

1 **CLEAN THE AIR CARBON TAX ACT**

2
3 **LONG TITLE**

4 **General Description:**

5 This bill creates a tax on carbon dioxide emissions.

6 **Highlighted Provisions:**

7 This bill:

- 8 ► requires the Department of Environmental Quality to certify carbon dioxide
- 9 emissions by certain taxpayers;
- 10 ► establishes a grant program to fund projects that reduce air pollution;
- 11 ► imposes a carbon dioxide emissions tax, including:
 - 12 • defining terms;
 - 13 • requiring records;
 - 14 • addressing rate and remittance requirements for tax on motor fuel, special
 - 15 fuel, aviation fuel, natural gas, large emitter emissions, and electricity;
 - 16 • granting rulemaking authority; and
 - 17 • creating restricted accounts in which to deposit carbon emissions tax revenue
 - 18 and providing the types of expenditures that may be made from the restricted
 - 19 accounts;
- 20 ► converts the nonrefundable state earned income tax credit into a refundable state
- 21 earned income tax credit and changes the rate;
- 22 ► provides for the apportionment of the state earned income tax credit;
- 23 ► requires the State Tax Commission to reimburse the Income Tax Fund from the
- 24 Carbon Emissions Revenue Restricted Account for earned income tax credits
- 25 claimed;
- 26 ► eliminates the state sales and use tax on food;
- 27 ► modifies the formulas for calculating earmarks of sales and use tax revenue to
- 28 account for the deposit of carbon emissions tax revenue; and
- 29 ► makes technical and conforming changes.

30 **Money Appropriated in this Bill:**

31 None

32 **Other Special Clauses:**

33 This bill provides a special effective date.

34 **Utah Code Sections Affected:**

35 AMENDS:

36 **59-10-1002.2**, as last amended by Laws of Utah 2022, Chapter 12

37 **59-12-103**, as last amended by Laws of Utah 2022, Chapters 77, 106 and 433

38 **72-2-126**, as last amended by Laws of Utah 2022, Chapter 99

39 ENACTS:

40 **19-1-208**, Utah Code Annotated 1953

41 **19-1-209**, Utah Code Annotated 1953
42 **19-2-401**, Utah Code Annotated 1953
43 **59-10-1102.1**, Utah Code Annotated 1953
44 **59-10-1114**, Utah Code Annotated 1953
45 **59-30-101**, Utah Code Annotated 1953
46 **59-30-102**, Utah Code Annotated 1953
47 **59-30-103**, Utah Code Annotated 1953
48 **59-30-201**, Utah Code Annotated 1953
49 **59-30-202**, Utah Code Annotated 1953
50 **59-30-203**, Utah Code Annotated 1953
51 **59-30-204**, Utah Code Annotated 1953
52 **59-30-205**, Utah Code Annotated 1953
53 **59-30-206**, Utah Code Annotated 1953
54 **59-30-207**, Utah Code Annotated 1953
55 **59-30-301**, Utah Code Annotated 1953
56 **59-30-302**, Utah Code Annotated 1953

57 REPEALS:

58 **59-10-1044**, as enacted by Laws of Utah 2022, Chapter 12

59

60 *Be it enacted by the People of the state of Utah:*

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

62 **19-1-208**. **Certification of large emitter for tax purposes.**

63 (1) As used in this section:

64 (a) "Industrial use" means the same as that term is defined in Section 59-12-102.

65 (b) "Large emitter" means the same as that term is defined in Section 59-30-101.

66 (c) "Metric ton" means the same as that term is defined in Section 59-30-101.

67 (d) "Operator" means the same as that term is defined in Section 59-30-101.

68 (2) (a) On or before May 1, an operator of a large emitter shall apply to the department
69 for a written certification of the number of metric tons of carbon dioxide that the large emitter
70 emitted in this state during the previous calendar year from combustion of fossil fuels not taxed
71 under Sections 59-30-201 through 59-30-204 for:

72 (i) industrial use; and

73 (ii) uses other than industrial use.

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

76 (i) measurements in metric tons of carbon dioxide emissions from combustion in this
77 state by the large emitter of fossil fuels not taxed under Sections 59-30-201 through 59-30-204
78 for:

79 (A) industrial use; and

80 (B) uses other than industrial use; and

81 (ii) any information that the large emitter may be required to provide to the United States
82 Environmental Protection Agency for the facility by 40 C.F.R. Sec. 98.2.

83 (3) Prior to issuing a certification, the department shall determine the large emitter's
84 number of metric tons of carbon dioxide emissions from combustion of fossil fuels not taxed
85 under Sections 59-30-201 through 59-30-204 for:

86 (a) industrial use; and

87 (b) uses other than industrial use.

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

89 (a) issue to the operator, on a form provided by the State Tax Commission, a certification
90 of the number of metric tons of carbon dioxide emissions that the large emitter emitted during
91 the previous calendar year from combustion in this state by the large emitter of fossil fuels not
92 taxed under Sections 59-30-201 through 59-30-204 for:

93 (i) industrial use; and

94 (ii) uses other than industrial use; and

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

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

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

103 (7) The provisions of this section apply beginning on January 1, 2026.

104 Section 2. Section **19-1-209** is enacted to read:

105 **19-1-209. Certification of electricity provider.**

106 (1) As used in this section:

107 (a) "Electricity" means the same as that term is defined in Section 59-30-101.

108 (b) "Electricity provider" means the same as that term is defined in Section 59-30-101.

109 (c) "Industrial use" means the same as that term is defined in Section 59-12-102.

110 (d) "Metric ton" means the same as that term is defined in Section 59-30-101.

111 (2) (a) On or before May 1, an electricity provider shall apply to the department for a
112 written certification of the number of metric tons of carbon dioxide emissions associated with
113 electricity that the electricity provider delivered in the state during the previous calendar year for:

114 (i) industrial use; and

115 (ii) uses other than industrial use.

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

118 (i) the number of megawatt hours of electricity that the electricity provider delivered to
119 retail customers in this state for industrial use;

120 (ii) the number of megawatt hours of electricity that the electricity provider delivered to
121 retail customers in this state for uses other than industrial use;

122 (iii) the number of pounds of carbon dioxide per megawatt hour associated with
123 electricity that the electricity provider delivered in the state, calculated using the single system-
124 average anthropogenic delivery metric in the Electric Power Sector Protocol from The Climate
125 Registry;

126 (iv) information that the electricity provider used to calculate the single system-average
127 anthropogenic delivery metric in the Electric Power Sector Protocol from The Climate Registry;

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

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

134 (3) (a) Prior to issuing a certification, the department shall:

135 (i) determine the number of metric tons of carbon dioxide per megawatt hour associated
136 with electricity that the electricity provider delivered in the state by dividing the number in
137 Subsection (2)(b)(iii) by 2,205;

138 (ii) determine the electricity provider's metric tons of carbon dioxide emissions associated
139 with electricity that the electricity provider delivered in the state during the previous calendar
140 year for industrial use by multiplying the number in Subsection(2)(b)(i) by the number in
141 Subsection (3)(a)(i); and

142 (iii) determine the electricity provider's metric tons of carbon dioxide emissions
143 associated with electricity that the electricity provider delivered in the state during the previous
144 calendar year for uses other than industrial use by multiplying the number in Subsection(2)(b)(ii)
145 by the number in Subsection (3)(a)(i).

