

FOSSIL FUELS TAX AMENDMENTS

2022 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Derek L. Kitchen

House Sponsor: _____

LONG TITLE

General Description:

This bill creates a tax on carbon dioxide emissions.

Highlighted Provisions:

This bill:

▶ 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
- creates restricted accounts in which to deposit carbon emissions tax revenue and

provides for the accounts' uses;

▶ prohibits a large transit district from charging a fare to a passenger of a public transit service;

▶ requires the Department of Environmental Quality to certify carbon emissions by certain taxpayers;

▶ creates a refundable state earned income tax credit and provides for apportionment of that tax credit;

▶ requires the Division of Finance to reimburse the Education Fund from the Carbon Emissions Revenue Restricted Account for earned income tax credits claimed;



- 28 ▶ eliminates the state sales and use tax on food;
- 29 ▶ eliminates the state sales and use tax on residential fuel and commercial fuel;
- 30 ▶ modifies the formulas for calculating earmarks of sales and use tax revenue to
- 31 account for the deposit of carbon emissions tax revenue; and
- 32 ▶ makes technical and conforming changes.

33 Money Appropriated in this Bill:

34 None

35 Other Special Clauses:

36 This bill provides a special effective date.

37 Utah Code Sections Affected:

38 AMENDS:

39 **17B-2a-808.1**, as last amended by Laws of Utah 2021, Chapter 239

40 **17B-2a-815**, as last amended by Laws of Utah 2013, Chapter 216

41 **59-12-103**, as last amended by Laws of Utah 2021, Chapters 367, 387, and 411

42 **72-2-126**, as last amended by Laws of Utah 2016, Chapter 38

43 ENACTS:

44 **19-1-208**, Utah Code Annotated 1953

45 **59-10-1102.1**, Utah Code Annotated 1953

46 **59-10-1114**, Utah Code Annotated 1953

47 **59-30-101**, Utah Code Annotated 1953

48 **59-30-102**, Utah Code Annotated 1953

49 **59-30-103**, Utah Code Annotated 1953

50 **59-30-201**, Utah Code Annotated 1953

51 **59-30-202**, Utah Code Annotated 1953

52 **59-30-203**, Utah Code Annotated 1953

53 **59-30-204**, Utah Code Annotated 1953

54 **59-30-205**, Utah Code Annotated 1953

55 **59-30-206**, Utah Code Annotated 1953

56 **59-30-207**, Utah Code Annotated 1953

57 **59-30-301**, Utah Code Annotated 1953

58 **59-30-302**, Utah Code Annotated 1953

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

Section 1. Section **17B-2a-808.1** is amended to read:

17B-2a-808.1. Large public transit district board of trustees powers and duties -- Adoption of ordinances, resolutions, or orders -- Effective date of ordinances.

(1) The powers and duties of a board of trustees of a large public transit district stated in this section are in addition to the powers and duties stated in Section [17B-1-301](#).

(2) The board of trustees of each large public transit district shall:

(a) hold public meetings and receive public comment;

(b) ensure that the policies, procedures, and management practices established by the public transit district meet state and federal regulatory requirements and federal grantee eligibility;

(c) subject to Subsection (8), create and approve an annual budget, including the issuance of bonds and other financial instruments, after consultation with the local advisory council;

(d) approve any interlocal agreement with a local jurisdiction;

(e) in consultation with the local advisory council, approve contracts and overall property acquisitions and dispositions for transit-oriented development;

(f) in consultation with constituent counties, municipalities, metropolitan planning organizations, and the local advisory council:

(i) develop and approve a strategic plan for development and operations on at least a four-year basis; and

(ii) create and pursue funding opportunities for transit capital and service initiatives to meet anticipated growth within the public transit district;

(g) annually report the public transit district's long-term financial plan to the State Bonding Commission;

(h) annually report the public transit district's progress and expenditures related to state resources to the Executive Appropriations Committee and the Infrastructure and General Government Appropriations Subcommittee;

(i) annually report to the Transportation Interim Committee the public transit district's efforts to engage in public-private partnerships for public transit services;

- 90 (j) hire, set salaries, and develop performance targets and evaluations for:
- 91 (i) the executive director; and
- 92 (ii) all chief level officers;
- 93 (k) supervise and regulate each transit facility that the public transit district owns and
- 94 operates, including:
 - 95 (i) fix rates, fares, rentals, charges and any classifications of rates, fares, rentals, and
 - 96 charges; and
 - 97 (ii) make and enforce rules, regulations, contracts, practices, and schedules for or in
 - 98 connection with a transit facility that the district owns or controls;
 - 99 (l) subject to Subsection (4), control the investment of all funds assigned to the district
 - 100 for investment, including funds:
 - 101 (i) held as part of a district's retirement system; and
 - 102 (ii) invested in accordance with the participating employees' designation or direction
 - 103 pursuant to an employee deferred compensation plan established and operated in compliance
 - 104 with Section 457 of the Internal Revenue Code;
 - 105 (m) in consultation with the local advisory council created under Section
 - 106 [17B-2a-808.2](#), invest all funds according to the procedures and requirements of Title 51,
 - 107 Chapter 7, State Money Management Act;
 - 108 (n) if a custodian is appointed under Subsection (3)(d), and subject to Subsection (4),
 - 109 pay the fees for the custodian's services from the interest earnings of the investment fund for
 - 110 which the custodian is appointed;
 - 111 (o) (i) cause an annual audit of all public transit district books and accounts to be made
 - 112 by an independent certified public accountant;
 - 113 (ii) as soon as practicable after the close of each fiscal year, submit to each of the
 - 114 councils of governments within the public transit district a financial report showing:
 - 115 (A) the result of district operations during the preceding fiscal year;
 - 116 (B) an accounting of the expenditures of all local sales and use tax revenues generated
 - 117 under Title 59, Chapter 12, Part 22, Local Option Sales and Use Taxes for Transportation Act;
 - 118 (C) the district's financial status on the final day of the fiscal year; and
 - 119 (D) the district's progress and efforts to improve efficiency relative to the previous
 - 120 fiscal year; and

121 (iii) supply copies of the report under Subsection (2)(o)(ii) to the general public upon
122 request;

123 (p) report at least annually to the Transportation Commission created in Section
124 72-1-301, which report shall include:

125 (i) the district's short-term and long-range public transit plans, including the portions of
126 applicable regional transportation plans adopted by a metropolitan planning organization
127 established under 23 U.S.C. Sec. 134; and

128 (ii) any transit capital development projects that the board of trustees would like the
129 Transportation Commission to consider;

130 (q) direct the internal auditor appointed under Section 17B-2a-810 to conduct audits
131 that the board of trustees determines, in consultation with the local advisory council created in
132 Section 17B-2a-808.2, to be the most critical to the success of the organization;

133 (r) together with the local advisory council created in Section 17B-2a-808.2, hear audit
134 reports for audits conducted in accordance with Subsection (2)(o);

135 (s) on or before December 31, 2023, review and approve all contracts pertaining to
136 reduced fares, and evaluate existing contracts, including review of:

137 (i) how negotiations occurred;

138 (ii) the rationale for providing a reduced fare; and

139 (iii) identification and evaluation of cost shifts to offset operational costs incurred and
140 impacted by each contract offering a reduced fare;

141 (t) in consultation with the local advisory council, develop and approve other board
142 policies, ordinances, and bylaws; and

143 (u) review and approve any:

144 (i) contract or expense exceeding \$200,000; or

145 (ii) proposed change order to an existing contract if the change order:

146 (A) increases the total contract value to \$200,000 or more;

147 (B) increases a contract of or expense of \$200,000 or more by 15% or more; or

148 (C) has a total change order value of \$200,000 or more.

149 (3) A board of trustees of a large public transit district may:

150 (a) subject to Subsection (5), make and pass ordinances, resolutions, and orders that
151 are:

152 (i) not repugnant to the United States Constitution, the Utah Constitution, or the
153 provisions of this part; and

154 (ii) necessary for:

155 (A) the governance and management of the affairs of the district;

156 (B) the execution of district powers; and

157 (C) carrying into effect the provisions of this part;

158 (b) provide by resolution, under terms and conditions the board considers fit, for the
159 payment of demands against the district without prior specific approval by the board, if the
160 payment is:

161 (i) for a purpose for which the expenditure has been previously approved by the board;

162 (ii) in an amount no greater than the amount authorized; and

163 (iii) approved by the executive director or other officer or deputy as the board

164 prescribes;

165 (c) in consultation with the local advisory council created in Section [17B-2a-808.2](#):

166 (i) hold public hearings and subpoena witnesses; and

167 (ii) appoint district officers to conduct a hearing and require the officers to make
168 findings and conclusions and report them to the board; and

169 (d) appoint a custodian for the funds and securities under its control, subject to
170 Subsection (2)(n).

