

**Inmate Education Funding Amendments**

2025 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Michael K. McKell**

House Sponsor:

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**LONG TITLE**

**General Description:**

This bill enacts provisions increasing the markup on certain types of alcohol to fund inmate education.

**Highlighted Provisions:**

This bill:

- increases the state markup on spirituous liquor and wine to fund the Inmate Education Restricted Account;
- creates the Inmate Education Restricted Account;
- defines the uses for the funds in the Inmate Education Restricted Account; and
- makes technical and conforming changes.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

None

**Utah Code Sections Affected:**

AMENDS:

**32B-2-304**, as last amended by Laws of Utah 2024, Chapter 94

ENACTS:

**64-13h-101**, Utah Code Annotated 1953

**64-13h-102**, Utah Code Annotated 1953

**64-13h-103**, Utah Code Annotated 1953

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

Section 1. Section **32B-2-304** is amended to read:

**32B-2-304 . Liquor price -- Remittance of markup -- School lunch program --**

**Remittance of markup.**

(1) For purposes of this section:

- 31 (a)(i) "Landed case cost" means the sum of:
- 32 (A) the cost of the product;
- 33 (B) inbound shipping costs the department incurs; and
- 34 (C) case handling costs the department incurs.
- 35 (ii) "Landed case cost" does not include the outbound shipping cost from a
- 36 warehouse of the department to a state store.
- 37 (b) "Proof gallon" means the same as that term is defined in 26 U.S.C. Sec. 5002.
- 38 (2) Except as provided in Subsections (3) and (4):
- 39 (a) spirituous liquor sold by the department within the state shall be marked up in an
- 40 amount not less than [~~88.5%~~] 89% above the landed case cost to the department;
- 41 (b) wine sold by the department within the state shall be marked up in an amount not
- 42 less than [~~88.5%~~] 89% above the landed case cost to the department;
- 43 (c) heavy beer sold by the department within the state shall be marked up in an amount
- 44 not less than 66.5% above the landed case cost to the department; and
- 45 (d) a flavored malt beverage sold by the department within the state shall be marked up
- 46 in an amount not less than 88.5% above the landed case cost to the department.
- 47 (3)(a) Liquor sold by the department to a military installation in Utah shall be marked up
- 48 in an amount not less than 17% above the landed case cost to the department.
- 49 (b) Except for spirituous liquor sold by the department to a military installation in Utah,
- 50 spirituous liquor that is sold by the department within the state shall be marked up
- 51 49% above the landed case cost to the department if:
- 52 (i) the spirituous liquor is manufactured by a manufacturer producing less than
- 53 30,000 proof gallons of spirituous liquor in a calendar year; and
- 54 (ii) the manufacturer applies to the department for a reduced markup.
- 55 (c) Except for wine sold by the department to a military installation in Utah, wine that is
- 56 sold by the department within the state shall be marked up 49% above the landed
- 57 case cost to the department if:
- 58 (i)(A) except as provided in Subsection (3)(c)(i)(B), the wine is manufactured by a
- 59 manufacturer producing less than 20,000 gallons of wine in a calendar year; or
- 60 (B) for hard cider, the hard cider is manufactured by a manufacturer producing
- 61 less than 620,000 gallons of hard cider in a calendar year; and
- 62 (ii) the manufacturer applies to the department for a reduced markup.
- 63 (d) Except for heavy beer sold by the department to a military installation in Utah, heavy
- 64 beer that is sold by the department within the state shall be marked up 32% above the