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

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

150 (a) issue to the electricity provider, on a form provided by the State Tax Commission, a
151 certification of the number of metric tons of carbon dioxide emissions associated with electricity
152 that the electricity provider delivered in the state during the previous calendar year for:

153 (i) industrial use; and

154 (ii) uses other than industrial use; and

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

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

161 (6) The department shall notify the State Tax Commission if the department concludes
162 that there is an error in a previously issued written certification that may require the electricity
163 provider to file an amended return in accordance with Section 59-30-103.

164 (7) The provisions of this section apply beginning on January 1, 2026.

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

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

167 **19-2-401. Clean air grant program.**

168 (1) As used in this section:

169 (a) "Advisory board" means the Air Quality Policy Advisory Board created in Section
170 19-2a-102.

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

172 (c) "Low-income community" means any census block group in which 30% or more of
173 the population are low-income individuals.

174 (d) "Low-income individual" means an individual who resides in a household whose
175 gross family income, as defined by rule, is at or below 200% of the federal poverty level.

176 (2) (a) Subject to other provisions of this section, the executive director may award a
177 grant to any person that submits a proposal for a project that the department, after consulting
178 with the advisory board, determines will improve air quality in Utah.

179 (b) At least twenty percent of the grant money awarded must prioritize air quality
180 improvements for low-income individuals or low-income communities.

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

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

185 (a) the proposed use for grant funds;

186 (b) the projected impact the project will make in improving air quality in Utah; and

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

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

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

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

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

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

195 (c) The aggregate amount of grants the executive director awards in a fiscal year may not
196 exceed the amount that the Legislature appropriates into the clean air grant program for the
197 previous fiscal year.

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

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

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

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

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

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

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

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

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

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

218 (c) the process for disbursing grant funds.

219 Section 4. Section **59-10-1002.2** is amended to read:

220 **59-10-1002.2. Apportionment of tax credits.**

221 (1) A nonresident individual or a part-year resident individual that claims a tax credit in
222 accordance with Section 59-10-1017, 59-10-1018, 59-10-1019, 59-10-1022, 59-10-1023, 59-10-
223 1024, 59-10-1028, 59-10-1042, or 59-10-1043, [~~or 59-10-1044~~] may only claim an apportioned
224 amount of the tax credit equal to:

225 (a) for a nonresident individual, the product of:

226 (i) the state income tax percentage for the nonresident individual; and

227 (ii) the amount of the tax credit that the nonresident individual would have been allowed
228 to claim but for the apportionment requirements of this section; or

229 (b) for a part-year resident individual, the product of:

230 (i) the state income tax percentage for the part-year resident individual; and

231 (ii) the amount of the tax credit that the part-year resident individual would have been
232 allowed to claim but for the apportionment requirements of this section.

233 (2) A nonresident estate or trust that claims a tax credit in accordance with Section 59-10-
234 1017, 59-10-1020, 59-10-1022, 59-10-1024, or 59-10-1028 may only claim an apportioned
235 amount of the tax credit equal to the product of:

236 (a) the state income tax percentage for the nonresident estate or trust; and

237 (b) the amount of the tax credit that the nonresident estate or trust would have been
238 allowed to claim but for the apportionment requirements of this section.

239 Section 5. Section **59-10-1102.1** is enacted to read:

240 **59-10-1102.1. Apportionment of tax credits.**

241 A nonresident individual or a part-year resident individual who claims a tax credit in
242 accordance with Section 59-10-1114 may only claim an apportioned amount of the tax credit
243 equal to the product of:

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

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

249 Section 6. Section **59-10-1114** is enacted to read:

250 **59-10-1114. Refundable earned income tax credit.**

251 (1) As used in this section:

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

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

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

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

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

260 (i) 20% of the amount of the federal earned income tax credit that the qualifying claimant
261 was entitled to claim on a federal income tax return for the current taxable year; or

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

264 (b) A qualifying claimant may claim the tax credit described in this section for a taxable
265 year that begins on or after January 1, 2026.

266 (3) The commission shall transfer at least annually from the Carbon Emissions Revenue
267 Restricted Account created in Section 59-30-301 into the Income Tax Fund an amount equal to
268 85% of the amount of the tax credit claimed under this section.

269 Section 7. Section **59-12-103** is amended to read:

270 **59-12-103. Sales and use tax base -- Rates -- Effective dates -- Use of sales and use**
271 **tax revenues.**

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

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

275 (b) amounts paid for:

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

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

281 (iii) an ancillary service associated with a:

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

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

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

285 (i) gas;

286 (ii) electricity;

287 (iii) heat;

288 (iv) coal;

289 (v) fuel oil; or

290 (vi) other fuels;

291 (d) sales of the following for residential use:

292 (i) gas;

293 (ii) electricity;

294 (iii) heat;

295 (iv) coal;

296 (v) fuel oil; or

297 (vi) other fuels;

298 (e) sales of prepared food;

299 (f) except as provided in Section 59-12-104, amounts paid or charged as admission or
300 user fees for theaters, movies, operas, museums, planetariums, shows of any type or nature,
301 exhibitions, concerts, carnivals, amusement parks, amusement rides, circuses, menageries, fairs,
302 races, contests, sporting events, dances, boxing matches, wrestling matches, closed circuit
303 television broadcasts, billiard parlors, pool parlors, bowling lanes, golf, miniature golf, golf
304 driving ranges, batting cages, skating rinks, ski lifts, ski runs, ski trails, snowmobile trails, tennis
305 courts, swimming pools, water slides, river runs, jeep tours, boat tours, scenic cruises, horseback
306 rides, sports activities, or any other amusement, entertainment, recreation, exhibition, cultural, or
307 athletic activity;

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

310 (i) the tangible personal property; and

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

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

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

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

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

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

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

324 (i) stored;

325 (ii) used; or

326 (iii) otherwise consumed;

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

329 (i) stored;

330 (ii) used; or

331 (iii) consumed; and

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

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

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

335 (ii) regardless of whether the sale provides:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

362 (i) (A) on or before December 31, 2025, a state tax imposed on the amounts paid or
363 charged for food and food ingredients at a tax rate of 1.75%; and

364 (B) beginning on January 1, 2026, a state tax imposed on the amounts paid or charged for
365 food or food ingredients at a tax rate of 0%; and

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

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

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

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

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

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

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

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

386 (ii) If an optional computer software maintenance contract is a bundled transaction that
387 consists of taxable and nontaxable products that are not separately itemized on an invoice or
388 similar billing document, the purchase of the optional computer software maintenance contract is
389 40% taxable under this chapter and 60% nontaxable under this chapter.

