

**MINERAL PRODUCTION TAX WITHHOLDING AMENDMENTS**

2024 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Bridger Bolinder**

Senate Sponsor: Curtis S. Bramble

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**LONG TITLE**

**Committee Note:**

The Revenue and Taxation Interim Committee recommended this bill.

Legislative Vote: 11 voting for 1 voting against 6 absent

**General Description:**

This bill modifies requirements for mineral production tax withholding.

**Highlighted Provisions:**

This bill:

- ▶ provides penalty provisions that apply if a producer fails to file a form 1099 or fails to file the form 1099 on time;
- ▶ amends the percentage of the mineral production tax a producer withholds to align with the income tax rate;
- ▶ amends the information a producer is required to provide on a withholding return;
- ▶ provides the requirements for a producer to file a form 1099 with the State Tax Commission; 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:**



28 AMENDS:

29 **59-1-401**, as last amended by Laws of Utah 2023, Chapter 471

30 **59-6-102**, as last amended by Laws of Utah 2008, Chapter 255

31 **59-6-103**, as last amended by Laws of Utah 2017, Chapter 226



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

34 Section 1. Section **59-1-401** is amended to read:

35 **59-1-401. Definitions -- Offenses and penalties -- Rulemaking authority -- Statute**  
36 **of limitations -- Commission authority to waive, reduce, or compromise penalty or**  
37 **interest.**

38 (1) As used in this section:

39 (a) "Tax, fee, or charge" means:

40 (i) a tax, fee, or charge the commission administers under:

41 (A) this title;

42 (B) Title 10, Chapter 1, Part 3, Municipal Energy Sales and Use Tax Act;

43 (C) Title 10, Chapter 1, Part 4, Municipal Telecommunications License Tax Act;

44 (D) Section **19-6-410.5**;

45 (E) Section **19-6-714**;

46 (F) Section **19-6-805**;

47 (G) Section **34A-2-202**;

48 (H) Section **40-6-14**; or

49 (I) Title 69, Chapter 2, Part 4, Prepaid Wireless Telecommunications Service Charges;

50 or

51 (ii) another amount that by statute is subject to a penalty imposed under this section.

52 (b) "Tax, fee, or charge" does not include a tax, fee, or charge imposed under:

53 (i) Title 41, Chapter 1a, Motor Vehicle Act, except for Section **41-1a-301**;

54 (ii) Title 41, Chapter 3, Motor Vehicle Business Regulation Act;

55 (iii) Chapter 2, Property Tax Act, except for Section **59-2-1309**;

56 (iv) Chapter 3, Tax Equivalent Property Act; or

57 (v) Chapter 4, Privilege Tax.

58 (2) (a) The due date for filing a return is:

- 59 (i) if the person filing the return is not allowed by law an extension of time for filing  
60 the return, the day on which the return is due as provided by law; or
- 61 (ii) if the person filing the return is allowed by law an extension of time for filing the  
62 return, the earlier of:
- 63 (A) the date the person files the return; or
- 64 (B) the last day of that extension of time as allowed by law.
- 65 (b) A penalty in the amount described in Subsection (2)(c) is imposed if a person files a  
66 return after the due date described in Subsection (2)(a).
- 67 (c) For purposes of Subsection (2)(b), the penalty is an amount equal to the greater of:
- 68 (i) \$20; or
- 69 (ii) (A) 2% of the unpaid tax, fee, or charge due on the return if the return is filed no  
70 later than five days after the due date described in Subsection (2)(a);
- 71 (B) 5% of the unpaid tax, fee, or charge due on the return if the return is filed more  
72 than five days after the due date but no later than 15 days after the due date described in  
73 Subsection (2)(a); or
- 74 (C) 10% of the unpaid tax, fee, or charge due on the return if the return is filed more  
75 than 15 days after the due date described in Subsection (2)(a).
- 76 (d) This Subsection (2) does not apply to:
- 77 (i) an amended return; or
- 78 (ii) a return with no tax due.
- 79 (3) (a) Except as provided in Subsection (15), a person is subject to a penalty for  
80 failure to pay a tax, fee, or charge if:
- 81 (i) the person files a return on or before the due date for filing a return described in  
82 Subsection (2)(a), but fails to pay the tax, fee, or charge due on the return on or before that due  
83 date;
- 84 (ii) the person:
- 85 (A) is subject to a penalty under Subsection (2)(b); and
- 86 (B) fails to pay the tax, fee, or charge due on a return within a 90-day period after the  
87 due date for filing a return described in Subsection (2)(a);
- 88 (iii) (A) the person is subject to a penalty under Subsection (2)(b); and
- 89 (B) the commission estimates an amount of tax due for that person in accordance with

