

Representative Joel K. Briscoe proposes the following substitute bill:

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;



- 26 ▶ imposes a carbon dioxide emissions tax, including:
- 27 • 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 that the Legislature appropriates into the clean air grant program for the
272 previous fiscal year.

273 (5) If the executive director awards an aggregate amount of grants in a fiscal year that

274 is less than the amount that the Legislature appropriates into the clean air grant program for the
275 previous fiscal year, the money not awarded shall lapse to the Carbon Emissions Tax Refund
276 Restricted Account 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) (f) 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 ~~[(c) "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) Except as provided in Section 59-10-1002.2 and subject to Subsections (3) through
435 ~~(5):~~ (4), each eligible age 65 or older retiree may claim a nonrefundable tax credit of \$650
436 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 (3) An eligible age 65 or older retiree may not carry forward or carry back a tax credit
448 under this section.

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

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

454 (b) for a federal individual income tax return that is allowed a single filing status,
455 \$25,000;

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

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

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

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

463 (5) (a) On or before August 15, the commission shall:

464 (i) estimate the loss to the Education Fund during the previous fiscal year from the
465 difference between a \$650 tax credit for an eligible age 65 or older retiree and a \$450 tax credit
466 for an eligible age 65 or older retiree under this section; and

467 (ii) notify the Division of Finance of the amount described in Subsection (5)(a)(i).

468 (b) Within 10 days of receiving the notice from the commission, the Division of
469 Finance shall transfer from the Carbon Emissions Tax Expendable Revenue Fund created in
470 Section [59-30-301](#) into the Education Fund an amount equal to the amount in the notice.

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

472 **59-10-1102.1. Apportionment of tax credit.**

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

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

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

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

482 **59-10-1112. Refundable tax credit for mining and manufacturing.**

483 (1) As used in this section:

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

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

491 (A) NAICS Sector 21, Mining; or
492 (B) NAICS Sector 31-33, Manufacturing; or
493 (ii) for a pass-through entity that apportions business income in accordance with
494 Subsection 59-7-311(3)(b), generates greater than 50% of the pass-through entity's total
495 payroll, property, and sales everywhere during the taxable year from economic activities that
496 are classified in one or more of the following NAICS codes of the 2017 North American
497 Industry Classification System of the federal Executive Office of the President, Office of
498 Management and Budget:

499 (A) NAICS Sector 21, Mining; or

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

501 (b) "Pass-through entity" means the same as that term is defined in Section
502 59-10-1402.

503 (c) "Pass-through entity taxpayer" means the same as that term is defined in Section
504 59-10-1402.

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

506 (a) whether the pass-through entity meets the income generation requirements
507 described in Subsection (1)(a);

508 (b) the amount that is 50% of the amount of carbon emissions tax that the pass-through
509 entity paid in accordance with Chapter 30, Carbon Emissions Tax Act, for the calendar year
510 before the taxable year for which an eligible pass-through entity may claim a credit under this
511 section; and

512 (c) how to allocate the amount described in Subsection (2)(b) to the pass-through
513 entity's pass-through entity taxpayers.

514 (3) For a taxable year beginning on or after January 1, 2022, an eligible pass-through
515 entity taxpayer may claim a refundable tax credit in an amount equal to the amount described
516 in Subsection (2)(b) that the pass-through entity allocates to the eligible pass-through entity
517 taxpayer.

518 (4) An eligible pass-through entity taxpayer shall keep evidence of the amount of
519 carbon emissions tax that the eligible pass-through entity paid in accordance with Chapter 30,
520 Carbon Emissions Tax Act, for the calendar year before the taxable year for which the eligible
521 pass-through entity taxpayer is paying a tax under this chapter, for the same time period a

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

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

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

527 **59-10-1113. Refundable state earned income tax credit -- Definitions -- Tax credit**
528 **calculation -- Transfers from Carbon Emissions Tax Expendable Revenue Fund.**

529 (1) As used in this section:

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

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

534 (2) Except as provided in Section 59-10-1102.1, a qualifying claimant may claim a
535 refundable earned income tax credit equal to 10% of the amount of the federal earned income
536 tax credit that the qualifying claimant was entitled to claim on a federal income tax return in
537 the previous taxable year.

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

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

542 **59-12-103. Sales and use tax base -- Rates -- Effective dates -- Use of sales and use**
543 **tax revenue.**

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

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

547 (b) amounts paid for:

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

550 (ii) mobile telecommunications service that originates and terminates within the
551 boundaries of one state only to the extent permitted by the Mobile Telecommunications
552 Sourcing Act, 4 U.S.C. Sec. 116 et seq.; or

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

584 in Subsection (1)(g)(i), regardless of whether:

585 (A) any parts are actually used in the repairs or renovations of that tangible personal
586 property; or

587 (B) the particular parts used in the repairs or renovations of that tangible personal
588 property are exempt from a tax under this chapter;

589 (h) except as provided in Subsection 59-12-104(7), amounts paid or charged for
590 assisted cleaning or washing of tangible personal property;

591 (i) amounts paid or charged for tourist home, hotel, motel, or trailer court
592 accommodations and services that are regularly rented for less than 30 consecutive days;

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

594 (k) amounts paid or charged for leases or rentals of tangible personal property if within
595 this state the tangible personal property is:

596 (i) stored;

597 (ii) used; or

598 (iii) otherwise consumed;

599 (l) amounts paid or charged for tangible personal property if within this state the
600 tangible personal property is:

601 (i) stored;

602 (ii) used; or

603 (iii) consumed; and

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

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

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

607 (ii) regardless of whether the sale provides:

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

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

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

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

612 (2) (a) Except as provided in Subsections (2)(b) through (e), a state tax and a local tax
613 is imposed on a transaction described in Subsection (1) equal to the sum of:

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

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

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

617 ~~[(14)]~~ (12)(a); and

618 (B) (I) the tax rate the state imposes in accordance with Part 18, Additional 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 county in which the state imposes the tax under Part 18, Additional
621 State Sales and Use Tax Act; and

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

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

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

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

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

634 (B) beginning on January 1, 2021, a state tax imposed on the transaction at a tax rate of
635 0%; and

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

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

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

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

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

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

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

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

651 (II) (Aa) the tax rate the state imposes in accordance with Part 18, Additional 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 county in which the state imposes the tax under Part 18,
654 Additional State Sales and Use Tax Act; and

655 (Bb) the tax rate the state imposes in accordance with Part 20, Supplemental State
656 Sales and Use Tax Act, if the location of the transaction as determined under Sections
657 59-12-211 through 59-12-215 is in a city, town, or the unincorporated area of a county in which
658 the state imposes the tax under Part 20, Supplemental State Sales and Use Tax Act; and

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

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

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

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

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

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

675 (B) if the sales price of a bundled transaction is attributable to two or more items of
676 tangible personal property, products, or services that are subject to taxation under this chapter

677 at different rates, the entire bundled transaction is subject to taxation under this chapter at the
678 higher tax rate unless:

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

682 (II) state or federal law provides otherwise.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

723 (ii) Subsection (2)(b)(i);

724 (iii) Subsection (2)(c)(i); or

725 (iv) Subsection (2)(d)(i)(A)(I).

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

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

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

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

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

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

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

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

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

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

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

743 (A) on the first day of a calendar quarter; and

744 (B) beginning 60 days after the effective date of the tax rate repeal or tax rate change.

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

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

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

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

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

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

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

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

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

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

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

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

759 (v) the amount described in Subsection [59-30-301\(5\)\(b\)\(i\)](#).

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

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

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

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

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

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

768 (4) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,
769 2003, the lesser of the following amounts shall be expended as provided in Subsections (4)(b)

770 through (g):

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

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

773 (B) for the fiscal year; or

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

775 (b) (i) For a fiscal year beginning on or after July 1, 2003, 14% of the amount
776 described in Subsection (4)(a) shall be transferred each year as dedicated credits to the
777 Department of Natural Resources to:

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

780 (B) award grants, up to the amount authorized by the Legislature in an appropriations
781 act, to political subdivisions of the state to implement the measures described in Subsections
782 79-2-303(3)(a) through (d) to protect sensitive plant and animal species.

