

Utah Petroleum Association

2026 General Legislative Session

Overview

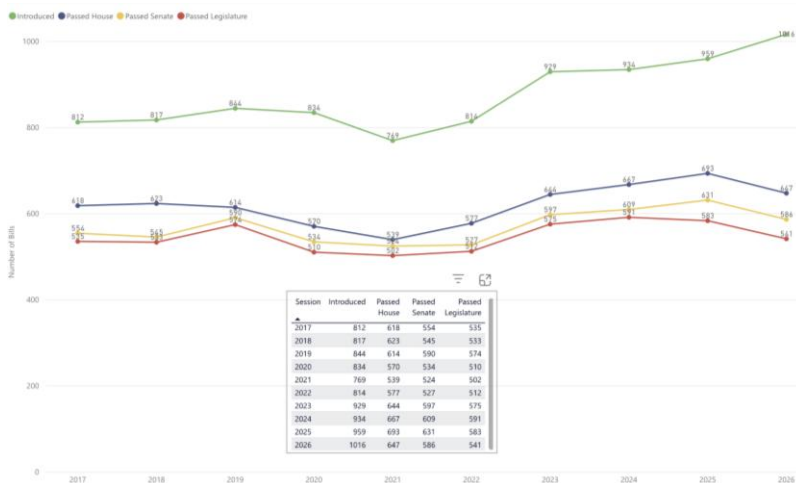
The 2026 General Legislative Session concluded with significant activity affecting Utah’s energy economy. Compared to recent sessions, 2026 featured continued emphasis on tax relief, stronger populist messaging around affordability, and increased focus on structural government authority — including proposals affecting the judiciary following a spate of recent decisions striking down legislative priorities.

Energy affordability, fuel supply stability, tax policy, infrastructure permitting, and broader structural governance debates were dominant themes throughout the 45-day session. Through coordinated advocacy with allies across our economy, data-driven engagement, and consistent presence on Capitol Hill, UPA prevailed in the most significant legislative attack on our industry in many years, secured meaningful wins for the industry and helped shape balanced outcomes that support long-term market stability.

High-Level Session Statistics and the Budget

The 2026 session maintained Utah’s pattern of high legislative volume paired with fiscal discipline.

- 1505 bill requests filed – new record high
- 1016 bills formally introduced –new record high
- 541 bills passed
- 153 bills tracked by UPA’s legislative committee
 - 32 of the 38 “support” bills passed
 - 18 of the 20 “oppose” failed



The state's \$31B 2027 budget (a modest increase over last year's \$30.8B) is supported by higher-than-expected revenue, allowing for a 2.4% increase in the main operating fund (\$12 billion). Key priorities include a public education funding increase, a child tax credit, income tax cuts, targeted investments in water to support the Great Salt Lake, and investments into Utah's future nuclear and geothermal industries. Compared to several prior high-revenue years (2024 and prior) that relied more heavily on one-time spending allocations, the FY2027 budget reflects a moderated revenue environment while continuing disciplined growth and prioritizing affordability.

Major Themes Impacting the Industry

The Gas Tax

UPA's top legislative issue fell into this bucket with the House speaker broadcasting his intent to lower gas prices for Utahns since the summer of 2025, further telegraphing his intent in the [House legislative priorities documents](#), and UPA working through more than 16 versions of a draft bill to implement the Speaker's vision through the summer and into February. There's been much ado, and for those interested in following the media and social media coverage, UPA has maintained a [media tracker](#). While UPA, our Executive Committee, and many of our dedicated members have tallied up more hours on this issue than we care to admit, we ultimately prevailed in a situation that started with the assertion (excuse my paraphrasing) that Utah's oil and gas industry was making too much profit and that a set of punitive taxes on our upstream producers and refiners would need to be taken out of our margins to lower prices at the pump for Utahns. As readers of this piece know, there are MANY grossly incorrect assumptions in that premise, and a worrying display of anti-capitalist values. Emotions ran high with a select group of legislators frustrated that the industry pushed back by educating on the realities of our business, our already high tax and regulatory burden, how regional fuel markets work, and the legal realities set out in the commerce clause of the US constitution.