90 Subsection 59-1-1406(2);

91 (iv) the person:

92 (A) is mailed a notice of deficiency; and

93 (B) within a 30-day period after the day on which the notice of deficiency described in

94 Subsection (3)(a)(iv)(A) is mailed:

95 (I) does not file a petition for redetermination or a request for agency action; and

96 (II) fails to pay the tax, fee, or charge due on a return;

97 (v) (A) the commission:

98 (I) issues an order constituting final agency action resulting from a timely filed petition  
99 for redetermination or a timely filed request for agency action; or

100 (II) is considered to have denied a request for reconsideration under Subsection  
101 63G-4-302(3)(b) resulting from a timely filed petition for redetermination or a timely filed  
102 request for agency action; and

103 (B) the person fails to pay the tax, fee, or charge due on a return within a 30-day period  
104 after the date the commission:

105 (I) issues the order constituting final agency action described in Subsection  
106 (3)(a)(v)(A)(I); or

107 (II) is considered to have denied the request for reconsideration described in  
108 Subsection (3)(a)(v)(A)(II); or

109 (vi) the person fails to pay the tax, fee, or charge within a 30-day period after the date  
110 of a final judicial decision resulting from a timely filed petition for judicial review.

111 (b) For purposes of Subsection (3)(a), the penalty is an amount equal to the greater of:

112 (i) \$20; or

113 (ii) (A) 2% of the unpaid tax, fee, or charge due on the return if the activated tax, fee,  
114 or charge due on the return is paid no later than five days after the due date for filing a return  
115 described in Subsection (2)(a);

116 (B) 5% of the unpaid tax, fee, or charge due on the return if the activated tax, fee, or  
117 charge due on the return is paid more than five days after the due date for filing a return  
118 described in Subsection (2)(a) but no later than 15 days after that due date; or

119 (C) 10% of the unpaid tax, fee, or charge due on the return if the activated tax, fee, or  
120 charge due on the return is paid more than 15 days after the due date for filing a return

121 described in Subsection (2)(a).

122 (4) (a) In the case of any underpayment of estimated tax or quarterly installments  
123 required by Sections 59-5-107, 59-5-207, 59-7-504, and 59-9-104, there shall be added a  
124 penalty in an amount determined by applying the interest rate provided under Section 59-1-402  
125 plus four percentage points to the amount of the underpayment for the period of the  
126 underpayment.

127 (b) (i) For purposes of Subsection (4)(a), the amount of the underpayment shall be the  
128 excess of the required installment over the amount, if any, of the installment paid on or before  
129 the due date for the installment.

130 (ii) The period of the underpayment shall run from the due date for the installment to  
131 whichever of the following dates is the earlier:

132 (A) the original due date of the tax return, without extensions, for the taxable year; or

133 (B) with respect to any portion of the underpayment, the date on which that portion is  
134 paid.

135 (iii) For purposes of this Subsection (4), a payment of estimated tax shall be credited  
136 against unpaid required installments in the order in which the installments are required to be  
137 paid.