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

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

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

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

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

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

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

- 801 (ii) At the end of each fiscal year:
- 802 (A) 50% of any unexpended dedicated credits shall lapse to the Water Resources
803 Conservation and Development Fund created in Section 73-10-24;
- 804 (B) 25% of any unexpended dedicated credits shall lapse to the Utah Wastewater Loan
805 Program Subaccount created in Section 73-10c-5; and
- 806 (C) 25% of any unexpended dedicated credits shall lapse to the Drinking Water Loan
807 Program Subaccount created in Section 73-10c-5.
- 808 (e) (i) For a fiscal year beginning on or after July 1, 2003, 41% of the amount described
809 in Subsection (4)(a) shall be deposited into the Water Resources Conservation and
810 Development Fund created in Section 73-10-24 for use by the Division of Water Resources.
- 811 (ii) In addition to the uses allowed of the Water Resources Conservation and
812 Development Fund under Section 73-10-24, the Water Resources Conservation and
813 Development Fund may also be used to:
- 814 (A) conduct hydrologic and geotechnical investigations by the Division of Water
815 Resources in a cooperative effort with other state, federal, or local entities, for the purpose of
816 quantifying surface and ground water resources and describing the hydrologic systems of an
817 area in sufficient detail so as to enable local and state resource managers to plan for and
818 accommodate growth in water use without jeopardizing the resource;
- 819 (B) fund state required dam safety improvements; and
- 820 (C) protect the state's interest in interstate water compact allocations, including the
821 hiring of technical and legal staff.
- 822 (f) For a fiscal year beginning on or after July 1, 2003, 20.5% of the amount described
823 in Subsection (4)(a) shall be deposited into the Utah Wastewater Loan Program Subaccount
824 created in Section 73-10c-5 for use by the Water Quality Board to fund wastewater projects.
- 825 (g) For a fiscal year beginning on or after July 1, 2003, 20.5% of the amount described
826 in Subsection (4)(a) shall be deposited into the Drinking Water Loan Program Subaccount
827 created in Section 73-10c-5 for use by the Division of Drinking Water to:
- 828 (i) provide for the installation and repair of collection, treatment, storage, and
829 distribution facilities for any public water system, as defined in Section 19-4-102;
- 830 (ii) develop underground sources of water, including springs and wells; and
- 831 (iii) develop surface water sources.

832 (5) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,
833 2006, the difference between the following amounts shall be expended as provided in this
834 Subsection (5), if that difference is greater than \$1:

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

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

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

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

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

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

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

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

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

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

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

859 (i) preconstruction costs:

860 (A) as defined in Subsection 73-26-103(6) for projects authorized by Title 73, Chapter
861 26, Bear River Development Act; and

862 (B) as defined in Subsection 73-28-103(8) for the Lake Powell Pipeline project

863 authorized by Title 73, Chapter 28, Lake Powell Pipeline Development Act;

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

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

868 (iv) other uses authorized under Sections 73-10-24, 73-10-25.1, and 73-10-30, and
869 Subsection (4)(e)(ii) after funding the uses specified in Subsections (5)(d)(i) through (iii).

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

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

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

880 (a) for fiscal year 2016-17 only, 100% of the revenue described in this Subsection (6)
881 shall be deposited into the Transportation Investment Fund of 2005 created by Section
882 72-2-124;

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

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

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

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

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

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

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

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

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

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

899 (i) 20% of the revenue described in this Subsection (6) shall be deposited into the
900 Transportation Investment Fund of 2005 created by Section 72-2-124; and

901 (ii) 80% of the revenue described in this Subsection (6) shall be deposited into the
902 Water Infrastructure Restricted Account created by Section 73-10g-103; and

903 (f) for a fiscal year beginning on or after July 1, 2021, 100% of the revenue described
904 in this Subsection (6) shall be deposited into the Water Infrastructure Restricted Account
905 created by Section 73-10g-103.

906 (7) (a) Notwithstanding Subsection (3)(a), in addition to the amounts deposited in
907 Subsection (6), and subject to Subsection (7)(b)(d), ~~[for a fiscal year beginning on or after~~
908 ~~July 1, 2012]~~ for each fiscal year, the Division of Finance shall deposit into the Transportation
909 Investment Fund of 2005 created by Section 72-2-124~~[:]~~ the amounts described in Subsections
910 (7)(b) and (c).

911 ~~[(i)]~~ (b) The Division of Finance shall deposit a portion of the taxes listed under
912 Subsection (3)(a) in an amount equal to 8.3% of the [revenues] revenue collected from the
913 following taxes, which represents a portion of the approximately 17% of sales and use tax
914 [revenues generated annually by the sales and use tax on vehicles and vehicle-related products]
915 revenue that the sales and use tax on vehicles and vehicle-related products generates:

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

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

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

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

920 ~~[(ii) an amount equal to 30% of the growth in the amount of revenues collected in the~~
921 ~~current fiscal year from the sales and use taxes described in Subsections (7)(a)(i)(A) through~~
922 ~~(D) that exceeds the amount collected from the sales and use taxes described in Subsections~~
923 ~~(7)(a)(i)(A) through (D) in the 2010-11 fiscal year.]~~

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

925 (c) (i) Subject to Subsections (7)(c)(ii) and (iii), the Division of Finance shall deposit
 926 an amount equal to 30% of the growth in the amount of revenue calculated by subtracting the
 927 amount of sale and use taxes collected in the current fiscal year from the amount of the sales
 928 and use taxes collected in the 2010-11 fiscal year.

929 (ii) The amount of sales and use taxes collected in the current fiscal year equals the
 930 sum of the amounts described in Subsections (7)(b)(i) through (iii).

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

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

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

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

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

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

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

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

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

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

956 collected from the sales and use taxes described in Subsections (7)(a)(i)(A) through (D) in the
 957 current fiscal year under Subsection (7)(a).]

958 (iii) In all subsequent fiscal years after the year in which the Division of Finance
 959 deposits, under Subsection (7)(a), 17% of the revenue collected from the sales and use taxes
 960 described in Subsections (7)(b)(i) through (iii), the Division of Finance shall deposit annually
 961 17% of the revenue collected from the sales and use taxes described in Subsections (7)(b)(i)
 962 through (iii) in the current fiscal year under Subsection (7)(a).

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

967 [~~(b) Notwithstanding Subsection (3)(a), and in addition to the amounts deposited under~~
 968 ~~Subsections (6) and (7), for the 2017-18 fiscal year only, the Division of Finance shall deposit~~
 969 ~~\$63,000,000 of the revenues generated by the taxes listed under Subsection (3)(a) into the~~
 970 ~~Transportation Investment Fund of 2005 created by Section 72-2-124.]~~

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

977 [~~(A) the~~] (i) the revenue collected by the tax imposed by Subsection (2)(a)(i)(A) at a
 978 4.7% rate;

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

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

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

982 and

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

984 [~~(ii)~~] (b) For a fiscal year beginning on or after July 1, 2019, the commission shall
 985 [annually] reduce annually the deposit into the Transportation Investment Fund of 2005 under
 986 Subsection (8)(c)(i) by an amount that is equal to 35% of the amount of revenue generated in

987 the current fiscal year by the portion of the tax imposed on motor and special fuel that is sold,
988 used, or received for sale or use in this state that exceeds 29.4 cents per gallon.

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

992 (9) Notwithstanding Subsection (3)(a), for each fiscal year beginning with fiscal year
993 2009-10, \$533,750 shall be deposited into the Qualified Emergency Food Agencies Fund
994 created by Section 35A-8-1009 and expended as provided in Section 35A-8-1009.

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

1000 ~~[(b)]~~ (10) (a) Notwithstanding Subsection (3)(a), except as provided in Subsection
1001 (10)~~[(c)]~~(b), and in addition to any amounts deposited under Subsections (6), (7), and (8), the
1002 Division of Finance shall deposit into the Transportation Investment Fund of 2005 created by
1003 Section 72-2-124 the amount of revenue described as follows:

1004 (i) for fiscal year 2017-18 only, 83.33% of the amount of revenue generated by a .05%
1005 tax rate on the transactions described in Subsection (1);

1006 (ii) for fiscal year 2018-19 only, 66.67% of the amount of revenue generated by a .05%
1007 tax rate on the transactions described in Subsection (1);

1008 (iii) for fiscal year 2019-20 only, 50% of the amount of revenue generated by a .05%
1009 tax rate on the transactions described in Subsection (1);

1010 (iv) for fiscal year 2020-21 only, 33.33% of the amount of revenue generated by a
1011 .05% tax rate on the transactions described in Subsection (1); and

1012 (v) for fiscal year 2021-22 only, 16.67% of the amount of revenue generated by a .05%
1013 tax rate on the transactions described in Subsection (1).

