

House Natural Resources, Agriculture, and Environment Committee

2/27/2025

Bill: 1st Substitute SB 207 – Local Impact Mitigation Amendments

Sponsor: Senator Ronald M. Winterton

Floor Sponsor: Representative Neil R. Walter

UASD Position: Tracking

This Bill enacts a local impact mitigation tax for oil and gas production.

Discussion: SB 207 establishes a local impact mitigation tax on oil and gas produced in the state when it is saved, sold, or transported within a specified period. The Bill includes exemptions and requires oil and gas producers to make quarterly payments. The State Tax Commission will collect the tax and distribute the revenue to the counties where it was generated within a 60-day timeframe.

The Bill limits the use of these funds to transportation-related mitigation projects and requires the State Tax Commission to deduct an administrative charge. It also prohibits counties from imposing additional oil or gas mitigation fees. Counties receiving the funds must report to the Legislature on how they are used.

Senator Winterton explained that the 1st substitute of SB 207 imposes a tax of five cents per barrel of oil and 0.25 cents per unit of natural gas. The revenue will be allocated to producing counties where severance tax applies. Counties will then distribute the funds to transportation districts. In counties without such districts, a designated transportation fund will be created.

This tax will be implemented as a three-year program, set to expire in 2029, after which the Legislature will review its effectiveness in mitigating road impacts caused by the oil and gas industry. Representative Albrecht clarified that the revenue generated from an oil field will be returned to the county where it originated. Representative Bennion asked how this differs from community impact funds. The sponsor explained that while no new developments have been built, continued production has increased strain on existing infrastructure. Unlike the current process, which directs tax revenue to the state, this Bill ensures local governments receive funding to address these impacts. No public comments were made.

Yeas: 10

Nays: 0

N/V: 4

Outcome: 1st Substitute SB 207 passed out of the Committee with a favorable recommendation.