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

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

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

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

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

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

407 (II) state or federal law provides otherwise.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

482 (A) a commercial use;

483 (B) an industrial use; or

484 (C) a residential use.

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

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

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

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

490 (iv) the tax imposed by Subsection (2)(e)(i)(A)(I)[~~]~~ ; and

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

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

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

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

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

497 (iv) the tax imposed by Subsection (2)(e)(i)(B).

498 (c) The [~~state tax imposed by Subsection (2)(d) shall be deposited~~] commission shall
499 deposit the state tax imposed by Subsection (2)(d) into the General Fund.

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

502 (4) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,
503 2003, the lesser of the following amounts shall be expended as provided in Subsections (4)(b)
504 through (g):

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

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

507 (B) for the fiscal year; or

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

509 (b) (i) For a fiscal year beginning on or after July 1, 2003, 14% of the amount described
510 in Subsection (4)(a) shall be transferred each year as designated sales and use tax revenue to the
511 Department of Natural Resources to:

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

514 (B) award grants, up to the amount authorized by the Legislature in an appropriations act,
515 to political subdivisions of the state to implement the measures described in Subsections 79-2-
516 303(3)(a) through (d) to protect sensitive plant and animal species.

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

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

522 (A) 50% of any unexpended designated sales and use tax revenue shall lapse to the Water
523 Resources Conservation and Development Fund created in Section 73-10-24;

524 (B) 25% of any unexpended designated sales and use tax revenue shall lapse to the Utah
525 Wastewater Loan Program Subaccount created in Section 73-10c-5; and

526 (C) 25% of any unexpended designated sales and use tax revenue shall lapse to the
527 Drinking Water Loan Program Subaccount created in Section 73-10c-5.

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

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

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

536 (A) 50% of any unexpended designated sales and use tax revenue shall lapse to the Water
537 Resources Conservation and Development Fund created in Section 73-10-24;

538 (B) 25% of any unexpended designated sales and use tax revenue shall lapse to the Utah
539 Wastewater Loan Program Subaccount created in Section 73-10c-5; and

540 (C) 25% of any unexpended designated sales and use tax revenue shall lapse to the
541 Drinking Water Loan Program Subaccount created in Section 73-10c-5.

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

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

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

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

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

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

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

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

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

565 (iii) develop surface water sources.

566 (5) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,
567 2006, the difference between the following amounts shall be expended as provided in this
568 Subsection (5), if that difference is greater than \$1:

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

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

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

573 (A) transferred each fiscal year to the Department of Natural Resources as designated
574 sales and use tax revenue; and

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

577 (ii) At the end of each fiscal year, 100% of any unexpended designated sales and use tax
578 revenue described in Subsection (5)(b)(i) shall lapse to the Water Resources Conservation and
579 Development Fund created in Section 73-10-24.

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

582 (A) transferred each fiscal year to the Division of Water Resources as designated sales
583 and use tax revenue; and

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

586 (ii) At the end of each fiscal year, 100% of any unexpended designated sales and use tax
587 revenue described in Subsection (5)(c)(i) shall lapse to the Water Resources Conservation and
588 Development Fund created in Section 73-10-24.

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

593 (i) preconstruction costs:

594 (A) as defined in Subsection 73-26-103(6) for projects authorized by Title 73, Chapter
595 26, Bear River Development Act; and

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

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

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

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

604 (e) After making the transfers required by Subsections (5)(b) and (c), 15% of the
605 remaining difference described in Subsection (5)(a) shall be deposited each year into the Water
606 Rights Restricted Account created by Section 73-2-1.6.

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

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

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

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

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

618 (7) (a) Notwithstanding Subsection (3)(a) ~~[, in addition to the amounts deposited in~~
619 ~~Subsection (6),]~~ and subject to Subsection (7)(b), for ~~[a]~~ the period between January 1, 2026, and
620 June 30, 2026, and for each fiscal year beginning on or after July 1, ~~[2012]~~ 2026, the ~~[Division of~~
621 ~~Finance]~~ commission shall deposit into the Transportation Investment Fund of 2005 created by
622 Section 72-2-124~~[:]~~

623 ~~[(i) a portion of the taxes listed under Subsection (3)(a) in an amount equal to 8.3% of the~~
624 ~~revenues collected from the following taxes, which represents a portion of the approximately~~
625 ~~17% of sales and use tax revenues generated annually by the sales and use tax on vehicles and~~
626 ~~vehicle-related products:]~~ a portion of the taxes listed under Subsection (3)(a) equal to 17% of
627 the revenue collected from the following sales and use taxes:

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

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

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

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

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

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

635 that exceeds the amount collected from the sales and use taxes described in Subsections
636 ~~(7)(a)(i)(A) through (D) in the 2010-11 fiscal year.~~]

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

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

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

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

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

657 ~~[(iv) (i) [(A)] As used in this Subsection [(7)(b)(iv);] (7)(b):~~

658 ~~(A) "additional growth revenue" means the amount of relevant revenue collected in the~~
659 ~~current fiscal year that exceeds by more than 3% the relevant revenue collected in the previous~~
660 ~~fiscal year[-]; ;~~

661 ~~(B) [As used in this Subsection (7)(b)(iv);] "combined amount" means the combined total~~
662 ~~amount of money deposited into the Cottonwood Canyons fund under Subsections [(7)(b)(iv)(F)]~~
663 ~~(7)(b)(iii) and (8)(d)(vi) in any single fiscal year[-]; ;~~

664 ~~(C) [As used in this Subsection (7)(b)(iv);] "Cottonwood Canyons fund" means the~~
665 ~~Cottonwood Canyons Transportation Investment Fund created in Subsection 72-2-124(10)[-]; ;~~
666 ~~and~~

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

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

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

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

682 (8) (a) Notwithstanding Subsection (3)(a), in addition to the amounts deposited under
683 Subsections (6) and (7), and subject to Subsections (8)(b) and (d)(v), for ~~[a]~~ the period between
684 January 1, 2026, and June 30, 2026, and for each fiscal year beginning on or after July 1, ~~[2018]~~
685 2026, the commission shall annually deposit into the Transportation Investment Fund of 2005
686 created by Section 72-2-124 a portion of the taxes listed under Subsection (3)(a) in an amount
687 equal to 3.68% of the revenues collected from the following taxes:

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

689 (ii) the revenue collected by the tax imposed by Subsection (2)(b)(i);

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

691 ~~[(iv)]~~ (iii) the revenue collected by the tax imposed by Subsection (2)(e)(i)(A)(I) ~~[-]~~ ; and

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

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

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

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

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

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

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

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

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

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

723 (9) Notwithstanding Subsection (3)(a), for each fiscal year beginning with fiscal year
724 2009-10, \$533,750 shall be deposited into the Qualified Emergency Food Agencies Fund created
725 by Section 35A-8-1009 and expended as provided in Section 35A-8-1009.