171 (4) For a large public transit district in existence as of May 8, 2018, on or before
172 September 30, 2019, the board of trustees of a large public transit district shall present a report
173 to the Transportation Interim Committee regarding retirement benefits of the district, including:

174 (a) the feasibility of becoming a participating employer and having retirement benefits
175 of eligible employees and officials covered in applicable systems and plans administered under
176 Title 49, Utah State Retirement and Insurance Benefit Act;

177 (b) any legal or contractual restrictions on any employees that are party to a collectively
178 bargained retirement plan; and

179 (c) a comparison of retirement plans offered by the large public transit district and
180 similarly situated public employees, including the costs of each plan and the value of the
181 benefit offered.

182 (5) The board of trustees may not issue a bond unless the board of trustees has

183 consulted and received approval from the State Bonding Commission created in Section
184 [63B-1-201](#).

185 (6) A member of the board of trustees of a large public transit district or a hearing
186 officer designated by the board may administer oaths and affirmations in a district investigation
187 or proceeding.

188 (7) (a) The vote of the board of trustees on each ordinance or resolution shall be by roll
189 call vote with each affirmative and negative vote recorded.

190 (b) The board of trustees of a large public transit district may not adopt an ordinance
191 unless it is introduced at least 24 hours before the board of trustees adopts it.

192 (c) Each ordinance adopted by a large public transit district's board of trustees shall
193 take effect upon adoption, unless the ordinance provides otherwise.

194 (8) (a) For a large public transit district in existence on May 8, 2018, for the budget for
195 calendar year 2019, the board in place on May 8, 2018, shall create the tentative annual budget.

196 (b) The budget described in Subsection (8)(a) shall include setting the salary of each of
197 the members of the board of trustees that will assume control on or before November 1, 2018,
198 which salary may not exceed \$150,000, plus additional retirement and other standard benefits,
199 as set by the local advisory council as described in Section [17B-2a-808.2](#).

200 (c) For a large public transit district in existence on May 8, 2018, the board of trustees
201 that assumes control of the large public transit district on or before November 2, 2018, shall
202 approve the calendar year 2019 budget on or before December 31, 2018.

203 Section 2. Section **17B-2a-815** is amended to read:

204 **17B-2a-815. Rates and charges for service -- Fare collection information private.**

205 (1) (a) [The] Except as provided in Subsection (1)(b), the board of trustees of a public
206 transit district shall fix rates and charges for service provided by the district by a two-thirds
207 vote of all board members.

208 (b) Beginning on January 1, 2024, a large public transit may not charge a fare for any
209 public transit service provided by the large public transit district.

210 (2) Rates and charges shall:

211 (a) be reasonable; and

212 (b) to the extent practicable:

213 (i) result in enough revenue to make the public transit system self supporting; and

- 214 (ii) be sufficient to:
- 215 (A) pay for district operating expenses;
- 216 (B) provide for repairs, maintenance, and depreciation of works and property that the
- 217 district owns or operates;
- 218 (C) provide for the purchase, lease, or acquisition of property and equipment;
- 219 (D) pay the interest and principal of bonds that the district issues; and
- 220 (E) pay for contracts, agreements, leases, and other legal liabilities that the district
- 221 incurs.

222 (3) (a) In accordance with Section [63G-2-302](#), the following personal information
 223 received by the district from a customer through any debit, credit, or electronic fare payment
 224 process is a private record under Title 63G, Chapter 2, Government Records Access and
 225 Management Act:

- 226 (i) travel data, including:
- 227 (A) the identity of the purchasing individual or entity;
- 228 (B) travel dates, times, or frequency of use; and
- 229 (C) locations of use;
- 230 (ii) service type or vehicle identification used by the customer;
- 231 (iii) the unique transit pass identifier assigned to the customer; or
- 232 (iv) customer account information, including the cardholder's name, the credit or debit
- 233 card number, the card issuer identification, or any other related information.

234 (b) Private records described in this Subsection (3) that are received by a public transit
 235 district may only be disclosed in accordance with Section [63G-2-202](#).

236 Section 3. Section **19-1-208** is enacted to read:

237 **19-1-208. Certification of large emitters for tax purposes.**

- 238 (1) As used in this section:
- 239 (a) "Dyed diesel fuel" means the same as that term is defined in Section [59-13-102](#).
- 240 (b) "Large emitter" means the same as that term is defined in Section [59-30-101](#).
- 241 (c) "Metric ton" means the same as that term is defined in Section [59-30-101](#).
- 242 (d) "Operator" means the same as that term is defined in Section [59-30-101](#).

243 (2) (a) On or before May 1 of each year, an operator shall apply to the department for a
 244 written certification of the total number of metric tons of carbon dioxide that the large emitter

245 emitted in this state during the previous calendar year from combustion of each of the
246 following related to stationary fuel combustion, petroleum refining, petroleum and natural gas
247 systems, lime production, cement production, or use of off-highway vehicles:

248 (i) coal;

249 (ii) dyed diesel fuel; and

250 (iii) fuel gas.

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

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

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

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

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

260 (A) coal;

261 (B) dyed diesel fuel; and

262 (C) fuel gas; and

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

265 (3) (a) Before issuing a certification, the department shall determine the large emitter's
266 number of metric tons of carbon emissions by:

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

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

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

275 (i) for coal:

276 (A) one short ton of anthracite equals 2.579 metric tons of carbon dioxide emissions;
277 (B) one short ton of bituminous equals 2.237 metric tons of carbon dioxide emissions;
278 (C) one short ton of coke equals 2.830 metric tons of carbon dioxide emissions;
279 (D) one short ton of lignite equals 1.266 metric tons of carbon dioxide emissions; and
280 (E) one short ton of subbituminous equals 1.686 metric tons of carbon dioxide
281 emissions;

282 (ii) for dyed diesel fuel, one gallon equals .01016 metric tons of carbon dioxide; and
283 (iii) for fuel gas, 1,000 standard cubic feet equals .0819 metric tons of carbon dioxide
284 emissions.

285 (4) On or before June 1 of each year, the department shall:

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

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

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

294 (6) The department shall notify the State Tax Commission if the department concludes
295 that there is an error in a previously issued written certification that may require the large
296 emitter to file an amended return in accordance with Section [59-30-103](#).

297 (7) The provisions of this section apply beginning on January 1, 2024.

298 Section 4. Section **59-10-1102.1** is enacted to read:

299 **59-10-1102.1. Apportionment of tax credits.**

300 A nonresident individual or a part-year resident individual described in Section
301 [59-10-1114](#) who claims the tax credit may only claim an apportioned amount of the tax credit
302 equal to the product of:

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

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

307 section.

308 Section 5. Section **59-10-1114** is enacted to read:

309 **59-10-1114. Refundable earned income tax credit.**

310 (1) As used in this section:

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

313 (b) "Qualifying claimant" means a resident or nonresident individual who:

314 (i) qualifies and claims the federal earned income tax credit for the current taxable
315 year; and

316 (ii) earns income in Utah that is reported on a W-2 form.

317 (2) (a) Subject to Section [59-10-1102.1](#) and Subsection (2)(b), a qualifying claimant
318 may claim a refundable earned income tax credit equal to the lesser of:

319 (i) 10% of the amount of the federal earned income tax credit that the qualifying
320 claimant was entitled to claim on a federal income tax return for the current taxable year; or

321 (ii) the total Utah wages reported on the qualifying claimant's W-2 form for the current
322 taxable year.

323 (b) A qualifying claimant may claim the tax credit described in this section for a
324 taxable year that begins on or after January 1, 2024.

325 (3) The Division of Finance shall transfer at least annually from the Carbon Emissions
326 Revenue Restricted Account created in Section [59-30-301](#) into the Education Fund an amount
327 equal to the amount of the tax credit claimed under this section.