138 (5) (a) Notwithstanding Subsection (2) and except as provided in Subsection (6), a  
139 person allowed by law an extension of time for filing a corporate franchise or income tax return  
140 under Chapter 7, Corporate Franchise and Income Taxes, or an individual income tax return  
141 under Chapter 10, Individual Income Tax Act, is subject to a penalty in the amount described in  
142 Subsection (5)(b) if, on or before the day on which the return is due as provided by law, not  
143 including the extension of time, the person fails to pay:

144 (i) for a person filing a corporate franchise or income tax return under Chapter 7,  
145 Corporate Franchise and Income Taxes, the payment required by Subsection 59-7-507(1)(b); or

146 (ii) for a person filing an individual income tax return under Chapter 10, Individual  
147 Income Tax Act, the payment required by Subsection 59-10-516(2).

148 (b) For purposes of Subsection (5)(a), the penalty per month during the period of the  
149 extension of time for filing the return is an amount equal to 2% of the tax due on the return,  
150 unpaid as of the day on which the return is due as provided by law.

151 (6) If a person does not file a return within an extension of time allowed by Section

152 59-7-505 or 59-10-516, the person:

153 (a) is not subject to a penalty in the amount described in Subsection (5)(b); and

154 (b) is subject to a penalty in an amount equal to the sum of:

155 (i) a late file penalty in an amount equal to the greater of:

156 (A) \$20; or

157 (B) 10% of the tax due on the return, unpaid as of the day on which the return is due as  
158 provided by law, not including the extension of time; and

159 (ii) a late pay penalty in an amount equal to the greater of:

160 (A) \$20; or

161 (B) 10% of the unpaid tax due on the return, unpaid as of the day on which the return is  
162 due as provided by law, not including the extension of time.

163 (7) (a) Additional penalties for an underpayment of a tax, fee, or charge are as provided  
164 in this Subsection (7)(a).

165 (i) Except as provided in Subsection (7)(c), if any portion of an underpayment of a tax,  
166 fee, or charge is due to negligence, the penalty is 10% of the portion of the underpayment that  
167 is due to negligence.

168 (ii) Except as provided in Subsection (7)(d), if any portion of an underpayment of a  
169 tax, fee, or charge is due to intentional disregard of law or rule, the penalty is 15% of the entire  
170 underpayment.

171 (iii) If any portion of an underpayment is due to an intent to evade a tax, fee, or charge,  
172 the penalty is the greater of \$500 per period or 50% of the entire underpayment.

173 (iv) If any portion of an underpayment is due to fraud with intent to evade a tax, fee, or  
174 charge, the penalty is the greater of \$500 per period or 100% of the entire underpayment.

175 (b) If the commission determines that a person is liable for a penalty imposed under  
176 Subsection (7)(a)(ii), (iii), or (iv), the commission shall notify the person of the proposed  
177 penalty.

178 (i) The notice of proposed penalty shall:

179 (A) set forth the basis of the assessment; and

180 (B) be mailed by certified mail, postage prepaid, to the person's last-known address.

181 (ii) Upon receipt of the notice of proposed penalty, the person against whom the  
182 penalty is proposed may:

183 (A) pay the amount of the proposed penalty at the place and time stated in the notice;

184 or

185 (B) proceed in accordance with the review procedures of Subsection (7)(b)(iii).

186 (iii) A person against whom a penalty is proposed in accordance with this Subsection  
187 (7) may contest the proposed penalty by filing a petition for an adjudicative proceeding with  
188 the commission.

189 (iv) (A) If the commission determines that a person is liable for a penalty under this  
190 Subsection (7), the commission shall assess the penalty and give notice and demand for  
191 payment.

192 (B) The commission shall mail the notice and demand for payment described in  
193 Subsection (7)(b)(iv)(A):

194 (I) to the person's last-known address; and

195 (II) in accordance with Section 59-1-1404.