- 65 landed case cost to the department if:
- 66 (i) a small brewer manufactures the heavy beer; and
- 67 (ii) the small brewer applies to the department for a reduced markup.
- 68 (e) The department shall:
- 69 (i) for purposes of Subsections (3)(b) and (c), calculate the production amount of a
- 70 manufacturer:
- 71 (A) by, if the manufacturer is part of a controlled group of manufacturers,
- 72 including the combined volume totals of spirituous liquor, wine, or cider, as
- 73 applicable, for all manufacturers that constitute the controlled group of
- 74 manufacturers; and
- 75 (B) without considering the manufacturer's production of any other type of
- 76 alcoholic product; and
- 77 (ii) verify that a manufacturer meets a production amount described in Subsection
- 78 (3)(b) or (c) and the production amount of a small brewer under a federal or other
- 79 verifiable production report.
- 80 (f) A manufacturer seeking to obtain a reduced markup under Subsection (3)(b), (c), or
- 81 (d), shall provide to the department any documentation or information the department
- 82 determines necessary to determine if the manufacturer is part of a controlled group of
- 83 manufacturers.
- 84 (g) The department may, at any time, revoke a reduced markup granted to a
- 85 manufacturer under Subsection (3)(b), (c), or (d), if the department determines the
- 86 manufacturer no longer qualifies for the reduced markup.
- 87 (4) Wine the department purchases on behalf of a subscriber through the wine subscription
- 88 program established in Section 32B-2-702 shall be marked up not less than [~~88.5%~~] 89%
- 89 above the cost of the subscription for the interval in which the wine is purchased.
- 90 (5) The department shall deposit 10% of the total gross revenue from sales of liquor with
- 91 the state treasurer to be credited to the Uniform School Fund and used to support the
- 92 school meals program administered by the State Board of Education under Section
- 93 53E-3-510.
- 94 (6)(a) Each month, the department shall collect from each package agency located at a
- 95 manufacturing facility owned or operated by a person licensed under Chapter 11,
- 96 Manufacturing and Related Licenses Act, 12.295% of the package agency's reported
- 97 monthly revenue and deposit the money as follows:
- 98 (i) 1.695% of the reported monthly revenue into the Alcoholic Beverage Control Act

- 99 Enforcement Fund;
- 100 (ii) 10% of the reported monthly revenue into the Uniform School Fund and used to  
 101 support the school meals program administered by the State Board of Education  
 102 under Section 53E-3-510; [and]
- 103 (iii) 0.60% of the reported monthly revenue into the Underage Drinking Prevention  
 104 Media and Education Campaign Restricted Account[-] ; and
- 105 (iv) 0.5% of the reported monthly revenue into the Inmate Education Restricted  
 106 Account created under Section 64-13h-102.
- 107 (b) The department may collect a fee established in accordance with Section 63J-1-504  
 108 from a package agency described in this subsection to cover the costs of regulation.
- 109 (7) This section does not prohibit the department from selling discontinued items at a  
 110 discount.
- 111 (8) The Legislature shall annually appropriate to support substance use disorder treatment  
 112 services, an amount equal to the revenue generated from a 0.5% markup above the  
 113 landed case cost to the department on spirituous liquor.

114 Section 2. Section **64-13h-101** is enacted to read:

115 **CHAPTER 13h. INMATE EDUCATION RESTRICTED ACCOUNT**

116 **64-13h-101 . Definitions.**

117 As used in this chapter:

- 118 (1) "Account" means the Inmate Education Restricted Account created in Section  
 119 64-13h-102.
- 120 (2) "Department" means the Department of Corrections.
- 121 (3) "Inmate" means the same as that term is defined in Section 64-13-1.

122 Section 3. Section **64-13h-102** is enacted to read:

123 **64-13h-102 . Creation of Inmate Education Restricted Account.**

- 124 (1) There is created a restricted account within the General Fund known as the Inmate  
 125 Education Restricted Account.
- 126 (2) The account includes:
- 127 (a) deposits made under Section 32B-2-304;
- 128 (b) money appropriated to the account by the Legislature;
- 129 (c) private donations, grants, gifts, bequests, or money made available from any other  
 130 source to implement this section and Section 64-13h-103; and
- 131 (d) any interest earned on the account.
- 132 (3) The department shall administer the account for the purposes described in Section

133 64-13h-103.

134 (4) Upon appropriation by the Legislature, the department shall use money in the account as  
135 described in Section 64-13h-103.

136 Section 4. Section **64-13h-103** is enacted to read:

137 **64-13h-103 . Uses of Inmate Education Restricted Account.**

138 (1) Account funds shall be used to provide the following education services to inmates:

139 (a) vocational training; and

140 (b) education services, with the highest available level being the completion of an  
141 associates degree.

142 (2) The following entities may provide vocational and education services described in  
143 Subsection (1):

144 (a) Snow College;

145 (b) Salt Lake Community College; and

146 (c) Davis Technical College.

147 (3) The department may expend money from the account to offset actual department  
148 expenses related to administering this section.

149 Section 5. **Effective Date.**

150 This bill takes effect on May 7, 2025.