1014 ~~[(c)]~~ (b) For purposes of ~~[Subsections (10)(a) and (b)]~~ Subsection (10)(a), the Division
1015 of Finance may not deposit into the Transportation Investment Fund of 2005 any tax revenue
1016 generated by amounts paid or charged for food and food ingredients, except for tax revenue
1017 generated by a bundled transaction attributable to food and food ingredients and tangible

1018 personal property other than food and food ingredients described in Subsection (2)(d).

1019 (11) Notwithstanding Subsection (3)(a), beginning the second fiscal year after the
1020 fiscal year during which the Division of Finance receives notice under Section [63N-2-510](#) that
1021 construction on a qualified hotel, as defined in Section [63N-2-502](#), has begun, the Division of
1022 Finance shall, for two consecutive fiscal years, [~~annually~~] deposit annually \$1,900,000 of the
1023 revenue generated by the taxes listed under Subsection (3)(a) into the Hotel Impact Mitigation
1024 Fund, created in Section [63N-2-512](#).

1025 [~~(12)(a) Notwithstanding Subsection (3)(a), for the 2016-17 fiscal year only, the~~
1026 ~~Division of Finance shall deposit \$26,000,000 of the revenues generated by the taxes listed~~
1027 ~~under Subsection (3)(a) into the Throughput Infrastructure Fund created by Section~~
1028 ~~[35A-8-308](#).]~~

1029 [~~(b) Notwithstanding Subsection (3)(a), for the 2017-18 fiscal year only, the Division~~
1030 ~~of Finance shall deposit \$27,000,000 of the revenues generated by the taxes listed under~~
1031 ~~Subsection (3)(a) into the Throughput Infrastructure Fund created by Section [35A-8-308](#).]~~

1032 [~~(13) Notwithstanding Subsections (4) through (12) and (14), an amount required to be~~
1033 ~~expended or deposited in accordance with Subsections (4) through (12) and (14) may not~~
1034 ~~include an amount the Division of Finance deposits in accordance with Section [59-12-103.2](#).]~~

1035 [~~(14)~~] (12) (a) The rate specified in this subsection is 0.15%.

1036 (b) Notwithstanding Subsection (3)(a), the Division of Finance shall[~~-(i) on or before~~
1037 ~~September 30, 2019, transfer the amount of revenue generated by a 0.15% tax rate imposed~~
1038 ~~beginning on April 1, 2019, and ending on June 30, 2019, on the transactions that are subject to~~
1039 ~~the sales and use tax under Subsection (2)(a)(i)(A) as dedicated credits to the Division of~~
1040 ~~Health Care Financing; and (ii)] for a fiscal year beginning on or after fiscal year 2019-20,
1041 annually transfer the amount of revenue generated by a 0.15% tax rate on the transactions that
1042 are subject to the sales and use tax under Subsection (2)(a)(i)(A) as dedicated credits to the
1043 Division of Health Care Financing.~~

1044 (c) The revenue described in Subsection [~~(14)~~] (12)(b) that the Division of Finance
1045 transfers to the Division of Health Care Financing as dedicated credits shall be expended for
1046 the following uses:

1047 (i) implementation of the Medicaid expansion described in [Sections] Subsections
1048 [26-18-3.1\(4\)](#) and [26-18-3.9\(2\)\(b\)](#);

1049 (ii) if revenue remains after the use specified in Subsection [~~(14)~~] (12)(c)(i), other
 1050 measures required by Section 26-18-3.9; and

1051 (iii) if revenue remains after the uses specified in Subsections [~~(14)~~] (12)(c)(i) and (ii),
 1052 other measures described in Title 26, Chapter 18, Medical Assistance Act.

1053 (13) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July
 1054 1, 2020, the Division of Finance shall deposit annually into the Carbon Emissions Expendable
 1055 Revenue Fund, created in Section 59-30-301, a portion of the taxes described in Subsection
 1056 (3)(a) in an amount equal to 97% of the lesser of:

1057 (i) the total amount the Division of Finance is required to deposit into the
 1058 Transportation Investment Fund of 2005 under Subsections (7), (8), and (10); and

1059 (ii) the revenue the Division of Finance deposits into the Transportation Investment
 1060 Fund of 2005 under Sections 59-30-201 and 59-30-202.

1061 (b) Notwithstanding Subsections (7), (8), and (10), the Division of Finance shall reduce
 1062 the deposits into the Transportation Investment Fund of 2005 required under Subsections (7),
 1063 (8), and (10) in an amount equal to the deposit described in Subsection (13)(a).

1064 Section 12. Section **59-30-101** is enacted to read:

CHAPTER 30. CARBON EMISSIONS TAX ACT

Part 1. General Provisions

59-30-101. Title.

1068 This chapter is known as "Carbon Emissions Tax Act."

1069 Section 13. Section **59-30-102** is enacted to read:

59-30-102. Definitions.

1071 As used in this chapter:

1072 (1) "Aviation fuel" means the same as that term is defined in Section 59-13-102.

1073 (2) "Consumer Price Index" means the Consumer Price Index for All Urban
 1074 Consumers as published by the Bureau of Labor Statistics of the United States Department of
 1075 Labor.

1076 (3) "Distributor" means the same as that term is defined in Section 59-13-102.

1077 (4) "Dyed diesel fuel" means the same as that term is defined in Section 59-13-102.

1078 (5) "Electricity" means electrical energy for consumption.

1079 (6) "Electricity provider" means a person in this state that delivers electricity to

1080 customers for consumption.

1081 (7) "Federally certificated air carrier" means the same as that term is defined in Section
1082 59-13-102.

1083 (8) "Fossil fuel" means a petroleum product, motor fuel, special fuel, aviation fuel,
1084 natural gas, petroleum, coal, or any form of solid, liquid, or gaseous fuel derived from these
1085 products, including still gas, propane, and petroleum residuals.

1086 (9) (a) "Large emitter" means a facility that emits over 25,000 metric tons of carbon
1087 dioxide in a calendar year.

1088 (b) "Large emitter" does not include an electricity provider, a person that provides
1089 electricity to an electricity provider to deliver for consumption, or a person that generates
1090 electricity.

1091 (10) "Metric ton" means 2,205 pounds.

1092 (11) "Motor fuel" means the same as that term is defined in Section 59-13-102.

1093 (12) "Natural gas" means the same as that term is defined in Section 59-5-101.

1094 (13) "Operator" means a person engaged in the operation of a large emitter in this state.

1095 (14) "Political subdivision" means the same as that term is defined in Section
1096 11-55-102.

1097 (15) "Removal" means the same as that term is defined in Section 59-13-102.

1098 (16) "Special fuel" means the same as that term is defined in Section 59-13-102, except
1099 that special fuel does not include natural gas.

1100 (17) "Supplier" means the same as that term is defined in Section 59-13-102.

1101 (18) "Terminal" means the same as that term is defined in Section 59-13-102.

1102 (19) "Undyed diesel fuel" means the same as that term is defined in Section 59-13-102.

1103 Section 14. Section **59-30-103** is enacted to read:

1104 **59-30-103. Records.**

1105 (1) A taxpayer under this chapter shall maintain records, statements, books, or
1106 accounts:

1107 (a) necessary to determine the amount of carbon emissions tax for which the taxpayer
1108 is liable to pay under this chapter; and

1109 (b) for the time period during which an assessment may be made under Section
1110 59-1-1408.

1111 (2) The commission may require a taxpayer, by notice served upon the taxpayer, to
1112 make or keep the records, statements, books, or accounts described in Subsection (1) in a
1113 manner in which the commission considers sufficient to show the amount of carbon emissions
1114 tax for which the taxpayer is liable to pay under this chapter.

