



Fiscal Note
S.B. 250 1st Sub. (Green)

2022 General Session
 Mineral Exploration Tax Credit
 by Hinkins, D. (Hinkins, David.)



General, Education, and Uniform School Funds

JR4-4-101

	Ongoing	One-time	Total
Net GF/EF/USF (rev.-exp.)	\$(3,438,000)	\$(188,000)	\$(3,626,000)

State Government

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

Revenues	FY 2022	FY 2023	FY 2024
General Fund	\$0	\$(3,438,000)	\$(3,438,000)
General Fund, One-time	\$0	\$(188,000)	\$0
Dedicated Credits Revenue	\$0	\$61,600	\$61,600
State Endowment Fund	\$0	\$(3,626,000)	\$(3,626,000)
Restricted Accounts (FN Only)	\$0	\$0	\$(188,000)
Total Revenues	\$0	\$(7,190,400)	\$(7,190,400)

Enactment of this legislation could reduce state severance tax revenues. Any potential reductions in state severance tax revenue would be to the following funds and accounts: General Fund; Permanent State Trust Fund; Division of Air Quality Oil, Gas, and Mining Restricted Account; Division of Water Quality Oil, Gas, and Mining Restricted Account; Division of Oil, Gas, and Mining Restricted Account; and the Utah Geological Survey Oil, Gas, and Mining Restricted Account. Assuming all mining severance taxpayers use this credit up to the maximum amount allowable, state revenues to the impacted funds and accounts would be reduced by approximately \$7.25 million in FY 2023 and FY 2024. Additionally, enactment of this legislation could increase dedicated credits revenue in the amount of \$61,600 ongoing beginning in FY2023 to the Attorney General for the provision of services to the Division of Oil, Gas, and Mining.

Expenditures	FY 2022	FY 2023	FY 2024
Dedicated Credits Revenue	\$0	\$61,600	\$61,600
Oil and Gas Conservation Account (GFR)	\$0	\$61,600	\$61,600
Total Expenditures	\$0	\$123,200	\$123,200

Enactment of this legislation could cost the Department of Natural Resources - Division of Oil, Gas, and Mining approximately \$61,600 ongoing from the Oil & Gas Conservation Account beginning in FY2023 for legal services from the Attorney General; the bill would also cost the Attorney General the same amount from dedicated credits to provide those services.

S.B. 250 1st Sub. (Green)

	<i>FY 2022</i>	<i>FY 2023</i>	<i>FY 2024</i>
Net All Funds	<u>\$0</u>	<u>\$(7,313,600)</u>	<u>\$(7,313,600)</u>

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

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 could reduce taxpayers' severance tax liability by up to 30% each year based on the tax credit for the cost of certain mineral exploration activities. Total tax credit benefits under this bill are capped at \$20 million per mine. Assuming all mining severance taxpayers use this credit up to the maximum amount allowable, these taxpayers would have their severance tax liability reduced by approximately \$7.25 million in FY 2023 and FY 2024.

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

Enactment of this legislation likely will not change the regulatory burden for Utah residents or businesses.

Performance Evaluation JR1-4-601

This bill does not create a new program or significantly expand an existing program.

Notes on Notes

Fiscal notes 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 note is not an appropriation. The Legislature decides appropriations separately.