103 (i) converting the reported number of short tons of coal, the reported number of gallons
104 of dyed diesel fuel, and the reported number, in thousands, of standard cubic feet of fuel gas to
105 metric tons of carbon dioxide emissions; and

106 (ii) comparing the information the operator provided in accordance with Subsection
107 (2)(b)(ii) and the conversions made under this Subsection (3) with the information the operator
108 provided in accordance with Subsection (2)(b)(iii).

109 (b) In making the conversions required by this Subsection (3), the department shall use
110 the following formulas:

111 (i) for coal:

112 (A) one short ton of anthracite equals 2.579 metric tons of carbon dioxide emissions;

113 (B) one short ton of bituminous equals 2.237 metric tons of carbon dioxide emissions;

114 (C) one short ton of coke equals 2.830 metric tons of carbon dioxide emissions;

115 (D) one short ton of lignite equals 1.266 metric tons of carbon dioxide emissions; and

116 (E) one short ton of subbituminous equals 1.686 metric tons of carbon dioxide
117 emissions;

118 (ii) for dyed diesel fuel, one gallon equals .01016 metric tons of carbon dioxide
119 emissions; and

120 (iii) for fuel gas, 1,000 standard cubic feet equal .0819 metric tons of carbon dioxide

121 emissions.

122 (4) On or before June 1, the department shall:

123 (a) issue to the operator, on a form provided by the State Tax Commission, a
124 certification of the total number of metric tons of carbon dioxide emissions that the large
125 emitter emitted during the previous calendar year; and

126 (b) provide the State Tax Commission with an electronic report listing the name and
127 address of each operator to which the department issued a certification under this section.

128 (5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
129 department may make rules governing the process for an operator to apply for and the
130 department to issue a written certification required by this section.

131 (6) The department shall notify the State Tax Commission if the department concludes
132 that there is an error in a previously issued written certification that may require the large
133 emitter to file an amended return in accordance with Section [59-30-104](#).

134 (7) The provisions of this section apply beginning on January 1, 2022.

135 Section 2. Section **19-1-208** is enacted to read:

136 **19-1-208. Certification of electricity provider.**

137 (1) As used in this section:

138 (a) "Declared resource" means each electricity generating unit that an electricity
139 generator uses to generate electricity.

140 (b) "Electricity" means the same as that term is defined in Section [59-30-102](#).

141 (c) (i) "Electricity generator" means a person that generated any electricity that the
142 person provided to an electricity provider.

143 (ii) "Electricity generator" includes an electricity provider if the electricity provider
144 generates electricity that the electricity provider delivers in the state.

145 (d) "Electricity provider" means the same as that term is defined in Section [59-30-102](#).

146 (e) "Fuel mix" means the actual or imputed fuel sources to generate electricity
147 expressed in terms of percentage contribution by each type of fuel used to produce the
148 electricity.

149 (f) "Metric ton" means the same as that term is defined in Section [59-30-102](#).

150 (2) (a) On or before May 1, an electricity provider shall apply to the department for a
151 written certification of the number of metric tons of carbon dioxide emitted to produce

152 electricity that the electricity provider delivered in the state during the previous calendar year.

153 (b) In applying for the certification required by this section, an electricity provider shall
154 provide to the department the following information for the previous calendar year:

155 (i) the number of megawatt hours of electricity that the electricity provider delivered in
156 the state;

157 (ii) the number of megawatt hours of electricity generated by each electricity generator
158 from which the electricity provider received electricity to deliver in the state;

159 (iii) for each declared resource, which generates electricity by combusting coal or
160 natural gas, of each electricity generator from which the electricity provider received electricity
161 to deliver in the state, the total number of:

162 (A) for a declared resource combusting coal, short tons for each type of coal combusted
163 by the electricity generator to generate electricity; or

164 (B) for a declared resource combusting natural gas, cubic feet, in thousands, of natural
165 gas combusted by the electricity generator to generate electricity;

166 (iv) information that the electricity provider or the person from which the electricity
167 provider purchases electricity provides to the Federal Power Commission as required by 16
168 U.S.C. Secs. 796, 797, 825c, and 825h; and

169 (v) information on fuel mix that the electricity provider or the person from which the
170 electricity provider purchases electricity is required to disclose to another state or to a person in
171 another state.

172 (3) (a) Prior to issuing a certification, the department shall determine the electricity
173 provider's metric tons of carbon dioxide emissions as provided in this Subsection (3).

174 (b) Subject to Subsection (3)(c), the department shall determine the carbon intensity of
175 an electricity generator by:

176 (i) using the formula described in Subsection (3)(d) to convert, for each declared
177 resource that generates electricity by combusting coal or natural gas, the number of:

178 (A) short tons of coal to metric tons of carbon dioxide emissions; or

179 (B) cubic feet, in thousands, of natural gas to metric tons of carbon dioxide emissions;

180 (ii) for each declared resource that generates electricity by combusting coal or natural
181 gas, dividing the number of metric tons of carbon dioxide emissions calculated in accordance
182 with Subsection (3)(b)(i) by the number of megawatt hours of electricity generated by the

183 electricity generator;

184 (iii) adding together the calculations under this Subsection (3)(b) for all declared
185 resources that generate electricity by combusting coal or natural gas of an electricity generator;
186 and

187 (iv) dividing the amount calculated in accordance with Subsection (3)(b)(iii) by the
188 total number of declared resources of the electricity generator including declared resources that
189 generate electricity solely using wind, solar, or other renewable fuel.

190 (c) (i) If an electricity provider receives electricity from more than one electricity
191 generator, the department shall calculate a weighted average of carbon intensity by:

192 (A) making the calculations described in Subsection (3)(b) for each electricity
193 generator;

194 (B) adding together the calculations described in Subsection (3)(c)(i)(A); and

195 (C) dividing the amount calculated in accordance with Subsection (3)(c)(i)(B) by the
196 total number of electricity generators.

197 (ii) If an electricity provider fails to provide the information needed to calculate the
198 carbon intensity of an electricity generator, the department may impute an electricity intensity
199 of one metric ton of carbon dioxide per megawatt hour of electricity.

200 (d) The department shall use the following formulas to convert the units of coal or
201 natural gas to metric tons of carbon dioxide emissions:

202 (i) one short ton of anthracite coal equals 2.579 metric tons of carbon dioxide
203 emissions;

204 (ii) one short ton of bituminous coal equals 2.237 metric tons of carbon dioxide
205 emissions

206 (iii) one short ton of coal coke equals 2.830 metric tons of carbon dioxide emissions;

207 (iv) one short ton of lignite coal equals 1.266 metric tons of carbon dioxide emissions;

208 (v) one short ton of subbituminous coal equals 1.686 metric tons of carbon dioxide
209 emissions; and

210 (vi) 1,000 standard cubic feet of natural gas equal .05312 metric tons of carbon dioxide
211 emissions.

212 (e) The department may use the information reported in accordance with Subsections
213 (2)(b)(iv) through (v) to assess the accuracy of the information reported in accordance with

214 Subsections (2)(b)(i) through (iii).

215 (f) After the department determines the carbon intensity of the electricity generator, or
216 in the case of an electricity provider that receives electricity from more than one electricity
217 generator, the weighted average of carbon intensity, the department shall calculate the
218 electricity provider's metric tons of carbon dioxide emissions by multiplying the:

219 (i) number of megawatt hours that the electricity provider delivered in the state; and

220 (ii) (A) for an electricity provider that receives electricity from one electricity
221 generator, the amount of carbon intensity calculated in accordance with Subsection (3)(b); or
222 (B) for an electricity provider that receives electricity from more than one electricity
223 generator, the weighted average of carbon intensity calculated in accordance with Subsection
224 (3)(c).

225 (4) On or before June 1, the department shall:

226 (a) issue to the electricity provider, on a form provided by the State Tax Commission, a
227 certification of the total number of carbon dioxide emissions emitted to produce electricity that
228 the electricity provider delivered in the state during the previous calendar year; and

229 (b) provide the State Tax Commission with an electronic report listing the name and
230 address of each electricity provider to which the department issues a certification under this
231 section.

232 (5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
233 department may make rules governing the process for an electricity provider to apply for and
234 the department to issue a written certification required by this section.

235 (6) The department shall notify the State Tax Commission if the department concludes
236 that there is an error in a previously issued written certification that may require the electricity
237 provider to file an amended return in accordance with Section [59-30-104](#).

238 (7) The provisions of this section apply beginning on January 1, 2022.

239 Section 3. Section **19-2-401** is enacted to read:

240 **Part 4. Clean Air Grant Program**

241 **19-2-401. Clean air grant program.**

242 (1) As used in this section:

243 (a) "Advisory board" means the Air Quality Policy Advisory Board created in Section
244 [19-2a-102](#).

245 (b) "Air quality control region" means an area within the state designated as an air
246 quality control region in accordance with the Clean Air Act, 42 U.S.C. Sec. 7407.

247 (c) "Attainment status" means a designation of attainment under the Clean Air Act, 42
248 U.S.C. Sec. 7407(d)(1)(A)(ii), for one or more pollutants for which there are national ambient
249 air quality standards established under 42 U.S.C. Sec. 7409.

250 (d) "Clean air grant program" means the program created by this section.

251 (2) (a) Subject to other provisions of this section, the executive director may award a
252 grant to any person that submits a proposal for a project that the department, after consulting
253 with the advisory board, determines will assist one or more air quality control regions to
254 achieve attainment status.

255 (b) The department may use up to 2% of the money appropriated to the department for
256 the clean air grant program for administrative purposes, including monitoring and compliance.

257 (3) A person that seeks to obtain a grant shall, using forms the department requires by
258 rule, make a written application describing:

259 (a) the proposed use for grant funds;

260 (b) the projected impact the project will make in assisting one or more air quality
261 control regions to achieve attainment status; and

262 (c) any other relevant information requested by the department.

263 (4) (a) Both the department and the advisory board shall review any applications
264 submitted under this section.

265 (b) The department shall evaluate proposals and award grants:

266 (i) after receiving recommendations from the advisory board;

267 (ii) after reviewing the administrative costs of a proposed project and giving priority to
268 a project with low administrative costs compared to the cost of the project; and

269 (iii) in accordance with the process the department establishes by rule.

270 (c) The aggregate amount of grants the executive director awards in a fiscal year may
271 not exceed the amount the Division of Finance transfers into the clean air grant program for the
272 fiscal year.

273 (5) If the executive director awards an aggregate amount of grants that is less than the
274 amount the Division of Finance transfers into the clean air grant program for the fiscal year, the
275 money not awarded shall lapse to the Carbon Emissions Tax Refund Restricted Account

276 created in Section 59-30-302.

277 (6) The department may not award a grant under this section to a proposed project that
278 targets an air quality control region that has achieved attainment status with respect to a
279 pollutant that the project proposes to address.

280 (7) (a) On or before October 31, the department shall make an in-person report to the
281 Natural Resources, Agriculture, and Environment Interim Committee and the Revenue and
282 Taxation Interim Committee.

283 (b) The department shall include in the report:

284 (i) the amount of money the executive director awarded under this section during the
285 previous fiscal year;

286 (ii) the uses of the money awarded under this section during the previous fiscal year;

287 (iii) a report on the status of the state's air quality and the impact of the clean air grant
288 program on the state's air quality; and

289 (iv) any other relevant information requested by the Natural Resources, Agriculture,
290 and Environment Interim Committee or the Revenue and Taxation Interim Committee.

291 (8) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
292 department, after consultation with the advisory board, shall make rules governing:

293 (a) the process for a person to file an application to receive a grant;

294 (b) criteria the executive director shall consider in prioritizing proposals and awarding
295 grants; and

296 (c) the process for disbursing grant funds.

297 Section 4. Section **35A-8-308** is amended to read:

298 **35A-8-308. Throughput Infrastructure Fund.**

299 (1) There is created an enterprise fund known as the Throughput Infrastructure Fund.

300 (2) The fund consists of money generated from the following revenue sources:

301 (a) all amounts transferred to the fund [~~under Subsection 59-12-103(12)~~] by statute;

302 (b) any voluntary contributions received;

303 (c) appropriations made to the fund by the Legislature; and

304 (d) all amounts received from the repayment of loans made by the impact board under
305 Section **35A-8-309**.

306 (3) The state treasurer shall:

307 (a) invest the money in the fund by following the procedures and requirements of Title
308 51, Chapter 7, State Money Management Act; and

309 (b) deposit all interest or other earnings derived from those investments into the fund.

310 Section 5. Section **35A-8-309** is amended to read:

311 **35A-8-309. Throughput Infrastructure Fund administered by impact board --**
312 **Uses -- Review by board -- Annual report.**

313 (1) The impact board shall:

314 (a) make grants and loans from the Throughput Infrastructure Fund created in Section
315 **35A-8-308** for a throughput infrastructure project;

316 (b) use money transferred to the Throughput Infrastructure Fund [~~in accordance with~~
317 ~~Subsection 59-12-103(12)~~] by statute to provide a loan or grant to finance the cost of
318 acquisition or construction of a throughput infrastructure project to one or more local political
319 subdivisions, including a Utah interlocal entity created under Title 11, Chapter 13, Interlocal
320 Cooperation Act;

321 (c) administer the Throughput Infrastructure Fund in a manner that will keep a portion
322 of the fund revolving;

323 (d) determine provisions for repayment of loans;

324 (e) establish criteria for awarding loans and grants; and

325 (f) establish criteria for determining eligibility for assistance under this section.

326 (2) The cost of acquisition or construction of a throughput infrastructure project
327 includes amounts for working capital, reserves, transaction costs, and other amounts
328 determined by the impact board to be allocable to a throughput infrastructure project.