328 Section 6. Section **59-12-103** is amended to read:

329 **59-12-103. Sales and use tax base -- Rates -- Effective dates -- Use of sales and use**
330 **tax revenues.**

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

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

334 (b) amounts paid for:

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

337 (ii) mobile telecommunications service that originates and terminates within the

338 boundaries of one state only to the extent permitted by the Mobile Telecommunications
339 Sourcing Act, 4 U.S.C. Sec. 116 et seq.; or
340 (iii) an ancillary service associated with a:
341 (A) telecommunications service described in Subsection (1)(b)(i); or
342 (B) mobile telecommunications service described in Subsection (1)(b)(ii);
343 (c) sales of the following for commercial use:
344 (i) gas;
345 (ii) electricity;
346 (iii) heat;
347 (iv) coal;
348 (v) fuel oil; or
349 (vi) other fuels;
350 (d) sales of the following for residential use:
351 (i) gas;
352 (ii) electricity;
353 (iii) heat;
354 (iv) coal;
355 (v) fuel oil; or
356 (vi) other fuels;
357 (e) sales of prepared food;
358 (f) except as provided in Section [59-12-104](#), amounts paid or charged as admission or
359 user fees for theaters, movies, operas, museums, planetariums, shows of any type or nature,
360 exhibitions, concerts, carnivals, amusement parks, amusement rides, circuses, menageries,
361 fairs, races, contests, sporting events, dances, boxing matches, wrestling matches, closed circuit
362 television broadcasts, billiard parlors, pool parlors, bowling lanes, golf, miniature golf, golf
363 driving ranges, batting cages, skating rinks, ski lifts, ski runs, ski trails, snowmobile trails,
364 tennis courts, swimming pools, water slides, river runs, jeep tours, boat tours, scenic cruises,
365 horseback rides, sports activities, or any other amusement, entertainment, recreation,
366 exhibition, cultural, or athletic activity;
367 (g) amounts paid or charged for services for repairs or renovations of tangible personal
368 property, unless Section [59-12-104](#) provides for an exemption from sales and use tax for:

- 369 (i) the tangible personal property; and
370 (ii) parts used in the repairs or renovations of the tangible personal property described
371 in Subsection (1)(g)(i), regardless of whether:
- 372 (A) any parts are actually used in the repairs or renovations of that tangible personal
373 property; or
374 (B) the particular parts used in the repairs or renovations of that tangible personal
375 property are exempt from a tax under this chapter;
- 376 (h) except as provided in Subsection 59-12-104(7), amounts paid or charged for
377 assisted cleaning or washing of tangible personal property;
- 378 (i) amounts paid or charged for tourist home, hotel, motel, or trailer court
379 accommodations and services that are regularly rented for less than 30 consecutive days;
- 380 (j) amounts paid or charged for laundry or dry cleaning services;
- 381 (k) amounts paid or charged for leases or rentals of tangible personal property if within
382 this state the tangible personal property is:
- 383 (i) stored;
384 (ii) used; or
385 (iii) otherwise consumed;
- 386 (l) amounts paid or charged for tangible personal property if within this state the
387 tangible personal property is:
- 388 (i) stored;
389 (ii) used; or
390 (iii) consumed; and
391 (m) amounts paid or charged for a sale:
- 392 (i) (A) of a product transferred electronically; or
393 (B) of a repair or renovation of a product transferred electronically; and
394 (ii) regardless of whether the sale provides:
- 395 (A) a right of permanent use of the product; or
396 (B) a right to use the product that is less than a permanent use, including a right:
397 (I) for a definite or specified length of time; and
398 (II) that terminates upon the occurrence of a condition.
- 399 (2) (a) Except as provided in Subsections (2)(b) through (f), a state tax and a local tax

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

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

402 (A) 4.70% plus the rate specified in Subsection (12)(a); and

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

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

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

413 (b) Except as provided in Subsection (2)(e) or (f) and subject to Subsection (2)(k), a
414 state tax and a local tax are imposed on a transaction described in Subsection (1)(c) or (d) equal
415 to the sum of:

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

417 (i) (A) on or before December 31, 2023, a state tax imposed on a transaction described
418 in Subsection (1)(c) at the rate described in Subsection (2)(a)(i) and a transaction described in
419 Subsection (1)(d) at a rate of 2%; and

420 (B) beginning on January 1, 2024, a state tax imposed on the transaction at a tax rate of
421 0%; and

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

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

426 (i) (A) on or before December 31, 2023, a state tax imposed on the amounts paid or
427 charged for food and food ingredients at a tax rate of 1.75%; and

428 (B) beginning on January 1, 2024, a state tax imposed on the amounts paid or charged
429 for food and food ingredients at a tax rate of 0%; and

430 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the

431 amounts paid or charged for food and food ingredients under this chapter other than this part.

432 (d) Except as provided in Subsection (2)(e) or (f), a state tax is imposed on amounts
433 paid or charged for fuel to a common carrier that is a railroad for use in a locomotive engine at
434 a rate of 4.85%.

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

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

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

440 (II) (Aa) the tax rate the state imposes in accordance with Part 18, Additional State
441 Sales and Use Tax Act, if the location of the transaction as determined under Sections
442 59-12-211 through 59-12-215 is in a county in which the state imposes the tax under Part 18,
443 Additional State Sales and Use Tax Act; and

444 (Bb) the tax rate the state imposes in accordance with Part 20, Supplemental State
445 Sales and Use Tax Act, if the location of the transaction as determined under Sections
446 59-12-211 through 59-12-215 is in a city, town, or the unincorporated area of a county in which
447 the state imposes the tax under Part 20, Supplemental State Sales and Use Tax Act; and

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

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

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

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

460 (I) the seller is able to identify by reasonable and verifiable standards the tangible
461 personal property, product, or service that is not subject to taxation under this chapter from the

462 books and records the seller keeps in the seller's regular course of business; or

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

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

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

471 (II) state or federal law provides otherwise.

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

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

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

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

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

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

491 (B) the seller is able to identify by reasonable and verifiable standards, from the books
492 and records the seller keeps in the seller's regular course of business, the portion of the

493 transaction that is not subject to taxation under this chapter.

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

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

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

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

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

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

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

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

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

514 (iv) Subsection (2)(e)(i)(A)(I).

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

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

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

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

521 (D) Subsection (2)(e)(i)(A)(I).

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

524 or the tax rate decrease imposed under:

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

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

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

528 (D) Subsection (2)(e)(i)(A)(I).

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

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

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

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

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

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

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

538 (D) Subsection (2)(e)(i)(A)(I).

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

541 (k) (i) For a location described in Subsection (2)(k)(ii), the commission shall determine
542 the taxable status of a sale of gas, electricity, heat, coal, fuel oil, or other fuel based on the
543 predominant use of the gas, electricity, heat, coal, fuel oil, or other fuel at the location.

544 (ii) Subsection (2)(k)(i) applies to a location where gas, electricity, heat, coal, fuel oil,
545 or other fuel is furnished through a single meter for two or more of the following uses:

546 (A) a commercial use;

547 (B) an industrial use; or

548 (C) a residential use.

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

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

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

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

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

- 555 (iv) the tax imposed by Subsection (2)(e)(i)(A)(I)[-]; and
556 (v) the amount described in Subsection [59-30-301\(5\)\(b\)\(i\)](#).
- 557 (b) The [~~following local taxes shall be distributed~~] commission shall distribute the
558 following local taxes to a county, city, or town as provided in this chapter:
- 559 (i) the tax imposed by Subsection (2)(a)(ii);
560 (ii) the tax imposed by Subsection (2)(b)(ii);
561 (iii) the tax imposed by Subsection (2)(c)(ii); and
562 (iv) the tax imposed by Subsection (2)(e)(i)(B).
- 563 (c) The [~~state tax imposed by Subsection (2)(d) shall be deposited~~] Division of Finance
564 shall deposit the state tax imposed by Subsection (2)(d) into the General Fund.
- 565 (d) For purposes of this section, the amount described in Subsection (3)(a)(v) shall be
566 considered revenue from a sales and use tax imposed on items described in Subsection (1).
- 567 (4) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,
568 2003, the lesser of the following amounts shall be expended as provided in Subsections (4)(b)
569 through (g):
- 570 (i) for taxes listed under Subsection (3)(a), the amount of tax revenue generated:
571 (A) by a 1/16% tax rate on the transactions described in Subsection (1); and
572 (B) for the fiscal year; or
573 (ii) \$17,500,000.
- 574 (b) (i) For a fiscal year beginning on or after July 1, 2003, 14% of the amount
575 described in Subsection (4)(a) shall be transferred each year as dedicated credits to the
576 Department of Natural Resources to:
- 577 (A) implement the measures described in Subsections [79-2-303\(3\)\(a\)](#) through (d) to
578 protect sensitive plant and animal species; or
579 (B) award grants, up to the amount authorized by the Legislature in an appropriations
580 act, to political subdivisions of the state to implement the measures described in Subsections
581 [79-2-303\(3\)\(a\)](#) through (d) to protect sensitive plant and animal species.
- 582 (ii) Money transferred to the Department of Natural Resources under Subsection
583 (4)(b)(i) may not be used to assist the United States Fish and Wildlife Service or any other
584 person to list or attempt to have listed a species as threatened or endangered under the
585 Endangered Species Act of 1973, 16 U.S.C. Sec. 1531 et seq.