196 (c) A seller that voluntarily collects a tax under Subsection 59-12-107(2)(d) is not  
197 subject to the penalty under Subsection (7)(a)(i) if on or after July 1, 2001:

198 (i) a court of competent jurisdiction issues a final unappealable judgment or order  
199 determining that:

200 (A) the seller meets one or more of the criteria described in Subsection 59-12-107(2)(a)  
201 or is a seller required to pay or collect and remit sales and use taxes under Subsection  
202 59-12-107(2)(b) or (2)(c); and

203 (B) the commission or a county, city, or town may require the seller to collect a tax  
204 under Subsections 59-12-103(2)(a) through (e); or

205 (ii) the commission issues a final unappealable administrative order determining that:

206 (A) the seller meets one or more of the criteria described in Subsection 59-12-107(2)(a)  
207 or is a seller required to pay or collect and remit sales and use taxes under Subsection  
208 59-12-107(2)(b) or (2)(c); and

209 (B) the commission or a county, city, or town may require the seller to collect a tax  
210 under Subsections 59-12-103(2)(a) through (e).

211 (d) A seller that voluntarily collects a tax under Subsection 59-12-107(2)(d) is not  
212 subject to the penalty under Subsection (7)(a)(ii) if:

213 (i) (A) a court of competent jurisdiction issues a final unappealable judgment or order

214 determining that:

215 (I) the seller meets one or more of the criteria described in Subsection 59-12-107(2)(a)  
216 or is a seller required to pay or collect and remit sales and use taxes under Subsection  
217 59-12-107(2)(b) or (2)(c); and

218 (II) the commission or a county, city, or town may require the seller to collect a tax  
219 under Subsections 59-12-103(2)(a) through (e); or

220 (B) the commission issues a final unappealable administrative order determining that:

221 (I) the seller meets one or more of the criteria described in Subsection 59-12-107(2)(a)  
222 or is a seller required to pay or collect and remit sales and use taxes under Subsection  
223 59-12-107(2)(b) or (2)(c); and

224 (II) the commission or a county, city, or town may require the seller to collect a tax  
225 under Subsections 59-12-103(2)(a) through (e); and

226 (ii) the seller's intentional disregard of law or rule is warranted by existing law or by a  
227 nonfrivolous argument for the extension, modification, or reversal of existing law or the  
228 establishment of new law.

229 (8) (a) Subject to Subsections (8)(b) and (c), the penalty for failure to file an  
230 information return, information report, or a complete supporting schedule is \$50 for each  
231 information return, information report, or supporting schedule up to a maximum of \$1,000.

232 (b) If an employer is subject to a penalty under Subsection (13), the employer may not  
233 be subject to a penalty under Subsection (8)(a).

234 (c) If an employer is subject to a penalty under this Subsection (8) for failure to file a  
235 return in accordance with Subsection 59-10-406(3) on or before the due date described in  
236 Subsection 59-10-406(3)(b)(ii), the commission may not impose a penalty under this  
237 Subsection (8) unless the return is filed more than 14 days after the due date described in  
238 Subsection 59-10-406(3)(b)(ii).

239 (9) If a person, in furtherance of a frivolous position, has a prima facie intent to delay  
240 or impede administration of a law relating to a tax, fee, or charge and files a purported return  
241 that fails to contain information from which the correctness of reported tax, fee, or charge  
242 liability can be determined or that clearly indicates that the tax, fee, or charge liability shown is  
243 substantially incorrect, the penalty is \$500.

244 (10) (a) A seller that fails to remit a tax, fee, or charge monthly as required by



245 Subsection 59-12-108(1)(a):

246 (i) is subject to a penalty described in Subsection (2); and

247 (ii) may not retain the percentage of sales and use taxes that would otherwise be  
248 allowable under Subsection 59-12-108(2).

249 (b) A seller that fails to remit a tax, fee, or charge by electronic funds transfer as  
250 required by Subsection 59-12-108(1)(a)(ii)(B):

251 (i) is subject to a penalty described in Subsection (2); and

252 (ii) may not retain the percentage of sales and use taxes that would otherwise be  
253 allowable under Subsection 59-12-108(2).