329 (3) The impact board may restructure or forgive all or part of a local political
330 subdivision's or interlocal entity's obligation to repay loans for extenuating circumstances.

331 (4) In order to receive assistance under this section, a local political subdivision or an
332 interlocal entity shall submit a formal application containing the information that the impact
333 board requires.

334 (5) (a) The impact board shall:

335 (i) review the proposed uses of the Throughput Infrastructure Fund for a loan or grant
336 before approving the loan or grant and may condition its approval on whatever assurances the
337 impact board considers necessary to ensure that proceeds of the loan or grant will be used in

338 accordance with this section;

339 (ii) ensure that each loan specifies terms for interest deferments, accruals, and
340 scheduled principal repayment; and

341 (iii) ensure that repayment terms are evidenced by bonds, notes, or other obligations of
342 the appropriate local political subdivision or interlocal entity issued to the impact board and
343 payable from the net revenues of a throughput infrastructure project.

344 (b) An instrument described in Subsection (5)(a)(iii) may be:

345 (i) non-recourse to the local political subdivision or interlocal entity; and

346 (ii) limited to a pledge of the net revenues from a throughput infrastructure project.

347 (6) (a) Subject to the restriction in Subsection (6)(b), the impact board shall allocate
348 from the Throughput Infrastructure Fund to the board those amounts that are appropriated by
349 the Legislature for the administration of the Throughput Infrastructure Fund.

350 (b) The amount described in Subsection (6)(a) may not exceed 2% of the annual
351 receipts to the fund.

352 (7) The board shall include in the annual written report described in Section
353 [35A-1-109](#):

354 (a) the number and type of loans and grants made under this section; and

355 (b) a list of local political subdivisions or interlocal entities that received assistance
356 under this section.

357 Section 6. Section **59-7-624** is enacted to read:

358 **59-7-624. Refundable tax credit for mining and manufacturing.**

359 (1) As used in this section, "eligible corporation" means:

360 (a) for a corporation that apportions business income in accordance with Subsection

361 59-7-311(2), (3)(a), or (4), a corporation that generates greater than 50% of the corporation's

362 total sales everywhere during the taxable year from economic activities that are classified in

363 one or more of the following NAICS codes of the 2017 North American Industry Classification

364 System of the federal Executive Office of the President, Office of Management and Budget:

365 (i) NAICS Sector 21, Mining; or

366 (ii) NAICS Sector 31-33, Manufacturing; or

367 (b) for a corporation that apportions business income in accordance with Subsection

368 59-7-311(3)(b), a corporation that generates greater than 50% of the corporation's total payroll,

369 property, and sales everywhere during the taxable year from economic activities that are
 370 classified in one or more of the following NAICS codes of the 2017 North American Industry
 371 Classification System of the federal Executive Office of the President, Office of Management
 372 and Budget:

373 (i) NAICS Sector 21, Mining; or

374 (ii) NAICS Sector 31-33, Manufacturing.

375 (2) For a taxable year beginning on or after January 1, 2022, an eligible corporation
 376 may claim a refundable tax credit in an amount equal to 50% of the total amount of carbon
 377 emissions tax that the eligible corporation paid in accordance with Chapter 30, Carbon
 378 Emissions Tax Act, for the calendar year before the taxable year for which the eligible
 379 corporation is paying a tax under this chapter.

380 (3) An eligible corporation shall keep evidence of the amount of carbon emissions tax
 381 that the eligible corporation paid for the previous calendar year in accordance with Chapter 30,
 382 Carbon Emissions Tax Act, for the calendar year before the taxable year for which the eligible
 383 corporation is paying a tax under this chapter, for the same time period a person is required to
 384 keep books and records under Section [59-1-1406](#).

385 (4) The Division of Finance shall transfer at least annually from the Carbon Emissions
 386 Tax Expendable Revenue Fund created in Section [59-30-301](#) into the Education Fund an
 387 amount equal to the amount of tax credit claimed under this section.

388 Section 7. Section **59-10-1019** is amended to read:

389 **59-10-1019. Definitions -- Nonrefundable retirement tax credits.**

390 (1) As used in this section:

391 (a) "Eligible age 65 or older retiree" means a claimant, regardless of whether that
 392 claimant is retired, who[:] is 65 years of age or older.

393 [~~(i) is 65 years of age or older; and~~]

394 [~~(ii) was born on or before December 31, 1952.~~]

395 [~~(b) (i) "Eligible retirement income" means income received by an eligible under age~~
 396 ~~65 retiree as a pension or annuity if that pension or annuity is:]~~

397 [~~(A) paid to the eligible under age 65 retiree or the surviving spouse of an eligible~~
 398 ~~under age 65 retiree; and]~~

399 [~~(B) (i) paid from an annuity contract purchased by an employer under a plan that~~

400 meets the requirements of Section ~~404(a)(2), Internal Revenue Code;~~
401 ~~[(H) purchased by an employee under a plan that meets the requirements of Section~~
402 ~~408, Internal Revenue Code; or]~~
403 ~~[(Hh) paid by:]~~
404 ~~[(Aa) the United States;]~~
405 ~~[(Bb) a state or a political subdivision of a state; or]~~
406 ~~[(Cc) the District of Columbia.]~~
407 ~~[(ii) "Eligible retirement income" does not include amounts received by the spouse of a~~
408 ~~living eligible under age 65 retiree because of the eligible under age 65 retiree's having been~~
409 ~~employed in a community property state.]~~
410 ~~[(e) "Eligible under age 65 retiree" means a claimant, regardless of whether that~~
411 ~~claimant is retired, who:]~~
412 ~~[(i) is younger than 65 years of age;]~~
413 ~~[(ii) was born on or before December 31, 1952; and]~~
414 ~~[(iii) has eligible retirement income for the taxable year for which a tax credit is~~
415 ~~claimed under this section.]~~
416 ~~[(d)] (b) "Head of household filing status" [is as] means the same as that term is~~
417 ~~defined in Section 59-10-1018.~~
418 ~~[(e)] (c) "Joint filing status" [is as] means the same as that term is defined in Section~~
419 ~~59-10-1018.~~
420 ~~[(f)] (d) "Married filing separately status" means a married individual who:~~
421 ~~(i) does not file a single federal individual income tax return jointly with that married~~
422 ~~individual's spouse for the taxable year; and~~
423 ~~(ii) files a single federal individual income tax return for the taxable year.~~
424 ~~[(g)] (e) "Modified adjusted gross income" means the sum of an eligible age 65 or~~
425 ~~older retiree's [~~or eligible under age 65 retiree's~~]:~~
426 ~~(i) adjusted gross income for the taxable year for which a tax credit is claimed under~~
427 ~~this section;~~
428 ~~(ii) any interest income that is not included in adjusted gross income for the taxable~~
429 ~~year described in Subsection (1)[(g)](e)(i); and~~
430 ~~(iii) any addition to adjusted gross income required by Section 59-10-114 for the~~

431 taxable year described in Subsection (1)~~(g)~~(e)(i).

432 ~~(h)~~ (f) "Single filing status" means a single individual who files a single federal
433 individual income tax return for the taxable year.

434 (2) (a) Except as provided in Section [59-10-1002.2](#) and subject to Subsections ~~(3)~~
435 (2)(b) through ~~(5)~~ (4), each eligible age 65 or older retiree may claim a nonrefundable tax
436 credit of \$650 against taxes otherwise due under this part.

437 ~~[(a) each eligible age 65 or older retiree may claim a nonrefundable tax credit of \$450~~
438 ~~against taxes otherwise due under this part; or]~~

439 ~~[(b) each eligible under age 65 retiree may claim a nonrefundable tax credit against~~
440 ~~taxes otherwise due under this part in an amount equal to the lesser of:]~~

441 ~~[(i) \$288; or]~~

442 ~~[(ii) the product of:]~~

443 ~~[(A) the eligible under age 65 retiree's eligible retirement income for the taxable year~~
444 ~~for which the eligible under age 65 retiree claims a tax credit under this section; and]~~

445 ~~[(B) 6%.]~~

446 ~~[(3) A tax credit under this section may not be carried forward or carried back.]~~

447 (b) An eligible age 65 or older retiree may claim the tax credit described in this section
448 for a taxable year that begins on or after January 1, 2021.

449 (3) An eligible age 65 or older retiree may not carry forward or carry back a tax credit
450 under this section.

451 (4) The sum of the tax credits allowed by Subsection (2) claimed on one return filed
452 under this part shall be reduced by \$.025 for each dollar by which modified adjusted gross
453 income for purposes of the return exceeds:

454 (a) for a federal individual income tax return that is allowed a married filing separately
455 status, \$16,000;

456 (b) for a federal individual income tax return that is allowed a single filing status,
457 \$25,000;

458 (c) for a federal individual income tax return that is allowed a head of household filing
459 status, \$32,000; or

460 (d) for a return under this chapter that is allowed a joint filing status, \$32,000.

461 ~~[(5) For purposes of determining the ownership of items of retirement income under~~

462 ~~this section, common law doctrine shall be applied in all cases even though some items of~~
463 ~~retirement income may have originated from service or investments in a community property~~
464 ~~state.]~~

465 Section 8. Section **59-10-1102.1** is enacted to read:

466 **59-10-1102.1. Apportionment of tax credit.**

467 A nonresident individual or a part-year resident individual who claims the tax credit
468 described in Section [59-10-1113](#) may only claim an apportioned amount of the tax credit equal
469 to the product of:

470 (1) the state income tax percentage for a nonresident individual or the state income tax
471 percentage for a part-year resident individual; and

472 (2) the amount of the tax credit that the nonresident individual or the part-year resident
473 individual would have been allowed to claim but for the apportionment requirement of this
474 section.

475 Section 9. Section **59-10-1112** is enacted to read:

476 **59-10-1112. Refundable tax credit for mining and manufacturing.**

477 (1) As used in this section:

478 (a) "Eligible pass-through entity taxpayer" means a pass-through entity taxpayer that
479 receives income from a pass-through entity that:

480 (i) for a pass-through entity that apportions business income in accordance with
481 Subsection [59-7-311](#)(2), (3)(a), or (4), generates greater than 50% of the pass-through entity's
482 total sales everywhere during the taxable year from economic activities that are classified in
483 one or more of the following NAICS codes of the 2017 North American Industry Classification
484 System of the federal Executive Office of the President, Office of Management and Budget:

485 (A) NAICS Sector 21, Mining; or

486 (B) NAICS Sector 31-33, Manufacturing; or

487 (ii) for a pass-through entity that apportions business income in accordance with
488 Subsection [59-7-311](#)(3)(b), generates greater than 50% of the pass-through entity's total
489 payroll, property, and sales everywhere during the taxable year from economic activities that
490 are classified in one or more of the following NAICS codes of the 2017 North American
491 Industry Classification System of the federal Executive Office of the President, Office of
492 Management and Budget:

493 (A) NAICS Sector 21, Mining; or

494 (B) NAICS Sector 31-33, Manufacturing.

495 (b) "Pass-through entity" means the same as that term is defined in Section

496 59-10-1402.

497 (c) "Pass-through entity taxpayer" means the same as that term is defined in Section

498 59-10-1402.

499 (2) A pass-through entity shall determine:

500 (a) whether the pass-through entity meets the income generation requirements

501 described in Subsection (1)(a);

502 (b) the amount that is 50% of the amount of carbon emissions tax that the pass-through

503 entity paid in accordance with Chapter 30, Carbon Emissions Tax Act, for the calendar year

504 before the taxable year for which an eligible pass-through entity may claim a credit under this

505 section; and

506 (c) how to allocate the amount described in Subsection (2)(b) to the pass-through

507 entity's pass-through entity taxpayers.

508 (3) For a taxable year beginning on or after January 1, 2022, an eligible pass-through

509 entity taxpayer may claim a refundable tax credit in an amount equal to the amount described

510 in Subsection (2)(b) that the pass-through entity allocates to the eligible pass-through entity

511 taxpayer.

512 (4) An eligible pass-through entity taxpayer shall keep evidence of the amount of

513 carbon emissions tax that the eligible pass-through entity paid in accordance with Chapter 30,

514 Carbon Emissions Tax Act, for the calendar year before the taxable year for which the eligible

515 pass-through entity taxpayer is paying a tax under this chapter, for the same time period a

516 person is required to keep books and records under Section 59-1-1406.

517 (5) The Division of Finance shall transfer at least annually from the Carbon Emissions

518 Tax Expendable Revenue Fund into the Education Fund created in Section 59-30-301 an

519 amount equal to the amount of tax credit claimed under this section.

520 Section 10. Section 59-10-1113 is enacted to read:

521 **59-10-1113. Refundable state earned income tax credit -- Definitions -- Tax credit**
522 **calculation -- Transfers from Carbon Emissions Tax Expendable Revenue Fund.**

523 (1) As used in this section:

524 (a) "Federal earned income tax credit" means the federal earned income tax credit
525 described in Section 32, Internal Revenue Code.

526 (b) "Qualifying claimant" means a resident or nonresident individual who claimed the
527 federal earned income tax credit for the previous taxable year.

528 (2) (a) Except as provided in Section 59-10-1102.1 and subject to Subsection (2)(b), a
529 qualifying claimant may claim a refundable earned income tax credit equal to 10% of the
530 amount of the federal earned income tax credit that the qualifying claimant was entitled to
531 claim on a federal income tax return in the previous taxable year.

532 (b) A qualifying claimant may claim the tax credit described in this section for a
533 taxable year that begins on or after January 1, 2021.

534 (3) The Division of Finance shall transfer at least annually from the Carbon Emissions
535 Tax Expendable Revenue Fund created in Section 59-30-301 into the Education Fund an
536 amount equal to the amount of tax credit claimed under this section.