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

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

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

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

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

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

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

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

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

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

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

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

613 (A) conduct hydrologic and geotechnical investigations by the Division of Water
614 Resources in a cooperative effort with other state, federal, or local entities, for the purpose of
615 quantifying surface and ground water resources and describing the hydrologic systems of an
616 area in sufficient detail so as to enable local and state resource managers to plan for and

617 accommodate growth in water use without jeopardizing the resource;

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

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

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

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

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

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

630 (iii) develop surface water sources.

631 (5) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,
632 2006, the difference between the following amounts shall be expended as provided in this
633 Subsection (5), if that difference is greater than \$1:

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

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

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

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

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

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

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

647 (A) transferred each fiscal year to the Division of Water Resources as dedicated

648 credits; and

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

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

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

658 (i) preconstruction costs:

659 (A) as defined in Subsection 73-26-103(6) for projects authorized by Title 73, Chapter
660 26, Bear River Development Act; and

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

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

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

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

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

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

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

679 (a) for fiscal year 2020-21 only:

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

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

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

687 (7) (a) Notwithstanding Subsection (3)(a), in addition to the amounts deposited in
688 Subsection (6), and subject to Subsection ~~[(7)(b)]~~ (7)(c), for a fiscal year beginning on or after
689 July 1, ~~[2012]~~ 2024, the Division of Finance shall deposit into the Transportation Investment
690 Fund of 2005 created by Section 72-2-124~~[-(i)]~~ a portion of the taxes listed under Subsection
691 (3)(a) in an amount equal to 8.3% of the revenues collected from the following taxes, which
692 represents a portion of the approximately 17% of sales and use tax revenues generated annually
693 by the sales and use tax on vehicles and vehicle-related products:

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

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

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

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

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

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

703 (b) (i) Subject to Subsections (7)(b)(ii) and (iii), for a fiscal year beginning on or after
704 July 1, 2024, the Division of Finance shall deposit an amount equal to 30% of the growth in the
705 amount of revenue calculated by subtracting the amount of sales and use taxes collected in the
706 current fiscal year from the amount of the sales and use taxes collected in the 2010-11 fiscal
707 year.

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

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

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

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

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

715 (D) Subsection (2)(e)(i)(A)(I).

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

723 (A) the total percentage of sales and use taxes deposited under ~~[Subsection]~~
 724 Subsections (7)(a) and (b) in the previous fiscal year; and

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

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

733 (iii) Subject to Subsection ~~[(7)(b)(iv)(E)]~~ (7)(c)(iv)(E), in all subsequent fiscal years
 734 after a year in which 17% of the revenues collected from the sales and use taxes described in
 735 ~~[Subsections (7)(a)(i)(A) through (D)]~~ Subsection (7)(a) was deposited under ~~[Subsection]~~
 736 Subsections (7)(a) and (b), the Division of Finance shall annually deposit 17% of the revenues
 737 collected from the sales and use taxes described in ~~[Subsections (7)(a)(i)(A) through (D)]~~
 738 Subsection (7)(a) in the current fiscal year under ~~[Subsection]~~ Subsections (7)(a) and (b).

739 (iv) (A) As used in this Subsection ~~[(7)(b)(iv)]~~ (7)(c)(iv), "additional growth revenue"
 740 means the amount of relevant revenue collected in the current fiscal year that exceeds by more

741 than 3% the relevant revenue collected in the previous fiscal year.

742 (B) As used in this Subsection [~~(7)(b)(iv)~~] (7)(c)(iv), "combined amount" means the
743 combined total amount of money deposited into the Cottonwood Canyons fund under
744 Subsections (7)[~~(b)~~](c)(iv)(F) and [~~(8)(c)(iv)(F)~~] (8)(d)(vi) in any single fiscal year.

745 (C) As used in this Subsection [~~(7)(b)(iv)~~] (7)(c)(iv), "Cottonwood Canyons fund"
746 means the Cottonwood Canyons Transportation Investment Fund created in Subsection
747 72-2-124(10).

748 (D) As used in this Subsection [~~(7)(b)(iv)~~] (7)(c)(iv), "relevant revenue" means the
749 portion of taxes listed under Subsection (3)(a) that equals 17% of the revenue collected from
750 taxes described in [~~Subsections (7)(a)(i)(A) through (D)~~] Subsection (7)(a).

751 (E) For a fiscal year beginning on or after July 1, 2020, the commission shall annually
752 reduce the deposit under Subsection [~~(7)(c)(iii)~~] (7)(b)(iii) into the Transportation Investment
753 Fund of 2005 by an amount equal to the amount of the deposit under this Subsection
754 [~~(7)(b)(iv)~~] (7)(c)(iv) to the Cottonwood Canyons fund in the previous fiscal year plus 25% of
755 additional growth revenue, subject to the limit in Subsection (7)[~~(b)~~](c)(iv)(F).

756 (F) The commission shall annually deposit the amount described in Subsection
757 (7)[~~(b)~~](c)(iv)(E) into the Cottonwood Canyons fund, subject to an annual maximum combined
758 amount for any single fiscal year of \$20,000,000.

759 (G) If the amount of relevant revenue declines in a fiscal year compared to the previous
760 fiscal year, the commission shall decrease the amount of the contribution to the Cottonwood
761 Canyons fund under this Subsection [~~(7)(b)(iv)~~] (7)(c)(iv) in the same proportion as the decline
762 in relevant revenue.

763 (8) (a) Notwithstanding Subsection (3)(a), in addition to the amounts deposited under
764 Subsections (6) and (7), and subject to Subsections (8)(b) and (d)(v), for a fiscal year beginning
765 on or after July 1, [~~2018~~] 2024, the commission shall annually deposit into the Transportation
766 Investment Fund of 2005 created by Section 72-2-124 a portion of the taxes listed under
767 Subsection (3)(a) in an amount equal to 3.68% of the revenues collected from the following
768 taxes:

- 769 (i) the revenue collected by the tax imposed by Subsection (2)(a)(i)(A) at a 4.7% rate;
770 [~~(ii) the tax imposed by Subsection (2)(b)(i);~~]
771 [~~(iii) the tax imposed by Subsection (2)(c)(i); and~~]

772 ~~[(iv)]~~ (ii) the revenue collected by the tax imposed by Subsection (2)(e)(i)(A)(I)[-]; and
773 (iii) amount described in Subsection 59-30-301(5)(b)(i).

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

779 (c) The commission shall annually deposit the amount described in Subsection (8)(b)
780 into the Transit Transportation Investment Fund created in Section 72-2-124.

781 (d) (i) As used in this Subsection (8)(d), "additional growth revenue" means the
782 amount of relevant revenue collected in the current fiscal year that exceeds by more than 3%
783 the relevant revenue collected in the previous fiscal year.

784 (ii) As used in this Subsection (8)(d), "combined amount" means the combined total
785 amount of money deposited into the Cottonwood Canyons fund under Subsections
786 (7)~~[(b)]~~(c)(iv)(F) and (8)(d)(vi) in any single fiscal year.

787 (iii) As used in this Subsection (8)(d), "Cottonwood Canyons fund" means the
788 Cottonwood Canyons Transportation Investment Fund created in Subsection 72-2-124(10).

789 (iv) As used in this Subsection (8)(d), "relevant revenue" means the portion of taxes
790 listed under Subsection (3)(a) that equals 3.68% of the revenue collected from taxes described
791 in Subsections (8)(a)(i) through (iv).

792 (v) For a fiscal year beginning on or after July 1, 2020, the commission shall annually
793 reduce the deposit under Subsection (8)(a) into the Transportation Investment Fund of 2005 by
794 an amount equal to the amount of the deposit under this Subsection (8)(d) to the Cottonwood
795 Canyons fund in the previous fiscal year plus 25% of additional growth revenue, subject to the
796 limit in Subsection (8)(d)(vi).

797 (vi) The commission shall annually deposit the amount described in Subsection
798 (8)(d)(v) into the Cottonwood Canyons fund, subject to an annual maximum combined amount
799 for any single fiscal year of \$20,000,000.

800 (vii) If the amount of relevant revenue declines in a fiscal year compared to the
801 previous fiscal year, the commission shall decrease the amount of the contribution to the
802 Cottonwood Canyons fund under this Subsection (8)(d) in the same proportion as the decline in

803 relevant revenue.

804 (9) Notwithstanding Subsection (3)(a), for each fiscal year beginning with fiscal year
805 2009-10, \$533,750 shall be deposited into the Qualified Emergency Food Agencies Fund
806 created by Section 35A-8-1009 and expended as provided in Section 35A-8-1009.

807 (10) (a) Notwithstanding Subsection (3)(a), except as provided in Subsection (10)(b),
808 and in addition to any amounts deposited under Subsections (6), (7), and (8), the Division of
809 Finance shall deposit into the Transportation Investment Fund of 2005 created by Section
810 72-2-124 the amount of revenue described as follows:

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

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

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

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

826 (12) (a) The rate specified in this subsection is 0.15%.