726 (10) (a) Notwithstanding Subsection (3)(a), except as provided in Subsection (10)(b), and
727 in addition to any amounts deposited under Subsections (6), (7), and (8), the Division of
728 Finance shall deposit into the Transportation Investment Fund of 2005 created by Section 72-
729 2-124 the amount of revenue described as follows:

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

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

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

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

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

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

750 (13) Notwithstanding Subsection (3)(a), for each fiscal year beginning with fiscal year
751 2020-21, the Division of Finance shall deposit \$200,000 into the General Fund as a dedicated
752 credit solely for use of the Search and Rescue Financial Assistance Program created in, and
753 expended in accordance with, Title 53, Chapter 2a, Part 11, Search and Rescue Act.

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

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

761 (15) Notwithstanding Subsection (3)(a), and as described in Section 63N-3-610,
762 beginning the first day of the calendar quarter one year after the sales and use tax boundary for a
763 housing and transit reinvestment zone is established, the commission, at least annually, shall
764 transfer an amount equal to 15% of the sales and use tax increment within an established sales
765 and use tax boundary, as defined in Section 63N-3-602, into the Transit Transportation
766 Investment Fund created in Section 72-2-124.

767 (16) Notwithstanding Subsection (3)(a), the ~~[Division of Finance]~~ commission shall, for
768 ~~[a] the period between January 1, 2026, and June 30, 2026, and for each~~ fiscal year beginning on
769 or after July 1, ~~[2022]~~ 2026, transfer into the Outdoor Adventure Infrastructure Restricted
770 Account, created in Section 51-9-902, a portion of the taxes listed under Subsection (3)(a) equal
771 to 1% of the revenues collected from the following sales and use taxes:

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

773 (b) the revenue collected by the tax imposed by Subsection (2)(b)(i);

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

775 ~~[(d)]~~ (c) the revenue collected by the tax imposed by Subsection (2)(e)(i)(A)(I)[-]; and
776 (d) the amount described in Subsection 59-30-301(5)(b)(i).

777 (17) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,
778 2026, the commission shall deposit annually into the Carbon Emissions Revenue Restricted
779 Account, created in Section 59-30-301, a portion of the taxes described in Subsection (3)(a) in an
780 amount equal to 97% of the lesser of:

781 (i) the total amount the commission is required to deposit into the Transportation
782 Investment Fund under Subsections (7) and (8); and

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

785 (b) Notwithstanding Subsections (7) and (8), the commission shall reduce the deposits
786 into the Transportation Investment Fund of 2005 required under Subsections (7) and (8) in an
787 amount equal to the deposit described in Subsection (17)(a).

788 Section 8. Section **59-30-101** is enacted to read:

789 **59-30-101. Definitions.**

790 As used in this section:

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

792 (2) "Clean fuel" means the same as that term is defined in Section 59-13-102.

793 (3) "Consumer price index" means the Consumer Price Index for All Urban Consumers
794 as published by the Bureau of Labor Statistics of the United States Department of Labor.

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

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

797 (6) "Electricity" means electrical energy for consumption.

798 (7) "Electricity provider" means a person in this state that delivers electricity to customers
799 for consumption.

800 (8) "Federally certificated air carrier" means the same as that term is defined in Section
801 59-13-102.

802 (9) (a) "Fossil fuel" means aviation fuel, coal, motor fuel, natural gas, a petroleum
803 product, petroleum, special fuel, or any form of solid, liquid, or gaseous fuel derived from these
804 products.

805 (b) "Fossil fuel" includes still gas, propane, or petroleum residuals.

806 (10) "Industrial use" means the same as that term is defined in Section 59-12-102.

807 (11) (a) "Large emitter" means a facility that is required to report to the Environmental
808 Protection Agency under 40 C.F.R. 98 and that emits over 25,000 metric tons of carbon dioxide
809 in a calendar year from combustion of fossil fuels not taxed under Sections 59-30-201 through
810 59-30-204.

811 (b) "Large emitter" does not include an electricity provider, a person that provides
812 electricity to an electricity provider to deliver to a customer for consumption, or a person that
813 generates electricity.

814 (12) "Metric ton" means 2,205 pounds.

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

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

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

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

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

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

821 (b) "Purchaser" does not include:

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

824 (ii) this state or the state's political subdivision; or

825 (iii) an electricity provider, a person that provides electricity to an electricity provider to
826 deliver to a customer for consumption, or a person that generates electricity.

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

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

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

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

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

833 Section 9. Section **59-30-102** is enacted to read:

834 **59-30-102. Records.**

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

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

838 (b) for the time period during which an assessment may be made under Section 59-1-
839 1408.

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

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

847 Section 10. Section **59-30-103** is enacted to read:

848 **59-30-103. Amended return for large emitter or electricity provider.**

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

851 (i) the operator determines or becomes aware of an error in the written certification
852 obtained in accordance with Section 19-1-208; and

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

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

855 (B) an underpayment of tax.

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

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

860 (i) the electricity provider determines or becomes aware of an error in the written
861 certification obtained in accordance with Section 19-1-209; and

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

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

864 (B) an underpayment of tax.

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

867 Section 11. Section **59-30-201** is enacted to read:

868 **59-30-201. Imposition of carbon emissions tax on motor fuel.**

869 (1) (a) Except as otherwise provided in this section or this chapter, a distributor shall pay,
870 beginning on January 1, 2026, a carbon emissions tax on motor fuel that is sold, used, or
871 received for sale or use in this state.

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

873 (i) beginning on January 1, 2026, and ending on December 31, 2026, 9.72 cents per
874 gallon; and

875 (ii) beginning on January 1, 2027, and each January 1 thereafter, the rate determined by:

876 (A) increasing the rate effective January 1 of the previous year by 3.5% plus a percentage
877 equal to the greater of the actual percent change during the previous fiscal year in the consumer
878 price index and 0; and

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

880 (c) (i) Subject to Subsection (1)(c)(ii), the tax rate described in this Subsection (1) may
881 not exceed 97.2 cents per gallon.

882 (ii) Beginning on January 1, 2027, and each January 1 thereafter, the commission shall
883 adjust the maximum tax rate described in Subsection (1)(c) by adding to the maximum tax rate
884 an amount equal to the greater of 0 and the amount calculated by multiplying the maximum tax
885 rate for the previous calendar year by the actual percent change during the previous fiscal year in
886 the consumer price index.

887 (d) Any increase in the tax rate applies to motor fuel that is imported into the state for
888 sale or use on or after the effective date of the rate change.

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

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

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

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

896 (3) Each month, a distributor shall:

897 (a) report to the commission, electronically as provided by the commission, the amount
898 and type of motor fuel sold, used, or received for sale or use in this state; and

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

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

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

904 (b) The commission shall credit the revenue deposited in accordance with Subsection
905 (5)(a) to the Transportation Investment Fund of 2005 created in Section 72-2-124.