537 Section 11. Section 59-12-103 is amended to read:

538 **59-12-103. Sales and use tax base -- Rates -- Effective dates -- Use of sales and use**
539 **tax revenue.**

540 (1) A tax is imposed on the purchaser as provided in this part on the purchase price or
541 sales price for amounts paid or charged for the following transactions:

542 (a) retail sales of tangible personal property made within the state;

543 (b) amounts paid for:

544 (i) telecommunications service, other than mobile telecommunications service, that
545 originates and terminates within the boundaries of this state;

546 (ii) mobile telecommunications service that originates and terminates within the
547 boundaries of one state only to the extent permitted by the Mobile Telecommunications

548 Sourcing Act, 4 U.S.C. Sec. 116 et seq.; or

549 (iii) an ancillary service associated with a:

550 (A) telecommunications service described in Subsection (1)(b)(i); or

551 (B) mobile telecommunications service described in Subsection (1)(b)(ii);

552 (c) sales of the following for commercial use:

553 (i) gas;

554 (ii) electricity;

- 555 (iii) heat;
- 556 (iv) coal;
- 557 (v) fuel oil; or
- 558 (vi) other fuels;
- 559 (d) sales of the following for residential use:
- 560 (i) gas;
- 561 (ii) electricity;
- 562 (iii) heat;
- 563 (iv) coal;
- 564 (v) fuel oil; or
- 565 (vi) other fuels;
- 566 (e) sales of prepared food;
- 567 (f) except as provided in Section 59-12-104, amounts paid or charged as admission or
- 568 user fees for theaters, movies, operas, museums, planetariums, shows of any type or nature,
- 569 exhibitions, concerts, carnivals, amusement parks, amusement rides, circuses, menageries,
- 570 fairs, races, contests, sporting events, dances, boxing matches, wrestling matches, closed circuit
- 571 television broadcasts, billiard parlors, pool parlors, bowling lanes, golf, miniature golf, golf
- 572 driving ranges, batting cages, skating rinks, ski lifts, ski runs, ski trails, snowmobile trails,
- 573 tennis courts, swimming pools, water slides, river runs, jeep tours, boat tours, scenic cruises,
- 574 horseback rides, sports activities, or any other amusement, entertainment, recreation,
- 575 exhibition, cultural, or athletic activity;
- 576 (g) amounts paid or charged for services for repairs or renovations of tangible personal
- 577 property, unless Section 59-12-104 provides for an exemption from sales and use tax for:
- 578 (i) the tangible personal property; and
- 579 (ii) parts used in the repairs or renovations of the tangible personal property described
- 580 in Subsection (1)(g)(i), regardless of whether:
- 581 (A) any parts are actually used in the repairs or renovations of that tangible personal
- 582 property; or
- 583 (B) the particular parts used in the repairs or renovations of that tangible personal
- 584 property are exempt from a tax under this chapter;
- 585 (h) except as provided in Subsection 59-12-104(7), amounts paid or charged for

586 assisted cleaning or washing of tangible personal property;

587 (i) amounts paid or charged for tourist home, hotel, motel, or trailer court

588 accommodations and services that are regularly rented for less than 30 consecutive days;

589 (j) amounts paid or charged for laundry or dry cleaning services;

590 (k) amounts paid or charged for leases or rentals of tangible personal property if within

591 this state the tangible personal property is:

592 (i) stored;

593 (ii) used; or

594 (iii) otherwise consumed;

595 (l) amounts paid or charged for tangible personal property if within this state the

596 tangible personal property is:

597 (i) stored;

598 (ii) used; or

599 (iii) consumed; and

600 (m) amounts paid or charged for a sale:

601 (i) (A) of a product transferred electronically; or

602 (B) of a repair or renovation of a product transferred electronically; and

603 (ii) regardless of whether the sale provides:

604 (A) a right of permanent use of the product; or

605 (B) a right to use the product that is less than a permanent use, including a right:

606 (I) for a definite or specified length of time; and

607 (II) that terminates upon the occurrence of a condition.

608 (2) (a) Except as provided in Subsections (2)(b) through (e), a state tax and a local tax

609 is imposed on a transaction described in Subsection (1) equal to the sum of:

610 (i) a state tax imposed on the transaction at a tax rate equal to the sum of:

611 [~~(A) (I) through March 31, 2019, 4.70%; and~~]

612 [~~(H)~~] (A) [~~beginning on April 1, 2019,~~] 4.70% plus the rate specified in Subsection

613 [~~(14)~~] (12)(a); and

614 (B) (I) the tax rate the state imposes in accordance with Part 18, Additional State Sales

615 and Use Tax Act, if the location of the transaction as determined under Sections 59-12-211

616 through 59-12-215 is in a county in which the state imposes the tax under Part 18, Additional

617 State Sales and Use Tax Act; and

618 (II) the tax rate the state imposes in accordance with Part 20, Supplemental State Sales
619 and Use Tax Act, if the location of the transaction as determined under Sections 59-12-211
620 through 59-12-215 is in a city, town, or the unincorporated area of a county in which the state
621 imposes the tax under Part 20, Supplemental State Sales and Use Tax Act; and

622 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the
623 transaction under this chapter other than this part.

624 (b) Except as provided in Subsection (2)(d) or (e), a state tax and a local tax is imposed
625 on a transaction described in Subsection (1)(c) or (d) equal to the sum of:

626 [~~(i) a state tax imposed on the transaction at a tax rate of 2%; and~~]

627 (i) (A) through December 31, 2020, a state tax imposed on a transaction described in
628 Subsection (1)(c) at the rate described in Subsection (2)(a)(i) and a transaction described in
629 Subsection (1)(d) at a rate of 2%; and

630 (B) beginning on January 1, 2021, a state tax imposed on the transaction at a tax rate of
631 0%; and

632 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the
633 transaction under this chapter other than this part.

634 (c) Except as provided in Subsection (2)(d) or (e), a state tax and a local tax is imposed
635 on amounts paid or charged for food and food ingredients equal to the sum of:

636 (i) (A) through December 31, 2020, a state tax imposed on the amounts paid or charged
637 for food and food ingredients at a tax rate of 1.75%; and

638 (B) beginning on January 1, 2021, a state tax imposed on the amounts paid or charged
639 for food and food ingredients at a tax rate of 0%; and

640 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the
641 amounts paid or charged for food and food ingredients under this chapter other than this part.

642 (d) (i) For a bundled transaction that is attributable to food and food ingredients and
643 tangible personal property other than food and food ingredients, a state tax and a local tax is
644 imposed on the entire bundled transaction equal to the sum of:

645 (A) a state tax imposed on the entire bundled transaction equal to the sum of:

646 (I) the tax rate described in Subsection (2)(a)(i)(A); and

647 (II) (Aa) the tax rate the state imposes in accordance with Part 18, Additional State

648 Sales and Use Tax Act, if the location of the transaction as determined under Sections
649 59-12-211 through 59-12-215 is in a county in which the state imposes the tax under Part 18,
650 Additional State Sales and Use Tax Act; and

651 (Bb) the tax rate the state imposes in accordance with Part 20, Supplemental State
652 Sales and Use Tax Act, if the location of the transaction as determined under Sections
653 59-12-211 through 59-12-215 is in a city, town, or the unincorporated area of a county in which
654 the state imposes the tax under Part 20, Supplemental State Sales and Use Tax Act; and

655 (B) a local tax imposed on the entire bundled transaction at the sum of the tax rates
656 described in Subsection (2)(a)(ii).

657 (ii) If an optional computer software maintenance contract is a bundled transaction that
658 consists of taxable and nontaxable products that are not separately itemized on an invoice or
659 similar billing document, the purchase of the optional computer software maintenance contract
660 is 40% taxable under this chapter and 60% nontaxable under this chapter.

661 (iii) Subject to Subsection (2)(d)(iv), for a bundled transaction other than a bundled
662 transaction described in Subsection (2)(d)(i) or (ii):

663 (A) if the sales price of the bundled transaction is attributable to tangible personal
664 property, a product, or a service that is subject to taxation under this chapter and tangible
665 personal property, a product, or service that is not subject to taxation under this chapter, the
666 entire bundled transaction is subject to taxation under this chapter unless:

667 (I) the seller is able to identify by reasonable and verifiable standards the tangible
668 personal property, product, or service that is not subject to taxation under this chapter from the
669 books and records the seller keeps in the seller's regular course of business; or

670 (II) state or federal law provides otherwise; or

671 (B) if the sales price of a bundled transaction is attributable to two or more items of
672 tangible personal property, products, or services that are subject to taxation under this chapter
673 at different rates, the entire bundled transaction is subject to taxation under this chapter at the
674 higher tax rate unless:

675 (I) the seller is able to identify by reasonable and verifiable standards the tangible
676 personal property, product, or service that is subject to taxation under this chapter at the lower
677 tax rate from the books and records the seller keeps in the seller's regular course of business; or

678 (II) state or federal law provides otherwise.

679 (iv) For purposes of Subsection (2)(d)(iii), books and records that a seller keeps in the
680 seller's regular course of business includes books and records the seller keeps in the regular
681 course of business for nontax purposes.

682 (e) (i) Except as otherwise provided in this chapter and subject to Subsections (2)(e)(ii)
683 and (iii), if a transaction consists of the sale, lease, or rental of tangible personal property, a
684 product, or a service that is subject to taxation under this chapter, and the sale, lease, or rental
685 of tangible personal property, other property, a product, or a service that is not subject to
686 taxation under this chapter, the entire transaction is subject to taxation under this chapter unless
687 the seller, at the time of the transaction:

688 (A) separately states the portion of the transaction that is not subject to taxation under
689 this chapter on an invoice, bill of sale, or similar document provided to the purchaser; or

690 (B) is able to identify by reasonable and verifiable standards, from the books and
691 records the seller keeps in the seller's regular course of business, the portion of the transaction
692 that is not subject to taxation under this chapter.

693 (ii) A purchaser and a seller may correct the taxability of a transaction if:

694 (A) after the transaction occurs, the purchaser and the seller discover that the portion of
695 the transaction that is not subject to taxation under this chapter was not separately stated on an
696 invoice, bill of sale, or similar document provided to the purchaser because of an error or
697 ignorance of the law; and

698 (B) the seller is able to identify by reasonable and verifiable standards, from the books
699 and records the seller keeps in the seller's regular course of business, the portion of the
700 transaction that is not subject to taxation under this chapter.

701 (iii) For purposes of Subsections (2)(e)(i) and (ii), books and records that a seller keeps
702 in the seller's regular course of business includes books and records the seller keeps in the
703 regular course of business for nontax purposes.

704 (f) (i) If the sales price of a transaction is attributable to two or more items of tangible
705 personal property, products, or services that are subject to taxation under this chapter at
706 different rates, the entire purchase is subject to taxation under this chapter at the higher tax rate
707 unless the seller, at the time of the transaction:

708 (A) separately states the items subject to taxation under this chapter at each of the
709 different rates on an invoice, bill of sale, or similar document provided to the purchaser; or

710 (B) is able to identify by reasonable and verifiable standards the tangible personal
711 property, product, or service that is subject to taxation under this chapter at the lower tax rate
712 from the books and records the seller keeps in the seller's regular course of business.

713 (ii) For purposes of Subsection (2)(f)(i), books and records that a seller keeps in the
714 seller's regular course of business includes books and records the seller keeps in the regular
715 course of business for nontax purposes.

716 (g) Subject to Subsections (2)(h) and (i), a tax rate repeal or tax rate change for a tax
717 rate imposed under the following shall take effect on the first day of a calendar quarter:

- 718 (i) Subsection (2)(a)(i)(A);
- 719 (ii) Subsection (2)(b)(i);
- 720 (iii) Subsection (2)(c)(i); or
- 721 (iv) Subsection (2)(d)(i)(A)(I).

722 (h) (i) A tax rate increase takes effect on the first day of the first billing period that
723 begins on or after the effective date of the tax rate increase if the billing period for the
724 transaction begins before the effective date of a tax rate increase imposed under:

- 725 (A) Subsection (2)(a)(i)(A);
- 726 (B) Subsection (2)(b)(i);
- 727 (C) Subsection (2)(c)(i); or
- 728 (D) Subsection (2)(d)(i)(A)(I).

729 (ii) The repeal of a tax or a tax rate decrease applies to a billing period if the billing
730 statement for the billing period is rendered on or after the effective date of the repeal of the tax
731 or the tax rate decrease imposed under:

- 732 (A) Subsection (2)(a)(i)(A);
- 733 (B) Subsection (2)(b)(i);
- 734 (C) Subsection (2)(c)(i); or
- 735 (D) Subsection (2)(d)(i)(A)(I).

736 (i) (i) For a tax rate described in Subsection (2)(i)(ii), if a tax due on a catalogue sale is
737 computed on the basis of sales and use tax rates published in the catalogue, a tax rate repeal or
738 change in a tax rate takes effect:

- 739 (A) on the first day of a calendar quarter; and
- 740 (B) beginning 60 days after the effective date of the tax rate repeal or tax rate change.

741 (ii) Subsection (2)(i)(i) applies to the tax rates described in the following:

742 (A) Subsection (2)(a)(i)(A);

743 (B) Subsection (2)(b)(i);

744 (C) Subsection (2)(c)(i); or

745 (D) Subsection (2)(d)(i)(A)(I).

746 (iii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,
747 the commission may by rule define the term "catalogue sale."