827 (b) Notwithstanding Subsection (3)(a), the Division of Finance shall, for a fiscal year
828 beginning on or after July 1, 2019, annually transfer the amount of revenue collected from the
829 rate described in Subsection (12)(a) on the transactions that are subject to the sales and use tax
830 under Subsection (2)(a)(i)(A) into the Medicaid Expansion Fund created in Section
831 26-36b-208.

832 (13) Notwithstanding Subsection (3)(a), for each fiscal year beginning with fiscal year
833 2020-21, the Division of Finance shall deposit \$200,000 into the General Fund as a dedicated

834 credit solely for use of the Search and Rescue Financial Assistance Program created in, and
835 expended in accordance with, Title 53, Chapter 2a, Part 11, Search and Rescue Act.

836 (14) (a) For each fiscal year beginning with fiscal year 2020-21, the Division of
837 Finance shall annually transfer \$1,813,400 of the revenue deposited into the Transportation
838 Investment Fund of 2005 under Subsections (6) through (8) to the General Fund.

839 (b) If the total revenue deposited into the Transportation Investment Fund of 2005
840 under Subsections (6) through (8) is less than \$1,813,400 for a fiscal year, the Division of
841 Finance shall transfer the total revenue deposited into the Transportation Investment Fund of
842 2005 under Subsections (6) through (8) during the fiscal year to the General Fund.

843 (15) Notwithstanding Subsection (3)(a), and as described in Section 63N-3-610,
844 beginning one year after the sales and use tax boundary for a housing and transit reinvestment
845 zone is established, the commission, at least annually, shall transfer an amount equal to 15% of
846 the sales and use tax increment within an established sales and use tax boundary, as defined in
847 Section 63N-3-602, into the Transit Transportation Investment Fund created in Section
848 72-2-124.

849 (16) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after
850 January 1, 2024, the Division of Finance shall deposit annually into the Carbon Emissions
851 Revenue Restricted Account, created in Section 59-30-301, a portion of the taxes described in
852 Subsection (3)(a) in an amount equal to 97% of the lesser of:

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

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

857 (b) Notwithstanding Subsections (7), (8), and (10), the Division of Finance shall reduce
858 the deposits into the Transportation Investment Fund of 2005 required under Subsections (7),
859 (8), and (10) in an amount equal to the deposit described in Subsection (16)(a).

860 Section 7. Section 59-30-101 is enacted to read:

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

862 **Part 1. General Provisions**

863 **59-30-101. Definitions.**

864 As used in this section:

- 865 (1) "Aviation fuel" means the same as that term is defined in Section 59-13-102.
- 866 (2) "Consumer price index" means the Consumer Price Index for All Urban Consumers
867 as published by the Bureau of Labor Statistics of the United States Department of Labor.
- 868 (3) "Distributor" means the same as that term is defined in Section 59-13-102.
- 869 (4) "Dyed diesel fuel" means the same as that term is defined in Section 59-13-102.
- 870 (5) "Electricity" means electrical energy for consumption.
- 871 (6) "Electricity provider" means a person in this state that delivers electricity to
872 customers for consumption.
- 873 (7) "Federally certificated air carrier" means the same as that term is defined in Section
874 59-13-102.
- 875 (8) "Fossil fuel" means a petroleum product, motor fuel, special fuel, aviation fuel,
876 natural gas, petroleum, coal, or any form of solid, liquid, or gaseous fuel derived from these
877 products, including still gas, propane, or petroleum residuals.
- 878 (9) (a) "Large emitter" means a facility that emits over 25,000 metric tons of carbon
879 dioxide in a carbon year.
- 880 (b) "Large emitter" does not include an electricity provider, a person that provides
881 electricity to an electricity provider to deliver for consumption, or a person that generates
882 electricity.
- 883 (10) "Metric ton" means 2,205 pounds.
- 884 (11) "Motor fuel" means the same as that term is defined in Section 59-13-102.
- 885 (12) "Natural gas" means the same as that term is defined in Section 59-5-101.
- 886 (13) "Operator" means a person engaged in the operation of a large emitter in this state.
- 887 (14) "Political subdivision" means the same as that term is defined in Section
888 11-55-102.
- 889 (15) "Removal" means the same as that term is defined in Section 59-13-102.
- 890 (16) "Special fuel" means the same as that term is defined in Section 59-13-102, except
891 that special fuel does not include natural gas.
- 892 (17) "Supplier" means the same as that term is defined in Section 59-13-102.
- 893 (18) "Terminal" means the same as that term is defined in Section 59-13-102.
- 894 (19) "Undyed diesel fuel" means the same as that term is defined in Section 59-13-102.
- 895 Section 8. Section **59-30-102** is enacted to read:

896 **59-30-102. Records.**

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

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

901 (b) for the time period during which an assessment may be made under Section
902 59-1-1408.

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

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

910 Section 9. Section **59-30-103** is enacted to read:

911 **59-30-103. Amended return for large emitter.**

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

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

916 (b) the error in the written certification resulted in:

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

918 (ii) an underpayment of tax.

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

921 Section 10. Section **59-30-201** is enacted to read:

922 **Part 2. Imposition of Carbon Tax**

923 **59-30-201. Imposition of carbon emissions tax on motor fuel.**

924 (1) (a) Except as otherwise provided in this section or this chapter, a distributor shall
925 pay, beginning on January 1, 2024, a carbon emissions tax on motor fuel that is sold, used, or
926 received for sale or use in this state.

- 927 (b) Subject to Subsection (1)(c), the rate of tax imposed in this section is as follows:
928 (i) beginning on January 1, 2024, and ending on December 31, 2024, 8.89 cents per
929 gallon; and
930 (ii) beginning on January 1, 2025, and each January 1 thereafter, the rate determined by
931 increasing the rate effective January 1 of the previous year:
932 (A) by 3.5% plus a percentage equal to the greater of the actual percent change during
933 the previous fiscal year in the consumer price index and 0; and
934 (B) up to the nearest 100th of a cent.
935 (c) (i) Subject to Subsection (1)(c)(ii), the tax rate described in this Subsection (1) may
936 not exceed 88.9 cents.
937 (ii) Beginning on January 1, 2025, the commission shall adjust, on January 1, the
938 maximum tax rate described in Subsection (1)(c) by adding to the maximum tax rate an amount
939 equal to the greater of:
940 (A) the amount calculated by multiplying the maximum tax rate for the previous
941 calendar year by the actual percent change during the previous fiscal year in the consumer price
942 index; and
943 (B) 0.
944 (d) Any increase in the tax rate applies to motor fuel that is imported into the state for
945 sale or use on or after the effective date of the rate change.
946 (2) A carbon tax is not imposed under this section on:
947 (a) motor fuel that is brought into and sold in this state in original packages as purely
948 interstate commerce sales;
949 (b) motor fuel that is exported from this state if proof of actual exportation on forms
950 established by the commission is made within 180 days after exportation;
951 (c) motor fuel or a component of motor fuel that is sold and used in this state and
952 distilled from coal, oil shale, rock asphalt, bituminous sand, or solid hydrocarbons located in
953 this state; or
954 (d) motor fuel that is sold to the United States government, this state, or a political
955 subdivision of this state.
956 (3) Each month, a distributor shall:
957 (a) report to the commission, electronically as provided by the commission, the amount

958 and type of motor fuel sold, used, or received for sale or use in this state; and

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

960 (4) The commission may:

961 (a) collect no carbon emissions tax on motor fuel exported from the state; or

962 (b) upon application, refund the carbon emissions tax paid under this section.

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

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

967 (iii) The Legislature shall appropriate from the Transportation Investment Fund of
968 2005 created in Section [72-2-124](#) to the commission the amount necessary to cover expenses
969 incurred in the administration and enforcement of this section and the collection of the carbon
970 emissions tax on motor fuel.

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

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

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

978 Section 11. Section **59-30-202** is enacted to read:

979 **59-30-202. Imposition of carbon emissions tax on special fuel.**

980 (1) (a) Except as otherwise provided in this section or this chapter, a supplier of special
981 fuel in this state shall pay, beginning on January 1, 2024, a carbon emissions tax on the:

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

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

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

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

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

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

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

991 follows:

992 (i) beginning on January 1, 2024, and ending on December 31, 2024, 10.16 cents per

993 gallon; and

994 (ii) beginning on January 1, 2025, and each January 1 thereafter, the rate determined by
995 increasing the rate effective January 1 of the previous year:

996 (A) by 3.5% plus a percentage equal to the greater of the actual percent change during
997 the previous fiscal year in the consumer price index and 0; and

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

999 (c) (i) Subject to Subsection (1)(c)(ii), the tax rate described in this Subsection (1) may
1000 not exceed \$1.02 per gallon.