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

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

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

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

917 Section 12. Section **59-30-202** is enacted to read:

918 **59-30-202. Imposition of carbon emissions tax on special fuel.**

919 (1) (a) Except as otherwise provided in this section or this chapter, a supplier of special
920 fuel in this state shall pay, beginning on January 1, 2026, a carbon emissions tax on the:

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

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

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

924 (iv) sale of undyed diesel fuel, or of dyed diesel fuel subject to the railroad locomotive
925 tax imposed under Section 59-12-103(2)(d), to any person that is not registered as a supplier
926 under Chapter 13, Part 3, Special Fuel, unless the tax had been collected under this section;

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

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

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

930 (i) beginning on January 1, 2026, and ending on December 31, 2026, 12.23 cents per
931 gallon; and

932 (ii) beginning on January 1, 2027, and each January 1 thereafter, the rate determined by:
933 (A) increasing the rate effective January 1 of the previous year by 3.5% plus a percentage
934 equal to the greater of the actual percent change during the previous fiscal year in the consumer
935 price index and 0; and
936 (B) rounding up to the nearest 100th of a cent.
937 (c) (i) Subject to Subsection (1)(c)(ii), the tax rate described in this Subsection (1) may
938 not exceed \$1.22 per gallon.
939 (ii) Beginning on January 1, 2027, and each January 1 thereafter, the commission shall
940 adjust the maximum tax rate described in Subsection (1)(c)(i) by adding to the maximum tax rate
941 an amount equal to the greater of 0 and the amount calculated by multiplying the maximum tax
942 rate for the previous calendar year by the actual percent change during the previous fiscal year in
943 the consumer price index.
944 (d) The tax imposed under this section shall be imposed only once upon a special fuel.
945 (2) (a) A carbon emissions tax may not be imposed or collected under this section on
946 dyed diesel fuel except for railroad locomotive fuel subject to the tax imposed under Section 59-
947 12-103(2)(d).
948 (b) A carbon emissions tax may not be imposed under this section on undyed diesel fuel
949 or clean fuel that is:
950 (i) sold to the United States government or any of the United States government's
951 instrumentalities, this state, or a political subdivision of this state;
952 (ii) exported from this state if proof of actual exportation on forms prescribed by the
953 commission is made within 180 days after exportation;
954 (iii) except as provided in Section 59-30-205, used in a vehicle off highway;
955 (iv) used to operate a power take-off unit of a vehicle;
956 (v) used for off-highway agricultural uses;
957 (vi) used in a separately fueled engine on a vehicle that does not propel the vehicle upon
958 the highways of the state; or
959 (vii) used in machinery and equipment not registered and not required to be registered for
960 highway use.
961 (c) Except for railroad locomotive fuel subject to the tax imposed under Section 59-12-
962 103(2)(d), a carbon emissions tax may not be imposed or collected under this section on special
963 fuel if the special fuel is:

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

966 (B) used pursuant to the conditions of a state implementation plan approved under Title
967 19, Chapter 2, Air Conservation Act; or

968 (ii) propane or electricity.

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

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

972 (i) is removed from a refinery;

973 (ii) is removed from a terminal;

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

975 (iv) is sold to any person that is not registered as a supplier under Chapter 13, Part 3,1
976 Special Fuel, unless the carbon emissions tax has been collected under this chapter;

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

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

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

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

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

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

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

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

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

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

997 Section 13. Section **59-30-203** is enacted to read:

998 **59-30-203. Imposition of a carbon emissions tax on aviation fuel.**

999 (1) (a) (i) Except as otherwise provided in this chapter, a person that is required to pay the
1000 aviation fuel tax under Chapter 13, Part 4, Aviation Fuel, shall pay, beginning on January 1,
1001 2026, a carbon emissions tax on aviation fuel that is sold, used, or received for sale or use in this
1002 state.

1003 (b) Subject to Subsection (1)(c), the rate of tax imposed in this section is as follows:

1004 (i) beginning on January 1, 2026, and ending on December 31, 2026, 11.7 cents per
1005 gallon; and

1006 (ii) beginning on January 1, 2027, and each January 1 thereafter, the rate determined by:

1007 (A) increasing the rate effective January 1 of the previous year by 3.5% plus a percentage
1008 equal to the greater of the actual percent change during the previous fiscal year in the consumer
1009 price index and 0; and

1010 (B) rounding up to the nearest 100th of a cent.

1011 (c) (i) Subject to Subsection (1)(c)(ii), the tax rate described in this Subsection (1) may
1012 not exceed \$1.17 per gallon.

1013 (ii) Beginning on January 1, 2027, and each January 1 thereafter, the commission shall
1014 adjust the maximum tax rate described in Subsection (1)(c)(i) by adding to the maximum tax rate
1015 an amount equal to the greater of 0 and the amount calculated by multiplying the maximum tax
1016 rate for the previous calendar year by the actual percent change during the previous fiscal year in
1017 the consumer price index.

1018 (2) Each month, a person described in Subsection (1) shall:

1019 (a) report to the commission electronically, as provided by the commission:

1020 (i) the amount of aviation fuel that was purchased;

1021 (ii) the total number of gallons of aviation fuel that was purchased;

1022 (iii) for purchases by a federally certificated air carrier, the number of gallons of aviation
1023 fuel purchased by the airport at which the federally certificated air carrier purchased the aviation
1024 fuel; and

1025 (iv) for purchases by a person that is not a federally certificated air carrier, the number of
1026 gallons of aviation fuel purchased by the airport at which the person that is not a federally
1027 certificated air carrier purchased the aviation fuel; and

1028 (b) pay to the commission the carbon emissions tax imposed under this section.

1029 (3) (a) (i) The commission shall deposit the revenue the commission collects under this
1030 section with the state treasurer.

1031 (ii) The commission shall credit the revenue deposited in accordance with Subsection
1032 (3)(a)(i) into the Transportation Fund.

1033 (b) The Legislature shall appropriate from the Transportation Fund to the commission the
1034 amount necessary to cover expenses incurred in the administration and enforcement of this
1035 section and the collection of the carbon emissions tax under this section.

1036 (c) The Transportation Fund shall fund any refund to which a taxpayer is entitled under
1037 this section.

1038 (4) The state treasurer shall place an amount equal to the total amount received from the
1039 carbon emissions tax on the sale or use of aviation fuel in the Aeronautics Restricted Account
1040 created by Section 72-2-126.

1041 (5) (a) The tax imposed under Subsection (1) shall be allocated as provided in Section 59-
1042 13-402.

1043 (b) Upon appropriation by the Legislature, the allocation to aeronautical operations of the
1044 Department of Transportation shall be used as provided in the Aeronautics Restricted Account
1045 created by Section 72-2-126.

1046 (6) (a) The commission shall require reports and returns from distributors, retail dealers,
1047 and users to enable the commission and the Department of Transportation to allocate the revenue
1048 in accordance with Section 59-13-402 to be credited to:

1049 (i) the Aeronautics Restricted Account created by Section 72-2-126; and

1050 (ii) the separate accounts of individual airports.

1051 (b) (i) Except as provided by Subsection (6)(b)(ii), any unexpended amount remaining in
1052 the account of any publicly used airport on the first day of January, April, July, and October shall
1053 be paid to the authority operating the airport.

1054 (ii) Carbon emissions tax revenue allocated to an airport owned and operated by a city of
1055 the first class shall be paid to the city treasurer on the first day of each month.