254 (11) (a) A person is subject to the penalty provided in Subsection (11)(c) if that person:

255 (i) commits an act described in Subsection (11)(b) with respect to one or more of the  
256 following documents:

257 (A) a return;

258 (B) an affidavit;

259 (C) a claim; or

260 (D) a document similar to Subsections (11)(a)(i)(A) through (C);

261 (ii) knows or has reason to believe that the document described in Subsection (11)(a)(i)  
262 will be used in connection with any material matter administered by the commission; and

263 (iii) knows that the document described in Subsection (11)(a)(i), if used in connection  
264 with any material matter administered by the commission, would result in an understatement of  
265 another person's liability for a tax, fee, or charge.

266 (b) The following acts apply to Subsection (11)(a)(i):

267 (i) preparing any portion of a document described in Subsection (11)(a)(i);

268 (ii) presenting any portion of a document described in Subsection (11)(a)(i);

269 (iii) procuring any portion of a document described in Subsection (11)(a)(i);

270 (iv) advising in the preparation or presentation of any portion of a document described  
271 in Subsection (11)(a)(i);

272 (v) aiding in the preparation or presentation of any portion of a document described in  
273 Subsection (11)(a)(i);

274 (vi) assisting in the preparation or presentation of any portion of a document described  
275 in Subsection (11)(a)(i); or

276 (vii) counseling in the preparation or presentation of any portion of a document  
277 described in Subsection (11)(a)(i).

278 (c) For purposes of Subsection (11)(a), the penalty:

279 (i) shall be imposed by the commission;

280 (ii) is \$500 for each document described in Subsection (11)(a)(i) with respect to which  
281 the person described in Subsection (11)(a) meets the requirements of Subsection (11)(a); and

282 (iii) is in addition to any other penalty provided by law.

283 (d) The commission may seek a court order to enjoin a person from engaging in  
284 conduct that is subject to a penalty under this Subsection (11).

285 (e) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
286 commission may make rules prescribing the documents that are similar to Subsections  
287 (11)(a)(i)(A) through (C).

288 (12) (a) As provided in Section 76-8-1101, criminal offenses and penalties are as  
289 provided in Subsections (12)(b) through (e).

290 (b) (i) A person who is required by this title or any laws the commission administers or  
291 regulates to register with or obtain a license or permit from the commission, who operates  
292 without having registered or secured a license or permit, or who operates when the registration,  
293 license, or permit is expired or not current, is guilty of a class B misdemeanor.

294 (ii) Notwithstanding Section 76-3-301, for purposes of Subsection (12)(b)(i), the  
295 penalty may not:

296 (A) be less than \$500; or

297 (B) exceed \$1,000.

298 (c) (i) With respect to a tax, fee, or charge, a person who knowingly and intentionally,  
299 and without a reasonable good faith basis, fails to make, render, sign, or verify a return within  
300 the time required by law or to supply information within the time required by law, or who  
301 makes, renders, signs, or verifies a false or fraudulent return or statement, or who supplies false  
302 or fraudulent information, is guilty of a third degree felony.

303 (ii) Notwithstanding Section 76-3-301, for purposes of Subsection (12)(c)(i), the  
304 penalty may not:

305 (A) be less than \$1,000; or

306 (B) exceed \$5,000.

307 (d) (i) A person who intentionally or willfully attempts to evade or defeat a tax, fee, or  
308 charge or the payment of a tax, fee, or charge is, in addition to other penalties provided by law,  
309 guilty of a second degree felony.

310 (ii) Notwithstanding Section 76-3-301, for purposes of Subsection (12)(d)(i), the  
311 penalty may not:

312 (A) be less than \$1,500; or

313 (B) exceed \$25,000.

314 (e) (i) A person is guilty of a second degree felony if that person commits an act:

315 (A) described in Subsection (12)(e)(ii) with respect to one or more of the following  
316 documents:

317 (I) a return;

318 (II) an affidavit;

319 (III) a claim; or

320 (IV) a document similar to Subsections (12)(e)(i)(A)(I) through (III); and

321 (B) subject to Subsection (12)(e)(iii), with knowledge that the document described in  
322 Subsection (12)(e)(i)(A):

323 (I) is false or fraudulent as to any material matter; and

324 (II) could be used in connection with any material matter administered by the  
325 commission.

