

HB0304S01 compared with HB0304

~~{deleted text}~~ shows text that was in HB0304 but was deleted in HB0304S01.

Inserted text shows text that was not in HB0304 but was inserted into HB0304S01.

DISCLAIMER: This document is provided to assist you in your comparison of the two bills. Sometimes this automated comparison will NOT be completely accurate. Therefore, you need to read the actual bills. This automatically generated document could contain inaccuracies caused by: limitations of the compare program; bad input data; or other causes.

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

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of that tax credit;

- ▶ requires the Division of Finance to reimburse the Education Fund from the Carbon Emissions Tax Expendable Revenue Fund for certain tax credits claimed;
- ▶ eliminates the state sales and use tax on food;
- ▶ eliminates the state sales and use tax on residential fuel and commercial fuel;
- ▶ modifies dedicated credit calculations;
- ▶ imposes a carbon dioxide emissions tax, including:
 - defining terms;
 - requiring records;
 - addressing rate and remittance requirements for tax on motor fuel, special fuel, aviation fuel, natural gas, large emitter emissions, and electricity;
 - granting rulemaking authority; and
 - creating the Carbon Emissions Tax Expendable Revenue Fund and the Carbon Emissions Tax Refund Restricted Account and providing for the funds' expenditure; and
- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

AMENDS:

35A-8-308, as last amended by Laws of Utah 2017, Chapters 181 and 421

35A-8-309, as last amended by Laws of Utah 2017, Chapters 181 and 421

59-10-1019, as renumbered and amended by Laws of Utah 2008, Chapter 389

59-12-103, as amended by Statewide Initiative -- Proposition 3, Nov. 6, 2018

63I-1-219, as last amended by Laws of Utah 2018, Chapter 31

63N-2-502, as last amended by Laws of Utah 2016, Chapter 350

72-2-126, as last amended by Laws of Utah 2016, Chapter 38

ENACTS:

19-1-207, Utah Code Annotated 1953

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19-1-208, Utah Code Annotated 1953
19-2-401, Utah Code Annotated 1953
59-7-624, Utah Code Annotated 1953
59-10-1102.1, Utah Code Annotated 1953
59-10-1112, Utah Code Annotated 1953
59-10-1113, Utah Code Annotated 1953
59-30-101, Utah Code Annotated 1953
59-30-102, Utah Code Annotated 1953
59-30-103, Utah Code Annotated 1953
59-30-104, Utah Code Annotated 1953
59-30-201, Utah Code Annotated 1953
59-30-202, Utah Code Annotated 1953
59-30-203, Utah Code Annotated 1953
59-30-204, Utah Code Annotated 1953
59-30-205, Utah Code Annotated 1953
59-30-206, Utah Code Annotated 1953
59-30-207, Utah Code Annotated 1953
59-30-301, Utah Code Annotated 1953
59-30-302, Utah Code Annotated 1953

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

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

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

(1) As used in this section:

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

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

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

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

~~1~~(2) (a) On or before May 1, an operator shall apply to the department for a written certification of the total number of metric tons of carbon dioxide that the large emitter emitted in this state during the previous calendar year from combustion of each of the

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following relating to stationary fuel combustion, petroleum refining, petroleum and natural gas systems, lime production, cement production, or use of off-highway vehicles:

(i) coal;

(ii) dyed diesel fuel; and

(iii) fuel gas.

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

~~1~~ (i) (A) the number of short tons for each type of coal that the large emitter combusted in this state;

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

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

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

(A) coal;

(B) dyed diesel fuel; and

(C) fuel gas; and

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

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

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

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

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

(i) for coal:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

19-1-208. Certification of electricity provider.

(1) As used in this section:

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

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

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

(ii) "Electricity generator" includes an electricity provider if the electricity provider

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generates electricity that the electricity provider delivers in the state.

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

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

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

(2) (a) On or before May 1, an electricity provider shall apply to the department for a written certification of the number of metric tons of carbon dioxide emitted to produce electricity that the electricity provider delivered in the state during the previous calendar year.

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

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

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

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

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

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

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

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

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

(b) Subject to Subsection (3)(c), the department shall determine the carbon intensity of

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an electricity generator by:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(ii) (A) for an electricity provider that receives electricity from one electricity generator, the amount of carbon intensity calculated in accordance with Subsection (3)(b); or

(B) for an electricity provider that receives electricity from more than one electricity generator, the weighted average of carbon intensity calculated in accordance with Subsection (3)(c).