1056 (iii) The state treasurer shall deposit carbon emissions tax revenue collected on fuel sold
1057 at places other than publicly used airports in the Aeronautics Restricted Account created by
1058 Section 72-2-126.

1059 (c) The refund, credit, administrative, and penalty provisions of Chapter 13, Part 4,
1060 Aviation Fuel, apply to a carbon emissions tax imposed under this section.

1061 (7) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
1062 commission may make rules governing the procedures for administering and collecting the
1063 carbon emissions tax imposed under this section.

1064 Section 14. Section **59-30-204** is enacted to read:

1065 **59-30-204. Imposition of carbon emissions tax on natural gas.**

1066 (1) (a) Except as otherwise provided in this chapter, a purchaser shall pay, beginning on
1067 January 1, 2026, a carbon emissions tax on natural gas purchases.

1068 (b) A purchaser shall pay the tax imposed under Subsection (1)(a) to the natural gas
1069 supplier at the time the purchaser buys the natural gas.

1070 (2) (a) Subject to Subsections (2)(b) and (c), the rate of the tax imposed in this section is
1071 as follows:

1072 (i) beginning on January 1, 2026, and ending on December 31, 2026, 65.84 cents per
1073 1,000 cubic feet; and

1074 (ii) beginning on January 1, 2027, and each January 1 thereafter, the rate determined by:

1075 (A) increasing the rate effective January 1 of the previous year by 3.5% plus a percentage
1076 equal to greater of the actual percent change during the previous fiscal year in the consumer price
1077 index and 0; and

1078 (B) rounding up to the nearest 100th of a cent.

1079 (b) (i) Subject to Subsection (2)(b)(ii), the tax rate described in this Subsection (2) may
1080 not exceed \$6.58 per 1,000 cubic feet.

1081 (ii) Beginning on January 1, 2027, and each January 1 thereafter, the commission shall
1082 adjust the maximum tax rate described in Subsection (2)(b)(i) by adding to the maximum tax rate
1083 an amount equal to the greater of 0 and the amount calculated by multiplying the maximum tax
1084 rate for the previous calendar year by the actual percent change during the previous fiscal year in
1085 the consumer price index.

1086 (iii) Any increase in the tax rate applies to natural gas that is provided to a purchaser on
1087 or after the effective date of the rate change.

1088 (c) (i) Subject to Subsections (2)(c)(ii) and (iii), the tax rate under this section of the
1089 carbon emissions tax on natural gas purchases for industrial use is 10% of the rate described in
1090 Subsection (2)(a) adjusted in accordance with Subsection (2)(b).

1091 (ii) Beginning on January 1, 2027, and each January 1 thereafter, the commission shall
1092 increase the percentage amount in Subsection (2)(c)(i) by two percentage points.

1093 (iii) The tax rate under this section of the carbon emissions tax on natural gas purchases
1094 for industrial use may not exceed 100% of the rate described in Subsection (2)(a) adjusted in
1095 accordance with Subsection (2)(b).

1096 (3) Each month, a natural gas supplier shall:

1097 (a) report to the commission, electronically as provided by the commission:

1098 (i) the total number of cubic feet of natural gas sold to a purchaser; and

1099 (ii) the number of cubic feet of natural gas sold to a purchaser for industrial use; and

1100 (b) remit to the commission the carbon emissions tax paid under this section.

1101 (4) The commission shall deposit the carbon emissions tax revenue that the commission
1102 collects under this section into the Carbon Emissions Revenue Restricted account, created in
1103 Section 59-30-301.

1104 (5) (a) A natural gas supplier may not, with intent to evade any tax, fail to timely remit
1105 the full amount of tax required by this section.

1106 (b) A violation of this section is punishable as provided in Section 59-1-401.

1107 (c) In addition to the tax due, a person shall pay the penalties described in Section 59-1-
1108 401 and the interest described in Section 59-1-402 if the person fails to:

1109 (i) pay any tax to the state or any amount of tax required to be paid to the state, except
1110 amounts determined to be due by the commission under Chapter 1, Part 14, Assessment
1111 Collections, and Refunds Act, within the time required by this section; or

1112 (ii) file any return as required by this section.

1113 (6) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
1114 commission may make rules governing the procedures for administering and collecting the
1115 carbon emissions tax imposed under this section.

1116 Section 15. Section **59-30-205** is enacted to read:

1117 **59-30-205. Imposition of carbon emissions tax on large emitter.**

1118 (1) Except as otherwise provided in this chapter, an operator of a large emitter shall pay,
1119 for a calendar year beginning on or after January 1, 2026, a carbon emissions tax on each metric
1120 ton of carbon dioxide that the large emitter emitted in this state during the previous calendar year
1121 from combustion of fossil fuels not subject to the taxes imposed under Sections 59-30-201
1122 through 59-30-204.

1123 (2) (a) Subject to Subsections (2)(b) and (c), the tax rate of the carbon emissions tax is:

1124 (i) for the calendar year beginning on January 1, 2026, \$12 per metric ton of carbon
1125 dioxide emissions; and

1126 (ii) beginning on January 1, 2027, and each January 1 thereafter, the rate determined by:

1127 (A) increasing the rate effective January 1 of the previous year by 3.5% plus a percentage
1128 equal to the greater of the actual percent change during the previous fiscal year in the consumer
1129 price index and 0; and

1130 (B) rounding up to the nearest cent.

1131 (b) (i) Subject to Subsection (2)(b)(ii), the tax rate described in this Subsection (2) may
1132 not exceed \$120 per metric ton of carbon dioxide emissions.

1133 (ii) Beginning on January 1, 2027, and each January 1 thereafter, the commission shall
1134 adjust the maximum tax rate described in Subsection (2)(b)(i) by adding to the maximum tax rate
1135 an amount equal to the greater of 0 and the amount calculated by multiplying the maximum tax
1136 rate for the previous calendar year by the actual percent change during the previous fiscal year in
1137 the consumer price index.

1138 (c) (i) Subject to Subsections (2)(c)(ii) and (iii), the tax rate for industrial use under this
1139 section of the carbon emissions tax is 10% of the rate described in Subsection (2)(a) adjusted in
1140 accordance with Subsection (2)(b).

1141 (ii) Beginning on January 1, 2027, and each January 1 thereafter, the commission shall
1142 increase the percentage amount in Subsection (2)(c)(i) by two percentage points.

1143 (iii) The tax rate under this section of the carbon emissions tax on the combustion by
1144 large emitters of fossil fuels not subject to the taxes imposed under Sections 59-30-201 through
1145 59-30-204 may not exceed 100% of the rate described in Subsection (2)(a) adjusted in
1146 accordance with Subsection (2)(b).