748 ~~[(3)(a) The following state taxes shall be deposited into the General Fund:]~~

749 (3)(a) The Division of Finance shall deposit the following state taxes into the General
750 Fund:

751 (i) the tax imposed by Subsection (2)(a)(i)(A);

752 (ii) the tax imposed by Subsection (2)(b)(i);

753 (iii) the tax imposed by Subsection (2)(c)(i); ~~[or]~~

754 (iv) the tax imposed by Subsection (2)(d)(i)(A)(I)~~[-]; and~~

755 (v) the amount described in Subsection 59-30-301(5)(b)(i).

756 (b) ~~The [following local taxes shall be distributed]~~ commission shall distribute the
757 following local taxes to a county, city, or town as provided in this chapter:

758 (i) the tax imposed by Subsection (2)(a)(ii);

759 (ii) the tax imposed by Subsection (2)(b)(ii);

760 (iii) the tax imposed by Subsection (2)(c)(ii); and

761 (iv) the tax imposed by Subsection (2)(d)(i)(B).

762 (c) For purposes of this section, the amount described in Subsection (3)(a)(v) shall be
763 considered revenue from a sales and use tax imposed on items described in Subsection (1).

764 (4) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,
765 2003, the lesser of the following amounts shall be expended as provided in Subsections (4)(b)
766 through (g):

767 (i) for taxes listed under Subsection (3)(a), the amount of tax revenue generated:

768 (A) by a 1/16% tax rate on the transactions described in Subsection (1); and

769 (B) for the fiscal year; or

770 (ii) \$17,500,000.

771 (b) (i) For a fiscal year beginning on or after July 1, 2003, 14% of the amount

772 described in Subsection (4)(a) shall be transferred each year as dedicated credits to the
773 Department of Natural Resources to:

774 (A) implement the measures described in Subsections 79-2-303(3)(a) through (d) to
775 protect sensitive plant and animal species; or

776 (B) award grants, up to the amount authorized by the Legislature in an appropriations
777 act, to political subdivisions of the state to implement the measures described in Subsections
778 79-2-303(3)(a) through (d) to protect sensitive plant and animal species.

779 (ii) Money transferred to the Department of Natural Resources under Subsection
780 (4)(b)(i) may not be used to assist the United States Fish and Wildlife Service or any other
781 person to list or attempt to have listed a species as threatened or endangered under the
782 Endangered Species Act of 1973, 16 U.S.C. Sec. 1531 et seq.

783 (iii) At the end of each fiscal year:

784 (A) 50% of any unexpended dedicated credits shall lapse to the Water Resources
785 Conservation and Development Fund created in Section 73-10-24;

786 (B) 25% of any unexpended dedicated credits shall lapse to the Utah Wastewater Loan
787 Program Subaccount created in Section 73-10c-5; and

788 (C) 25% of any unexpended dedicated credits shall lapse to the Drinking Water Loan
789 Program Subaccount created in Section 73-10c-5.

790 (c) For a fiscal year beginning on or after July 1, 2003, 3% of the amount described in
791 Subsection (4)(a) shall be deposited each year in the Agriculture Resource Development Fund
792 created in Section 4-18-106.

793 (d) (i) For a fiscal year beginning on or after July 1, 2003, 1% of the amount described
794 in Subsection (4)(a) shall be transferred each year as dedicated credits to the Division of Water
795 Rights to cover the costs incurred in hiring legal and technical staff for the adjudication of
796 water rights.

797 (ii) At the end of each fiscal year:

798 (A) 50% of any unexpended dedicated credits shall lapse to the Water Resources
799 Conservation and Development Fund created in Section 73-10-24;

800 (B) 25% of any unexpended dedicated credits shall lapse to the Utah Wastewater Loan
801 Program Subaccount created in Section 73-10c-5; and

802 (C) 25% of any unexpended dedicated credits shall lapse to the Drinking Water Loan

803 Program Subaccount created in Section 73-10c-5.

804 (e) (i) For a fiscal year beginning on or after July 1, 2003, 41% of the amount described
805 in Subsection (4)(a) shall be deposited into the Water Resources Conservation and
806 Development Fund created in Section 73-10-24 for use by the Division of Water Resources.

807 (ii) In addition to the uses allowed of the Water Resources Conservation and
808 Development Fund under Section 73-10-24, the Water Resources Conservation and
809 Development Fund may also be used to:

810 (A) conduct hydrologic and geotechnical investigations by the Division of Water
811 Resources in a cooperative effort with other state, federal, or local entities, for the purpose of
812 quantifying surface and ground water resources and describing the hydrologic systems of an
813 area in sufficient detail so as to enable local and state resource managers to plan for and
814 accommodate growth in water use without jeopardizing the resource;

815 (B) fund state required dam safety improvements; and

816 (C) protect the state's interest in interstate water compact allocations, including the
817 hiring of technical and legal staff.

818 (f) For a fiscal year beginning on or after July 1, 2003, 20.5% of the amount described
819 in Subsection (4)(a) shall be deposited into the Utah Wastewater Loan Program Subaccount
820 created in Section 73-10c-5 for use by the Water Quality Board to fund wastewater projects.

821 (g) For a fiscal year beginning on or after July 1, 2003, 20.5% of the amount described
822 in Subsection (4)(a) shall be deposited into the Drinking Water Loan Program Subaccount
823 created in Section 73-10c-5 for use by the Division of Drinking Water to:

824 (i) provide for the installation and repair of collection, treatment, storage, and
825 distribution facilities for any public water system, as defined in Section 19-4-102;

826 (ii) develop underground sources of water, including springs and wells; and

827 (iii) develop surface water sources.

828 (5) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,
829 2006, the difference between the following amounts shall be expended as provided in this
830 Subsection (5), if that difference is greater than \$1:

831 (i) for taxes listed under Subsection (3)(a), the amount of tax revenue generated for the
832 fiscal year by a 1/16% tax rate on the transactions described in Subsection (1); and

833 (ii) \$17,500,000.

834 (b) (i) The first \$500,000 of the difference described in Subsection (5)(a) shall be:

835 (A) transferred each fiscal year to the Department of Natural Resources as dedicated
836 credits; and

837 (B) expended by the Department of Natural Resources for watershed rehabilitation or
838 restoration.

839 (ii) At the end of each fiscal year, 100% of any unexpended dedicated credits described
840 in Subsection (5)(b)(i) shall lapse to the Water Resources Conservation and Development Fund
841 created in Section 73-10-24.

842 (c) (i) After making the transfer required by Subsection (5)(b)(i), \$150,000 of the
843 remaining difference described in Subsection (5)(a) shall be:

844 (A) transferred each fiscal year to the Division of Water Resources as dedicated
845 credits; and

846 (B) expended by the Division of Water Resources for cloud-seeding projects
847 authorized by Title 73, Chapter 15, Modification of Weather.

848 (ii) At the end of each fiscal year, 100% of any unexpended dedicated credits described
849 in Subsection (5)(c)(i) shall lapse to the Water Resources Conservation and Development Fund
850 created in Section 73-10-24.

851 (d) After making the transfers required by Subsections (5)(b) and (c), 85% of the
852 remaining difference described in Subsection (5)(a) shall be deposited into the Water
853 Resources Conservation and Development Fund created in Section 73-10-24 for use by the
854 Division of Water Resources for:

855 (i) preconstruction costs:

856 (A) as defined in Subsection 73-26-103(6) for projects authorized by Title 73, Chapter
857 26, Bear River Development Act; and

858 (B) as defined in Subsection 73-28-103(8) for the Lake Powell Pipeline project
859 authorized by Title 73, Chapter 28, Lake Powell Pipeline Development Act;

860 (ii) the cost of employing a civil engineer to oversee any project authorized by Title 73,
861 Chapter 26, Bear River Development Act;

862 (iii) the cost of employing a civil engineer to oversee the Lake Powell Pipeline project
863 authorized by Title 73, Chapter 28, Lake Powell Pipeline Development Act; and

864 (iv) other uses authorized under Sections 73-10-24, 73-10-25.1, and 73-10-30, and

865 Subsection (4)(e)(ii) after funding the uses specified in Subsections (5)(d)(i) through (iii).

866 (e) After making the transfers required by Subsections (5)(b) and (c) and subject to
867 Subsection (5)(f), 15% of the remaining difference described in Subsection (5)(a) shall be
868 transferred each year as dedicated credits to the Division of Water Rights to cover the costs
869 incurred for employing additional technical staff for the administration of water rights.

870 (f) At the end of each fiscal year, any unexpended dedicated credits described in
871 Subsection (5)(e) over \$150,000 lapse to the Water Resources Conservation and Development
872 Fund created in Section 73-10-24.

873 (6) Notwithstanding Subsection (3)(a) and for taxes listed under Subsection (3)(a), the
874 amount of revenue generated by a 1/16% tax rate on the transactions described in Subsection
875 (1) for the fiscal year shall be deposited as follows:

876 (a) for fiscal year 2016-17 only, 100% of the revenue described in this Subsection (6)
877 shall be deposited into the Transportation Investment Fund of 2005 created by Section
878 72-2-124;

879 (b) for fiscal year 2017-18 only:

880 (i) 80% of the revenue described in this Subsection (6) shall be deposited into the
881 Transportation Investment Fund of 2005 created by Section 72-2-124; and

882 (ii) 20% of the revenue described in this Subsection (6) shall be deposited into the
883 Water Infrastructure Restricted Account created by Section 73-10g-103;

884 (c) for fiscal year 2018-19 only:

885 (i) 60% of the revenue described in this Subsection (6) shall be deposited into the
886 Transportation Investment Fund of 2005 created by Section 72-2-124; and

887 (ii) 40% of the revenue described in this Subsection (6) shall be deposited into the
888 Water Infrastructure Restricted Account created by Section 73-10g-103;

889 (d) for fiscal year 2019-20 only:

890 (i) 40% of the revenue described in this Subsection (6) shall be deposited into the
891 Transportation Investment Fund of 2005 created by Section 72-2-124; and

892 (ii) 60% of the revenue described in this Subsection (6) shall be deposited into the
893 Water Infrastructure Restricted Account created by Section 73-10g-103;

894 (e) for fiscal year 2020-21 only:

895 (i) 20% of the revenue described in this Subsection (6) shall be deposited into the

896 Transportation Investment Fund of 2005 created by Section [72-2-124](#); and

897 (ii) 80% of the revenue described in this Subsection (6) shall be deposited into the

898 Water Infrastructure Restricted Account created by Section [73-10g-103](#); and

899 (f) for a fiscal year beginning on or after July 1, 2021, 100% of the revenue described

900 in this Subsection (6) shall be deposited into the Water Infrastructure Restricted Account

901 created by Section [73-10g-103](#).

902 (7) (a) Notwithstanding Subsection (3)(a), in addition to the amounts deposited in

903 Subsection (6), and subject to Subsection (7)(b)(d), ~~[for a fiscal year beginning on or after~~

904 ~~July 1, 2012]~~ for each fiscal year, the Division of Finance shall deposit into the Transportation

905 Investment Fund of 2005 created by Section [72-2-124](#)~~[+]~~ the amounts described in Subsections

906 (7)(b) and (c).

907 ~~[(+)]~~ (b) The Division of Finance shall deposit a portion of the taxes listed under

908 Subsection (3)(a) in an amount equal to 8.3% of the ~~[revenues]~~ revenue collected from the

909 following taxes, which represents a portion of the approximately 17% of sales and use tax

910 ~~[revenues generated annually by the sales and use tax on vehicles and vehicle-related products]~~

911 revenue that the sales and use tax on vehicles and vehicle-related products generates:

912 ~~[(A)]~~ (i) the tax imposed by Subsection (2)(a)(i)(A) at a 4.7% rate;

913 ~~[(B) the tax imposed by Subsection (2)(b)(i);]~~

914 ~~[(C) the tax imposed by Subsection (2)(c)(i); and]~~

915 ~~[(D)]~~ (ii) the tax imposed by Subsection (2)(d)(i)(A)(I); ~~[plus]~~ and

916 ~~[(ii) an amount equal to 30% of the growth in the amount of revenues collected in the~~

917 ~~current fiscal year from the sales and use taxes described in Subsections (7)(a)(i)(A) through~~

918 ~~(D) that exceeds the amount collected from the sales and use taxes described in Subsections~~

919 ~~(7)(a)(i)(A) through (D) in the 2010-11 fiscal year.]~~

920 (iii) the amount described in Subsection 59-30-301(5)(b)(i).

921 (c) (i) Subject to Subsections (7)(c)(ii) and (iii), the Division of Finance shall deposit

922 an amount equal to 30% of the growth in the amount of revenue calculated by subtracting the

923 amount of sale and use taxes collected in the current fiscal year from the amount of the sales

924 and use taxes collected in the 2010-11 fiscal year.

925 (ii) The amount of sales and use taxes collected in the current fiscal year equals the

926 sum of the amounts described in Subsections (7)(b)(i) through (iii).

927 (iii) The amount of sales and use taxes collected in the 2010-11 fiscal year equals the
 928 sum of the sales and use taxes imposed by and collected under:

929 (A) Subsection (2)(a)(i)(A);

930 (B) Subsection (2)(b)(i);

931 (C) Subsection (2)(c)(i); and

932 (D) Subsection (2)(d)(i)(A)(I).

933 ~~[(b)]~~ (d) (i) Subject to Subsections (7)~~[(b)]~~(d)(ii) and (iii), in any fiscal year that the
 934 portion of the sales and use taxes deposited under Subsection (7)(a) represents an amount that
 935 is a total lower percentage of the sales and use taxes described in Subsections ~~[(7)(a)(i)(A)~~
 936 ~~through (D)]~~ (7)(b)(i) through (iii) generated in the current fiscal year than the total percentage
 937 of sales and use taxes deposited in the previous fiscal year, the Division of Finance shall
 938 deposit an amount under Subsection (7)(a) equal to the product of:

939 (A) the total percentage of sales and use taxes deposited under Subsection (7)(a) in the
 940 previous fiscal year; and

941 (B) the total sales and use tax revenue generated by the taxes described in Subsections
 942 ~~[(7)(a)(i)(A) through (D)]~~ (7)(b)(i) through (iii) in the current fiscal year.