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

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

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

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

(6) The department shall notify the State Tax Commission if the department concludes that there is an error in a previously issued written certification that may require the electricity

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provider to file an amended return in accordance with Section 59-30-104.

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

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

Part 4. Clean Air Grant Program

19-2-401. Clean air grant program.

(1) As used in this section:

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

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

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

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

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

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

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

(a) the proposed use for grant funds;

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

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

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

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

(i) after receiving recommendations from the advisory board;

(ii) after reviewing the administrative costs of a proposed project and giving priority to

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a project with low administrative costs compared to the cost of the project; and

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

(c) The aggregate amount of grants the executive director awards in a fiscal year may not exceed the amount ~~that~~ the ~~{Division of Finance transfers}~~ ~~Legislature appropriates~~ into the clean air grant program for the ~~previous~~ fiscal year.

(5) If the executive director awards an aggregate amount of grants ~~in a fiscal year~~ that is less than the amount ~~that~~ the ~~{Division of Finance transfers}~~ ~~Legislature appropriates~~ into the clean air grant program for the ~~previous~~ fiscal year, the money not awarded shall lapse to the Carbon Emissions Tax Refund Restricted Account created in Section 59-30-302.

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

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

(b) The department shall include in the report:

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

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

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

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

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

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

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

(c) the process for disbursing grant funds.

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

35A-8-308. Throughput Infrastructure Fund.

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- (1) There is created an enterprise fund known as the Throughput Infrastructure Fund.
- (2) The fund consists of money generated from the following revenue sources:
 - (a) all amounts transferred to the fund [~~under Subsection 59-12-103(12)~~] by statute;
 - (b) any voluntary contributions received;
 - (c) appropriations made to the fund by the Legislature; and
 - (d) all amounts received from the repayment of loans made by the impact board under Section 35A-8-309.

- (3) The state treasurer shall:
 - (a) invest the money in the fund by following the procedures and requirements of Title 51, Chapter 7, State Money Management Act; and
 - (b) deposit all interest or other earnings derived from those investments into the fund.
- Section 5. Section **35A-8-309** is amended to read:

35A-8-309. Throughput Infrastructure Fund administered by impact board --

Uses -- Review by board -- Annual report.

- (1) The impact board shall:
 - (a) make grants and loans from the Throughput Infrastructure Fund created in Section 35A-8-308 for a throughput infrastructure project;
 - (b) use money transferred to the Throughput Infrastructure Fund [~~in accordance with Subsection 59-12-103(12)~~] by statute to provide a loan or grant to finance the cost of acquisition or construction of a throughput infrastructure project to one or more local political subdivisions, including a Utah interlocal entity created under Title 11, Chapter 13, Interlocal Cooperation Act;
 - (c) administer the Throughput Infrastructure Fund in a manner that will keep a portion of the fund revolving;
 - (d) determine provisions for repayment of loans;
 - (e) establish criteria for awarding loans and grants; and
 - (f) establish criteria for determining eligibility for assistance under this section.
- (2) The cost of acquisition or construction of a throughput infrastructure project includes amounts for working capital, reserves, transaction costs, and other amounts determined by the impact board to be allocable to a throughput infrastructure project.
- (3) The impact board may restructure or forgive all or part of a local political

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subdivision's or interlocal entity's obligation to repay loans for extenuating circumstances.

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

(5) (a) The impact board shall:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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59-7-311(2), (3)(a), or (4), a corporation that generates greater than 50% of the corporation's total sales everywhere during the taxable year from economic activities that are classified in one or more of the following NAICS codes of the 2017 North American Industry Classification System of the federal Executive Office of the President, Office of Management and Budget:

(i) NAICS Sector 21, Mining; or

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

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

(i) NAICS Sector 21, Mining; or

(ii) NAICS Sector 31-33, Manufacturing.

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

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

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

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

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

(1) As used in this section:

(a) "Eligible age 65 or older retiree" means a claimant, regardless of whether that

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claimant is retired, who~~[:]~~ is 65 years of age or older.

