FOSSIL FUELS TAX AMENDMENTS

2022 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Derek L. Kitchen

House Sponsor: ____________

LONG TITLE

General Description:

This bill creates a tax on carbon dioxide emissions.

Highlighted Provisions:

This bill:

- imposes a carbon dioxide emissions tax, including:
  - defining terms;
  - requiring records;
  - addressing rate and remittance requirements for tax on motor fuel, special fuel, aviation fuel, natural gas, large emitter emissions, and electricity;
  - granting rulemaking authority; and
  - creates restricted accounts in which to deposit carbon emissions tax revenue and provides for the accounts' uses;
- prohibits a large transit district from charging a fare to a passenger of a public transit service;
- requires the Department of Environmental Quality to certify carbon emissions by certain taxpayers;
- creates a refundable state earned income tax credit and provides for apportionment of that tax credit;
- requires the Division of Finance to reimburse the Education Fund from the Carbon Emissions Revenue Restricted Account for earned income tax credits claimed;
eliminates the state sales and use tax on food;
> eliminates the state sales and use tax on residential fuel and commercial fuel;
> modifies the formulas for calculating earmarks of sales and use tax revenue to account for the deposit of carbon emissions tax revenue; and
> makes technical and conforming changes.

**Money Appropriated in this Bill:**
None

**Other Special Clauses:**
This bill provides a special effective date.

**Utah Code Sections Affected:**

**AMENDS:**
17B-2a-808.1, as last amended by Laws of Utah 2021, Chapter 239
17B-2a-815, as last amended by Laws of Utah 2013, Chapter 216
59-12-103, as last amended by Laws of Utah 2021, Chapters 367, 387, and 411
72-2-126, as last amended by Laws of Utah 2016, Chapter 38

**ENACTS:**
19-1-208, Utah Code Annotated 1953
59-10-1102.1, Utah Code Annotated 1953
59-10-1114, Utah Code Annotated 1953
59-30-101, Utah Code Annotated 1953
59-30-102, Utah Code Annotated 1953
59-30-103, Utah Code Annotated 1953
59-30-201, Utah Code Annotated 1953
59-30-202, Utah Code Annotated 1953
59-30-203, Utah Code Annotated 1953
59-30-204, Utah Code Annotated 1953
59-30-205, Utah Code Annotated 1953
59-30-206, Utah Code Annotated 1953
59-30-207, Utah Code Annotated 1953
59-30-301, Utah Code Annotated 1953
59-30-302, Utah Code Annotated 1953
Be it enacted by the Legislature of the state of Utah:

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

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

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

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

(a) hold public meetings and receive public comment;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) how negotiations occurred;

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

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

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

(u) review and approve any:

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

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

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

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

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

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

(a) subject to Subsection (5), make and pass ordinances, resolutions, and orders that are:
(i) not repugnant to the United States Constitution, the Utah Constitution, or the
provisions of this part; and
(ii) necessary for:
(A) the governance and management of the affairs of the district;
(B) the execution of district powers; and
(C) carrying into effect the provisions of this part;

(b) provide by resolution, under terms and conditions the board considers fit, for the
payment of demands against the district without prior specific approval by the board, if the
payment is:
(i) for a purpose for which the expenditure has been previously approved by the board;
(ii) in an amount no greater than the amount authorized; and
(iii) approved by the executive director or other officer or deputy as the board
prescribes;
(c) in consultation with the local advisory council created in Section 17B-2a-808.2:
(i) hold public hearings and subpoena witnesses; and
(ii) appoint district officers to conduct a hearing and require the officers to make
findings and conclusions and report them to the board; and
(d) appoint a custodian for the funds and securities under its control, subject to
Subsection (2)(n).

(4) For a large public transit district in existence as of May 8, 2018, on or before
September 30, 2019, the board of trustees of a large public transit district shall present a report
to the Transportation Interim Committee regarding retirement benefits of the district, including:
(a) the feasibility of becoming a participating employer and having retirement benefits
of eligible employees and officials covered in applicable systems and plans administered under
Title 49, Utah State Retirement and Insurance Benefit Act;
(b) any legal or contractual restrictions on any employees that are party to a collectively
bargained retirement plan; and
(c) a comparison of retirement plans offered by the large public transit district and
similarly situated public employees, including the costs of each plan and the value of the
benefit offered.