943 (ii) In any fiscal year in which the portion of the sales and use taxes deposited under
 944 Subsection (7)(a) would exceed 17% of the ~~[revenues]~~ revenue collected from the sales and use
 945 taxes described in Subsections ~~[(7)(a)(i)(A) through (D)]~~ (7)(b)(i) through (iii) in the current
 946 fiscal year, the Division of Finance shall deposit 17% of the ~~[revenues]~~ revenue collected from
 947 the sales and use taxes described in Subsections ~~[(7)(a)(i)(A) through (D)]~~ (7)(b)(i) through (iii)
 948 for the current fiscal year under Subsection (7)(a).

949 ~~[(iii) In all subsequent fiscal years after a year in which 17% of the revenues collected~~
 950 ~~from the sales and use taxes described in Subsections (7)(a)(i)(A) through (D) was deposited~~
 951 ~~under Subsection (7)(a), the Division of Finance shall annually deposit 17% of the revenues~~
 952 ~~collected from the sales and use taxes described in Subsections (7)(a)(i)(A) through (D) in the~~
 953 ~~current fiscal year under Subsection (7)(a).]~~

954 (iii) In all subsequent fiscal years after the year in which the Division of Finance
 955 deposits, under Subsection (7)(a), 17% of the revenue collected from the sales and use taxes
 956 described in Subsections (7)(b)(i) through (iii), the Division of Finance shall deposit annually
 957 17% of the revenue collected from the sales and use taxes described in Subsections (7)(b)(i)

958 through (iii) in the current fiscal year under Subsection (7)(a).

959 ~~[(8)(a) Notwithstanding Subsection (3)(a), and in addition to the amounts deposited~~
 960 ~~under Subsections (6) and (7), for the 2016-17 fiscal year only, the Division of Finance shall~~
 961 ~~deposit \$64,000,000 of the revenues generated by the taxes listed under Subsection (3)(a) into~~
 962 ~~the Transportation Investment Fund of 2005 created by Section 72-2-124.]~~

963 ~~[(b) Notwithstanding Subsection (3)(a), and in addition to the amounts deposited under~~
 964 ~~Subsections (6) and (7), for the 2017-18 fiscal year only, the Division of Finance shall deposit~~
 965 ~~\$63,000,000 of the revenues generated by the taxes listed under Subsection (3)(a) into the~~
 966 ~~Transportation Investment Fund of 2005 created by Section 72-2-124.]~~

967 ~~[(c)(i)]~~ (8)(a) Notwithstanding Subsection (3)(a), in addition to the amounts deposited
 968 under Subsections (6) and (7), and subject to Subsection (8)~~[(c)(i)](b)~~, for a fiscal year
 969 beginning on or after July 1, ~~[2018]~~ 2021, the commission shall ~~[annually]~~ deposit annually
 970 into the Transportation Investment Fund of 2005 created by Section 72-2-124 ~~[a portion of the~~
 971 ~~taxes listed under Subsection (3)(a) in]~~ an amount equal to 3.68% of ~~[the revenues collected~~
 972 ~~from the following taxes]:~~

973 ~~[(A) the]~~ (i) the revenue collected by the tax imposed by Subsection (2)(a)(i)(A) at a
 974 4.7% rate;

975 ~~[(B) the tax imposed by Subsection (2)(b)(i);]~~

976 ~~[(C) the tax imposed by Subsection (2)(c)(i); and]~~

977 ~~[(D) the]~~ (ii) the revenue collected by the tax imposed by Subsection (2)(d)(i)(A)(I)[-];

978 and

979 (iii) the amount described in Subsection 59-30-301(5)(b)(i).

980 ~~[(i)]~~ (b) For a fiscal year beginning on or after July 1, 2019, the commission shall
 981 ~~[annually]~~ reduce annually the deposit into the Transportation Investment Fund of 2005 under
 982 Subsection (8)(c)~~[(i)]~~ by an amount that is equal to 35% of the amount of revenue generated in
 983 the current fiscal year by the portion of the tax imposed on motor and special fuel that is sold,
 984 used, or received for sale or use in this state that exceeds 29.4 cents per gallon.

985 ~~[(iii)]~~ (c) The commission shall ~~[annually]~~ deposit annually the amount described in
 986 Subsection (8)~~[(c)(i)](b)~~ into the Transit and Transportation Investment Fund created in
 987 Section 72-2-124.

988 (9) Notwithstanding Subsection (3)(a), for each fiscal year beginning with fiscal year

989 2009-10, \$533,750 shall be deposited into the Qualified Emergency Food Agencies Fund
 990 created by Section 35A-8-1009 and expended as provided in Section 35A-8-1009.

991 ~~[(10)(a) Notwithstanding Subsection (3)(a), except as provided in Subsection (10)(c),~~
 992 ~~in addition to any amounts deposited under Subsections (6), (7), and (8), and for the 2016-17~~
 993 ~~fiscal year only, the Division of Finance shall deposit into the Transportation Investment Fund~~
 994 ~~of 2005 created by Section 72-2-124 the amount of tax revenue generated by a .05% tax rate on~~
 995 ~~the transactions described in Subsection (1).]~~

996 ~~[(b)]~~ (10) (a) Notwithstanding Subsection (3)(a), except as provided in Subsection
 997 (10)~~[(c)]~~(b), and in addition to any amounts deposited under Subsections (6), (7), and (8), the
 998 Division of Finance shall deposit into the Transportation Investment Fund of 2005 created by
 999 Section 72-2-124 the amount of revenue described as follows:

1000 (i) for fiscal year 2017-18 only, 83.33% of the amount of revenue generated by a .05%
 1001 tax rate on the transactions described in Subsection (1);

1002 (ii) for fiscal year 2018-19 only, 66.67% of the amount of revenue generated by a .05%
 1003 tax rate on the transactions described in Subsection (1);

1004 (iii) for fiscal year 2019-20 only, 50% of the amount of revenue generated by a .05%
 1005 tax rate on the transactions described in Subsection (1);

1006 (iv) for fiscal year 2020-21 only, 33.33% of the amount of revenue generated by a
 1007 .05% tax rate on the transactions described in Subsection (1); and

1008 (v) for fiscal year 2021-22 only, 16.67% of the amount of revenue generated by a .05%
 1009 tax rate on the transactions described in Subsection (1).

1010 ~~[(c)]~~ (b) For purposes of ~~[Subsections (10)(a) and (b)]~~ Subsection (10)(a), the Division
 1011 of Finance may not deposit into the Transportation Investment Fund of 2005 any tax revenue
 1012 generated by amounts paid or charged for food and food ingredients, except for tax revenue
 1013 generated by a bundled transaction attributable to food and food ingredients and tangible
 1014 personal property other than food and food ingredients described in Subsection (2)(d).

1015 (11) Notwithstanding Subsection (3)(a), beginning the second fiscal year after the
 1016 fiscal year during which the Division of Finance receives notice under Section 63N-2-510 that
 1017 construction on a qualified hotel, as defined in Section 63N-2-502, has begun, the Division of
 1018 Finance shall, for two consecutive fiscal years, ~~[annually]~~ deposit annually \$1,900,000 of the
 1019 revenue generated by the taxes listed under Subsection (3)(a) into the Hotel Impact Mitigation

1020 Fund, created in Section [63N-2-512](#).

1021 ~~[(12)(a) Notwithstanding Subsection (3)(a), for the 2016-17 fiscal year only, the~~
1022 ~~Division of Finance shall deposit \$26,000,000 of the revenues generated by the taxes listed~~
1023 ~~under Subsection (3)(a) into the Throughput Infrastructure Fund created by Section~~
1024 ~~[35A-8-308](#).]~~

1025 ~~[(b) Notwithstanding Subsection (3)(a), for the 2017-18 fiscal year only, the Division~~
1026 ~~of Finance shall deposit \$27,000,000 of the revenues generated by the taxes listed under~~
1027 ~~Subsection (3)(a) into the Throughput Infrastructure Fund created by Section [35A-8-308](#).]~~

1028 ~~[(13) Notwithstanding Subsections (4) through (12) and (14), an amount required to be~~
1029 ~~expended or deposited in accordance with Subsections (4) through (12) and (14) may not~~
1030 ~~include an amount the Division of Finance deposits in accordance with Section [59-12-103.2](#).]~~

1031 ~~[(14)]~~ (12) (a) The rate specified in this subsection is 0.15%.

1032 (b) Notwithstanding Subsection (3)(a), the Division of Finance shall~~[(i) on or before~~
1033 ~~September 30, 2019, transfer the amount of revenue generated by a 0.15% tax rate imposed~~
1034 ~~beginning on April 1, 2019, and ending on June 30, 2019, on the transactions that are subject to~~
1035 ~~the sales and use tax under Subsection (2)(a)(i)(A) as dedicated credits to the Division of~~
1036 ~~Health Care Financing; and (ii)] for a fiscal year beginning on or after fiscal year 2019-20,~~
1037 ~~annually transfer the amount of revenue generated by a 0.15% tax rate on the transactions that~~
1038 ~~are subject to the sales and use tax under Subsection (2)(a)(i)(A) as dedicated credits to the~~
1039 ~~Division of Health Care Financing.~~

1040 (c) The revenue described in Subsection ~~[(14)]~~ (12)(b) that the Division of Finance
1041 transfers to the Division of Health Care Financing as dedicated credits shall be expended for
1042 the following uses:

1043 (i) implementation of the Medicaid expansion described in ~~[Sections]~~ Subsections
1044 [26-18-3.1\(4\)](#) and [26-18-3.9\(2\)\(b\)](#);

1045 (ii) if revenue remains after the use specified in Subsection ~~[(14)]~~ (12)(c)(i), other
1046 measures required by Section [26-18-3.9](#); and

1047 (iii) if revenue remains after the uses specified in Subsections ~~[(14)]~~ (12)(c)(i) and (ii),
1048 other measures described in Title 26, Chapter 18, Medical Assistance Act.

1049 (13) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July
1050 1, 2021, the Division of Finance shall deposit annually into the Carbon Emissions Expendable

1051 Revenue Fund, created in Section 59-30-301, a portion of the taxes described in Subsection
1052 (3)(a) in an amount equal to 97% of the lesser of:

1053 (i) the total amount the Division of Finance is required to deposit into the
1054 Transportation Investment Fund of 2005 under Subsections (7), (8), and (10); and

1055 (ii) the revenue the Division of Finance deposits into the Transportation Investment
1056 Fund of 2005 under Sections 59-30-201 and 59-30-202.

1057 (b) Notwithstanding Subsections (7), (8), and (10), the Division of Finance shall reduce
1058 the deposits into the Transportation Investment Fund of 2005 required under Subsections (7),
1059 (8), and (10) in an amount equal to the deposit described in Subsection (13)(a).

1060 Section 12. Section 59-30-101 is enacted to read:

1061 **CHAPTER 30. CARBON EMISSIONS TAX ACT**

1062 **Part 1. General Provisions**

1063 **59-30-101. Title.**

1064 This chapter is known as "Carbon Emissions Tax Act."

1065 Section 13. Section 59-30-102 is enacted to read:

1066 **59-30-102. Definitions.**

1067 As used in this chapter:

1068 (1) "Aviation fuel" means the same as that term is defined in Section 59-13-102.

1069 (2) "Consumer Price Index" means the Consumer Price Index for All Urban

1070 Consumers as published by the Bureau of Labor Statistics of the United States Department of
1071 Labor.

1072 (3) "Distributor" means the same as that term is defined in Section 59-13-102.

1073 (4) "Dyed diesel fuel" means the same as that term is defined in Section 59-13-102.

1074 (5) "Electricity" means electrical energy for consumption.

1075 (6) "Electricity provider" means a person in this state that delivers electricity to
1076 customers for consumption.

1077 (7) "Federally certificated air carrier" means the same as that term is defined in Section
1078 59-13-102.

1079 (8) "Fossil fuel" means a petroleum product, motor fuel, special fuel, aviation fuel,
1080 natural gas, petroleum, coal, or any form of solid, liquid, or gaseous fuel derived from these
1081 products, including still gas, propane, and petroleum residuals.

1082 (9) (a) "Large emitter" means a facility that emits over 25,000 metric tons of carbon
1083 dioxide in a calendar year.

1084 (b) "Large emitter" does not include an electricity provider, a person that provides
1085 electricity to an electricity provider to deliver for consumption, or a person that generates
1086 electricity.

1087 (10) "Metric ton" means 2,205 pounds.

1088 (11) "Motor fuel" means the same as that term is defined in Section 59-13-102.

1089 (12) "Natural gas" means the same as that term is defined in Section 59-5-101.

1090 (13) "Operator" means a person engaged in the operation of a large emitter in this state.

1091 (14) "Political subdivision" means the same as that term is defined in Section
1092 11-55-102.

1093 (15) "Removal" means the same as that term is defined in Section 59-13-102.

1094 (16) "Special fuel" means the same as that term is defined in Section 59-13-102, except
1095 that special fuel does not include natural gas.

1096 (17) "Supplier" means the same as that term is defined in Section 59-13-102.

1097 (18) "Terminal" means the same as that term is defined in Section 59-13-102.

1098 (19) "Undyed diesel fuel" means the same as that term is defined in Section 59-13-102.