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

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

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

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

~~[(B) (i) paid from an annuity contract purchased by an employer under a plan that meets the requirements of Section 404(a)(2), Internal Revenue Code;]~~

~~[(H) purchased by an employee under a plan that meets the requirements of Section 408, Internal Revenue Code; or]~~

~~[(HH) paid by:]~~

~~[(Aa) the United States;]~~

~~[(Bb) a state or a political subdivision of a state; or]~~

~~[(Cc) the District of Columbia.]~~

~~[(ii) "Eligible retirement income" does not include amounts received by the spouse of a living eligible under age 65 retiree because of the eligible under age 65 retiree's having been employed in a community property state.]~~

~~[(c) "Eligible under age 65 retiree" means a claimant, regardless of whether that claimant is retired, who:]~~

~~[(i) is younger than 65 years of age;]~~

~~[(ii) was born on or before December 31, 1952; and]~~

~~[(iii) has eligible retirement income for the taxable year for which a tax credit is claimed under this section.]~~

~~[(d)] (b) "Head of household filing status" ~~[is as]~~ means the same as that term is defined in Section 59-10-1018.~~

~~[(e)] (c) "Joint filing status" ~~[is as]~~ means the same as that term is defined in Section 59-10-1018.~~

~~[(f)] (d) "Married filing separately status" means a married individual who:~~

~~(i) does not file a single federal individual income tax return jointly with that married individual's spouse for the taxable year; and~~

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(ii) files a single federal individual income tax return for the taxable year.

~~[(g)] (e)~~ "Modified adjusted gross income" means the sum of an eligible age 65 or older retiree's ~~[or eligible under age 65 retiree's]~~:

(i) adjusted gross income for the taxable year for which a tax credit is claimed under this section;

(ii) any interest income that is not included in adjusted gross income for the taxable year described in Subsection (1)~~[(g)](e)~~(i); and

(iii) any addition to adjusted gross income required by Section 59-10-114 for the taxable year described in Subsection (1)~~[(g)](e)~~(i).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

~~[(5) For purposes of determining the ownership of items of retirement income under this section, common law doctrine shall be applied in all cases even though some items of retirement income may have originated from service or investments in a community property state.]~~

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

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

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

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

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

59-10-1102.1. Apportionment of tax credit.

A nonresident individual or a part-year resident individual who claims the tax credit described in Section 59-10-1113 may only claim an apportioned amount of the tax credit equal to the product of:

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

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

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

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

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(1) As used in this section:

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

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

(A) NAICS Sector 21, Mining; or

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

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

(A) NAICS Sector 21, Mining; or

(B) NAICS Sector 31-33, Manufacturing.

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

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

(2) A pass-through entity shall determine:

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

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

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

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

(4) An eligible pass-through entity taxpayer shall keep evidence of the amount of carbon emissions tax that the eligible pass-through entity paid in accordance with Chapter 30, Carbon Emissions Tax Act, for the calendar year before the taxable year for which the eligible pass-through entity taxpayer is paying a tax under this chapter, for the same time period a person is required to keep books and records under Section 59-1-1406.

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

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

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

(1) As used in this section:

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

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

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

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

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

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

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

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tax revenue.

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

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

(b) amounts paid for:

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

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

(iii) an ancillary service associated with a:

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

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

(c) sales of the following for commercial use:

(i) gas;

(ii) electricity;

(iii) heat;

(iv) coal;

(v) fuel oil; or

(vi) other fuels;

(d) sales of the following for residential use:

(i) gas;

(ii) electricity;

(iii) heat;

(iv) coal;

(v) fuel oil; or

(vi) other fuels;

(e) sales of prepared food;

(f) except as provided in Section 59-12-104, amounts paid or charged as admission or user fees for theaters, movies, operas, museums, planetariums, shows of any type or nature, exhibitions, concerts, carnivals, amusement parks, amusement rides, circuses, menageries,

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fairs, races, contests, sporting events, dances, boxing matches, wrestling matches, closed circuit television broadcasts, billiard parlors, pool parlors, bowling lanes, golf, miniature golf, golf driving ranges, batting cages, skating rinks, ski lifts, ski runs, ski trails, snowmobile trails, tennis courts, swimming pools, water slides, river runs, jeep tours, boat tours, scenic cruises, horseback rides, sports activities, or any other amusement, entertainment, recreation, exhibition, cultural, or athletic activity;