326 (ii) The following acts apply to Subsection (12)(e)(i):

327 (A) preparing any portion of a document described in Subsection (12)(e)(i)(A);

328 (B) presenting any portion of a document described in Subsection (12)(e)(i)(A);

329 (C) procuring any portion of a document described in Subsection (12)(e)(i)(A);

330 (D) advising in the preparation or presentation of any portion of a document described  
331 in Subsection (12)(e)(i)(A);

332 (E) aiding in the preparation or presentation of any portion of a document described in  
333 Subsection (12)(e)(i)(A);

334 (F) assisting in the preparation or presentation of any portion of a document described  
335 in Subsection (12)(e)(i)(A); or

336 (G) counseling in the preparation or presentation of any portion of a document  
337 described in Subsection (12)(e)(i)(A).

338 (iii) This Subsection (12)(e) applies:  
339 (A) regardless of whether the person for which the document described in Subsection  
340 (12)(e)(i)(A) is prepared or presented:  
341 (I) knew of the falsity of the document described in Subsection (12)(e)(i)(A); or  
342 (II) consented to the falsity of the document described in Subsection (12)(e)(i)(A); and  
343 (B) in addition to any other penalty provided by law.  
344 (iv) Notwithstanding Section 76-3-301, for purposes of this Subsection (12)(e), the  
345 penalty may not:  
346 (A) be less than \$1,500; or  
347 (B) exceed \$25,000.  
348 (v) The commission may seek a court order to enjoin a person from engaging in  
349 conduct that is subject to a penalty under this Subsection (12)(e).  
350 (vi) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,  
351 the commission may make rules prescribing the documents that are similar to Subsections  
352 (12)(e)(i)(A)(I) through (III).  
353 (f) The statute of limitations for prosecution for a violation of this Subsection (12) is  
354 the later of six years:  
355 (i) from the date the tax should have been remitted; or  
356 (ii) after the day on which the person commits the criminal offense.  
357 (13) (a) ~~Subject to Subsection (13)(b), an~~ An employer that is required to file a form  
358 with the commission in accordance with Subsection 59-10-406(8) or (9) is subject to a penalty  
359 described in Subsection (13)(b) if the employer:  
360 (i) fails to file the form with the commission in an electronic format approved by the  
361 commission as required by Subsection 59-10-406(8) or (9);  
362 (ii) fails to file the form on or before the due date provided in Subsection 59-10-406(8)  
363 or (9);  
364 (iii) fails to provide accurate information on the form; or  
365 (iv) fails to provide all of the information required by the Internal Revenue Service to  
366 be contained on the form.  
367 (b) For purposes of Subsection (13)(a), the penalty is:  
368 (i) \$30 per form, not to exceed \$75,000 in a calendar year, if the employer files the

369 form in accordance with Subsection 59-10-406(8) or (9), more than 14 days [~~after the due date~~  
370 ~~provided in Subsection 59-10-406(8) or (9)]~~, but no later than 30 days, after the due date  
371 provided in Subsection 59-10-406(8) or (9);

372 (ii) \$60 per form, not to exceed \$200,000 in a calendar year, if the employer files the  
373 form in accordance with Subsection 59-10-406(8) or (9), more than 30 days after the due date  
374 provided in Subsection 59-10-406(8) or (9) but on or before June 1; or

375 (iii) \$100 per form, not to exceed \$500,000 in a calendar year, if the employer:

376 (A) files the form in accordance with Subsection 59-10-406(8) or (9) after June 1; or

377 (B) fails to file the form.