1099 Section 14. Section **59-30-103** is enacted to read:

1100 **59-30-103. Records.**

1101 (1) A taxpayer under this chapter shall maintain records, statements, books, or
1102 accounts:

1103 (a) necessary to determine the amount of carbon emissions tax for which the taxpayer
1104 is liable to pay under this chapter; and

1105 (b) for the time period during which an assessment may be made under Section
1106 59-1-1408.

1107 (2) The commission may require a taxpayer, by notice served upon the taxpayer, to
1108 make or keep the records, statements, books, or accounts described in Subsection (1) in a
1109 manner in which the commission considers sufficient to show the amount of carbon emissions
1110 tax for which the taxpayer is liable to pay under this chapter.

1111 (3) After notice by the commission, the taxpayer shall open the records, statements,
1112 books, or accounts specified in this section for examination by the commission or an

1113 authorized agent of the commission.

1114 Section 15. Section **59-30-104** is enacted to read:

1115 **59-30-104. Amended return for large emitter or electricity provider.**

1116 (1) (a) An operator of a large emitter shall file an amended return for a tax due under

1117 this chapter if:

1118 (i) the large emitter determines or becomes aware of an error in the written certification

1119 obtained in accordance with Section [19-1-207](#); and

1120 (ii) the error in the written certification resulted in:

1121 (A) an overpayment of tax for which the large emitter requests a refund; or

1122 (B) an underpayment of tax.

1123 (b) An operator that files an amended return due to an underpayment of tax shall remit

1124 the tax due with the amended return.

1125 (2) (a) An electricity provider shall file an amended return for a tax due under this

1126 chapter if:

1127 (i) the electricity provider determines or becomes aware of an error in the written

1128 certification obtained in accordance with Section [19-1-208](#); and

1129 (ii) the error in the written certification resulted in:

1130 (A) an overpayment of tax for which the electricity provider requests a refund; or

1131 (B) an underpayment of tax.

1132 (b) An electricity provider that files an amended return due to an underpayment of tax

1133 shall remit the tax due with the amended return.

1134 Section 16. Section **59-30-201** is enacted to read:

1135 **Part 2. Imposition of Carbon Emissions Tax**

1136 **59-30-201. Imposition of a carbon emissions tax on motor fuel.**

1137 (1) (a) Except as otherwise provided in this section or this chapter, a distributor shall

1138 pay, beginning on January 1, 2021, a carbon emissions tax on motor fuel that is sold, used, or

1139 received for sale or use in this state.

1140 (b) Subject to Subsection (1)(c), the rate of the tax imposed in this section is as

1141 follows:

1142 (i) beginning on January 1, 2021, and ending on December 31, 2021, at a rate of 8.89

1143 cents per gallon; and

1144 (ii) beginning on January 1, 2022, and thereafter, at a rate determined by increasing the
1145 rate effective January 1 of the previous year:

1146 (A) by 3.5% plus a percentage equal to the greater of the actual percent change during
1147 the previous fiscal year in the Consumer Price Index and 0; and

1148 (B) up to the nearest 100th of a cent.

1149 (c) (i) Subject to Subsection (1)(c)(ii), the tax rate described in this Subsection (1) may
1150 not exceed 88.9 cents.

1151 (ii) Beginning on January 1, 2022, the commission shall, on January 1, adjust the
1152 maximum tax rate described in Subsection (1)(c)(i) by adding to the maximum tax rate an
1153 amount equal to the greater of:

1154 (A) the amount calculated by multiplying the maximum tax rate for the previous
1155 calendar year by the actual percent change during the previous fiscal year in the Consumer
1156 Price Index; and

1157 (B) 0.

1158 (d) Any increase in the tax rate applies to motor fuel that is imported into the state for
1159 sale or use in this state or sold at refineries in the state on or after the effective date of the rate
1160 change.

1161 (2) A carbon emissions tax is not imposed under this section on:

1162 (a) motor fuel that is brought into and sold in this state in original packages as purely
1163 interstate commerce sales;

1164 (b) motor fuel that is exported from this state if proof of actual exportation on forms
1165 prescribed by the commission is made within 180 days after exportation;

1166 (c) motor fuel or a component of motor fuel that is sold and used in this state and
1167 distilled from coal, oil shale, rock asphalt, bituminous sand, or solid hydrocarbons located in
1168 this state; or

1169 (d) motor fuel that is sold to the United States government, this state, or a political
1170 subdivision of this state.

1171 (3) A distributor shall monthly:

1172 (a) report to the commission, on electronic forms provided by the commission, the
1173 amount and type of motor fuel sold, used, or received for sale or use in this state; and

1174 (b) pay to the commission the carbon emissions tax imposed under this section.

1175 (4) The commission either may collect no carbon emissions tax on motor fuel exported
1176 from the state or, upon application, refund the carbon emissions tax paid under this section.

1177 (5) (a) (i) The commission shall deposit daily the revenue that the commission collects
1178 under this section with the state treasurer.

1179 (ii) The state treasurer shall credit the revenue deposited in accordance with Subsection
1180 (5)(a)(i) to the Transportation Investment Fund of 2005 created in Section [72-2-124](#).

1181 (b) The Legislature shall appropriate from the Transportation Investment Fund of 2005
1182 created in Section [72-2-124](#) to the commission the amount necessary to cover expenses
1183 incurred in the administration and enforcement of this section and the collection of the carbon
1184 emissions tax on motor fuel.

1185 (6) The refund, credit, administrative, and penalty provisions of Chapter 13, Part 2,
1186 Motor Fuel, apply to a carbon emissions tax imposed on motor fuel under this section.

1187 (7) The commission shall apply cooperative agreements under Chapter 13, Part 5,
1188 Interstate Agreements, to the carbon emissions tax imposed under this section.

1189 (8) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
1190 commission may make rules governing the procedures for administering and collecting the
1191 carbon emissions tax imposed under this section.

1192 Section 17. Section **59-30-202** is enacted to read:

1193 **59-30-202. Imposition of carbon emissions tax on special fuel.**

1194 (1) (a) Except as otherwise provided in this section or this chapter, a supplier of special
1195 fuel in this state shall pay, beginning on January 1, 2021, a carbon emissions tax on the:

1196 (i) removal of undyed diesel fuel from a refinery;

1197 (ii) removal of undyed diesel fuel from a terminal;

1198 (iii) entry into the state of undyed diesel fuel for consumption, use, sale, or
1199 warehousing;

1200 (iv) sale of undyed diesel fuel to any person that is not registered as a supplier under
1201 Chapter 13, Part 3, Special Fuel, unless the tax had been collected under this section;

1202 (v) untaxed special fuel blended with undyed diesel fuel; or

1203 (vi) use of untaxed special fuel other than propane or electricity.

1204 (b) Subject to Subsection (1)(c), the rate of the tax imposed in this section is as
1205 follows:

- 1206 (i) beginning on January 1, 2021, and ending on December 31, 2021, 10.16 cents per
1207 gallon; and
- 1208 (ii) beginning on January 1, 2022, and thereafter, the rate determined by increasing the
1209 rate effective January 1 of the previous year:
- 1210 (A) by 3.5% plus a percentage equal to the greater of the actual percent change during
1211 the previous fiscal year in the Consumer Price Index and 0; and
- 1212 (B) up to the nearest 100th of a cent.
- 1213 (c) (i) Subject to Subsection (1)(c)(ii), the tax rate described in this Subsection (1) may
1214 not exceed \$1.02 per gallon.
- 1215 (ii) Beginning on January 1, 2022, the commission shall, on January 1, adjust the
1216 maximum tax rate described in Subsection (1)(c)(i) by adding to the maximum tax rate an
1217 amount equal to the greater of:
- 1218 (A) the amount calculated by multiplying the maximum tax rate for the previous
1219 calendar year by the actual percent change during the previous fiscal year in the Consumer
1220 Price Index; and
- 1221 (B) 0.
- 1222 (d) The tax imposed under this section shall be imposed only once upon a special fuel.
- 1223 (2) (a) A carbon emissions tax may not be imposed or collected under this section on
1224 dyed diesel fuel.
- 1225 (b) A carbon emissions tax may not be imposed under this section on undyed diesel
1226 fuel or clean fuel that is:
- 1227 (i) sold to the United States government or any of the United States government's
1228 instrumentalities, this state, or a political subdivision of this state;
- 1229 (ii) exported from this state if proof of actual exportation on forms prescribed by the
1230 commission is made within 180 days after exportation;
- 1231 (iii) except as provided in Section 59-30-205, used in a vehicle off highway;
- 1232 (iv) used to operate a power take-off unit of a vehicle;
- 1233 (v) used for off-highway agricultural uses;
- 1234 (vi) used in a separately fueled engine on a vehicle that does not propel the vehicle
1235 upon the highways of the state; or
- 1236 (vii) used in machinery and equipment not registered and not required to be registered

1237 for highway use.

1238 (c) A carbon emissions tax may not be imposed or collected under this section on

1239 special fuel if the special fuel is:

1240 (i) (A) purchased for business use in machinery and equipment not registered and not

1241 required to be registered for highway use; and

1242 (B) used pursuant to the conditions of a state implementation plan approved under

1243 Title 19, Chapter 2, Air Conservation Act; or

1244 (ii) propane or electricity.

1245 (3) A supplier in this state shall monthly:

1246 (a) report to the commission, on electronic forms provided by the commission, the

1247 amount and type of special fuel:

1248 (i) removed from a refinery;

1249 (ii) removed from a terminal;

1250 (iii) that enters into the state for consumption, use, sale, or warehousing;

1251 (iv) sold to any person that is not registered as a supplier under Chapter 13, Part 3,

1252 Special Fuel, unless the carbon emissions tax has been collected under this chapter;

1253 (v) blended with undyed diesel fuel and previously untaxed as special fuel; or

1254 (vi) other than propane or electricity, used in this state; and

1255 (b) pay to the commission the carbon emissions tax imposed under this section.

1256 (4) The commission either may collect no carbon emissions tax on special fuel

1257 exported from the state or, upon application, refund the carbon emissions tax paid under this

1258 section.

1259 (5) (a) (i) The commission shall deposit daily the revenue that the commission collects

1260 under this section with the state treasurer.

1261 (ii) The state treasurer shall credit the revenue deposited in accordance with Subsection

1262 (5)(a)(i) to the Transportation Investment Fund of 2005 created in Section [72-2-124](#).

1263 (b) The Legislature shall appropriate from the Transportation Investment Fund of 2005

1264 created in Section [72-2-124](#) to the commission an amount necessary to cover the expenses

1265 incurred in the administration and enforcement of this section and the collection of the carbon

1266 emissions tax under this section.

1267 (6) The refund, credit, administrative, and penalty provisions of Chapter 13, Part 3,

1268 Special Fuel, apply to a carbon emissions tax imposed under this section.

1269 (7) The commission shall apply cooperative agreements under Chapter 13, Part 5,
1270 Interstate Agreements, to the carbon emissions tax imposed under this section.

1271 (8) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
1272 commission may make rules governing the procedures for administering and collecting the
1273 carbon emissions tax imposed under this section.

1274 Section 18. Section **59-30-203** is enacted to read:

1275 **59-30-203. Imposition of carbon emissions tax on aviation fuel.**

1276 (1) (a) Except as otherwise provided in this section or this chapter, a person that is
1277 required to pay an aviation fuel tax under Chapter 13, Part 4, Aviation Fuel, shall pay,
1278 beginning on January 1, 2021, a carbon emissions tax on aviation fuel that is sold, used, or
1279 received for sale or use in this state.

1280 (b) Subject to Subsection (1)(c), the rate of the tax imposed in this section is as
1281 follows:

1282 (i) beginning on January 1, 2021, and ending on December 31, 2021, 9.57 cents per
1283 gallon; and

1284 (ii) beginning on January 1, 2022, and thereafter, the rate determined by increasing the
1285 rate effective January 1 of the previous year:

1286 (A) by 3.5% plus a percentage equal to the greater of the actual percent change during
1287 the previous fiscal year in the Consumer Price Index and 0; and

1288 (B) up to the nearest 100th of a cent.

1289 (c) (i) Subject to Subsection (1)(c)(ii), the tax rate described in this Subsection (1) may
1290 not exceed 95.7 cents per gallon.

1291 (ii) Beginning on January 1, 2022, the commission shall, on January 1, adjust the
1292 maximum tax rate described in Subsection (1)(c)(i) by adding to the maximum tax rate an
1293 amount equal to the greater of:

1294 (A) the amount calculated by multiplying the maximum tax rate for the previous
1295 calendar year by the actual percent change during the previous fiscal year in the Consumer
1296 Price Index; and

1297 (B) 0.