(g) amounts paid or charged for services for repairs or renovations of tangible personal property, unless Section 59-12-104 provides for an exemption from sales and use tax for:

(i) the tangible personal property; and

(ii) parts used in the repairs or renovations of the tangible personal property described in Subsection (1)(g)(i), regardless of whether:

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

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

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

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

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

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

(i) stored;

(ii) used; or

(iii) otherwise consumed;

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

(i) stored;

(ii) used; or

(iii) consumed; and

(m) amounts paid or charged for a sale:

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- (i) (A) of a product transferred electronically; or
- (B) of a repair or renovation of a product transferred electronically; and
- (ii) regardless of whether the sale provides:
 - (A) a right of permanent use of the product; or
 - (B) a right to use the product that is less than a permanent use, including a right:
 - (I) for a definite or specified length of time; and
 - (II) that terminates upon the occurrence of a condition.

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

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

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

~~[(H)] (A) [beginning on April 1, 2019,] 4.70% plus the rate specified in Subsection [(14)] (12)(a); and~~

(B) (I) the tax rate the state imposes in accordance with Part 18, Additional State Sales and Use Tax Act, if the location of the transaction as determined under Sections 59-12-211 through 59-12-215 is in a county in which the state imposes the tax under Part 18, Additional State Sales and Use Tax Act; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(II) (Aa) the tax rate the state imposes in accordance with Part 18, Additional State Sales and Use Tax Act, if the location of the transaction as determined under Sections 59-12-211 through 59-12-215 is in a county in which the state imposes the tax under Part 18, Additional State Sales and Use Tax Act; and

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

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

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

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

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

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

(II) state or federal law provides otherwise; or

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

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

(II) state or federal law provides otherwise.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Fund:

- (i) the tax imposed by Subsection (2)(a)(i)(A);
- (ii) the tax imposed by Subsection (2)(b)(i);
- (iii) the tax imposed by Subsection (2)(c)(i); ~~[or]~~
- (iv) the tax imposed by Subsection (2)(d)(i)(A)(I)~~[-]; and~~
- (v) the amount described in Subsection 59-30-301(5)(b)(i).

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

- (i) the tax imposed by Subsection (2)(a)(ii);
- (ii) the tax imposed by Subsection (2)(b)(ii);
- (iii) the tax imposed by Subsection (2)(c)(ii); and
- (iv) the tax imposed by Subsection (2)(d)(i)(B).

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

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

- (i) for taxes listed under Subsection (3)(a), the amount of tax revenue generated:
 - (A) by a 1/16% tax rate on the transactions described in Subsection (1); and
 - (B) for the fiscal year; or
- (ii) \$17,500,000.

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

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

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

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

(iii) At the end of each fiscal year:

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

(B) 25% of any unexpended dedicated credits shall lapse to the Utah Wastewater Loan

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Program Subaccount created in Section 73-10c-5; and

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

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

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

(ii) At the end of each fiscal year:

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

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

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

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

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

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

(B) fund state required dam safety improvements; and

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

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

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

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

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

(iii) develop surface water sources.

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

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

(ii) \$17,500,000.

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

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

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

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

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

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

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

(ii) At the end of each fiscal year, 100% of any unexpended dedicated credits described

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in Subsection (5)(c)(i) shall lapse to the Water Resources Conservation and Development Fund created in Section 73-10-24.

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

(i) preconstruction costs:

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

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

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

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

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

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

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

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

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

(b) for fiscal year 2017-18 only:

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

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

(c) for fiscal year 2018-19 only:

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

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

(d) for fiscal year 2019-20 only:

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

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

(e) for fiscal year 2020-21 only:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(B) the total sales and use tax revenue generated by the taxes described in Subsections

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~~[(7)(a)(i)(A) through (D)]~~ (7)(b)(i) through (iii) in the current fiscal year.

