

**CIGARETTE TAX EXEMPTION AMENDMENTS**

2009 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Evan J. Vickers**

Senate Sponsor: Dennis E. Stowell

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**LONG TITLE**

**Committee Note:**

The Revenue and Taxation Interim Committee recommended this bill.

**General Description:**

This bill amends the Cigarette and Tobacco Tax and Licensing Act relating to exemptions from the state tax on cigarettes.

**Highlighted Provisions:**

This bill:

- ▶ amends a citation to the Internal Revenue Code relating to federal law exemptions that also apply to the state tax on cigarettes; and
- ▶ makes technical changes.

**Monies Appropriated in this Bill:**

None

**Other Special Clauses:**

None

**Utah Code Sections Affected:**

AMENDS:

**59-14-204.5**, as enacted by Laws of Utah 2004, Chapter 217

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*Be it enacted by the Legislature of the state of Utah:*

Section 1. Section **59-14-204.5** is amended to read:



28           **59-14-204.5. Exemptions -- Application of excise tax on tribal lands.**

29           (1) (a) Cigarettes sold to or received by members of a federally recognized Indian tribe  
30 that are purchased or received on the tribal lands are not subject to the tax imposed by Section  
31 59-14-204.

32           (b) Cigarettes exempt from tax under [~~26 U.S.C. Sec. 5701~~] Section 5704, Internal  
33 Revenue Code, and distributed in accordance with federal regulations are not subject to the tax  
34 imposed by Section 59-14-204.

35           (2) (a) (i) The tax applicable to cigarettes sold to or received by nontribal members on  
36 tribal lands is equal to the state tax imposed by Section 59-14-204, minus any tribal tax actually  
37 paid.

38           (ii) For purposes of this section, nontribal members includes any person who is not a  
39 member of the Indian tribe that is selling the cigarettes.

40           (b) If the application of the tax offset for tribal taxes permitted in Subsection (2)(a)  
41 results in a negative balance, the taxes owed to the state are zero.

42           (c) (i) Cigarettes taxed pursuant to this Subsection (2) shall bear a tax stamp as  
43 required by Section 59-14-205 in an amount equal to the tax imposed by Section 59-14-204.

44           (ii) The commission shall at least semi-annually rebate to an Indian tribal entity that is  
45 in compliance with this chapter the lesser of:

46           (A) an amount equal to the tribal tax imposed on sales under this Subsection (2); or

47           (B) the face value of the tax stamps affixed to cigarettes sold under this Subsection (2).

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**Legislative Review Note**  
**as of 11-25-08 3:54 PM**

**Office of Legislative Research and General Counsel**