(5) The board of trustees may not issue a bond unless the board of trustees has
consulted and received approval from the State Bonding Commission created in Section 63B-1-201.

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

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

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

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

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

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

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

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

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

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

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

(2) Rates and charges shall:

(a) be reasonable; and

(b) to the extent practicable:

(i) result in enough revenue to make the public transit system self supporting; and
be sufficient to:
(A) pay for district operating expenses;
(B) provide for repairs, maintenance, and depreciation of works and property that the
district owns or operates;
(C) provide for the purchase, lease, or acquisition of property and equipment;
(D) pay the interest and principal of bonds that the district issues; and
(E) pay for contracts, agreements, leases, and other legal liabilities that the district
incurs.

(3) (a) In accordance with Section 63G-2-302, the following personal information
received by the district from a customer through any debit, credit, or electronic fare payment
process is a private record under Title 63G, Chapter 2, Government Records Access and
Management Act:
(i) travel data, including:
(A) the identity of the purchasing individual or entity;
(B) travel dates, times, or frequency of use; and
(C) locations of use;
(ii) service type or vehicle identification used by the customer;
(iii) the unique transit pass identifier assigned to the customer; or
(iv) customer account information, including the cardholder's name, the credit or debit
card number, the card issuer identification, or any other related information.
(b) Private records described in this Subsection (3) that are received by a public transit
district may only be disclosed in accordance with Section 63G-2-202.

Section 3. Section 19-1-208 is enacted to read:
19-1-208. Certification of large emitters for tax purposes.
(1) As used in this section:
(a) "Dyed diesel fuel" means the same as that term is defined in Section 59-13-102.
(b) "Large emitter" means the same as that term is defined in Section 59-30-101.
(c) "Metric ton" means the same as that term is defined in Section 59-30-101.
(d) "Operator" means the same as that term is defined in Section 59-30-101.
(2) (a) On or before May 1 of each year, an operator shall apply to the department for a
written certification of the total number of metric tons of carbon dioxide that the large emitter
emitted in this state during the previous calendar year from combustion of each of the
following related to stationary fuel combustion, petroleum refining, petroleum and natural gas
systems, lime production, cement production, or use of off-highway vehicles:

(i) coal;
(ii) dyed diesel fuel; and
(iii) fuel gas.

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

(i) (A) the number of short tons for each type of coal that the large emitter combusted
in the state;
(B) the number of gallons of dyed diesel fuel that the large emitter combusted in the
state;
(C) the number, in thousands, of standard cubic feet of fuel gas that the large emitter
combusted in the state;

(ii) measurements in metric tons of carbon dioxide emissions in this state from:
(A) coal;
(B) dyed diesel fuel; and
(C) fuel gas; and

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

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

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

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

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

(i) for coal:
(A) one short ton of anthracite equals 2.579 metric tons of carbon dioxide emissions;
(B) one short ton of bituminous equals 2.237 metric tons of carbon dioxide emissions;
(C) one short ton of coke equals 2.830 metric tons of carbon dioxide emissions;
(D) one short ton of lignite equals 1.266 metric tons of carbon dioxide emissions; and
(E) one short ton of subbituminous equals 1.686 metric tons of carbon dioxide emissions;
(ii) for dyed diesel fuel, one gallon equals .01016 metric tons of carbon dioxide; and
(iii) for fuel gas, 1,000 standard cubic feet equals .0819 metric tons of carbon dioxide emissions.
(4) On or before June 1 of each year, the department shall:
(a) issue to the operator, on a form provided by the State Tax Commission, a certification of the total number of metric tons of carbon dioxide emissions that the large emitter emitted during the previous calendar year; and
(b) provide the State Tax Commission with an electronic report listing the name and address of each operator to which the department issued a certification under this section.
(5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the department may make rules governing the process for an operator to apply for and the department to issue a written certification required by this section.
(6) The department shall notify the State Tax Commission if the department concludes that there is an error in a previously issued written certification that may require the large emitter to file an amended return in accordance with Section 59-30-103.
(7) The provisions of this section apply beginning on January 1, 2024.
Section 4. Section 59-10-1102.1 is enacted to read:
59-10-1102.1. Apportionment of tax credits.
A nonresident individual or a part-year resident individual described in Section 59-10-1114 who claims the tax credit may only claim an apportioned amount of the tax credit equal to the product of:
(1) the state income tax percentage for the nonresident individual or the state income tax percentage for the part-year resident individual; and
(2) the amount of the tax credit that the nonresident individual or the part-year resident individual would have been allowed to claim but for the apportionment requirement of this
Section 5. Section 59-10-1114 is enacted to read:

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

(1) As used in this section:

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) amounts paid for:

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

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

(iii) an ancillary service associated with a:

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

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

(c) sales of the following for commercial use:

(i) gas;

(ii) electricity;

(iii) heat;

(iv) coal;

(v) fuel oil; or

(vi) other fuels;

(d) sales of the following for residential use:

(i) gas;

(ii) electricity;

(iii) heat;

(iv) coal;

(v) fuel oil; or

(vi) other fuels;

(e) sales of prepared food;

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

(g) amounts paid or charged for services for repairs or renovations of tangible personal property, unless Section 59-12-104 provides for an exemption from sales and use tax for:
(i) the tangible personal property; and
(ii) parts used in the repairs or renovations of the tangible personal property described in Subsection (1)(g)(i), regardless of whether:
(A) any parts are actually used in the repairs or renovations of that tangible personal property; or
(B) the particular parts used in the repairs or renovations of that tangible personal property are exempt from a tax under this chapter;
(h) except as provided in Subsection 59-12-104(7), amounts paid or charged for assisted cleaning or washing of tangible personal property;
(i) amounts paid or charged for tourist home, hotel, motel, or trailer court accommodations and services that are regularly rented for less than 30 consecutive days;
(j) amounts paid or charged for laundry or dry cleaning services;
(k) amounts paid or charged for leases or rentals of tangible personal property if within this state the tangible personal property is:
   (i) stored;
   (ii) used; or
   (iii) otherwise consumed;
(l) amounts paid or charged for tangible personal property if within this state the tangible personal property is:
   (i) stored;
   (ii) used; or
   (iii) consumed; and
(m) amounts paid or charged for a sale:
   (i) (A) of a product transferred electronically; or
   (B) of a repair or renovation of a product transferred electronically; and
   (ii) regardless of whether the sale provides:
   (A) a right of permanent use of the product; or
   (B) a right to use the product that is less than a permanent use, including a right:
   (I) for a definite or specified length of time; and
   (II) that terminates upon the occurrence of a condition.
(2) (a) Except as provided in Subsections (2)(b) through (f), a state tax and a local tax
are imposed on a transaction described in Subsection (1) equal to the sum of:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

   (II) state or federal law provides otherwise; or

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

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

   (II) state or federal law provides otherwise.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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


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

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

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

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

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

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

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

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

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

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

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

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

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

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

(A) a commercial use;
(B) an industrial use; or
(C) a residential use.

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

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

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

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

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

(c) The state tax imposed by Subsection (2)(d) shall be deposited] Division of Finance shall deposit the state tax imposed by Subsection (2)(d) into the General Fund.

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

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

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

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

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

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

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

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

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

(1) At the end of each fiscal year:

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

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

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

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

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

At the end of each fiscal year:

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

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

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

For a fiscal year beginning on or after July 1, 2003, 41% of the amount described in Subsection (4)(a) shall be deposited into the Water Resources Conservation and Development Fund created in Section 73-10-24 for use by the Division of Water Resources. In addition to the uses allowed of the Water Resources Conservation and Development Fund under Section 73-10-24, the Water Resources Conservation and Development Fund may also be used to:

(A) conduct hydrologic and geotechnical investigations by the Division of Water Resources in a cooperative effort with other state, federal, or local entities, for the purpose of quantifying surface and ground water resources and describing the hydrologic systems of an area in sufficient detail so as to enable local and state resource managers to plan for and
accommodate growth in water use without jeopardizing the resource;
(B) fund state required dam safety improvements; and
(C) protect the state's interest in interstate water compact allocations, including the
hiring of technical and legal staff.