378 (c) A producer that is required to file a form with the commission in accordance with  
379 Subsection 59-6-103(3) is subject to a penalty described in Subsection (13)(d) if the producer:

380 (i) fails to file the form with the commission in the format approved by the commission  
381 as required by Subsection 59-6-103(3);

382 (ii) fails to file the form on or before the due date provided in Subsection 59-6-103(3);

383 (iii) fails to provide accurate information on the form; or

384 (iv) fails to provide all of the information required by the Internal Revenue Service to  
385 be contained on the form.

386 (d) For purposes of Subsection (13)(c), the penalty is:

387 (i) \$30 per form, not to exceed \$75,000 in a calendar year, if the producer files the  
388 form in accordance with Subsection 59-6-103(3), more than 14 days, but no later than 30 days,  
389 after the due date provided in Subsection 59-6-103(3);

390 (ii) \$60 per form, not to exceed \$200,000 in a calendar year, if the producer files the  
391 form in accordance with Subsection 59-6-103(3), more than 30 days after the due date provided  
392 in Subsection 59-6-103(3) but on or before June 1; or

393 (iii) \$100 per form, not to exceed \$500,000 in a calendar year, if the producer:

394 (A) files the form in accordance with Subsection 59-6-103(3) after June 1; or

395 (B) fails to file the form.

396 (14) Upon making a record of the commission's actions, and upon reasonable cause  
397 shown, the commission may waive, reduce, or compromise any of the penalties or interest  
398 imposed under this part.

399 (15) Failure to pay a tax described in Subsection 59-10-1403.2(2) shall be subject to a

400 penalty as described in Subsection (3) except that the penalty shall be:

401 (a) assessed only if the pass-through entity reports tax paid on a Utah Schedule K-1 but  
402 does not pay some or all of the tax reported; and

403 (b) calculated based on the difference between the amount of tax reported and the  
404 amount of tax paid.

405 Section 2. Section **59-6-102** is amended to read:

406 **59-6-102. Producer's obligation to deduct and withhold payments -- Amount --**  
407 **Exempt payments -- Credit against tax.**

408 (1) Except as provided in Subsection (2), each producer shall deduct and withhold  
409 from each payment being made to any person in respect to production of minerals in this state,  
410 but not including that to which the producer is entitled, an amount equal to ~~[5% of]~~ the product  
411 of:

412 (a) the amount ~~[which]~~ that would have otherwise been payable to the person entitled  
413 to the payment; and

414 (b) the percentage listed in Subsection [59-10-104\(2\)\(b\)](#).

415 (2) The obligation to deduct and withhold from payments as provided in Subsection (1)  
416 does not apply to those payments ~~[which]~~ that are payable to:

417 (a) the United States, this state, or an agency or political subdivision of the United  
418 States or this state;

419 (b) an organization that is exempt from the taxes imposed by Chapter 7, Corporate  
420 Franchise and Income Taxes, in accordance with Subsection [59-7-102\(1\)\(a\)](#);

421 (c) an Indian or Indian tribe if the amounts accruing are subject to the supervision of  
422 the United States or an agency of the United States; or

423 (d) a business entity that files an exemption certificate in accordance with Section  
424 [59-6-102.1](#).

425 (3) A claimant, estate, or trust that files a tax return with the commission may claim a  
426 refundable tax credit against the tax reflected on the tax return for the amount withheld by the  
427 producer under Subsection (1).

428 Section 3. Section **59-6-103** is amended to read:

429 **59-6-103. Returns and payments required of producers.**

430 (1) (a) Subject to Subsection (1)(b), a producer required to deduct and withhold an

431 amount under this chapter shall file a withholding return with the commission:

432 (i) for the amounts required to be deducted and withheld under this chapter during the  
433 preceding calendar quarter; ~~and]~~

434 (ii) in an electronic format ~~[prescribed]~~ approved by the commission~~[-]; and~~

435 (iii) that contains any information the commission requires.

436 (b) A withholding return described in Subsection (1)(a) is due on or before the last day  
437 of April, July, October, and January.

438 (c) (i) Each producer shall file an annual return containing the information that the  
439 commission requires.