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

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

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

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

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

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

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

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

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

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

and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) Notwithstanding Subsection (3)(a), the Division of Finance shall ~~[(i) on or before September 30, 2019, transfer the amount of revenue generated by a 0.15% tax rate imposed beginning on April 1, 2019, and ending on June 30, 2019, on the transactions that are subject to~~

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~~the sales and use tax under Subsection (2)(a)(i)(A) as dedicated credits to the Division of Health Care Financing; and (ii)]~~ for a fiscal year beginning on or after fiscal year 2019-20, annually transfer the amount of revenue generated by a 0.15% tax rate on the transactions that are subject to the sales and use tax under Subsection (2)(a)(i)(A) as dedicated credits to the Division of Health Care Financing.

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

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

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

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

(13) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1, ~~2021~~ 2020, the Division of Finance shall deposit annually into the Carbon Emissions Expendable Revenue Fund, created in Section 59-30-301, a portion of the taxes described in Subsection (3)(a) in an amount equal to 97% of the lesser of:

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

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

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

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

CHAPTER 30. CARBON EMISSIONS TAX ACT

Part 1. General Provisions

59-30-101. Title.

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

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

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59-30-102. Definitions.

As used in this chapter:

- (1) "Aviation fuel" means the same as that term is defined in Section 59-13-102.
- (2) "Consumer Price Index" means the Consumer Price Index for All Urban Consumers as published by the Bureau of Labor Statistics of the United States Department of Labor.
- (3) "Distributor" means the same as that term is defined in Section 59-13-102.
- (4) "Dyed diesel fuel" means the same as that term is defined in Section 59-13-102.
- (5) "Electricity" means electrical energy for consumption.
- (6) "Electricity provider" means a person in this state that delivers electricity to customers for consumption.
- (7) "Federally certificated air carrier" means the same as that term is defined in Section 59-13-102.
- (8) "Fossil fuel" means a petroleum product, motor fuel, special fuel, aviation fuel, natural gas, petroleum, coal, or any form of solid, liquid, or gaseous fuel derived from these products, including still gas, propane, and petroleum residuals.
- (9) (a) "Large emitter" means a facility that emits over 25,000 metric tons of carbon dioxide in a calendar year.
(b) "Large emitter" does not include an electricity provider, a person that provides electricity to an electricity provider to deliver for consumption, or a person that generates electricity.
- (10) "Metric ton" means 2,205 pounds.
- (11) "Motor fuel" means the same as that term is defined in Section 59-13-102.
- (12) "Natural gas" means the same as that term is defined in Section 59-5-101.
- (13) "Operator" means a person engaged in the operation of a large emitter in this state.
- (14) "Political subdivision" means the same as that term is defined in Section 11-55-102.
- (15) "Removal" means the same as that term is defined in Section 59-13-102.
- (16) "Special fuel" means the same as that term is defined in Section 59-13-102, except that special fuel does not include natural gas.
- (17) "Supplier" means the same as that term is defined in Section 59-13-102.

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

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

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

59-30-103. Records.

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

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

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

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

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

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

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

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

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

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

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

(B) an underpayment of tax.

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

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

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

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certification obtained in accordance with Section 19-1-208; and

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

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

(B) an underpayment of tax.

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

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

Part 2. Imposition of Carbon Emissions Tax

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

(1) (a) Except as otherwise provided in this section or this chapter, a distributor shall pay, beginning on January 1, 2021, a carbon emissions tax on motor fuel that is sold, used, or received for sale or use in this state.

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

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

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

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

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

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

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

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

(B) 0.

(d) Any increase in the tax rate applies to motor fuel that is imported into the state for

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sale or use in this state or sold at refineries in the state on or after the effective date of the rate change.

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

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

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

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

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

(3) A distributor shall monthly:

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

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

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

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

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

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

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

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

(8) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the

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commission may make rules governing the procedures for administering and collecting the carbon emissions tax imposed under this section.

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

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

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

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

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

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

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

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

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

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

(i) beginning on January 1, 2021, and ending on December 31, 2021, 10.16 cents per gallon; and

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

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

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

(c) (i) Subject to Subsection (1)(c)(ii), the tax rate described in this Subsection (1) may not exceed \$1.02 per gallon.

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

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

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(B) 0.

(d) The tax imposed under this section shall be imposed only once upon a special fuel.

(2) (a) A carbon emissions tax may not be imposed or collected under this section on dyed diesel fuel.