1115 (3) After notice by the commission, the taxpayer shall open the records, statements,
1116 books, or accounts specified in this section for examination by the commission or an
1117 authorized agent of the commission.

1118 Section 15. Section **59-30-104** is enacted to read:

1119 **59-30-104. Amended return for large emitter or electricity provider.**

1120 (1) (a) An operator of a large emitter shall file an amended return for a tax due under
1121 this chapter if:

1122 (i) the large emitter determines or becomes aware of an error in the written certification
1123 obtained in accordance with Section [19-1-207](#); and

1124 (ii) the error in the written certification resulted in:

1125 (A) an overpayment of tax for which the large emitter requests a refund; or

1126 (B) an underpayment of tax.

1127 (b) An operator that files an amended return due to an underpayment of tax shall remit
1128 the tax due with the amended return.

1129 (2) (a) An electricity provider shall file an amended return for a tax due under this
1130 chapter if:

1131 (i) the electricity provider determines or becomes aware of an error in the written
1132 certification obtained in accordance with Section [19-1-208](#); and

1133 (ii) the error in the written certification resulted in:

1134 (A) an overpayment of tax for which the electricity provider requests a refund; or

1135 (B) an underpayment of tax.

1136 (b) An electricity provider that files an amended return due to an underpayment of tax
1137 shall remit the tax due with the amended return.

1138 Section 16. Section **59-30-201** is enacted to read:

1139 **Part 2. Imposition of Carbon Emissions Tax**

1140 **59-30-201. Imposition of a carbon emissions tax on motor fuel.**

1141 (1) (a) Except as otherwise provided in this section or this chapter, a distributor shall

1142 pay, beginning on January 1, 2021, a carbon emissions tax on motor fuel that is sold, used, or
1143 received for sale or use in this state.

1144 (b) Subject to Subsection (1)(c), the rate of the tax imposed in this section is as
1145 follows:

1146 (i) beginning on January 1, 2021, and ending on December 31, 2021, at a rate of 8.89
1147 cents per gallon; and

1148 (ii) beginning on January 1, 2022, and thereafter, at a rate determined by increasing the
1149 rate effective January 1 of the previous year:

1150 (A) by 3.5% plus a percentage equal to the greater of the actual percent change during
1151 the previous fiscal year in the Consumer Price Index and 0; and

1152 (B) up to the nearest 100th of a cent.

1153 (c) (i) Subject to Subsection (1)(c)(ii), the tax rate described in this Subsection (1) may
1154 not exceed 88.9 cents.

1155 (ii) Beginning on January 1, 2022, the commission shall, on January 1, adjust the
1156 maximum tax rate described in Subsection (1)(c)(i) by adding to the maximum tax rate an
1157 amount equal to the greater of:

1158 (A) the amount calculated by multiplying the maximum tax rate for the previous
1159 calendar year by the actual percent change during the previous fiscal year in the Consumer
1160 Price Index; and

1161 (B) 0.

1162 (d) Any increase in the tax rate applies to motor fuel that is imported into the state for
1163 sale or use in this state or sold at refineries in the state on or after the effective date of the rate
1164 change.

1165 (2) A carbon emissions tax is not imposed under this section on:

1166 (a) motor fuel that is brought into and sold in this state in original packages as purely
1167 interstate commerce sales;

1168 (b) motor fuel that is exported from this state if proof of actual exportation on forms
1169 prescribed by the commission is made within 180 days after exportation;

1170 (c) motor fuel or a component of motor fuel that is sold and used in this state and
1171 distilled from coal, oil shale, rock asphalt, bituminous sand, or solid hydrocarbons located in
1172 this state; or

1173 (d) motor fuel that is sold to the United States government, this state, or a political
1174 subdivision of this state.

1175 (3) A distributor shall monthly:

1176 (a) report to the commission, on electronic forms provided by the commission, the
1177 amount and type of motor fuel sold, used, or received for sale or use in this state; and

1178 (b) pay to the commission the carbon emissions tax imposed under this section.

1179 (4) The commission either may collect no carbon emissions tax on motor fuel exported
1180 from the state or, upon application, refund the carbon emissions tax paid under this section.

1181 (5) (a) (i) The commission shall deposit daily the revenue that the commission collects
1182 under this section with the state treasurer.

1183 (ii) The state treasurer shall credit the revenue deposited in accordance with Subsection
1184 (5)(a)(i) to the Transportation Investment Fund of 2005 created in Section [72-2-124](#).

1185 (b) The Legislature shall appropriate from the Transportation Investment Fund of 2005
1186 created in Section [72-2-124](#) to the commission the amount necessary to cover expenses
1187 incurred in the administration and enforcement of this section and the collection of the carbon
1188 emissions tax on motor fuel.

1189 (6) The refund, credit, administrative, and penalty provisions of Chapter 13, Part 2,
1190 Motor Fuel, apply to a carbon emissions tax imposed on motor fuel under this section.

1191 (7) The commission shall apply cooperative agreements under Chapter 13, Part 5,
1192 Interstate Agreements, to the carbon emissions tax imposed under this section.

1193 (8) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
1194 commission may make rules governing the procedures for administering and collecting the
1195 carbon emissions tax imposed under this section.

1196 Section 17. Section **59-30-202** is enacted to read:

1197 **59-30-202. Imposition of carbon emissions tax on special fuel.**

1198 (1) (a) Except as otherwise provided in this section or this chapter, a supplier of special
1199 fuel in this state shall pay, beginning on January 1, 2021, a carbon emissions tax on the:

1200 (i) removal of undyed diesel fuel from a refinery;

1201 (ii) removal of undyed diesel fuel from a terminal;

1202 (iii) entry into the state of undyed diesel fuel for consumption, use, sale, or
1203 warehousing;

- 1204 (iv) sale of undyed diesel fuel to any person that is not registered as a supplier under
1205 Chapter 13, Part 3, Special Fuel, unless the tax had been collected under this section;
1206 (v) untaxed special fuel blended with undyed diesel fuel; or
1207 (vi) use of untaxed special fuel other than propane or electricity.
1208 (b) Subject to Subsection (1)(c), the rate of the tax imposed in this section is as
1209 follows:
1210 (i) beginning on January 1, 2021, and ending on December 31, 2021, 10.16 cents per
1211 gallon; and
1212 (ii) beginning on January 1, 2022, and thereafter, the rate determined by increasing the
1213 rate effective January 1 of the previous year:
1214 (A) by 3.5% plus a percentage equal to the greater of the actual percent change during
1215 the previous fiscal year in the Consumer Price Index and 0; and
1216 (B) up to the nearest 100th of a cent.
1217 (c) (i) Subject to Subsection (1)(c)(ii), the tax rate described in this Subsection (1) may
1218 not exceed \$1.02 per gallon.
1219 (ii) Beginning on January 1, 2022, the commission shall, on January 1, adjust the
1220 maximum tax rate described in Subsection (1)(c)(i) by adding to the maximum tax rate an
1221 amount equal to the greater of:
1222 (A) the amount calculated by multiplying the maximum tax rate for the previous
1223 calendar year by the actual percent change during the previous fiscal year in the Consumer
1224 Price Index; and
1225 (B) 0.
1226 (d) The tax imposed under this section shall be imposed only once upon a special fuel.
1227 (2) (a) A carbon emissions tax may not be imposed or collected under this section on
1228 dyed diesel fuel.
1229 (b) A carbon emissions tax may not be imposed under this section on undyed diesel
1230 fuel or clean fuel that is:
1231 (i) sold to the United States government or any of the United States government's
1232 instrumentalities, this state, or a political subdivision of this state;
1233 (ii) exported from this state if proof of actual exportation on forms prescribed by the
1234 commission is made within 180 days after exportation;