1298 (2) A person described in Subsection (1)(a) shall monthly:

- 1299 (a) report to the commission, on electronic forms provided by the commission:
- 1300 (i) the amount of aviation fuel that was purchased;
- 1301 (ii) the total number of gallons of aviation fuel that were purchased;
- 1302 (iii) for purchases by a federally certificated air carrier, the number of gallons of
- 1303 aviation fuel purchased by the airport at which the federally certificated air carrier purchased
- 1304 the aviation fuel; and
- 1305 (iv) for purchases by a person that is not a federally certificated air carrier the number
- 1306 of gallons of aviation fuel purchased by the airport at which the person that is not a federally
- 1307 certificated air carrier purchased the aviation fuel; and
- 1308 (b) pay to the commission the carbon emissions tax imposed under this section.
- 1309 (3) (a) (i) The commission shall deposit daily the revenue that the commission collects
- 1310 under this section with the state treasurer.
- 1311 (ii) The state treasurer shall deposit the revenue received in accordance with
- 1312 Subsection (3)(a)(i) into the Transportation Fund.
- 1313 (b) The Legislature shall appropriate from the Transportation Fund to the commission
- 1314 the amount necessary to cover expenses incurred in the administration and enforcement of this
- 1315 section and the collection of the aviation fuel tax.
- 1316 (c) The Transportation Fund shall fund any refund to which a taxpayer is entitled under
- 1317 this section.
- 1318 (4) The state treasurer shall place an amount equal to the total amount received from
- 1319 the carbon emissions tax on the sale or use of aviation fuel in the Aeronautics Restricted
- 1320 Account created by Section [72-2-126](#).
- 1321 (5) (a) The tax imposed under Subsection (1) shall be allocated as provided in Section
- 1322 [59-13-402](#).
- 1323 (b) Upon appropriation by the Legislature, the allocation to aeronautical operations of
- 1324 the Department of Transportation shall be used as provided in the Aeronautics Restricted
- 1325 Account created by Section [72-2-126](#).
- 1326 (6) (a) The commission shall require reports and returns from distributors, retail
- 1327 dealers, and users to enable the commission and the Department of Transportation to allocate
- 1328 the revenue in accordance with Section [59-13-402](#) to be credited to:
- 1329 (i) the Aeronautics Restricted Account created by Section [72-2-126](#); and

- 1330 (ii) the separate accounts of individual airports.
- 1331 (b) (i) Except as provided by Subsection (6)(b)(ii), any unexpended amount remaining
1332 in the account of any publicly used airport on the first day of January, April, July, and October
1333 shall be paid to the authority operating the airport.
- 1334 (ii) Carbon emissions tax allocated to an airport owned and operated by a city of the
1335 first class shall be paid to the city treasurer on the first day of each month.
- 1336 (c) The state treasurer shall deposit carbon emissions tax collected on fuel sold at
1337 places other than publicly used airports in the Aeronautics Restricted Account created by
1338 Section [72-2-126](#).
- 1339 (7) The refund, credit, administrative, and penalty provisions of Chapter 13, Part 4,
1340 Aviation Fuel, apply to a carbon emissions tax imposed under this section.
- 1341 Section 19. Section **59-30-204** is enacted to read:
- 1342 **59-30-204. Imposition of carbon emissions tax on natural gas.**
- 1343 (1) As used in this section:
- 1344 (a) "Natural gas supplier" means a person supplying natural gas to a purchaser.
- 1345 (b) "Purchaser" means a person in this state that buys natural gas for consumption.
- 1346 (2) (a) Subject to other provisions of this section and chapter, a purchaser in this state
1347 shall pay, beginning on January 1, 2021, a carbon emissions tax on natural gas purchases.
- 1348 (b) A purchaser shall pay the tax imposed under this Subsection (2) to the natural gas
1349 supplier at the time the purchaser buys the natural gas.
- 1350 (3) (a) Subject to Subsection (3)(b), the rate of the tax imposed in this section is as
1351 follows:
- 1352 (i) beginning on January 1, 2021, and ending on December 31, 2021, 53.12 cents per
1353 1,000 cubic feet; and
- 1354 (ii) beginning on January 1, 2022, and thereafter, the rate determined by increasing the
1355 rate effective January 1 of the previous year:
- 1356 (A) by 3.5% plus a percentage equal to the greater of the actual percent change during
1357 the previous fiscal year in the Consumer Price Index and 0; and
- 1358 (B) up to the nearest 100th of a cent.
- 1359 (b) (i) Subject to Subsection (3)(b)(ii), the tax rate described in this Subsection (3) may
1360 not exceed \$5.31 per 1,000 cubic feet.

- 1361 (ii) Beginning on January 1, 2022, the commission shall, on January 1, adjust the
1362 maximum tax rate described in Subsection (3)(b)(i) by adding to the maximum tax rate an
1363 amount equal to the greater of:
- 1364 (A) the amount calculated by multiplying the maximum tax rate for the previous
1365 calendar year by the actual percent change during the previous fiscal year in the Consumer
1366 Price Index; and
- 1367 (B) 0.
- 1368 (c) Any increase in the tax rate applies to natural gas that is provided to a purchaser on
1369 or after the effective date of the rate change.
- 1370 (4) A natural gas supplier shall monthly:
- 1371 (a) report to the commission, on electronic forms provided by the commission, the
1372 number of cubic feet of natural gas sold to a purchaser in this state; and
- 1373 (b) remit to the commission the carbon emissions tax paid under this section.
- 1374 (5) The commission shall deposit the carbon emissions tax that the commission
1375 collects under this section into the Carbon Emissions Tax Expendable Revenue Fund, created
1376 in Section [59-30-301](#).
- 1377 (6) (a) The following purchasers may file for a refund from the commission of carbon
1378 emissions tax paid under this section:
- 1379 (i) the United States government or any of the United States government's
1380 instrumentalities;
- 1381 (ii) this state or the state's political subdivisions; or
- 1382 (iii) electricity providers for natural gas purchases that are also subject to a tax under
1383 Section [59-30-206](#).
- 1384 (b) A purchaser described in Subsection (6)(a) may file a request for a refund quarterly
1385 in a manner provided for by the commission.
- 1386 (c) The Carbon Emissions Tax Expendable Revenue Fund, created in Section
1387 [59-30-301](#), shall fund any refund to which a purchaser is entitled under this section.
- 1388 (7) (a) A natural gas supplier may not, with intent to evade any tax, fail to timely remit
1389 the full amount of tax required by this section.
- 1390 (b) A violation of this section is punishable as provided in Section [59-1-401](#).
- 1391 (c) In addition to the tax due, a person shall pay the penalties described in Section

1392 59-1-401 and the interest described in Section 59-1-402 if the person fails to:

1393 (i) pay any tax to the state or any amount of tax required to be paid to the state, except
1394 amounts determined to be due by the commission under Chapter 1, Part 14, Assessment,
1395 Collections, and Refunds Act, within the time required by this section; or

1396 (ii) file any return as required by this section.

1397 (8) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
1398 commission may make rules governing the procedures for:

1399 (a) administering and collecting the carbon emissions tax imposed under this section;

1400 and

1401 (b) issuing a refund of carbon emissions tax paid by purchasers described in Subsection

1402 (6).

1403 Section 20. Section **59-30-205** is enacted to read:

1404 **59-30-205. Imposition of carbon emissions tax on large emitter.**

1405 (1) Except as otherwise provided in this chapter, an operator of a large emitter shall
1406 pay, for a calendar year beginning on or after January 1, 2021, a carbon emissions tax on each
1407 metric ton of carbon dioxide that the large emitter emitted in this state during the previous
1408 calendar year from combustion of the following relating to stationary fuel combustion,
1409 petroleum refining, petroleum and natural gas systems, lime production, cement production, or
1410 use of off-highway vehicles:

1411 (a) coal;

1412 (b) dyed diesel fuel; or

1413 (c) fuel gas.

1414 (2) (a) Subject to Subsection (2)(b), the tax rate of the carbon emissions tax is, for the
1415 calendar year that begins on January 1, 2021, \$10 per metric ton of carbon dioxide emissions
1416 with automatic increases each calendar year:

1417 (i) of 3.5% plus a percentage equal to the greater of the actual percent change during
1418 the previous fiscal year in the Consumer Price Index and 0; and

1419 (ii) rounded up to the nearest cent.

1420 (b) (i) Subject to Subsection (2)(b)(ii), the tax rate described in this Subsection (2) may
1421 not exceed \$100 per metric ton of carbon dioxide emissions.

1422 (ii) Beginning on January 1, 2022, the commission shall, on January 1, adjust the

1423 maximum tax rate described in Subsection (2)(b)(i) by adding to the maximum tax rate an
1424 amount equal to the greater of:

1425 (A) the amount calculated by multiplying the maximum tax rate for the previous
1426 calendar year by the actual percent change during the previous fiscal year in the Consumer
1427 Price Index; and

1428 (B) 0.

1429 (3) On or before June 30, the operator shall, for the previous calendar year:

1430 (a) report to the commission, on electronic forms provided by the commission, the
1431 number of metric tons of carbon dioxide emissions listed on the certification obtained in
1432 accordance with Section [19-1-207](#);

1433 (b) calculate the amount of carbon emissions tax due by multiplying the applicable tax
1434 rate described in Subsection (2) by the number of metric tons of carbon dioxide emissions
1435 reported in accordance with Subsection (3)(a); and

1436 (c) pay to the commission the carbon emissions tax imposed under this section.

1437 (4) The Division of Finance shall deposit the carbon emissions tax that the commission
1438 collects under this section into the Carbon Emissions Tax Expendable Revenue Fund, created
1439 in Section [59-30-301](#).

1440 (5) A large emitter that fails to comply with this chapter is subject to:

1441 (a) penalties described in Section [59-1-401](#); and

1442 (b) interest described in Section [59-1-402](#).

1443 (6) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
1444 commission may make rules governing the procedures for administering and collecting the
1445 carbon emissions tax imposed under this section.

1446 Section 21. Section **59-30-206** is enacted to read:

1447 **59-30-206. Imposition of carbon emissions tax on electricity provider.**

1448 (1) Except as otherwise provided in this chapter, an electricity provider shall pay, for a
1449 calendar year beginning on or after January 1, 2021, a carbon emissions tax on each metric ton
1450 of carbon dioxide emissions emitted to produce electricity that the electricity provider delivered
1451 in the state during the previous calendar year.

1452 (2) (a) Subject to Subsection (2)(b), the tax rate of the carbon emissions tax is for the
1453 calendar year that begins on January 1, 2021, \$10 per metric ton of carbon dioxide emissions

1454 with automatic increases each calendar year:

1455 (i) of 3.5% plus a percentage equal to the greater of the actual percent change during
1456 the previous fiscal year in the Consumer Price Index and 0; and

1457 (ii) rounded up to the nearest cent.

1458 (b) (i) Subject to Subsection (2)(b)(ii), the tax rate described in this Subsection (2) may
1459 not exceed \$100 per metric ton of carbon dioxide emissions.

1460 (ii) Beginning on January 1, 2022, the commission shall, on January 1, adjust the
1461 maximum tax rate described in Subsection (2)(b)(i) by adding to the maximum tax rate an
1462 amount equal to the greater of:

1463 (A) the amount calculated by multiplying the maximum tax rate for the previous
1464 calendar year by the actual percent change during the previous fiscal year in the Consumer
1465 Price Index; and

1466 (B) 0.

1467 (3) On or before June 30, an electricity provider shall, for the previous calendar year:

1468 (a) report to the commission, on electronic forms provided by the commission, the
1469 number of metric tons of carbon dioxide emissions listed on the certification obtained in
1470 accordance with Section [19-1-208](#);

1471 (b) calculate the amount of carbon emissions tax due by multiplying the applicable tax
1472 rate described in Subsection (2) by the number of metric tons of carbon emissions reported in
1473 accordance with Subsection (3)(a); and

1474 (c) pay to the commission the carbon emissions tax imposed under this section.

1475 (4) The commission shall deposit the carbon emissions tax that the commission
1476 collects under this section into the Carbon Emissions Tax Expendable Revenue Fund, created
1477 in Section [59-30-301](#).

1478 (5) An electricity provider that fails to comply with this chapter is subject to:

1479 (a) penalties described in Section [59-1-401](#); and

1480 (b) interest described in Section [59-1-402](#).

1481 (6) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
1482 commission may make rules governing the procedures for administering and collecting the
1483 carbon emissions tax imposed under this section.

1484 Section 22. Section **59-30-207** is enacted to read:

1485 **59-30-207. Exemptions.**1486 (1) A carbon emissions tax imposed under this chapter does not apply to:1487 (a) fossil fuel brought into the state by means of the fuel supply tank of a motor
1488 vehicle, vessel, locomotive, or aircraft;1489 (b) fossil fuel emissions that the state is prohibited from taxing under the Utah
1490 Constitution or the constitution or laws of the United States; or1491 (c) fossil fuel intended for export outside the state.1492 (2) A carbon emissions tax due under this chapter is in addition to all other taxes
1493 provided by law.1494 Section 23. Section **59-30-301** is enacted to read:1495 **Part 3. Carbon Emissions Tax Revenue Accounts**1496 **59-30-301. Carbon Emissions Tax Expendable Revenue Fund.**1497 (1) There is created within the General Fund an expendable special revenue fund
1498 known as the "Carbon Emissions Tax Expendable Revenue Fund."1499 (2) The fund shall consist of:1500 (a) the revenue generated from taxes imposed under Sections [59-30-204](#), [59-30-205](#),
1501 and [59-30-206](#);1502 (b) the revenue deposited into the account required under Section [59-12-103](#);1503 (c) any interest and penalties levied in relation to the administration of this chapter; and1504 (d) any other funds received as donations for the fund and appropriations from other
1505 sources.1506 (3) Subject to Subsection (6), money in the fund shall be used to:1507 (a) make the transfer described in Subsection (5)(b)(i);1508 (b) make the transfers to the Education Fund described in:1509 (i) Section [59-7-624](#);1510 (ii) Section [59-10-1019](#);1511 (iii) Section [59-10-1112](#); and1512 (iv) Section [59-10-1113](#);1513 (c) make the transfer described in Subsection (5)(b)(ii);1514 (d) make the transfer described in Subsection (5)(b)(iii);1515 (e) make the transfer described in Subsection (5)(b)(iv); and

1516 (f) fund the Carbon Emissions Tax Refund Restricted Account created in Section
1517 59-30-302.

1518 (4) (a) On or before October 1, 2021, the commission shall calculate, for the time
1519 period beginning on January 1, 2021, and ending on June 30, 2021, the total loss of revenue to
1520 the General Fund as a result of the elimination of the state sales and use tax on:

1521 (i) food and food ingredients;

1522 (ii) residential fuel; and

1523 (iii) commercial fuel.