(f) For a fiscal year beginning on or after July 1, 2003, 20.5% of the amount described
in Subsection (4)(a) shall be deposited into the Utah Wastewater Loan Program Subaccount
created in Section 73-10c-5 for use by the Water Quality Board to fund wastewater projects.
(g) For a fiscal year beginning on or after July 1, 2003, 20.5% of the amount described
in Subsection (4)(a) shall be deposited into the Drinking Water Loan Program Subaccount
created in Section 73-10c-5 for use by the Division of Drinking Water to:
(i) provide for the installation and repair of collection, treatment, storage, and
distribution facilities for any public water system, as defined in Section 19-4-102;
(ii) develop underground sources of water, including springs and wells; and
(iii) develop surface water sources.

(5) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,
2006, the difference between the following amounts shall be expended as provided in this
Subsection (5), if that difference is greater than $1:
(i) for taxes listed under Subsection (3)(a), the amount of tax revenue generated for the
fiscal year by a 1/16% tax rate on the transactions described in Subsection (1); and
(ii) $17,500,000.
(b) (i) The first $500,000 of the difference described in Subsection (5)(a) shall be:
(A) transferred each fiscal year to the Department of Natural Resources as dedicated
credits; and
(B) expended by the Department of Natural Resources for watershed rehabilitation or
restoration.
(ii) At the end of each fiscal year, 100% of any unexpended dedicated credits described
in Subsection (5)(b)(i) shall lapse to the Water Resources Conservation and Development Fund
created in Section 73-10-24.
(c) (i) After making the transfer required by Subsection (5)(b)(i), $150,000 of the
remaining difference described in Subsection (5)(a) shall be:
(A) transferred each fiscal year to the Division of Water Resources as dedicated
credits; and
(B) expended by the Division of Water Resources for cloud-seeding projects authorized by Title 73, Chapter 15, Modification of Weather.

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

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

(i) preconstruction costs:
(A) as defined in Subsection 73-26-103(6) for projects authorized by Title 73, Chapter 26, Bear River Development Act; and
(B) as defined in Subsection 73-28-103(8) for the Lake Powell Pipeline project authorized by Title 73, Chapter 28, Lake Powell Pipeline Development Act;
(ii) the cost of employing a civil engineer to oversee any project authorized by Title 73, Chapter 26, Bear River Development Act;
(iii) the cost of employing a civil engineer to oversee the Lake Powell Pipeline project authorized by Title 73, Chapter 28, Lake Powell Pipeline Development Act; and
(iv) other uses authorized under Sections 73-10-24, 73-10-25.1, and 73-10-30, and Subsection (4)(e)(ii) after funding the uses specified in Subsections (5)(d)(i) through (iii).

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

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

(6) Notwithstanding Subsection (3)(a) and for taxes listed under Subsection (3)(a), the amount of revenue generated by a 1/16% tax rate on the transactions described in Subsection (1) for the fiscal year shall be deposited as follows:
(a) for fiscal year 2020-21 only:

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

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

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

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

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

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

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

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

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

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

(ii) The amount of sales and use taxes collected in the current fiscal year equals the sum of the amounts described in Subsections (7)(a)(i) through (iii).
(iii) The amount of sales and use taxes collected in the 2010-11 fiscal year equals the sum of the sales and use taxes imposed by and collected under:

(A) Subsection (2)(a)(i)(A);
(B) Subsection (2)(b)(i);
(C) Subsection (2)(c)(i); and
(D) Subsection (2)(e)(i)(A)(I).