- 1235 (iii) except as provided in Section 59-30-205, used in a vehicle off highway;
1236 (iv) used to operate a power take-off unit of a vehicle;
1237 (v) used for off-highway agricultural uses;
1238 (vi) used in a separately fueled engine on a vehicle that does not propel the vehicle
1239 upon the highways of the state; or
1240 (vii) used in machinery and equipment not registered and not required to be registered
1241 for highway use.
- 1242 (c) A carbon emissions tax may not be imposed or collected under this section on
1243 special fuel if the special fuel is:
- 1244 (i) (A) purchased for business use in machinery and equipment not registered and not
1245 required to be registered for highway use; and
1246 (B) used pursuant to the conditions of a state implementation plan approved under
1247 Title 19, Chapter 2, Air Conservation Act; or
1248 (ii) propane or electricity.
- 1249 (3) A supplier in this state shall monthly:
- 1250 (a) report to the commission, on electronic forms provided by the commission, the
1251 amount and type of special fuel:
- 1252 (i) removed from a refinery;
1253 (ii) removed from a terminal;
1254 (iii) that enters into the state for consumption, use, sale, or warehousing;
1255 (iv) sold to any person that is not registered as a supplier under Chapter 13, Part 3,
1256 Special Fuel, unless the carbon emissions tax has been collected under this chapter;
1257 (v) blended with undyed diesel fuel and previously untaxed as special fuel; or
1258 (vi) other than propane or electricity, used in this state; and
- 1259 (b) pay to the commission the carbon emissions tax imposed under this section.
- 1260 (4) The commission either may collect no carbon emissions tax on special fuel
1261 exported from the state or, upon application, refund the carbon emissions tax paid under this
1262 section.
- 1263 (5) (a) (i) The commission shall deposit daily the revenue that the commission collects
1264 under this section with the state treasurer.
- 1265 (ii) The state treasurer shall credit the revenue deposited in accordance with Subsection

1266 (5)(a)(i) to the Transportation Investment Fund of 2005 created in Section 72-2-124.

1267 (b) The Legislature shall appropriate from the Transportation Investment Fund of 2005
1268 created in Section 72-2-124 to the commission an amount necessary to cover the expenses
1269 incurred in the administration and enforcement of this section and the collection of the carbon
1270 emissions tax under this section.

1271 (6) The refund, credit, administrative, and penalty provisions of Chapter 13, Part 3,
1272 Special Fuel, apply to a carbon emissions tax imposed under this section.

1273 (7) The commission shall apply cooperative agreements under Chapter 13, Part 5,
1274 Interstate Agreements, to the carbon emissions tax imposed under this section.

1275 (8) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
1276 commission may make rules governing the procedures for administering and collecting the
1277 carbon emissions tax imposed under this section.

1278 Section 18. Section **59-30-203** is enacted to read:

1279 **59-30-203. Imposition of carbon emissions tax on aviation fuel.**

1280 (1) (a) Except as otherwise provided in this section or this chapter, a person that is
1281 required to pay an aviation fuel tax under Chapter 13, Part 4, Aviation Fuel, shall pay,
1282 beginning on January 1, 2021, a carbon emissions tax on aviation fuel that is sold, used, or
1283 received for sale or use in this state.

1284 (b) Subject to Subsection (1)(c), the rate of the tax imposed in this section is as
1285 follows:

1286 (i) beginning on January 1, 2021, and ending on December 31, 2021, 9.57 cents per
1287 gallon; and

1288 (ii) beginning on January 1, 2022, and thereafter, the rate determined by increasing the
1289 rate effective January 1 of the previous year:

1290 (A) by 3.5% plus a percentage equal to the greater of the actual percent change during
1291 the previous fiscal year in the Consumer Price Index and 0; and

1292 (B) up to the nearest 100th of a cent.

1293 (c) (i) Subject to Subsection (1)(c)(ii), the tax rate described in this Subsection (1) may
1294 not exceed 95.7 cents per gallon.

1295 (ii) Beginning on January 1, 2022, the commission shall, on January 1, adjust the
1296 maximum tax rate described in Subsection (1)(c)(i) by adding to the maximum tax rate an

1297 amount equal to the greater of:

1298 (A) the amount calculated by multiplying the maximum tax rate for the previous
1299 calendar year by the actual percent change during the previous fiscal year in the Consumer
1300 Price Index; and

1301 (B) 0.

1302 (2) A person described in Subsection (1)(a) shall monthly:

1303 (a) report to the commission, on electronic forms provided by the commission:

1304 (i) the amount of aviation fuel that was purchased;

1305 (ii) the total number of gallons of aviation fuel that were purchased;

1306 (iii) for purchases by a federally certificated air carrier, the number of gallons of
1307 aviation fuel purchased by the airport at which the federally certificated air carrier purchased
1308 the aviation fuel; and

1309 (iv) for purchases by a person that is not a federally certificated air carrier the number
1310 of gallons of aviation fuel purchased by the airport at which the person that is not a federally
1311 certificated air carrier purchased the aviation fuel; and

1312 (b) pay to the commission the carbon emissions tax imposed under this section.

1313 (3) (a) (i) The commission shall deposit daily the revenue that the commission collects
1314 under this section with the state treasurer.

1315 (ii) The state treasurer shall deposit the revenue received in accordance with
1316 Subsection (3)(a)(i) into the Transportation Fund.

1317 (b) The Legislature shall appropriate from the Transportation Fund to the commission
1318 the amount necessary to cover expenses incurred in the administration and enforcement of this
1319 section and the collection of the aviation fuel tax.

1320 (c) The Transportation Fund shall fund any refund to which a taxpayer is entitled under
1321 this section.

1322 (4) The state treasurer shall place an amount equal to the total amount received from
1323 the carbon emissions tax on the sale or use of aviation fuel in the Aeronautics Restricted
1324 Account created by Section [72-2-126](#).

1325 (5) (a) The tax imposed under Subsection (1) shall be allocated as provided in Section
1326 [59-13-402](#).

1327 (b) Upon appropriation by the Legislature, the allocation to aeronautical operations of

1328 the Department of Transportation shall be used as provided in the Aeronautics Restricted
1329 Account created by Section 72-2-126.

1330 (6) (a) The commission shall require reports and returns from distributors, retail
1331 dealers, and users to enable the commission and the Department of Transportation to allocate
1332 the revenue in accordance with Section 59-13-402 to be credited to:

1333 (i) the Aeronautics Restricted Account created by Section 72-2-126; and

1334 (ii) the separate accounts of individual airports.

1335 (b) (i) Except as provided by Subsection (6)(b)(ii), any unexpended amount remaining
1336 in the account of any publicly used airport on the first day of January, April, July, and October
1337 shall be paid to the authority operating the airport.

1338 (ii) Carbon emissions tax allocated to an airport owned and operated by a city of the
1339 first class shall be paid to the city treasurer on the first day of each month.

1340 (c) The state treasurer shall deposit carbon emissions tax collected on fuel sold at
1341 places other than publicly used airports in the Aeronautics Restricted Account created by
1342 Section 72-2-126.

1343 (7) The refund, credit, administrative, and penalty provisions of Chapter 13, Part 4,
1344 Aviation Fuel, apply to a carbon emissions tax imposed under this section.

1345 Section 19. Section **59-30-204** is enacted to read:

1346 **59-30-204. Imposition of carbon emissions tax on natural gas.**

1347 (1) As used in this section:

1348 (a) "Natural gas supplier" means a person supplying natural gas to a purchaser.

1349 (b) "Purchaser" means a person in this state that buys natural gas for consumption.

1350 (2) (a) Subject to other provisions of this section and chapter, a purchaser in this state
1351 shall pay, beginning on January 1, 2021, a carbon emissions tax on natural gas purchases.

1352 (b) A purchaser shall pay the tax imposed under this Subsection (2) to the natural gas
1353 supplier at the time the purchaser buys the natural gas.

1354 (3) (a) Subject to Subsection (3)(b), the rate of the tax imposed in this section is as
1355 follows:

1356 (i) beginning on January 1, 2021, and ending on December 31, 2021, 53.12 cents per
1357 1,000 cubic feet; and

1358 (ii) beginning on January 1, 2022, and thereafter, the rate determined by increasing the

1359 rate effective January 1 of the previous year:

1360 (A) by 3.5% plus a percentage equal to the greater of the actual percent change during
1361 the previous fiscal year in the Consumer Price Index and 0; and

1362 (B) up to the nearest 100th of a cent.

1363 (b) (i) Subject to Subsection (3)(b)(ii), the tax rate described in this Subsection (3) may
1364 not exceed \$5.31 per 1,000 cubic feet.