440 (ii) The producer shall file the annual return:

441 (A) in an electronic format approved by the commission; and

442 (B) on or before January 31 of the year following that for which the return is made.

443 ~~[(c) A withholding return described in Subsection (1)(a) shall contain:]~~

444 ~~[(i) the name and address of each person receiving a payment subject to the deduction  
445 and withholding requirements of this chapter for the calendar quarter for which the withholding  
446 return is filed;]~~

447 ~~[(ii) for each person described in Subsection (1)(c)(i), the amount of payment the  
448 person would have received from the production of minerals by the producer had the deduction  
449 and withholding required by this chapter not been made for the calendar quarter for which the  
450 withholding return is filed;]~~

451 ~~[(iii) for each person described in Subsection (1)(c)(i), the amount of deduction and  
452 withholding under this chapter for the calendar quarter for which the withholding return is  
453 filed;]~~

454 ~~[(iv) the name or description of the property from which the production of minerals  
455 occurs that results in a payment subject to deduction and withholding under this chapter; and]~~

456 ~~[(v) for each person described in Subsection (1)(c)(i), the interest of the person in the  
457 production of minerals that results in a payment subject to deduction and withholding under  
458 this chapter;]~~

459 (2) (a) If a producer receives an exemption certificate filed in accordance with Section  
460 [59-6-102.1](#) from a business entity, the producer shall file a withholding return with the  
461 commission:

462 (i) ~~[on a form prescribed]~~ in a format approved by the commission; and  
463 (ii) on or before the January 31 following the last day of the taxable year for which the  
464 producer receives the exemption certificate from the business entity.

465 (b) The withholding return required by Subsection (2)(a) shall contain:

466 (i) the name and address of the business entity that files the exemption certificate in  
467 accordance with Section [59-6-102.1](#);

468 (ii) the amount of the payment made by the producer to the business entity that would  
469 have been subject to deduction and withholding under this chapter had the business entity not  
470 filed the exemption certificate in accordance with Section [59-6-102.1](#);

471 (iii) the name or description of the property from which the production of minerals  
472 occurs that would have resulted in a payment subject to deduction and withholding under this  
473 chapter had the business entity not filed the exemption certificate in accordance with Section  
474 [59-6-102.1](#); and

475 (iv) the interest of the business entity in the production of minerals that would have  
476 resulted in a payment subject to deduction and withholding under this chapter had the business  
477 entity not filed the exemption certificate in accordance with Section [59-6-102.1](#).

478 (3) (a) Subject to Subsections (3)(b) and (c), the commission shall require a producer  
479 that issues the following forms for a taxable year to file the forms with the commission in an  
480 electronic format approved by the commission:

481 (i) a federal Form 1099 filed for purposes of withholding under Section [59-6-103](#); or

482 (ii) a federal form substantially similar to a form described in Subsection (3)(a)(i) if  
483 designated by the commission in accordance with Subsection (3)(d).

484 (b) A producer that is required to file a form with the commission in accordance with  
485 Subsection (3)(a) shall file the form on or before January 31.

486 (c) A producer that is required to file a form with the commission in accordance with  
487 Subsection (3)(a) shall provide:

488 (i) accurate information on the form; and

489 (ii) all of the information required by the Internal Revenue Service to be contained on  
490 the form.

491 (d) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, for  
492 purposes of Subsection (3)(a), the commission may designate a federal form as being



493 substantially similar to a form described in Subsection (3)(a)(i) if:

494 (i) for purposes of federal individual income taxes, a different federal form contains  
495 substantially similar information to a form described in Subsection (3)(a)(i); or

496 (ii) the Internal Revenue Service replaces a form described in Subsection (3)(a)(i) with  
497 a different federal form.

498 Section 4. **Effective date.**

499 (1) Except as provided in Subsection (2), this bill takes effect on January 1, 2025.

500 (2) Section [59-6-102](#) takes effect for a taxable year beginning on or after January 1,  
501 2025.