

**Fiscal Note****H.B. 185**

2026 General Session
Carbon Credit Amendments
by Shelley, Troy

**General, Income Tax, and Uniform School Funds**

JR4-4-101

	Ongoing	One-time	Total
Net GF/ITF/USF (rev.-exp.)	\$(139,200)	\$(588,900)	\$(728,100)

State Government

UCA 36-12-13(2)(c)

Revenues	FY 2026	FY 2027	FY 2028
Total Revenues	\$0	\$0	\$0
Enactment of this legislation may increase dedicated credit revenue to the Tax Commission by an unknown amount beginning in FY 2027 due to the \$200 fee on carbon credit broker licenses. Enactment may also increase revenue to the General Fund by an unknown amount beginning in FY2027 due to the net effect of the 25% tax on carbon credit transactions and the tax credit on in-state carbon credit transactions.			
Expenditures	FY 2026	FY 2027	FY 2028
State Tax Commission	\$0	\$215,400	\$215,400
Administrative Charge Account (GFR)			
State Tax Commission	\$27,600	\$2,000	\$0
Administrative Charge Account (GFR), One-time			
General Fund	\$0	\$139,200	\$139,200
General Fund, One-time	\$588,000	\$900	\$0
Total Expenditures	\$615,600	\$357,500	\$354,600

Enactment of this legislation may cost the Tax Commission from the Administrative Charge Account \$215,400 ongoing beginning in FY 2027 for 2 FTE to administer the provisions of the legislation, \$2,900 one-time in FY 2026 for computers and accessories, and \$2,000 one-time in FY 2027 for computers and accessories. Enactment of this legislation may also cost the Tax Commission \$588,000 one-time from the General Fund in FY 2026 for system modifications. Enactment of this legislation may also cost the Office of Energy Development \$137,300 from the General Fund ongoing beginning in FY 2027 for 1 FTE to process tax credit applications and review carbon credit transactions. Enactment of this legislation may also cost the Division of Finance \$1,900 ongoing beginning in FY 2027 and \$900 one-time in FY 2027 to create and maintain a new restricted account.

	FY 2026	FY 2027	FY 2028
Net All Funds	\$(615,600)	\$(357,500)	\$(354,600)

Enactment of this legislation likely will not result in direct, measurable costs for local governments.

Individuals & Businesses

UCA 36-12-13(2)(c)

Enactment of this legislation may cost individuals and businesses up to \$200 in fees every two years to license as a carbon credit broker beginning in FY 2027. Enactment may also cost individuals and business a variable amount to maintain a bond while acting as a carbon credit broker. To the extent that individuals and business purchase carbon credits, enactment of this legislation may increase tax liability by an unknown amount due to the 25% tax on carbon credit transactions beginning in FY 2027. To the extent that individuals and business purchase in-state carbon credits, their increased tax liability may be partially or completely offset by the tax credit on in-state carbon credit transactions beginning in FY 2027.

Regulatory Impact

UCA 36-12-13(2)(d)

Enactment of this legislation could result in a small increase in the regulatory burden for Utah residents or businesses.

Performance Evaluation

JR1-4-601

This bill creates a new program or significantly expands an existing program.

For a list of questions lawmakers might ask to improve accountability for the proposed program, please see: <https://budget.utah.gov/newprogram>

Notes on Notes

Fiscal explanations estimate the direct costs or revenues of enacting a bill. The Legislature uses them to balance the budget. They do not measure a bill's benefits or non-fiscal impacts like opportunity costs, wait times, or inconvenience. A fiscal explanation is not an appropriation. The Legislature decides appropriations separately.