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

(A) the total percentage of sales and use taxes deposited under [Subsection] Subsections (7)(a) and (b) in the previous fiscal year; and
(B) the total sales and use tax revenue generated by the taxes described in [Subsections (7)(a)(i)(A) through (D)] Subsection (7)(a) in the current fiscal year.

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

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

(iv) (A) As used in this Subsection [(7)(b)(iv)] (7)(c)(iv), "additional growth revenue" means the amount of relevant revenue collected in the current fiscal year that exceeds by more
than 3% the relevant revenue collected in the previous fiscal year.

(B) As used in this Subsection [741][742][743][744][745][746][747]
combined total amount of money deposited into the Cottonwood Canyons fund under
Subsections (7)(b)(iv)(F) and (8)(c)(iv)(F) in any single fiscal year.

(C) As used in this Subsection [741][742][743][744][745][746][747]
"Cottonwood Canyons fund" means the Cottonwood Canyons Transportation Investment Fund created in Subsection
72-2-124(10).

(D) As used in this Subsection [741][742][743][744][745][746][747]
"relevant revenue" means the portion of taxes listed under Subsection (3)(a) that equals 17% of the revenue collected from
taxes described in [Subsections (7)(a)(i)(A) through (D)] Subsection (7)(a).

(E) For a fiscal year beginning on or after July 1, 2020, the commission shall annually
reduce the deposit under Subsection [(7)(c)(iii)](7)(b)(iii) into the Transportation Investment
Fund of 2005 by an amount equal to the amount of the deposit under this Subsection
[(7)(b)(iv)](7)(c)(iv) to the Cottonwood Canyons fund in the previous fiscal year plus 25% of
additional growth revenue, subject to the limit in Subsection [741][742][743][744][745][746][747]
(F) The commission shall annually deposit the amount described in Subsection
(7)(b)(c)(iv)(E) into the Cottonwood Canyons fund, subject to an annual maximum combined
amount for any single fiscal year of $20,000,000.

(G) If the amount of relevant revenue declines in a fiscal year compared to the previous
fiscal year, the commission shall decrease the amount of the contribution to the Cottonwood
Canyons fund under this Subsection [741][742][743][744][745][746][747]
the same proportion as the decline
in relevant revenue.

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

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

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

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

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

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

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

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

(ii) As used in this Subsection (8)(d), "combined amount" means the combined total amount of money deposited into the Cottonwood Canyons fund under Subsections 72-2-124(7)(b)(c)(iv)(F) and (8)(d)(vi) in any single fiscal year.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CHAPTER 30. CARBON EMISSIONS TAX ACT


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

Section 8. Section 59-30-102 is enacted to read:

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

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

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

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

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

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

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

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

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

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

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

(ii) an underpayment of tax.

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

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

Part 2. Imposition of Carbon Tax


(1) (a) Except as otherwise provided in this section or this chapter, a distributor shall pay, beginning on January 1, 2024, a carbon emissions tax on motor fuel that is sold, used, or received for sale or use in this state.
(b) Subject to Subsection (1)(c), the rate of tax imposed in this section is as follows:

(i) beginning on January 1, 2024, and ending on December 31, 2024, 8.89 cents per gallon; and

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

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

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

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

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

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

(B) 0.

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

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

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

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

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

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

(3) Each month, a distributor shall:

(a) report to the commission, electronically as provided by the commission, the amount
and type of motor fuel sold, used, or received for sale or use in this state; and
(b) pay to the commission the carbon emissions tax imposed under this section.

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

(5) (a) (i) The commission shall deposit daily the revenue that the commission collects
under this section with the state treasurer.
(ii) The state treasurer shall credit the revenue deposited in accordance with Subsection
(5)(a)(i) to the Transportation Investment Fund of 2005 created in Section 72-2-124.
(iii) The Legislature shall appropriate from the Transportation Investment Fund of
2005 created in Section 72-2-124 to the commission the amount necessary to cover expenses
incurred in the administration and enforcement of this section and the collection of the carbon
emissions tax on motor fuel.
(6) The refund, credit, administrative, and penalty provisions of Chapter 13, Part 2,
Motor Fuel, apply to a carbon emissions tax imposed on motor fuel under this section.
(7) The commission shall apply cooperative agreements under Chapter 13, Part 5,
Interstate Agreements, to the carbon emissions tax imposed under this section.
(8) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
commission may make rules governing the procedures for administering and collecting the
carbon emissions tax imposed under this section.