1147 (3) On or before June 30, the operator shall, for the previous calendar year:

1148 (a) report to the commission, on electronic forms provided by the commission:

1149 (i) the number of metric tons of carbon dioxide emissions associated with industrial use
1150 listed on the certification obtained in accordance with Section 19-1-208; and

1151 (ii) the number of metric tons of carbon dioxide emissions associated with uses other than
1152 industrial use listed on the certification obtained in accordance with Section 19-1-208;

1153 (b) calculate the amount of carbon emissions tax due that is associated with industrial use
1154 by multiplying the applicable tax rate described in Subsection (2) by the number of metric tons
1155 of carbon dioxide emissions reported in accordance with Subsection (3)(a)(i);

1156 (c) calculate the amount of carbon emissions tax due that is associated with uses other
1157 than industrial use by multiplying the applicable tax rate described in Subsection (2) by the
1158 number of metric tons of carbon dioxide emissions reported in accordance with Subsection
1159 (3)(a)(ii); and

1160 (d) pay to the commission the carbon emissions taxes due under this section.
1161 (4) The commission shall deposit the carbon emissions tax that the commission collects
1162 under this section into the Carbon Emissions Revenue Restricted Account, created in Section 59-
1163 30-301.

1164 (5) An operator subject to taxation under this section that has a tax liability of \$3000 or
1165 more in either the current tax year or the previous tax year shall make quarterly payments of
1166 estimated tax in accordance with the due dates, percentages, and penalty provisions described in
1167 Subsections 59-7-504(2)(b) through (e), (3), and (4).

1168 (6) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
1169 commission may make rules governing the procedures for administering and collecting the
1170 carbon emissions tax imposed under this section.

1171 Section 16. Section **59-30-206** is enacted to read:

1172 **59-30-206. Imposition of carbon emissions tax on electricity provider.**

1173 (1) Except as otherwise provided in this chapter, an electricity provider shall pay, for a
1174 calendar year beginning on or after January 1, 2026, a carbon emissions tax on each metric ton of
1175 carbon dioxide emissions emitted to produce electricity that the electricity provider delivered in
1176 this state during the previous calendar year.

1177 (2) (a) Subject to Subsections (2)(b) and (c), the tax rate of the carbon emissions tax is:

1178 (i) for the calendar year beginning on January 1, 2026, \$12 per metric ton of carbon
1179 dioxide emissions; and

1180 (ii) beginning on January 1, 2027, and each January 1 thereafter, the rate determined by:

1181 (A) increasing the rate effective January 1 of the previous year by 3.5% plus a percentage
1182 equal to greater of the actual percent change during the previous fiscal year in the consumer price
1183 index and 0; and

1184 (B) rounding up to the nearest 100th of a cent.

1185 (b) (i) Subject to Subsection (2)(b)(ii), the tax rate described in this Subsection (2) may
1186 not exceed \$120 per metric ton of carbon dioxide emissions.

1187 (ii) Beginning on January 1, 2027, and each January 1 thereafter, the commission shall
1188 adjust the maximum tax rate described in Subsection (2)(b)(i) by adding to the maximum tax rate
1189 an amount equal to the greater of 0 and the amount calculated by multiplying the maximum tax
1190 rate for the previous calendar year by the actual percent change during the previous fiscal year in
1191 the consumer price index.

1192 (c) (i) Subject to Subsections (2)(c)(ii) and (iii), the tax rate under this section of the
1193 carbon emissions tax on carbon emissions associated with electricity delivered for industrial

1194 use is 10% of the rate described in Subsection (2)(a) adjusted in accordance with Subsection
1195 (2)(b).

1196 (ii) Beginning on January 1, 2027, and each January 1 thereafter, the commission shall
1197 increase the percentage amount in Subsection (2)(c)(i) by two percentage points.

1198 (iii) The tax rate under this section of the carbon emissions tax on carbon emissions
1199 associated with electricity delivered for industrial use may not exceed 100% of the rate described
1200 in Subsection (2)(a) adjusted in accordance with Subsection (2)(b).

1201 (3) On or before June 30, an electricity provider shall, for the previous calendar year:

1202 (a) report to the commission, on electronic forms provided by the commission:

1203 (i) the number of metric tons of carbon dioxide emissions associated with industrial use
1204 listed on the certification obtained in accordance with Section 19-1-209; and

1205 (ii) the number of metric tons of carbon dioxide emissions associated with uses other than
1206 industrial use listed on the certification obtained in accordance with Section 19-1-209;

1207 (b) calculate the amount of carbon emissions tax due that is associated with industrial use
1208 by multiplying the applicable tax rate described in Subsection (2) by the number of metric tons
1209 of carbon dioxide emissions reported in accordance with Subsection (3)(a)(i);

1210 (c) calculate the amount of carbon emissions tax due that is associated with uses other
1211 than industrial use by multiplying the applicable tax rate described in Subsection (2) by the
1212 number of metric tons of carbon dioxide emissions reported in accordance with Subsection
1213 (3)(a)(ii); and

1214 (d) pay to the commission the carbon emissions taxes due under this section.

1215 (4) An electricity provider subject to taxation under this section that has a tax liability of
1216 \$3000 or more in either the current tax year or the previous tax year shall make quarterly
1217 payments of estimated tax in accordance with the due dates, percentages, and penalty provisions
1218 described in Subsections 59-7-504(2)(b) through (e), (3), and (4).

1219 (5) The commission shall deposit the carbon emissions tax revenue that the commission
1220 collects under this section into the Carbon Emissions Revenue Restricted Account, created in
1221 Section 59-30-301.

1222 (6) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
1223 commission may make rules governing the procedures for administering and collecting the
1224 carbon emissions tax imposed under this section.

1225 Section 17. Section **59-30-207** is enacted to read:

1226 **59-30-207. Exemptions.**

1227 (1) A carbon emissions tax imposed under this chapter does not apply to:

1228 (a) fossil fuel brought into the state by means of the fuel supply tank of a motor vehicle,
1229 vessel, locomotive, or aircraft;

1230 (b) fossil fuel emissions that the state is prohibited from taxing under the Utah
1231 Constitution or the constitution or laws of the United States; or

1232 (c) fossil fuel intended for export outside the state.

1233 (d) A carbon emissions tax due under this chapter is in addition to all other taxes
1234 provided by law.

1235 Section 18. Section **59-30-301** is enacted to read:

1236 **59-30-301. Carbon Emissions Revenue Restricted Account.**

1237 (1) There is created within the General Fund a restricted account known as the "Carbon
1238 Emissions Revenue Restricted Account."

1239 (2) The account shall consist of:

1240 (a) the revenue generated from the taxes imposed under Sections 59-30-204, 59-30-205,
1241 and 59-30-206;

1242 (b) the revenue deposited into the account under Section 59-12-103;

1243 (c) any interest and penalties levied in relation to administration of this chapter; and

1244 (d) any other funds or donations for the fund and appropriations from other sources.

1245 (3) Subject to Subsection (6), money in the fund shall be used to:

1246 (a) make the transfer to the Income Tax Fund described in Section 59-10-1114;

1247 (b) make the transfer described in Subsection (5)(b)(i);

1248 (c) make the transfer described in Subsection (5)(b)(ii);

1249 (d) make the transfer described in Subsection (5)(b)(iii);

1250 (e) make the transfer described in Subsection (5)(b)(iv);

1251 (f) make the transfer described in Subsection (5)(b)(v); and

1252 (g) fund the Carbon Emissions Tax Refund Restricted Account created in Section 59-30-
1253 302.