1524 (b) For a fiscal year beginning on or after July 1, 2021, the commission shall, upon
1525 completion of the audit of sales and use tax, calculate the total loss of revenue to the General
1526 Fund for the previous fiscal year as a result of the elimination of the state sales and use tax on:

1527 (i) food and food ingredients;

1528 (ii) residential fuel; and

1529 (iii) commercial fuel.

1530 (5) (a) The Division of Finance shall make the transfers described in Subsection (5)(b):

1531 (i) except as provided in Subsection (5)(b)(i)(A), for a fiscal year beginning on or after
1532 July 1, 2021;

1533 (ii) subject to Subsection (6); and

1534 (iii) subject to appropriation by the Legislature.

1535 (b) The Division of Finance shall transfer from the fund:

1536 (i) (A) for the time period beginning on January 1, 2021, and ending on June 30, 2021,
1537 into the General Fund, the amount calculated in accordance with Subsection (4)(a); and

1538 (B) for a fiscal year beginning on or after July 1, 2021, into the General Fund, the
1539 amount calculated in accordance with Subsection (4)(b);

1540 (ii) to the Department of Environmental Quality, created in Section 19-1-104, for the
1541 uses described in Section 19-2-401, \$42,000,000;

1542 (iii) to the Division of Air Quality, created in Section 19-1-105, for the uses described
1543 in Title 19, Chapter 2, Part 2, Clean Air Retrofit, Replacement, and Off-road Technology
1544 Program, \$3,000,000; and

1545 (iv) to the Governor's Office of Economic Development -- Rural Employment
1546 Expansion Program, for the Governor's Office of Economic Development created in Section

1547 63N-1-201, in consultation with the Office of Rural Development created in Section
1548 63N-4-102, to use for diversifying the economy in rural counties and communities, \$5,000,000.

1549 (c) The Division of Finance shall make:

1550 (i) the transfers described in Subsection (5)(b)(i) upon receipt of the calculation

1551 required by Subsection (4) from the commission; and

1552 (ii) the transfers described in Subsections (5)(b)(ii) through (iv) on or before August 1.

1553 (6) (a) The balance in the fund may not decrease below \$20,000,000.

1554 (b) If the balance in the fund on June 30 is insufficient to cover the cost of the items
1555 identified in Subsections (3)(a) through (c) and retain a balance of \$20,000,000, priority shall
1556 be given to the items in the order that they are listed in Subsection (3).

1557 (c) If the balance in the fund on June 30, after funding the items described in
1558 Subsections (3)(a) through (c) for the current fiscal year, exceeds \$20,000,000, the Division of
1559 Finance shall transfer the amount that exceeds \$20,000,000 into the Carbon Emissions Tax
1560 Refund Restricted Account created in Section 59-30-302.

1561 Section 24. Section **59-30-302** is enacted to read:

1562 **59-30-302. Carbon Emissions Tax Refund Restricted Account.**

1563 (1) There is created within the General Fund a restricted account known as the "Carbon
1564 Emissions Tax Refund Restricted Account."

1565 (2) The account shall consist of:

1566 (a) deposits from the Carbon Emissions Tax Expendable Revenue Fund, created in
1567 Section 59-30-301;

1568 (b) money lapsed from the Clean Air Grant Program, created in Section 19-2-401; and

1569 (c) interest earned by the account.

1570 (3) The Legislature may use the money in the account to lower state taxes.

1571 Section 25. Section **63I-1-219** is amended to read:

1572 **63I-1-219. Repeal dates, Title 19.**

1573 (1) Title 19, Chapter 2, Air Conservation Act, is repealed July 1, [~~2019~~] 2029.

1574 (2) Title 19, Chapter 4, Safe Drinking Water Act, is repealed July 1, 2019.

1575 (3) Title 19, Chapter 5, Water Quality Act, is repealed July 1, 2019.

1576 (4) Title 19, Chapter 6, Part 1, Solid and Hazardous Waste Act, is repealed July 1,
1577 2019.

1578 (5) Title 19, Chapter 6, Part 3, Hazardous Substances Mitigation Act, is repealed July
1579 1, 2020.

1580 (6) Title 19, Chapter 6, Part 4, Underground Storage Tank Act, is repealed July 1,
1581 2028.

1582 (7) Title 19, Chapter 6, Part 6, Lead Acid Battery Disposal, is repealed July 1, 2026.

1583 (8) Title 19, Chapter 6, Part 7, Used Oil Management Act, is repealed July 1, 2019.

1584 (9) Title 19, Chapter 6, Part 8, Waste Tire Recycling Act, is repealed July 1, 2020.

1585 (10) Title 19, Chapter 6, Part 10, Mercury Switch Removal Act, is repealed July 1,
1586 2027.

1587 Section 26. Section **63N-2-502** is amended to read:

1588 **63N-2-502. Definitions.**

1589 As used in this part:

1590 (1) "Agreement" means an agreement described in Section **63N-2-503**.

1591 (2) "Base taxable value" means the value of hotel property before the construction on a
1592 qualified hotel begins, as that value is established by the county in which the hotel property is
1593 located, using a reasonable valuation method that may include the value of the hotel property
1594 on the county assessment rolls the year before the year during which construction on the
1595 qualified hotel begins.

1596 (3) "Certified claim" means a claim that the office has approved and certified as
1597 provided in Section **63N-2-505**.

1598 (4) "Claim" means a written document submitted by a qualified hotel owner or host
1599 local government to request a convention incentive.

1600 (5) "Claimant" means the qualified hotel owner or host local government that submits a
1601 claim under Subsection **63N-2-505(1)(a)** for a convention incentive.

1602 (6) "Commission" means the Utah State Tax Commission.

1603 (7) "Community reinvestment agency" means the same as that term is defined in
1604 Section **17C-1-102**.

1605 (8) "Construction revenue" means revenue generated from state taxes and local taxes
1606 imposed on transactions occurring during the eligibility period as a result of the construction of
1607 the hotel property, including purchases made by a qualified hotel owner and its subcontractors.

1608 (9) "Convention incentive" means an incentive for the development of a qualified

1609 hotel, in the form of payment from the incentive fund as provided in this part, as authorized in
1610 an agreement.

1611 (10) "Eligibility period" means:

1612 (a) the period that:

1613 (i) begins the date construction of a qualified hotel begins; and

1614 (ii) ends:

1615 (A) for purposes of the state portion, 20 years after the date of initial occupancy of that
1616 qualified hotel; or

1617 (B) for purposes of the local portion and incremental property tax revenue, 25 years
1618 after the date of initial occupancy of that hotel; or

1619 (b) as provided in an agreement between the office and a qualified hotel owner or host
1620 local government, a period that:

1621 (i) begins no earlier than the date construction of a qualified hotel begins; and

1622 (ii) is shorter than the period described in Subsection (10)(a).

1623 (11) "Endorsement letter" means a letter:

1624 (a) from the county in which a qualified hotel is located or is proposed to be located;

1625 (b) signed by the county executive; and

1626 (c) expressing the county's endorsement of a developer of a qualified hotel as meeting
1627 all the county's criteria for receiving the county's endorsement.

1628 (12) "Host agency" means the community reinvestment agency of the host local
1629 government.

1630 (13) "Host local government" means:

1631 (a) a county that enters into an agreement with the office for the construction of a
1632 qualified hotel within the unincorporated area of the county; or

1633 (b) a city or town that enters into an agreement with the office for the construction of a
1634 qualified hotel within the boundary of the city or town.

1635 (14) "Hotel property" means a qualified hotel and any property that is included in the
1636 same development as the qualified hotel, including convention, exhibit, and meeting space,
1637 retail shops, restaurants, parking, and other ancillary facilities and amenities.

1638 (15) "Incentive fund" means the Convention Incentive Fund created in Section
1639 [63N-2-503.5](#).

1640 (16) "Incremental property tax revenue" means the amount of property tax revenue
1641 generated from hotel property that equals the difference between:

1642 (a) the amount of property tax revenue generated in any tax year by all taxing entities
1643 from hotel property, using the current assessed value of the hotel property; and

1644 (b) the amount of property tax revenue that would be generated that tax year by all
1645 taxing entities from hotel property, using the hotel property's base taxable value.

1646 (17) "Local portion" means the portion of new tax revenue that is generated by local
1647 taxes.

1648 (18) "Local taxes" means a tax imposed under:

1649 (a) Section 59-12-204;

1650 (b) Section 59-12-301;

1651 (c) Sections 59-12-352 and 59-12-353;

1652 (d) Subsection 59-12-603(1)(a)(i)(A);

1653 (e) Subsection 59-12-603(1)(a)(i)(B);

1654 (f) Subsection 59-12-603(1)(a)(ii);

1655 (g) Subsection 59-12-603(1)(a)(iii); or

1656 (h) Section 59-12-1102.

1657 (19) "New tax revenue" means construction revenue, offsite revenue, and onsite
1658 revenue.

1659 (20) "Offsite revenue" means revenue generated from state taxes and local taxes
1660 imposed on transactions by a third-party seller occurring other than on hotel property during the
1661 eligibility period, if:

1662 (a) the transaction is subject to a tax under Title 59, Chapter 12, Sales and Use Tax
1663 Act; and

1664 (b) the third-party seller voluntarily consents to the disclosure of information to the
1665 office, as provided in Subsection 63N-2-505(2)(b)(i)(E).

1666 (21) "Onsite revenue" means revenue generated from state taxes and local taxes
1667 imposed on transactions occurring on hotel property during the eligibility period.

1668 (22) "Public infrastructure" means:

1669 (a) water, sewer, storm drainage, electrical, telecommunications, and other similar
1670 systems and lines;

- 1671 (b) streets, roads, curbs, gutters, sidewalks, walkways, parking facilities, and public
1672 transportation facilities; and
- 1673 (c) other buildings, facilities, infrastructure, and improvements that benefit the public.
- 1674 (23) "Qualified hotel" means a full-service hotel development constructed in the state
1675 on or after July 1, 2014 that:
- 1676 (a) requires a significant capital investment;
- 1677 (b) includes at least 85 square feet of convention, exhibit, and meeting space per guest
1678 room; and
- 1679 (c) is located within 1,000 feet of a convention center that contains at least 500,000
1680 square feet of convention, exhibit, and meeting space.
- 1681 (24) "Qualified hotel owner" means a person who owns a qualified hotel.
- 1682 (25) "Review committee" means the independent review committee established under
1683 Section [63N-2-504](#).
- 1684 (26) "Significant capital investment" means an amount of at least \$200,000,000.
- 1685 (27) "State portion" means the portion of new tax revenue that is generated by state
1686 taxes.
- 1687 (28) "State taxes" means a tax imposed under Subsection [59-12-103\(2\)\(a\)\(i\)](#)~~[-(2)(b)(i),~~
1688 ~~(2)(c)(i);~~ or (2)(d)(i)(A).
- 1689 (29) "Third-party seller" means a person who is a seller in a transaction:
- 1690 (a) occurring other than on hotel property;
- 1691 (b) that is:
- 1692 (i) the sale, rental, or lease of a room or of convention or exhibit space or other
1693 facilities on hotel property; or
- 1694 (ii) the sale of tangible personal property or a service that is part of a bundled
1695 transaction, as defined in Section [59-12-102](#), with a sale, rental, or lease described in
1696 Subsection (29)(b)(i); and
- 1697 (c) that is subject to a tax under Title 59, Chapter 12, Sales and Use Tax Act.
1698 Section 27. Section **72-2-126** is amended to read:
- 1699 **72-2-126. Aeronautics Restricted Account.**
- 1700 (1) There is created a restricted account entitled the Aeronautics Restricted Account
1701 within the Transportation Fund.

- 1702 (2) The account consists of money generated from the following revenue sources:
- 1703 (a) aviation fuel tax allocated for aeronautical operations deposited into the account in
1704 accordance with Section [59-13-402](#);
- 1705 (b) carbon emissions tax revenue deposited into the account in accordance with Section
1706 [59-30-203](#);
- 1707 [~~(b)~~] (c) aircraft registration fees deposited into the account in accordance with Section
1708 [72-10-110](#);
- 1709 [~~(c)~~] (d) appropriations made to the account by the Legislature;
- 1710 [~~(d)~~] (e) contributions from other public and private sources for deposit into the
1711 account; and
- 1712 [~~(e)~~] (f) interest earned on account money.
- 1713 (3) The department shall allocate funds in the account to the separate accounts of
1714 individual airports as required under Section [59-13-402](#).
- 1715 (4) (a) Except as provided in Subsection (4)(b), the department shall use funds in the
1716 account for:
- 1717 (i) the construction, improvement, operation, and maintenance of publicly used airports
1718 in this state;
- 1719 (ii) the payment of principal and interest on indebtedness incurred for the purposes
1720 described in this Subsection (4)(a);
- 1721 (iii) operation of the division of aeronautics;
- 1722 (iv) the promotion of aeronautics in this state; and
- 1723 (v) the payment of the costs and expenses of the Department of Transportation in
1724 administering Title 59, Chapter 13, Part 4, Aviation Fuel, or another law conferring upon it the
1725 duty of regulating and supervising aeronautics in this state.
- 1726 (b) The department may use funds in the account for the support of aerial search and
1727 rescue operations, provided that no money deposited into the account under Subsection (2)(a)
1728 is used for that purpose.
- 1729 (5) (a) Money in the account may not be used by the department for the purchase of
1730 aircraft for purposes other than those described in Subsection (4).
- 1731 (b) Money in the account may not be used to provide or subsidize direct operating costs
1732 of travel for purposes other than those described in Subsection (4).

1733 Section 28. **Effective date.**

1734 This bill takes effect on December 31, 2020.