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

(1) (a) Except as otherwise provided in this section or this chapter, a supplier of special
fuel in this state shall pay, beginning on January 1, 2024, a carbon emissions tax on the:
(i) removal of undyed diesel fuel from a refinery;
(ii) removal of undyed diesel fuel from a terminal;
(iii) entry into the state of undyed diesel fuel for consumption, use, sale, or
warehousing;
(iv) sale of undyed diesel fuel to any person that is not registered as a supplier under
Chapter 13, Part 3, Special Fuel, unless the tax had been collected under this section;
(v) untaxed special fuel blended with undyed diesel fuel; or
(vi) use of untaxed special fuel other than propane or electricity.

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

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

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

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

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

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

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

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

(B) 0.

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

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

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

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

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

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

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

(v) used for off-highway agricultural uses;
(vi) used in a separately fueled engine on a vehicle that does not propel the vehicle upon the highways of the state; or
(vii) used in machinery and equipment not registered and not required to be registered for highway use.

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

(i) (A) purchased for business use in machinery and equipment not registered and not required to be registered for highway use; and
(B) used pursuant to the conditions of a state implementation plan approved under Title 19, Chapter 2, Air Conservation Act; or
(ii) propane or electricity.

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

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

(i) is removed from a refinery;
(ii) is removed from a terminal;
(iii) enters into the state for consumption, use, sale, or warehousing;
(iv) is sold to any person that is not registered as a supplier under Chapter 13, Part 3, Special Fuel, unless the carbon emissions tax has been collected under this chapter;
(v) is blended with undyed diesel fuel and previously untaxed as special fuel; or
(vi) other than propane or electricity, is used in this state; and
(b) pay to the commission the carbon emissions tax imposed under this section.

(4) The commission may:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(A) the amount calculated by multiplying the maximum tax rate for the previous calendar year by the actual percent change during the previous fiscal year in the consumer price index; and
(B) 0.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(ii) the separate accounts of individual airports.

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

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

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

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

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

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

(1) As used in this section:

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

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

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

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

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

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

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

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

(B) up to the nearest 100th of a cent.
Subject to Subsection (3)(b)(ii), the tax rate described in this Subsection (3) may not exceed $5.31 per 1,000 cubic feet.

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

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

(B) 0.

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

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

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

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

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

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

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

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

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

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

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

(7) (a) A natural gas supplier may not, with intent to evade any tax, fail to timely remit the full amount of tax required by this section.
(b) A violation of this section is punishable as provided in Section 59-1-401.

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

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

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

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

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

and

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

Section 14. Section 59-30-205 is enacted to read:

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

(1) Except as otherwise provided in this chapter, an operator of a large emitter shall pay, for a calendar year beginning on or after January 1, 2024, a carbon emissions tax on each metric ton of carbon dioxide that the large emitter emitted in this state during the previous calendar year from combustion of the following relating to stationary fuel combustion, petroleum refining, petroleum and natural gas systems, lime production, cement production, or use of off-highway vehicles:

(a) coal;

(b) dyed diesel fuel; or

(c) fuel gas.

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

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

(ii) rounded up to the nearest cent.

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

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

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

(B) 0.

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

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

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

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

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

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

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

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

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

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

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

(6) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission may make rules governing the procedures for administering and collecting the carbon emissions tax imposed under this section.
Section 15. Section 59-30-206 is enacted to read:


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

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

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

(ii) rounded up to the nearest cent.

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

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

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

(B) 0.

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

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

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

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

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

(5) An electricity provider that fails to comply with this chapter is subject to:
   (a) penalties described in Section 59-1-401; and
   (b) interest described in Section 59-1-402.