1001 (ii) Beginning on January 1, 2025, the commission shall adjust, on January 1, the
1002 maximum tax rate described in Subsection (1)(c)(i) by adding to the maximum tax rate an
1003 amount equal to the greater of:

1004 (A) the amount calculated by multiplying the maximum tax rate for the previous
1005 calendar year by the actual percent change during the previous fiscal year in the consumer price
1006 index; and

1007 (B) 0.

1008 (d) The tax imposed under this section shall be imposed only once upon a special fuel.

1009 (2) (a) A carbon emissions tax may not be imposed or collected under this section on
1010 dyed diesel fuel.

1011 (b) A carbon emissions tax may not be imposed under this section on undyed diesel
1012 fuel or clean fuel that is:

1013 (i) sold to the United States government or any of the United States government's
1014 instrumentalities, this state, or a political subdivision of this state;

1015 (ii) exported from this state if proof of actual exportation on forms prescribed by the
1016 commission is made within 180 days after exportation;

1017 (iii) except as provided in Section 59-30-205, used in a vehicle off highway;

1018 (iv) used to operate a power take-off unit of a vehicle;

1019 (v) used for off-highway agricultural uses;

1020 (vi) used in a separately fueled engine on a vehicle that does not propel the vehicle
1021 upon the highways of the state; or

1022 (vii) used in machinery and equipment not registered and not required to be registered
1023 for highway use.

1024 (c) A carbon emissions tax may not be imposed or collected under this section on
1025 special fuel if the special fuel is:

1026 (i) (A) purchased for business use in machinery and equipment not registered and not
1027 required to be registered for highway use; and

1028 (B) used pursuant to the conditions of a state implementation plan approved under
1029 Title 19, Chapter 2, Air Conservation Act; or

1030 (ii) propane or electricity.

1031 (3) Each month, a supplier in this state shall:

1032 (a) report to the commission, electronically as provided by the commission, the amount
1033 and type of special fuel that:

1034 (i) is removed from a refinery;
1035 (ii) is removed from a terminal;
1036 (iii) enters into the state for consumption, use, sale, or warehousing;
1037 (iv) is sold to any person that is not registered as a supplier under Chapter 13, Part 3,
1038 Special Fuel, unless the carbon emissions tax has been collected under this chapter;

1039 (v) is blended with undyed diesel fuel and previously untaxed as special fuel; or
1040 (vi) other than propane or electricity, is used in this state; and

1041 (b) pay to the commission the carbon emissions tax imposed under this section.

1042 (4) The commission may:

1043 (a) collect no carbon emissions tax on special fuel exported from the state; or
1044 (b) upon application, refund the carbon emissions tax paid under this section.

1045 (5) (a) (i) The commission shall deposit daily the revenue that the commission collects
1046 under this section with the state treasurer.

1047 (ii) The state treasurer shall credit the revenue deposited in accordance with Subsection
1048 (5)(a)(i) to the Transportation Investment Fund of 2005 created in Section [72-2-124](#).

1049 (b) The Legislature shall appropriate from the Transportation Investment Fund of 2005
1050 created in Section [72-2-124](#) to the commission an amount necessary to cover the expenses

1051 incurred in the administration and enforcement of this section and the collection of the carbon
1052 emissions tax under this section.

1053 (c) The refund, credit, administrative, and penalty provisions of Chapter 13, Part 3,
1054 Special Fuel, apply to a carbon emissions tax imposed under this section.

1055 (d) The commission shall apply cooperative agreements under Chapter 13, Part 5,
1056 Interstate Agreements, to the carbon emissions tax imposed under this section.

1057 (e) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
1058 commission may make rules governing the procedures for administering and collecting the
1059 carbon emissions tax imposed under this section.

1060 Section 12. Section **59-30-203** is enacted to read:

1061 **59-30-203. Imposition of a carbon emissions tax on aviation fuel.**

1062 (1) (a) Except as otherwise provided in this section or this chapter, a person that is
1063 required to pay the aviation fuel tax under Chapter 13, Part 4, Aviation Fuel, shall pay,
1064 beginning on January 1, 2024, a carbon emissions tax on aviation fuel that is sold, used, or
1065 received for sale or use in this state.

1066 (b) Subject to Subsection (1)(c), the rate of tax imposed in this section is as follows:

1067 (i) beginning on January 1, 2024, and ending on December 31, 2024, 9.57 cents per
1068 gallon; and

1069 (ii) beginning on January 1, 2025, and each January 1 thereafter, the rate determined by
1070 increasing the rate effective January 1 of the previous year:

1071 (A) by 3.5% plus a percentage equal to the greater of the actual percent change during
1072 the previous fiscal year in the consumer price index and 0; and

1073 (B) up to the nearest 100th of a cent.

1074 (c) (i) Subject to Subsection (1)(c)(ii), the tax rate described in this Subsection (1) may
1075 not exceed 95.7 cents per gallon.

1076 (ii) Beginning on January 1, 2025, the commission shall adjust, on January 1, the
1077 maximum tax rate described in Subsection (1)(c)(i) by adding to the maximum tax rate an
1078 amount equal to the greater of:

1079 (A) the amount calculated by multiplying the maximum tax rate for the previous
1080 calendar year by the actual percent change during the previous fiscal year in the consumer price
1081 index; and

1082 (B) 0.
1083 (2) Each month, a person described in Subsection (1) shall:
1084 (a) report to the commission electronically, as provided by the commission:
1085 (i) the amount of aviation fuel that was purchased;
1086 (ii) the total number of gallons of aviation fuel that was purchased;
1087 (iii) for purchases by a federally certificated air carrier, the number of gallons of
1088 aviation fuel purchased by the airport at which the federally certificated air carrier purchased
1089 the aviation fuel; and
1090 (iv) for purchases by a person that is not a federally certificated air carrier, the number
1091 of gallons of aviation fuel purchased by the airport at which the person that is not a federally
1092 certificated air carrier purchased the aviation fuel; and
1093 (b) pay to the commission the carbon emissions tax imposed under this section.
1094 (3) (a) (i) The commission shall deposit daily the revenue the commission collects
1095 under this section with the state treasurer.
1096 (ii) The state treasurer shall credit the revenue deposited in accordance with Subsection
1097 (3)(a)(i) into the Transportation Fund.
1098 (b) The Legislature shall appropriate from the Transportation Fund to the commission
1099 the amount necessary to cover expenses incurred in the administration and enforcement of this
1100 section and the collection of the carbon emissions tax under this section.
1101 (c) The Transportation Fund shall fund any refund to which a taxpayer is entitled under
1102 this section.
1103 (4) The state treasurer shall place an amount equal to the total amount received from
1104 the carbon emissions tax on the sale or use of aviation fuel in the Aeronautics Restricted
1105 Account created by Section [72-2-126](#).
1106 (5) (a) The tax imposed under Subsection (1) shall be allocated as provided in Section
1107 [59-13-402](#).
1108 (b) Upon appropriation by the Legislature, the allocation to aeronautical operations of
1109 the Department of Transportation shall be used as provided in the Aeronautics Restricted
1110 Account created by Section [72-2-126](#).
1111 (6) (a) The commission shall require reports and returns from distributors, retail
1112 dealers, and users to enable the commission and the Department of Transportation to allocate

1113 the revenue in accordance with Section 59-13-402 to be credited to:

1114 (i) the Aeronautics Restricted Account created by Section 72-2-126; and

1115 (ii) the separate accounts of individual airports.

1116 (b) (i) Except as provided by Subsection (6)(b)(ii), any unexpended amount remaining
1117 in the account of any publicly used airport on the first day of January, April, July, and October
1118 shall be paid to the authority operating the airport.

1119 (ii) Carbon emissions tax allocated to an airport owned and operated by a city of the
1120 first class shall be paid to the city treasurer on the first day of each month.

1121 (iii) The state treasurer shall deposit carbon emissions tax collected on fuel sold at
1122 places other than publicly used airports in the Aeronautics Restricted Account created by
1123 Section 72-2-126.

1124 (c) The refund, credit, administrative, and penalty provisions of Chapter 13, Part 4,
1125 Aviation Fuel, apply to a carbon emissions tax imposed under this section.

1126 Section 13. Section 59-30-204 is enacted to read:

1127 **59-30-204. Imposition of carbon emissions tax on natural gas.**

1128 (1) As used in this section:

1129 (a) "Natural gas supplier" means a person supplying natural gas to a purchaser.

1130 (b) "Purchaser" means a person in this state that buys natural gas for consumption.