1254 (4) (a) On or before October 1, 2026, the commission shall calculate for the time period
1255 beginning on January 1, 2026, and ending on June 30, 2026, the total loss of revenue to the
1256 General Fund as a result of the elimination of the state sales and use tax on food and food
1257 ingredients.

1258 (b) For a fiscal year beginning on or after July 1, 2026, the commission shall, upon
1259 completion of the audit of sales and use tax, calculate the total loss of revenue to the General
1260 Fund for the previous fiscal year as a result of the elimination of the state sales and use tax on
1261 food and food ingredients.

1262 (5) (a) The commission shall make the transfers described in Subsection (6)(b):

1263 (i) except as provided in Subsection (5)(b)(i)(A), for a fiscal year beginning on or after
1264 July 1, 2026;

1265 (ii) subject to Subsection (6); and

1266 (iii) subject to appropriation by the Legislature.

1267 (b) The commission shall transfer from the fund:

1268 (i) (A) for the time period beginning on January 1, 2026, and ending on June 30, 2026,
1269 into the General Fund, the amount calculated in accordance with Subsection (4)(a); and

1270 (B) for a fiscal year beginning on or after July 1, 2026, into the General Fund, the amount
1271 calculated in accordance with Subsection (4)(b);

1272 (ii) to the Department of Environmental Quality, created in Section 19-1-104, for the uses
1273 described in Section 19-2-401, \$75,000,000;

1274 (iii) to Utah Transit Authority to reduce vehicle emissions by reducing fares for or
1275 expanding access to public transit for low-income individuals, individuals of high school age and
1276 younger or 65 years of age and older, and individuals with disabilities, \$5,000,000;

1277 (iv) to the Division of Air Quality, created in Section 19-1-105, for the uses described in
1278 Title 19, Chapter 2, Part 2, Clean Air Retrofit, Replacement, and Off-road Technology Program,
1279 \$20,000,000; and

1280 (v) to the Governor's Office of Economic Opportunity – Rural Employment Expansion
1281 Program, for the Governor's Office of Economic Opportunity created in Section 63N-1a-301, in
1282 consultation with the Center for Rural Development created in Section 63N-4-102, to use for
1283 diversifying the economy in rural counties and communities in ways that reduce dependence on
1284 fossil fuels, \$50,000,000.

1285 (c) The commission shall make:

1286 (i) the transfers described in Subsection (5)(b)(i) upon receipt of the calculation required
1287 by Subsection (4) from the commission; and

1288 (ii) the transfers described in Subsections (5)(b)(ii) through (v) on or before August 1.

1289 (6) (a) The balance in the account may not decrease below \$20,000,000.

1290 (b) If the balance in the fund on June 30 is insufficient to cover the cost of the items
1291 identified in Subsections (3)(a) through (f) and retain a balance of \$20,000,000, each transfer
1292 shall be reduced in proportion to the overall shortfall.

1293 (c) If the balance in the fund on June 30, after funding the items described in Subsections
1294 (3)(a) through (f) for the current fiscal year, exceeds \$20,000,000, the commission shall transfer
1295 the amount that exceeds \$20,000,000 into the Carbon Emissions Tax Refund Restricted Account
1296 created in Section 59-30-302.

1297 Section 19. Section **59-30-302** is enacted to read:

1298 **59-30-302. Carbon Emissions Tax Refund Restricted Account.**

1299 (1) There is created within the General Fund a restricted account known as the "Carbon
1300 Emissions Tax Refund Restricted Account."

1301 (2) The account shall consist of:

1302 (a) deposits from the Carbon Emissions Revenue Restricted Account created in Section
1303 59-30-301; and

1304 (b) interest earned by the account.

1305 (3) The Legislature may use the money in the account to lower taxes imposed in the state,
1306 especially for low- and middle-income households and for energy-intensive trade-exposed
1307 businesses.

1308 Section 20. Section **72-2-126** is amended to read:

1309 **72-2-126. Aeronautics Restricted Account.**

1310 (1) There is created a restricted account entitled the Aeronautics Restricted Account
1311 within the Transportation Fund.

1312 (2) The account consists of money generated from the following revenue sources:

1313 (a) aviation fuel tax allocated for aeronautical operations deposited into the account in
1314 accordance with Section 59-13-402;

1315 (b) aircraft registration fees deposited into the account in accordance with Section 72-10-
1316 110;

1317 (c) carbon emissions tax revenue deposited in accordance with Section 59-30-203;

1318 [~~e~~] (d) appropriations made to the account by the Legislature;

1319 [~~d~~] (e) contributions from other public and private sources for deposit into the account;

1320 and

1321 [~~e~~] (f) interest earned on account money.

1322 (3) The department shall allocate funds in the account to the separate accounts of
1323 individual airports as required under Section 59-13-402.

1324 (4) (a) Except as provided in Subsection (4)(b), the department shall use funds in the
1325 account for:

1326 (i) the construction, improvement, operation, and maintenance of publicly used airports in
1327 this state;

1328 (ii) the payment of principal and interest on indebtedness incurred for the purposes
1329 described in Subsection (4)(a);

1330 (iii) operation of the division of aeronautics;

1331 (iv) the promotion of aeronautics in this state; and

1332 (v) the payment of the costs and expenses of the Department of Transportation in
1333 administering Title 59, Chapter 13, Part 4, Aviation Fuel, or another law conferring upon it the
1334 duty of regulating and supervising aeronautics in this state.

1335 (b) The department may use funds in the account for the support of aerial search and
1336 rescue operations, provided that no money deposited into the account under Subsection (2)(a) is
1337 used for that purpose.

1338 (5) (a) Money in the account may not be used by the department for the purchase of
1339 aircraft for purposes other than those described in Subsection (4).

1340 (b) Money in the account may not be used to provide or subsidize direct operating costs
1341 of travel for purposes other than those described in Subsection (4).

1342 (6) The Department may not use money in the account to fund:

1343 (a) more than 77% of the operations costs related to state owned aircraft in fiscal year
1344 2023-24;

1345 (b) more than 52% of the operations costs related to state owned aircraft in fiscal year
1346 2024-25;

1347 (c) more than 26% of the operations costs related to state owned aircraft in fiscal year
1348 2025-26;

1349 (d) more than 10% of the operations costs related to state owned aircraft in fiscal year
1350 2026-27; or

1351 (e) any operations costs related to state owned aircraft in a fiscal year beginning on or
1352 after July 1, 2027.

1353 **Section 21. Repealer.**

1354 This bill repeals:

1355 Section **59-10-1044, Nonrefundable earned income tax credit.**

1356 **Section 22. Effective date.**

1357 This bill takes effect on Jan 1, 2026, except that Sections 4, 5, 6, and 21 take effect for a
1358 taxable year beginning on or after January 1, 2026.