(b) A carbon emissions tax may not be imposed under this section on undyed diesel fuel or clean fuel that is:

(i) sold to the United States government or any of the United States government's instrumentalities, this state, or a political subdivision of this state;

(ii) exported from this state if proof of actual exportation on forms prescribed by the commission is made within 180 days after exportation;

(iii) except as provided in Section 59-30-205, used in a vehicle off highway;

(iv) used to operate a power take-off unit of a vehicle;

(v) used for off-highway agricultural uses;

(vi) used in a separately fueled engine on a vehicle that does not propel the vehicle upon the highways of the state; or

(vii) used in machinery and equipment not registered and not required to be registered for highway use.

(c) A carbon emissions tax may not be imposed or collected under this section on special fuel if the special fuel is:

(i) (A) purchased for business use in machinery and equipment not registered and not required to be registered for highway use; and

(B) used pursuant to the conditions of a state implementation plan approved under Title 19, Chapter 2, Air Conservation Act; or

(ii) propane or electricity.

(3) A supplier in this state shall monthly:

(a) report to the commission, on electronic forms provided by the commission, the amount and type of special fuel:

(i) removed from a refinery;

(ii) removed from a terminal;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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gallon; and

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

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

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

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

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

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

(B) 0.

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

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

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

~~1~~(ii) the total number of gallons of aviation fuel that were purchased;

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

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

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

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

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

(b) The Legislature shall appropriate from the Transportation Fund to the commission

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the amount necessary to cover expenses incurred in the administration and enforcement of this section and the collection of the aviation fuel tax.

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

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

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

(b) Upon appropriation by the Legislature, the allocation to aeronautical operations of the Department of Transportation shall be used as provided in the Aeronautics Restricted Account created by Section 72-2-126.

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

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

(ii) the separate accounts of individual airports.

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

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

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

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

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

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

(1) As used in this section:

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

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

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

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

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

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

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

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

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

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

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

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

(B) 0.

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

(4) A natural gas supplier shall monthly:

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

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

(5) The commission shall deposit the carbon emissions tax that the commission collects under this section into the Carbon Emissions Tax Expendable Revenue Fund, created

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in Section 59-30-301.

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) issuing a refund of carbon emissions tax paid by purchasers described in Subsection (6).

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

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

(1) Except as otherwise provided in this chapter, an operator of a large emitter shall pay, for a calendar year beginning on or after January 1, 2021, a carbon emissions tax on each

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metric ton of carbon dioxide that the large emitter emitted in this state during the previous calendar year from combustion of the following relating to stationary fuel combustion, petroleum refining, petroleum and natural gas systems, lime production, cement production, or use of off-highway vehicles:

(a) coal;

(b) dyed diesel fuel; or

(c) fuel gas.

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

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

(ii) rounded up to the nearest cent.

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

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

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

(B) 0.

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

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

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

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

(4) The Division of Finance shall deposit the carbon emissions tax that the commission

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collects under this section into the Carbon Emissions Tax Expendable Revenue Fund, created in Section 59-30-301.

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

(a) penalties described in Section 59-1-401; and

(b) interest described in Section 59-1-402.

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

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

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

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

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

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

(ii) rounded up to the nearest cent.

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

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

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

(B) 0.

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

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

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number of metric tons of carbon dioxide emissions listed on the certification obtained in accordance with Section 19-1-208;

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

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

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

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

(a) penalties described in Section 59-1-401; and

(b) interest described in Section 59-1-402.

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

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

59-30-207. Exemptions.

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

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

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

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

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

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

Part 3. Carbon Emissions Tax Revenue Accounts

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

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

(2) The fund shall consist of:

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

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

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

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

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

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

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

(i) Section 59-7-624;

(ii) Section 59-10-1019;

(iii) Section 59-10-1112; and

(iv) Section 59-10-1113;

(c) make the transfer described in Subsection (5)(b)(ii);

~~1~~ (d) make the transfer described in Subsection (5)(b)(iii);

(e) make the transfer described in Subsection (5)(b)(iv); and

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

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

(i) food and food ingredients;

(ii) residential fuel; and

(iii) commercial fuel.

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

(i) food and food ingredients;

(ii) residential fuel; and

(iii) commercial fuel.

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

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(i) except as provided in Subsection (5)(b)(i)(A), for a fiscal year beginning on or after July 1, ~~2021~~2020;

(ii) subject to Subsection (6); and

(iii) subject to appropriation by the Legislature.