1131 (2) (a) Subject to other provisions of this section and chapter, a purchaser in this state
1132 shall pay, beginning on January 1, 2024, a carbon emissions tax on natural gas purchases.

1133 (b) A purchaser shall pay the tax imposed under this Subsection (2) to the natural gas
1134 supplier at the time the purchaser buys the natural gas.

1135 (3) (a) Subject to Subsection (3)(b), the rate of the tax imposed in this section is as
1136 follows:

1137 (i) beginning on January 1, 2024, and ending on December 31, 2024, 53.12 cents per
1138 1,000 cubic feet; and

1139 (ii) beginning on January 1, 2025, and each January 1 thereafter, the rate determined by
1140 increasing the rate effective January 1 of the previous year:

1141 (A) by 3.5% plus a percentage equal to the greater of the actual percent change during
1142 the previous fiscal year in the consumer price index and 0; and

1143 (B) up to the nearest 100th of a cent.

1144 (b) (i) Subject to Subsection (3)(b)(ii), the tax rate described in this Subsection (3) may
1145 not exceed \$5.31 per 1,000 cubic feet.

1146 (ii) Beginning on January 1, 2025, the commission shall, on January 1, adjust the
1147 maximum tax rate described in Subsection (3)(b)(i) by adding to the maximum tax rate an
1148 amount equal to the greater of:

1149 (A) the amount calculated by multiplying the maximum tax rate for the previous
1150 calendar year by the actual percent change during the previous fiscal year in the consumer price
1151 index; and

1152 (B) 0.

1153 (iii) Any increase in the tax rate applies to natural gas that is provided to a purchaser on
1154 or after the effective date of the rate change.

1155 (4) Each month, a natural gas supplier shall:

1156 (a) report to the commission, electronically as provided by the commission, the number
1157 of cubic feet of natural gas sold to a purchaser in this state; and

1158 (b) remit to the commission the carbon emissions tax paid under this section.

1159 (5) The commission shall deposit the carbon emissions tax that the commission
1160 collects under this section into the Carbon Emissions Revenue Restricted Account, created in
1161 Section [59-30-301](#).

1162 (6) (a) The following purchasers may file for a refund from the commission of carbon
1163 emissions tax paid under this section:

1164 (i) the United States government or any of the United States government's
1165 instrumentalities;

1166 (ii) this state or the state's political subdivisions; or

1167 (iii) electricity providers for natural gas purchases that are also subject to a tax under
1168 Section [59-30-206](#).

1169 (b) A purchaser described in Subsection (6)(a) may file a request for a refund quarterly
1170 in a manner provided for by the commission.

1171 (c) The Carbon Emissions Revenue Restricted Account, created in Section [59-30-301](#),
1172 shall fund any refund to which a purchaser is entitled under this section.

1173 (7) (a) A natural gas supplier may not, with intent to evade any tax, fail to timely remit
1174 the full amount of tax required by this section.

- 1175 (b) A violation of this section is punishable as provided in Section 59-1-401.
- 1176 (c) In addition to the tax due, a person shall pay the penalties described in Section
- 1177 59-1-401 and the interest described in Section 59-1-402 if the person fails to:
- 1178 (i) pay any tax to the state or any amount of tax required to be paid to the state, except
- 1179 amounts determined to be due by the commission under Chapter 1, Part 14, Assessment,
- 1180 Collections, and Refunds Act, within the time required by this section; or
- 1181 (ii) file any return as required by this section.
- 1182 (8) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
- 1183 commission may make rules governing the procedures for:
- 1184 (a) administering and collecting the carbon emissions tax imposed under this section;
- 1185 and
- 1186 (b) issuing a refund of carbon emissions tax paid by purchasers described in Subsection
- 1187 (6).
- 1188 Section 14. Section **59-30-205** is enacted to read:
- 1189 **59-30-205. Imposition of carbon emissions tax on large emitter.**
- 1190 (1) Except as otherwise provided in this chapter, an operator of a large emitter shall
- 1191 pay, for a calendar year beginning on or after January 1, 2024, a carbon emissions tax on each
- 1192 metric ton of carbon dioxide that the large emitter emitted in this state during the previous
- 1193 calendar year from combustion of the following relating to stationary fuel combustion,
- 1194 petroleum refining, petroleum and natural gas systems, lime production, cement production, or
- 1195 use of off-highway vehicles:
- 1196 (a) coal;
- 1197 (b) dyed diesel fuel; or
- 1198 (c) fuel gas.
- 1199 (2) (a) Subject to Subsections (2)(b) and (2)(c), the tax rate of the carbon emissions tax
- 1200 is, for the calendar year that begins on January 1, 2024, \$10 per metric ton of carbon dioxide
- 1201 emissions with automatic increases each calendar year:
- 1202 (i) of 3.5% plus a percentage equal to the greater of the actual percent change during
- 1203 the previous fiscal year in the consumer price index and 0; and
- 1204 (ii) rounded up to the nearest cent.
- 1205 (b) (i) Subject to Subsection (2)(b)(ii), the tax rate described in this Subsection (2) may

1206 not exceed \$100 per metric ton of carbon dioxide emissions.

1207 (ii) Beginning on January 1, 2025, the commission shall adjust, on January 1, the
1208 maximum tax rate described in Subsection (2)(b)(i) by adding to the maximum tax rate an
1209 amount equal to the greater of:

1210 (A) the amount calculated by multiplying the maximum tax rate for the previous
1211 calendar year by the actual percent change during the previous fiscal year in the consumer price
1212 index; and

1213 (B) 0.

1214 (c) (i) The tax rate of the carbon emissions tax on the combustion of coal, dyed diesel
1215 fuel, or fuel gas for industrial use is 10% of the rate described in Subsection (2)(a).

1216 (ii) Beginning on January 1, 2025, the commission shall increase, on January 1, the
1217 percentage amount in Subsection (2)(c)(i) by five percentage points.

1218 (iii) The tax rate on the combustion of coal, dyed diesel fuel, or fuel gas for industrial
1219 use may not exceed 50% of the rate described in Subsection (2)(a).

1220 (3) On or before June 30, the operator shall, for the previous calendar year:

1221 (a) report to the commission, electronically as provided by the commission, the number
1222 of metric tons of carbon dioxide emissions listed on the certification obtained in accordance
1223 with Section [19-1-207](#);

1224 (b) calculate the amount of carbon emissions tax due by multiplying the applicable tax
1225 rate described in Subsection (2) by the number of metric tons of carbon dioxide emissions
1226 reported in accordance with Subsection (3)(a); and

1227 (c) pay to the commission the carbon emissions tax imposed under this section.

1228 (4) The Division of Finance shall deposit the carbon emissions tax that the commission
1229 collects under this section into the Carbon Emissions Revenue Restricted Account, created in
1230 Section [59-30-301](#).

1231 (5) A large emitter that fails to comply with this chapter is subject to:

1232 (a) penalties described in Section [59-1-401](#); and

1233 (b) interest described in Section [59-1-402](#).

1234 (6) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
1235 commission may make rules governing the procedures for administering and collecting the
1236 carbon emissions tax imposed under this section.

1237 Section 15. Section **59-30-206** is enacted to read:

1238 **59-30-206. Imposition of carbon emissions tax on electricity provider.**

1239 (1) Except as otherwise provided in this chapter, an electricity provider shall pay, for a
1240 calendar year beginning on or after January 1, 2024, a carbon emissions tax on each metric ton
1241 of carbon dioxide emissions emitted to produce electricity that the electricity provider delivered
1242 in the state during the previous calendar year.

1243 (2) (a) Subject to Subsection (2)(b), the tax rate of the carbon emissions tax is for the
1244 calendar year that begins on January 1, 2024, \$10 per metric ton of carbon dioxide emissions
1245 with automatic increases each calendar year:

1246 (i) of 3.5% plus a percentage equal to the greater of the actual percent change during
1247 the previous fiscal year in the consumer price index and 0; and

1248 (ii) rounded up to the nearest cent.

1249 (b) (i) Subject to Subsection (2)(b)(ii), the tax rate described in this Subsection (2) may
1250 not exceed \$100 per metric ton of carbon dioxide emissions.

1251 (ii) Beginning on January 1, 2025, the commission shall adjust, on January 1, the
1252 maximum tax rate described in Subsection (2)(b)(i) by adding to the maximum tax rate an
1253 amount equal to the greater of:

1254 (A) the amount calculated by multiplying the maximum tax rate for the previous
1255 calendar year by the actual percent change during the previous fiscal year in the consumer price
1256 index; and

1257 (B) 0.