1365 (ii) Beginning on January 1, 2022, the commission shall, on January 1, adjust the
1366 maximum tax rate described in Subsection (3)(b)(i) by adding to the maximum tax rate an
1367 amount equal to the greater of:

1368 (A) the amount calculated by multiplying the maximum tax rate for the previous
1369 calendar year by the actual percent change during the previous fiscal year in the Consumer
1370 Price Index; and

1371 (B) 0.

1372 (c) Any increase in the tax rate applies to natural gas that is provided to a purchaser on
1373 or after the effective date of the rate change.

1374 (4) A natural gas supplier shall monthly:

1375 (a) report to the commission, on electronic forms provided by the commission, the
1376 number of cubic feet of natural gas sold to a purchaser in this state; and

1377 (b) remit to the commission the carbon emissions tax paid under this section.

1378 (5) The commission shall deposit the carbon emissions tax that the commission
1379 collects under this section into the Carbon Emissions Tax Expendable Revenue Fund, created
1380 in Section [59-30-301](#).

1381 (6) (a) The following purchasers may file for a refund from the commission of carbon
1382 emissions tax paid under this section:

1383 (i) the United States government or any of the United States government's
1384 instrumentalities;

1385 (ii) this state or the state's political subdivisions; or

1386 (iii) electricity providers for natural gas purchases that are also subject to a tax under
1387 Section [59-30-206](#).

1388 (b) A purchaser described in Subsection (6)(a) may file a request for a refund quarterly
1389 in a manner provided for by the commission.

1390 (c) The Carbon Emissions Tax Expendable Revenue Fund, created in Section
1391 59-30-301, shall fund any refund to which a purchaser is entitled under this section.

1392 (7) (a) A natural gas supplier may not, with intent to evade any tax, fail to timely remit
1393 the full amount of tax required by this section.

1394 (b) A violation of this section is punishable as provided in Section 59-1-401.

1395 (c) In addition to the tax due, a person shall pay the penalties described in Section
1396 59-1-401 and the interest described in Section 59-1-402 if the person fails to:

1397 (i) pay any tax to the state or any amount of tax required to be paid to the state, except
1398 amounts determined to be due by the commission under Chapter 1, Part 14, Assessment,
1399 Collections, and Refunds Act, within the time required by this section; or

1400 (ii) file any return as required by this section.

1401 (8) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
1402 commission may make rules governing the procedures for:

1403 (a) administering and collecting the carbon emissions tax imposed under this section;

1404 and

1405 (b) issuing a refund of carbon emissions tax paid by purchasers described in Subsection

1406 (6).

1407 Section 20. Section **59-30-205** is enacted to read:

1408 **59-30-205. Imposition of carbon emissions tax on large emitter.**

1409 (1) Except as otherwise provided in this chapter, an operator of a large emitter shall
1410 pay, for a calendar year beginning on or after January 1, 2021, a carbon emissions tax on each
1411 metric ton of carbon dioxide that the large emitter emitted in this state during the previous
1412 calendar year from combustion of the following relating to stationary fuel combustion,
1413 petroleum refining, petroleum and natural gas systems, lime production, cement production, or
1414 use of off-highway vehicles:

1415 (a) coal;

1416 (b) dyed diesel fuel; or

1417 (c) fuel gas.

1418 (2) (a) Subject to Subsection (2)(b), the tax rate of the carbon emissions tax is, for the
1419 calendar year that begins on January 1, 2021, \$10 per metric ton of carbon dioxide emissions
1420 with automatic increases each calendar year:

1421 (i) of 3.5% plus a percentage equal to the greater of the actual percent change during
1422 the previous fiscal year in the Consumer Price Index and 0; and

1423 (ii) rounded up to the nearest cent.

1424 (b) (i) Subject to Subsection (2)(b)(ii), the tax rate described in this Subsection (2) may
1425 not exceed \$100 per metric ton of carbon dioxide emissions.

1426 (ii) Beginning on January 1, 2022, the commission shall, on January 1, adjust the
1427 maximum tax rate described in Subsection (2)(b)(i) by adding to the maximum tax rate an
1428 amount equal to the greater of:

1429 (A) the amount calculated by multiplying the maximum tax rate for the previous
1430 calendar year by the actual percent change during the previous fiscal year in the Consumer
1431 Price Index; and

1432 (B) 0.

1433 (3) On or before June 30, the operator shall, for the previous calendar year:

1434 (a) report to the commission, on electronic forms provided by the commission, the
1435 number of metric tons of carbon dioxide emissions listed on the certification obtained in
1436 accordance with Section [19-1-207](#);

1437 (b) calculate the amount of carbon emissions tax due by multiplying the applicable tax
1438 rate described in Subsection (2) by the number of metric tons of carbon dioxide emissions
1439 reported in accordance with Subsection (3)(a); and

1440 (c) pay to the commission the carbon emissions tax imposed under this section.

1441 (4) The Division of Finance shall deposit the carbon emissions tax that the commission
1442 collects under this section into the Carbon Emissions Tax Expendable Revenue Fund, created
1443 in Section [59-30-301](#).

1444 (5) A large emitter that fails to comply with this chapter is subject to:

1445 (a) penalties described in Section [59-1-401](#); and

1446 (b) interest described in Section [59-1-402](#).

1447 (6) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
1448 commission may make rules governing the procedures for administering and collecting the
1449 carbon emissions tax imposed under this section.

1450 Section 21. Section **59-30-206** is enacted to read:

1451 **59-30-206. Imposition of carbon emissions tax on electricity provider.**

1452 (1) Except as otherwise provided in this chapter, an electricity provider shall pay, for a
1453 calendar year beginning on or after January 1, 2021, a carbon emissions tax on each metric ton
1454 of carbon dioxide emissions emitted to produce electricity that the electricity provider delivered
1455 in the state during the previous calendar year.

1456 (2) (a) Subject to Subsection (2)(b), the tax rate of the carbon emissions tax is for the
1457 calendar year that begins on January 1, 2021, \$10 per metric ton of carbon dioxide emissions
1458 with automatic increases each calendar year:

1459 (i) of 3.5% plus a percentage equal to the greater of the actual percent change during
1460 the previous fiscal year in the Consumer Price Index and 0; and

1461 (ii) rounded up to the nearest cent.

1462 (b) (i) Subject to Subsection (2)(b)(ii), the tax rate described in this Subsection (2) may
1463 not exceed \$100 per metric ton of carbon dioxide emissions.

1464 (ii) Beginning on January 1, 2022, the commission shall, on January 1, adjust the
1465 maximum tax rate described in Subsection (2)(b)(i) by adding to the maximum tax rate an
1466 amount equal to the greater of:

1467 (A) the amount calculated by multiplying the maximum tax rate for the previous
1468 calendar year by the actual percent change during the previous fiscal year in the Consumer
1469 Price Index; and

1470 (B) 0.

1471 (3) On or before June 30, an electricity provider shall, for the previous calendar year:

1472 (a) report to the commission, on electronic forms provided by the commission, the
1473 number of metric tons of carbon dioxide emissions listed on the certification obtained in
1474 accordance with Section [19-1-208](#);

1475 (b) calculate the amount of carbon emissions tax due by multiplying the applicable tax
1476 rate described in Subsection (2) by the number of metric tons of carbon emissions reported in
1477 accordance with Subsection (3)(a); and

1478 (c) pay to the commission the carbon emissions tax imposed under this section.

1479 (4) The commission shall deposit the carbon emissions tax that the commission
1480 collects under this section into the Carbon Emissions Tax Expendable Revenue Fund, created
1481 in Section [59-30-301](#).

1482 (5) An electricity provider that fails to comply with this chapter is subject to:

1483 (a) penalties described in Section 59-1-401; and
1484 (b) interest described in Section 59-1-402.
1485 (6) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
1486 commission may make rules governing the procedures for administering and collecting the
1487 carbon emissions tax imposed under this section.

1488 Section 22. Section **59-30-207** is enacted to read:

1489 **59-30-207. Exemptions.**

1490 (1) A carbon emissions tax imposed under this chapter does not apply to:

1491 (a) fossil fuel brought into the state by means of the fuel supply tank of a motor
1492 vehicle, vessel, locomotive, or aircraft;

1493 (b) fossil fuel emissions that the state is prohibited from taxing under the Utah
1494 Constitution or the constitution or laws of the United States; or

1495 (c) fossil fuel intended for export outside the state.