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

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

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

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

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

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

(c) The Division of Finance shall make:

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

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

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

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

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

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

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

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

(2) The account shall consist of:

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

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

(c) interest earned by the account.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

63N-2-502. Definitions.

As used in this part:

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

(2) "Base taxable value" means the value of hotel property before the construction on a qualified hotel begins, as that value is established by the county in which the hotel property is

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located, using a reasonable valuation method that may include the value of the hotel property on the county assessment rolls the year before the year during which construction on the qualified hotel begins.

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

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

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

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

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

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

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

(10) "Eligibility period" means:

(a) the period that:

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

(ii) ends:

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

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

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

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

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

(11) "Endorsement letter" means a letter:

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- (a) from the county in which a qualified hotel is located or is proposed to be located;
- (b) signed by the county executive; and
- (c) expressing the county's endorsement of a developer of a qualified hotel as meeting all the county's criteria for receiving the county's endorsement.

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

(13) "Host local government" means:

- (a) a county that enters into an agreement with the office for the construction of a qualified hotel within the unincorporated area of the county; or
- (b) a city or town that enters into an agreement with the office for the construction of a qualified hotel within the boundary of the city or town.

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

(15) "Incentive fund" means the Convention Incentive Fund created in Section 63N-2-503.5.

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

- (a) the amount of property tax revenue generated in any tax year by all taxing entities from hotel property, using the current assessed value of the hotel property; and
- (b) the amount of property tax revenue that would be generated that tax year by all taxing entities from hotel property, using the hotel property's base taxable value.

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

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

- (a) Section 59-12-204;
- (b) Section 59-12-301;
- (c) Sections 59-12-352 and 59-12-353;
- (d) Subsection 59-12-603(1)(a)(i)(A);
- (e) Subsection 59-12-603(1)(a)(i)(B);
- (f) Subsection 59-12-603(1)(a)(ii);

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

(h) Section 59-12-1102.

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

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

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

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

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

(22) "Public infrastructure" means:

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

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

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

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

(a) requires a significant capital investment;

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

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

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

(25) "Review committee" means the independent review committee established under Section 63N-2-504.

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

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

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taxes.

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

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

(a) occurring other than on hotel property;

(b) that is:

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

(ii) the sale of tangible personal property or a service that is part of a bundled transaction, as defined in Section 59-12-102, with a sale, rental, or lease described in Subsection (29)(b)(i); and

(c) that is subject to a tax under Title 59, Chapter 12, Sales and Use Tax Act.

Section 27. Section **72-2-126** is amended to read:

72-2-126. Aeronautics Restricted Account.

(1) There is created a restricted account entitled the Aeronautics Restricted Account within the Transportation Fund.

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

(a) aviation fuel tax allocated for aeronautical operations deposited into the account in accordance with Section 59-13-402;

(b) carbon emissions tax revenue deposited into the account in accordance with Section 59-30-203;

~~(b)~~ (c) aircraft registration fees deposited into the account in accordance with Section 72-10-110;

~~(c)~~ (d) appropriations made to the account by the Legislature;

~~(d)~~ (e) contributions from other public and private sources for deposit into the account; and

~~(e)~~ (f) interest earned on account money.

(3) The department shall allocate funds in the account to the separate accounts of individual airports as required under Section 59-13-402.

(4) (a) Except as provided in Subsection (4)(b), the department shall use funds in the account for:

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(i) the construction, improvement, operation, and maintenance of publicly used airports in this state;

(ii) the payment of principal and interest on indebtedness incurred for the purposes described in this Subsection (4)(a);

(iii) operation of the division of aeronautics;

(iv) the promotion of aeronautics in this state; and

(v) the payment of the costs and expenses of the Department of Transportation in administering Title 59, Chapter 13, Part 4, Aviation Fuel, or another law conferring upon it the duty of regulating and supervising aeronautics in this state.

(b) The department may use funds in the account for the support of aerial search and rescue operations, provided that no money deposited into the account under Subsection (2)(a) is used for that purpose.

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

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

Section 28. **Effective date.**

~~This~~(1) Except as provided in Subsection (2), this bill takes effect on ~~December 31,~~
2020.

January 1, 2020.

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