1258 (3) On or before June 30, an electricity provider shall, for the previous calendar year:

1259 (a) calculate the number of metric tons of carbon dioxide emissions that the electricity
1260 provider delivered in the state during the previous year using the Electric Power Sector
1261 Protocol;

1262 (b) report to the commission, electronically as provided by the commission, the number
1263 calculated in accordance with Subsection (3)(a);

1264 (c) calculate the amount of carbon emissions tax due by multiplying the applicable tax
1265 rate described in Subsection (2) by the number of metric tons of carbon emissions reported in
1266 accordance with Subsection (3)(a); and

1267 (d) pay to the commission the carbon emissions tax imposed under this section.

1268 (4) The commission shall deposit the carbon emissions tax that the commission
1269 collects under this section into the Carbon Emissions Revenue Restricted Account, created in
1270 Section 59-30-301.

1271 (5) An electricity provider that fails to comply with this chapter is subject to:

1272 (a) penalties described in Section 59-1-401; and

1273 (b) interest described in Section 59-1-402.

1274 (6) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
1275 commission may make rules governing the procedures for administering and collecting the
1276 carbon emissions tax imposed under this section.

1277 Section 16. Section 59-30-207 is enacted to read:

1278 **59-30-207. Exemptions.**

1279 (1) A carbon emissions tax imposed under this chapter does not apply to:

1280 (a) fossil fuel brought into the state by means of the fuel supply tank of a motor
1281 vehicle, vessel, locomotive, or aircraft;

1282 (b) fossil fuel emissions that the state is prohibited from taxing under the Utah
1283 Constitution or the constitution or laws of the United States; or

1284 (c) fossil fuel intended for export outside the state.

1285 (2) A carbon emissions tax due under this chapter is in addition to all other taxes
1286 provided by law.

1287 Section 17. Section 59-30-301 is enacted to read:

1288 **59-30-301. Carbon Emissions Revenue Restricted Account.**

1289 (1) There is created within the General Fund a restricted account known as the "Carbon
1290 Emissions Revenue Restricted Account."

1291 (2) The account shall consist of:

1292 (a) the revenue generated from taxes imposed under Sections 59-30-204, 59-30-205,
1293 and 59-30-206;

1294 (b) the revenue deposited into the account required under Section 59-12-103;

1295 (c) any interest and penalties levied in relation to the administration of this chapter; and

1296 (d) any other funds received as donations for the fund and appropriations from other
1297 sources.

1298 (3) Subject to Subsection (6), money in the fund shall be used to:

- 1299 (a) make the transfer described in Subsection (5)(b)(i);
- 1300 (b) make the transfer to the Education Fund described in Section [59-10-1114](#);
- 1301 (c) make the transfer described in Subsection (5)(b)(ii);
- 1302 (d) make the refunds described in Section [59-30-204](#);
- 1303 (e) make the transfer described in Subsection (5)(b)(iii);
- 1304 (f) make the transfer described in Subsection (5)(b)(iv); and
- 1305 (g) fund the Carbon Emissions Tax Refund Restricted Account created in Section
- 1306 [59-30-302](#).
- 1307 (4) (a) On or before October 1, 2024, the commission shall calculate, for the time
- 1308 period beginning on January 1, 2024, and ending on June 30, 2024, the total loss of revenue to
- 1309 the General Fund as a result of the elimination of the state sales and use tax on:
- 1310 (i) food and food ingredients;
- 1311 (ii) residential fuel; and
- 1312 (iii) commercial fuel.
- 1313 (b) For a fiscal year beginning on or after July 1, 2024, the commission shall, upon
- 1314 completion of the audit of sales and use tax, calculate the total loss of revenue to the General
- 1315 Fund for the previous fiscal year as a result of the elimination of the state sales and use tax on:
- 1316 (i) food and food ingredients;
- 1317 (ii) residential fuel; and
- 1318 (iii) commercial fuel.
- 1319 (5) (a) The Division of Finance shall make the transfers described in Subsection (5)(b):
- 1320 (i) except as provided in Subsection (5)(b)(i)(A), for a fiscal year beginning on or after
- 1321 July 1, 2024;
- 1322 (ii) subject to Subsection (6); and
- 1323 (iii) subject to appropriation by the Legislature.
- 1324 (b) The Division of Finance shall transfer from the fund:
- 1325 (i) (A) for the time period beginning on January 1, 2024, and ending on June 30, 2024,
- 1326 into the General Fund, the amount calculated in accordance with Subsection (4)(a); and
- 1327 (B) for a fiscal year beginning on or after July 1, 2024, into the General Fund, the
- 1328 amount calculated in accordance with Subsection (4)(b);
- 1329 (ii) to Utah Transit Authority to provide fare free transit, \$50,000,000;

1330 (iii) to the Governor's Office of Economic Opportunity -- Rural Employment
1331 Expansion Program, for the Governor's Office of Economic Opportunity created in Section
1332 63N-1a-301, in consultation with the Center for Rural Development created in Section
1333 63N-4-102, to use for diversifying the economy in rural counties and communities, \$5,000,000;
1334 and

1335 (iv) to the Clean Air Support Restricted Account, created in Section 19-1-109,
1336 \$5,000,000.

1337 (c) The Division of Finance shall make:

1338 (i) the transfers described in Subsection (5)(b)(i) upon receipt of the calculation
1339 required by Subsection (4) from the commission; and

1340 (ii) the transfer described in Subsection (5)(b)(ii) on or before August 1.

1341 (6) (a) The balance in the account may not decrease below \$20,000,000.

1342 (b) If the balance in the fund on June 30 is insufficient to cover the cost of the items
1343 identified in Subsections (3)(a) through (f) and retain a balance of \$20,000,000, priority shall
1344 be given to the items in the order that they are listed in Subsection (3).

1345 (c) If the balance in the fund on June 30, after funding the items described in
1346 Subsections (3)(a) through (f) for the current fiscal year, exceeds \$20,000,000, the Division of
1347 Finance shall transfer the amount that exceeds \$20,000,000 into the Carbon Emissions Tax
1348 Refund Restricted Account created in Section 59-30-302.

1349 Section 18. Section **59-30-302** is enacted to read:

1350 **59-30-302. Carbon Emissions Tax Refund Restricted Account.**

1351 (1) There is created within the General Fund a restricted account known as the "Carbon
1352 Emissions Tax Refund Restricted Account."

1353 (2) The account shall consist of:

1354 (a) deposits from the Carbon Emissions Revenue Restricted Account, created in
1355 Section 59-30-301; and

1356 (b) interest earned by the account.

1357 (3) (a) The account shall earn interest.

1358 (b) Interest earned on the money in the account shall be deposited into the account.

1359 (4) The Legislature may use the money in the account to lower state taxes.

1360 Section 19. Section **72-2-126** is amended to read:

1361 **72-2-126. Aeronautics Restricted Account.**

1362 (1) There is created a restricted account entitled the Aeronautics Restricted Account
1363 within the Transportation Fund.

1364 (2) The account consists of money generated from the following revenue sources:

1365 (a) aviation fuel tax allocated for aeronautical operations deposited into the account in
1366 accordance with Section [59-13-402](#);

1367 (b) carbon emissions tax revenue deposited in accordance with Section [59-30-203](#);

1368 [~~(b)~~] (c) aircraft registration fees deposited into the account in accordance with Section
1369 [72-10-110](#);

1370 [~~(c)~~] (d) appropriations made to the account by the Legislature;

1371 [~~(d)~~] (e) contributions from other public and private sources for deposit into the
1372 account; and

1373 [~~(e)~~] (f) interest earned on account money.

1374 (3) The department shall allocate funds in the account to the separate accounts of
1375 individual airports as required under Section [59-13-402](#).

1376 (4) (a) Except as provided in Subsection (4)(b), the department shall use funds in the
1377 account for:

1378 (i) the construction, improvement, operation, and maintenance of publicly used airports
1379 in this state;

1380 (ii) the payment of principal and interest on indebtedness incurred for the purposes
1381 described in Subsection (4)(a);

1382 (iii) operation of the division of aeronautics;

1383 (iv) the promotion of aeronautics in this state; and

1384 (v) the payment of the costs and expenses of the Department of Transportation in
1385 administering Title 59, Chapter 13, Part 4, Aviation Fuel, or another law conferring upon it the
1386 duty of regulating and supervising aeronautics in this state.

1387 (b) The department may use funds in the account for the support of aerial search and
1388 rescue operations, provided that no money deposited into the account under Subsection (2)(a)
1389 is used for that purpose.

1390 (5) (a) Money in the account may not be used by the department for the purchase of
1391 aircraft for purposes other than those described in Subsection (4).

1392 (b) Money in the account may not be used to provide or subsidize direct operating costs
1393 of travel for purposes other than those described in Subsection (4).

1394 Section 20. **Effective date.**

1395 This bill takes effect on December 31, 2023.