1496 (2) A carbon emissions tax due under this chapter is in addition to all other taxes
1497 provided by law.

1498 Section 23. Section **59-30-301** is enacted to read:

1499 **Part 3. Carbon Emissions Tax Revenue Accounts**

1500 **59-30-301. Carbon Emissions Tax Expendable Revenue Fund.**

1501 (1) There is created within the General Fund an expendable special revenue fund
1502 known as the "Carbon Emissions Tax Expendable Revenue Fund."

1503 (2) The fund shall consist of:

1504 (a) the revenue generated from taxes imposed under Sections 59-30-204, 59-30-205,
1505 and 59-30-206;

1506 (b) the revenue deposited into the account required under Section 59-12-103;

1507 (c) any interest and penalties levied in relation to the administration of this chapter; and

1508 (d) any other funds received as donations for the fund and appropriations from other
1509 sources.

1510 (3) Subject to Subsection (6), money in the fund shall be used to:

1511 (a) make the transfer described in Subsection (5)(b)(i);

1512 (b) make the transfers to the Education Fund described in:

1513 (i) Section 59-7-624;

- 1514 (ii) Section 59-10-1019;
- 1515 (iii) Section 59-10-1112; and
- 1516 (iv) Section 59-10-1113;
- 1517 (c) make the transfer described in Subsection (5)(b)(ii);
- 1518 (d) make the transfer described in Subsection (5)(b)(iii);
- 1519 (e) make the transfer described in Subsection (5)(b)(iv); and
- 1520 (f) fund the Carbon Emissions Tax Refund Restricted Account created in Section
- 1521 59-30-302.
- 1522 (4) (a) On or before October 1, 2021, the commission shall calculate, for the time
- 1523 period beginning on January 1, 2021, and ending on June 30, 2021, the total loss of revenue to
- 1524 the General Fund as a result of the elimination of the state sales and use tax on:
- 1525 (i) food and food ingredients;
- 1526 (ii) residential fuel; and
- 1527 (iii) commercial fuel.
- 1528 (b) For a fiscal year beginning on or after July 1, 2021, the commission shall, upon
- 1529 completion of the audit of sales and use tax, calculate the total loss of revenue to the General
- 1530 Fund for the previous fiscal year as a result of the elimination of the state sales and use tax on:
- 1531 (i) food and food ingredients;
- 1532 (ii) residential fuel; and
- 1533 (iii) commercial fuel.
- 1534 (5) (a) The Division of Finance shall make the transfers described in Subsection (5)(b):
- 1535 (i) except as provided in Subsection (5)(b)(i)(A), for a fiscal year beginning on or after
- 1536 July 1, 2020;
- 1537 (ii) subject to Subsection (6); and
- 1538 (iii) subject to appropriation by the Legislature.
- 1539 (b) The Division of Finance shall transfer from the fund:
- 1540 (i) (A) for the time period beginning on January 1, 2021, and ending on June 30, 2021,
- 1541 into the General Fund, the amount calculated in accordance with Subsection (4)(a); and
- 1542 (B) for a fiscal year beginning on or after July 1, 2021, into the General Fund, the
- 1543 amount calculated in accordance with Subsection (4)(b);
- 1544 (ii) to the Department of Environmental Quality, created in Section 19-1-104, for the

1545 uses described in Section 19-2-401, \$42,000,000;

1546 (iii) to the Division of Air Quality, created in Section 19-1-105, for the uses described
1547 in Title 19, Chapter 2, Part 2, Clean Air Retrofit, Replacement, and Off-road Technology
1548 Program, \$3,000,000; and

1549 (iv) to the Governor's Office of Economic Development -- Rural Employment
1550 Expansion Program, for the Governor's Office of Economic Development created in Section
1551 63N-1-201, in consultation with the Office of Rural Development created in Section
1552 63N-4-102, to use for diversifying the economy in rural counties and communities, \$5,000,000.

1553 (c) The Division of Finance shall make:

1554 (i) the transfers described in Subsection (5)(b)(i) upon receipt of the calculation
1555 required by Subsection (4) from the commission; and

1556 (ii) the transfers described in Subsections (5)(b)(ii) through (iv) on or before August 1.

1557 (6) (a) The balance in the fund may not decrease below \$20,000,000.

1558 (b) If the balance in the fund on June 30 is insufficient to cover the cost of the items
1559 identified in Subsections (3)(a) through (c) and retain a balance of \$20,000,000, priority shall
1560 be given to the items in the order that they are listed in Subsection (3).

1561 (c) If the balance in the fund on June 30, after funding the items described in
1562 Subsections (3)(a) through (c) for the current fiscal year, exceeds \$20,000,000, the Division of
1563 Finance shall transfer the amount that exceeds \$20,000,000 into the Carbon Emissions Tax
1564 Refund Restricted Account created in Section 59-30-302.

1565 Section 24. Section **59-30-302** is enacted to read:

1566 **59-30-302. Carbon Emissions Tax Refund Restricted Account.**

1567 (1) There is created within the General Fund a restricted account known as the "Carbon
1568 Emissions Tax Refund Restricted Account."

1569 (2) The account shall consist of:

1570 (a) deposits from the Carbon Emissions Tax Expendable Revenue Fund, created in
1571 Section 59-30-301;

1572 (b) money lapsed from the Clean Air Grant Program, created in Section 19-2-401; and

1573 (c) interest earned by the account.

1574 (3) The Legislature may use the money in the account to lower state taxes.

1575 Section 25. Section **63I-1-219** is amended to read:

1576 **63I-1-219. Repeal dates, Title 19.**

- 1577 (1) Title 19, Chapter 2, Air Conservation Act, is repealed July 1, [~~2019~~] 2029.
- 1578 (2) Title 19, Chapter 4, Safe Drinking Water Act, is repealed July 1, 2019.
- 1579 (3) Title 19, Chapter 5, Water Quality Act, is repealed July 1, 2019.
- 1580 (4) Title 19, Chapter 6, Part 1, Solid and Hazardous Waste Act, is repealed July 1,
- 1581 2019.
- 1582 (5) Title 19, Chapter 6, Part 3, Hazardous Substances Mitigation Act, is repealed July
- 1583 1, 2020.
- 1584 (6) Title 19, Chapter 6, Part 4, Underground Storage Tank Act, is repealed July 1,
- 1585 2028.
- 1586 (7) Title 19, Chapter 6, Part 6, Lead Acid Battery Disposal, is repealed July 1, 2026.
- 1587 (8) Title 19, Chapter 6, Part 7, Used Oil Management Act, is repealed July 1, 2019.
- 1588 (9) Title 19, Chapter 6, Part 8, Waste Tire Recycling Act, is repealed July 1, 2020.
- 1589 (10) Title 19, Chapter 6, Part 10, Mercury Switch Removal Act, is repealed July 1,
- 1590 2027.

1591 Section 26. Section **63N-2-502** is amended to read:

1592 **63N-2-502. Definitions.**

1593 As used in this part:

- 1594 (1) "Agreement" means an agreement described in Section [63N-2-503](#).
- 1595 (2) "Base taxable value" means the value of hotel property before the construction on a
- 1596 qualified hotel begins, as that value is established by the county in which the hotel property is
- 1597 located, using a reasonable valuation method that may include the value of the hotel property
- 1598 on the county assessment rolls the year before the year during which construction on the
- 1599 qualified hotel begins.
- 1600 (3) "Certified claim" means a claim that the office has approved and certified as
- 1601 provided in Section [63N-2-505](#).
- 1602 (4) "Claim" means a written document submitted by a qualified hotel owner or host
- 1603 local government to request a convention incentive.
- 1604 (5) "Claimant" means the qualified hotel owner or host local government that submits a
- 1605 claim under Subsection [63N-2-505\(1\)\(a\)](#) for a convention incentive.
- 1606 (6) "Commission" means the Utah State Tax Commission.

1607 (7) "Community reinvestment agency" means the same as that term is defined in
1608 Section 17C-1-102.