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

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

59-30-207. Exemptions.

(1) A carbon emissions tax imposed under this chapter does not apply to:
   (a) fossil fuel brought into the state by means of the fuel supply tank of a motor vehicle, vessel, locomotive, or aircraft;
   (b) fossil fuel emissions that the state is prohibited from taxing under the Utah Constitution or the constitution or laws of the United States; or
   (c) fossil fuel intended for export outside the state.

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

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


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

(2) The account shall consist of:
   (a) the revenue generated from taxes imposed under Sections 59-30-204, 59-30-205, and 59-30-206;
   (b) the revenue deposited into the account required under Section 59-12-103;
   (c) any interest and penalties levied in relation to the administration of this chapter; and
   (d) any other funds received as donations for the fund and appropriations from other sources.

(3) Subject to Subsection (6), money in the fund shall be used to:
(a) make the transfer described in Subsection (5)(b)(i);

(b) make the transfer to the Education Fund described in Section 59-10-1114;

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

(d) make the refunds described in Section 59-30-204;

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

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

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

(4) (a) On or before October 1, 2024, the commission shall calculate, for the time period beginning on January 1, 2024, and ending on June 30, 2024, the total loss of revenue to the General Fund as a result of the elimination of the state sales and use tax on:

(i) food and food ingredients;

(ii) residential fuel; and

(iii) commercial fuel.

(b) For a fiscal year beginning on or after July 1, 2024, the commission shall, upon completion of the audit of sales and use tax, calculate the total loss of revenue to the General Fund for the previous fiscal year as a result of the elimination of the state sales and use tax on:

(i) food and food ingredients;

(ii) residential fuel; and

(iii) commercial fuel.

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

(i) except as provided in Subsection (5)(b)(i)(A), for a fiscal year beginning on or after July 1, 2024;

(ii) subject to Subsection (6); and

(iii) subject to appropriation by the Legislature.

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

(i) (A) for the time period beginning on January 1, 2024, and ending on June 30, 2024, into the General Fund, the amount calculated in accordance with Subsection (4)(a); and

(B) for a fiscal year beginning on or after July 1, 2024, into the General Fund, the amount calculated in accordance with Subsection (4)(b);

(ii) to Utah Transit Authority to provide fare free transit, $50,000,000;
1330 (iii) to the Governor's Office of Economic Opportunity -- Rural Employment

1331 Expansion Program, for the Governor's Office of Economic Opportunity created in Section

1332 63N-1a-301, in consultation with the Center for Rural Development created in Section

1333 63N-4-102, to use for diversifying the economy in rural counties and communities, $5,000,000;

1334 and

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

1336 $5,000,000.

1337 (c) The Division of Finance shall make:

1338 (i) the transfers described in Subsection (5)(b)(i) upon receipt of the calculation

1339 required by Subsection (4) from the commission; and

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

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

1342 (b) If the balance in the fund on June 30 is insufficient to cover the cost of the items

1343 identified in Subsections (3)(a) through (f) and retain a balance of $20,000,000, priority shall

1344 be given to the items in the order that they are listed in Subsection (3).

1345 (c) If the balance in the fund on June 30, after funding the items described in

1346 Subsections (3)(a) through (f) for the current fiscal year, exceeds $20,000,000, the Division of

1347 Finance shall transfer the amount that exceeds $20,000,000 into the Carbon Emissions Tax

1348 Refund Restricted Account created in Section 59-30-302.

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

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

1351 (1) There is created within the General Fund a restricted account known as the "Carbon

1352 Emissions Tax Refund Restricted Account."

1353 (2) The account shall consist of:

1354 (a) deposits from the Carbon Emissions Revenue Restricted Account, created in

1355 Section 59-30-301; and

1356 (b) interest earned by the account.

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

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

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

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

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

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

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

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

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

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

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

(f) interest earned on account money.

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

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

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

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

(iii) operation of the division of aeronautics;

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

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

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

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

Section 20. **Effective date.**

This bill takes effect on December 31, 2023.