UPA pushed to ensure that resulting policies prioritized supply-side solutions —targets to grow supply, state support for midstream expansions, and regulatory efficiency — rather than market-distorting restrictions. Ultimately, the battle concluded with a [two-pronged solution](#). First, the [industry, the Governor, the House Speaker, and the Senate President](#) all signed a [Statement of Economic Prosperity](#) with industry and the state reaffirming their commitment to work together on fuel supply challenges. Second, [HB 575](#) emerged, providing Utah residents a 6 month and roughly 6 cent per gallon reduction in gas tax, with an automatic repeal of the tax break kicking in on January 1 2027. At a cost of more than \$40M to the state's general fund and the sponsor's acknowledgment that it would result in some UDOT projects being delayed, it was a tough compromise for many legislators to support, initially failed in the Senate Revenue and Taxation Committee, but was brought back following a leadership negotiations and suspension of the rules.

To be clear, HB 575 does not include a new production tax on crude production. It does not include a finished product export tax or refinery production tax. It does retain helpful

provisions related to permitting and right-of-way coordination for oil and gas infrastructure and an expansion of the High Cost Infrastructure Tax Credit to support storage of refined fuels. While we've won the battle, it is yet to be seen if this is the opening salvo in a larger thrust from House leadership against our industry. To be sure, this was one of several issues that highlighted staunchly divided positions between the House and Senate.

Affordability and Tax Reductions

A second and multiyear affordability focus has also targeted reducing housing costs, with efforts this year via [HB 492](#) to fund infrastructure and facilitate permitted, undeveloped lots. An early session battle also centered on an effort to lower property taxes for residences, increasing the homeowner deduction from 45% to 60%, but resulting large tax shifts to businesses and industry as a result. While [HB 161](#), the property tax shift bill, didn't pass, the issue of affordability – whether that be in housing prices, rising property taxes, or energy costs will be sure to return in the 2027 session.

Utah also passed its 6th consecutive income tax reduction, taking the rate from 4.95% in 2021 to its new rate of 4.45% thanks to this year's reduction.

And speaking of income tax reductions... on the second to last day of session, via a quietly moved substitution to SB 254, a bill supporting critical minerals, the House flexed their muscle on changing how oil, gas, and mining severance tax revenues are used. Without any stakeholder discussion or transparency, the bill wiped an existing severance tax account that funded an ongoing research appropriation to USU for ozone and air quality in the Uinta Basin, and created a new "State Reinvestment Restricted Account". The new account diverts severance tax streams with allowable uses including income tax relief, development of generational water infrastructure, facilitating preservation of the Great Salt Lake watershed, and others. While we were able to get the USU funding restored in the bill, the question of what severance tax revenue should be used for will have to be addressed in the interim and next session. Fast and furious discussions around the changes in SB254 revealed that the legislature wants to increase severance tax revenues (aka the rate) and use those revenues to fund income tax reductions and broader state budget needs – like the uses set out in the newly created "State Reinvestment Restricted Account" and in the opinion of House leadership – like how Alaska, Wyoming and Texas use industry revenue to fund the broader state budget. Reality checks on those comparisons are a top priority for UPA ahead and we should gear up for a robust discussion defending against a significant severance tax rate increase and reallocation of severance tax revenue away from industry needs.

Judiciary-Related Legislation and Separation of Powers Debates

A notable theme of the 2026 session involved legislation affecting judicial oversight, administrative rulemaking authority, and the balance of power between the legislative and judicial branches. Multiple bills addressing administrative law, judicial review standards, and separation-of-powers issues, agency deference and procedural requirements in constitutional challenges were considered during the session. While varied in scope, these

measures reflect an evolving legislative posture toward oversight of courts and executive agencies. UPA evaluated these proposals through the lens of regulatory predictability and risk management for upstream, midstream, refining, and transportation operations.

While not energy-specific, these structural governance proposals carry long-term implications for regulatory certainty, litigation risk, and administrative enforcement — all of which are relevant to natural resource development and infrastructure projects.

UPA monitored this theme of legislation closely to evaluate potential impacts on permitting, agency discretion, and judicial review standards that could affect oil and gas operations in Utah and engaged where necessary.

The Value of UPA Representation

The 2026 session demonstrated the importance of consistent, professional advocacy. UPA provided direct negotiation on key legislation, real-time analysis of amendments, coalition coordination, and technical expertise to policymakers.

In a session with a long lead into the largest attack our industry has faced in years, and shaped by affordability messaging, populist themes, structural government debates, and quiet last minute policy changes, UPA ensured that energy policy remained grounded in economic reality and operational feasibility.

UPA's and our members' presence changed outcomes — reshaping proposals, preventing harmful provisions, and reinforcing the sector's role as a partner in Utah's economic stability.

Thank you for your continued engagement and support.