1609 (8) "Construction revenue" means revenue generated from state taxes and local taxes
1610 imposed on transactions occurring during the eligibility period as a result of the construction of
1611 the hotel property, including purchases made by a qualified hotel owner and its subcontractors.

1612 (9) "Convention incentive" means an incentive for the development of a qualified
1613 hotel, in the form of payment from the incentive fund as provided in this part, as authorized in
1614 an agreement.

1615 (10) "Eligibility period" means:

1616 (a) the period that:

1617 (i) begins the date construction of a qualified hotel begins; and

1618 (ii) ends:

1619 (A) for purposes of the state portion, 20 years after the date of initial occupancy of that
1620 qualified hotel; or

1621 (B) for purposes of the local portion and incremental property tax revenue, 25 years
1622 after the date of initial occupancy of that hotel; or

1623 (b) as provided in an agreement between the office and a qualified hotel owner or host
1624 local government, a period that:

1625 (i) begins no earlier than the date construction of a qualified hotel begins; and

1626 (ii) is shorter than the period described in Subsection (10)(a).

1627 (11) "Endorsement letter" means a letter:

1628 (a) from the county in which a qualified hotel is located or is proposed to be located;

1629 (b) signed by the county executive; and

1630 (c) expressing the county's endorsement of a developer of a qualified hotel as meeting
1631 all the county's criteria for receiving the county's endorsement.

1632 (12) "Host agency" means the community reinvestment agency of the host local
1633 government.

1634 (13) "Host local government" means:

1635 (a) a county that enters into an agreement with the office for the construction of a
1636 qualified hotel within the unincorporated area of the county; or

1637 (b) a city or town that enters into an agreement with the office for the construction of a

1638 qualified hotel within the boundary of the city or town.

1639 (14) "Hotel property" means a qualified hotel and any property that is included in the
1640 same development as the qualified hotel, including convention, exhibit, and meeting space,
1641 retail shops, restaurants, parking, and other ancillary facilities and amenities.

1642 (15) "Incentive fund" means the Convention Incentive Fund created in Section
1643 [63N-2-503.5](#).

1644 (16) "Incremental property tax revenue" means the amount of property tax revenue
1645 generated from hotel property that equals the difference between:

1646 (a) the amount of property tax revenue generated in any tax year by all taxing entities
1647 from hotel property, using the current assessed value of the hotel property; and

1648 (b) the amount of property tax revenue that would be generated that tax year by all
1649 taxing entities from hotel property, using the hotel property's base taxable value.

1650 (17) "Local portion" means the portion of new tax revenue that is generated by local
1651 taxes.

1652 (18) "Local taxes" means a tax imposed under:

1653 (a) Section [59-12-204](#);

1654 (b) Section [59-12-301](#);

1655 (c) Sections [59-12-352](#) and [59-12-353](#);

1656 (d) Subsection [59-12-603\(1\)\(a\)\(i\)\(A\)](#);

1657 (e) Subsection [59-12-603\(1\)\(a\)\(i\)\(B\)](#);

1658 (f) Subsection [59-12-603\(1\)\(a\)\(ii\)](#);

1659 (g) Subsection [59-12-603\(1\)\(a\)\(iii\)](#); or

1660 (h) Section [59-12-1102](#).

1661 (19) "New tax revenue" means construction revenue, offsite revenue, and onsite
1662 revenue.

1663 (20) "Offsite revenue" means revenue generated from state taxes and local taxes
1664 imposed on transactions by a third-party seller occurring other than on hotel property during the
1665 eligibility period, if:

1666 (a) the transaction is subject to a tax under Title 59, Chapter 12, Sales and Use Tax
1667 Act; and

1668 (b) the third-party seller voluntarily consents to the disclosure of information to the

1669 office, as provided in Subsection [63N-2-505\(2\)\(b\)\(i\)\(E\)](#).

1670 (21) "Onsite revenue" means revenue generated from state taxes and local taxes
1671 imposed on transactions occurring on hotel property during the eligibility period.

1672 (22) "Public infrastructure" means:

1673 (a) water, sewer, storm drainage, electrical, telecommunications, and other similar
1674 systems and lines;

1675 (b) streets, roads, curbs, gutters, sidewalks, walkways, parking facilities, and public
1676 transportation facilities; and

1677 (c) other buildings, facilities, infrastructure, and improvements that benefit the public.

1678 (23) "Qualified hotel" means a full-service hotel development constructed in the state
1679 on or after July 1, 2014 that:

1680 (a) requires a significant capital investment;

1681 (b) includes at least 85 square feet of convention, exhibit, and meeting space per guest
1682 room; and

1683 (c) is located within 1,000 feet of a convention center that contains at least 500,000
1684 square feet of convention, exhibit, and meeting space.

1685 (24) "Qualified hotel owner" means a person who owns a qualified hotel.

1686 (25) "Review committee" means the independent review committee established under
1687 Section [63N-2-504](#).

1688 (26) "Significant capital investment" means an amount of at least \$200,000,000.

1689 (27) "State portion" means the portion of new tax revenue that is generated by state
1690 taxes.

1691 (28) "State taxes" means a tax imposed under Subsection [59-12-103\(2\)\(a\)\(i\)](#) [~~(2)(b)(i)~~,
1692 ~~(2)(c)(i)~~] or [\(2\)\(d\)\(i\)\(A\)](#).

1693 (29) "Third-party seller" means a person who is a seller in a transaction:

1694 (a) occurring other than on hotel property;

1695 (b) that is:

1696 (i) the sale, rental, or lease of a room or of convention or exhibit space or other
1697 facilities on hotel property; or

1698 (ii) the sale of tangible personal property or a service that is part of a bundled
1699 transaction, as defined in Section [59-12-102](#), with a sale, rental, or lease described in

1700 Subsection (29)(b)(i); and
1701 (c) that is subject to a tax under Title 59, Chapter 12, Sales and Use Tax Act.
1702 Section 27. Section **72-2-126** is amended to read:
1703 **72-2-126. Aeronautics Restricted Account.**
1704 (1) There is created a restricted account entitled the Aeronautics Restricted Account
1705 within the Transportation Fund.
1706 (2) The account consists of money generated from the following revenue sources:
1707 (a) aviation fuel tax allocated for aeronautical operations deposited into the account in
1708 accordance with Section [59-13-402](#);
1709 (b) carbon emissions tax revenue deposited into the account in accordance with Section
1710 [59-30-203](#);
1711 ~~(b)~~ (c) aircraft registration fees deposited into the account in accordance with Section
1712 [72-10-110](#);
1713 ~~(c)~~ (d) appropriations made to the account by the Legislature;
1714 ~~(d)~~ (e) contributions from other public and private sources for deposit into the
1715 account; and
1716 ~~(e)~~ (f) interest earned on account money.
1717 (3) The department shall allocate funds in the account to the separate accounts of
1718 individual airports as required under Section [59-13-402](#).
1719 (4) (a) Except as provided in Subsection (4)(b), the department shall use funds in the
1720 account for:
1721 (i) the construction, improvement, operation, and maintenance of publicly used airports
1722 in this state;
1723 (ii) the payment of principal and interest on indebtedness incurred for the purposes
1724 described in this Subsection (4)(a);
1725 (iii) operation of the division of aeronautics;
1726 (iv) the promotion of aeronautics in this state; and
1727 (v) the payment of the costs and expenses of the Department of Transportation in
1728 administering Title 59, Chapter 13, Part 4, Aviation Fuel, or another law conferring upon it the
1729 duty of regulating and supervising aeronautics in this state.
1730 (b) The department may use funds in the account for the support of aerial search and

1731 rescue operations, provided that no money deposited into the account under Subsection (2)(a)
1732 is used for that purpose.

1733 (5) (a) Money in the account may not be used by the department for the purchase of
1734 aircraft for purposes other than those described in Subsection (4).

1735 (b) Money in the account may not be used to provide or subsidize direct operating costs
1736 of travel for purposes other than those described in Subsection (4).

1737 Section 28. **Effective date.**

1738 (1) Except as provided in Subsection (2), this bill takes effect on January 1, 2020.

1739 (2) The changes to Sections [59-10-1019](#), [59-10-1102.1](#), and [59-10-1113](#) take effect for
1740 a taxable year beginning on or after January 1, 2020.