

# HB0015S01 compared with HB0015

{Omitted text} shows text that was in HB0015 but was omitted in HB0015S01

inserted text shows text that was not in HB0015 but was inserted into HB0015S01

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## Medicaid {**Expansion**} Amendments

2026 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor:** Steve Eliason

Senate Sponsor:Keith Grover

2

### LONG TITLE

3

#### General Description:

4

This bill amends provisions related to Medicaid {**expansion**} .

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#### Highlighted Provisions:

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This bill:

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▶ defines terms;

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▶ changes the date Medicaid expansion will end if federal matching funds are reduced;

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▶ {**amends the circumstances Medicaid expansion will automatically end;**}

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▶ requires the Department of Health and Human Services (department) to end certain programs that would lead to a reduction in federal matching funds for Medicaid expansion if the state participated in the program;

11

▶ requires the department to prepare a proposal if federal matching funds are reduced;

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▶ **amends provisions related to the targeted adult Medicaid program; and**

13

▶ creates a reporting requirement{; and};

14

▶ {**allows the tax that funds Medicaid expansion to end if Medicaid expansion ends.**}

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#### Money Appropriated in this Bill:

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17        None

18        **Other Special Clauses:**

19        None

20        **Utah Code Sections Affected:**

21        **AMENDS:**

22        **26B-3-109 (Effective 05/06/26)**, as renumbered and amended by Laws of Utah 2023, Chapter 306

24        **26B-3-113 (Effective 05/06/26)**, as last amended by Laws of Utah 2025, First Special Session, Chapter 16

26        **26B-3-207 (Effective 05/06/26), as last amended by Laws of Utah 2025, First Special Session, Chapter 16**

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28        **26B-3-210 (Effective 05/06/26)**, as last amended by Laws of Utah 2024, Chapters 250, 439

30        **26B-3-506 (Effective 05/06/26) (Repealed 07/01/34)**, as renumbered and amended by Laws of Utah 2023, Chapter 306

32        **26B-3-601 (Effective 05/06/26) (Repealed 07/01/34)**, as last amended by Laws of Utah 2024, Chapter 439

34        **26B-3-606 (Effective 05/06/26) (Repealed 07/01/34)**, as renumbered and amended by Laws of Utah 2023, Chapter 306

36        **26B-3-707 (Effective 05/06/26) (Repealed 07/01/28)**, as last amended by Laws of Utah 2024, Chapter 284

40        **{59-12-103 (Effective 07/01/26), as last amended by Laws of Utah 2025, Chapter 285}**

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

40        Section 1. Section **26B-3-109** is amended to read:

41        **26B-3-109. Medicaid expansion.**

45        (1) The purpose of this section is to expand the coverage of the Medicaid program to persons who are in categories traditionally not served by that program.

47        (2) Within appropriations from the Legislature, the department may amend the state plan for medical assistance to provide for eligibility for Medicaid:

49        (a) on or after July 1, 1994, for children 12 to 17 years old who live in households below the federal poverty income guideline; and

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(b) on or after July 1, 1995, for persons who have incomes below the federal poverty income guideline and who are aged, blind, or have a disability.

53 (3)

(a) Within appropriations from the Legislature, on or after July 1, 1996, the Medicaid program may provide for eligibility for persons who have incomes below the federal poverty income guideline.

56 (b) In order to meet the provisions of this subsection, the department may seek approval for a demonstration project under 42 U.S.C. Sec. 1315 from the secretary of the United States Department of Health and Human Services.

59 (4) The Medicaid program shall provide for eligibility for ~~persons as required by Subsection 26B-3-113(2)~~ individuals authorized to be enrolled in Medicaid under Sections 26B-3-113 and 26B-3-210.

62 (5) Services available for persons described in this section shall include required Medicaid services and may include one or more optional Medicaid services if those services are funded by the Legislature. The department may also require persons described in Subsections (1) through (3) to meet an asset test.

63 Section 2. Section **26B-3-113** is amended to read:

64 **26B-3-113. Expanding the Medicaid program.**

68 (1) As used in this section:

69 (a) "Federal poverty level" means the same as that term is defined in Section 26B-3-207.

70 (b) "Medicaid ACA Fund" means the Medicaid ACA Fund created in Section 26B-1-315.

71 (c) "Medicaid expansion" means an expansion of the Medicaid program in accordance with this section and Section 26B-3-210.

73 (2) Subject to Section 26B-3-210, the department has the authority to implement and operate Medicaid expansion as approved by CMS and state law.

75 [(2)]

(a) ~~As set forth in Subsections (2) through (5), eligibility criteria for the Medicaid program shall be expanded to cover additional low-income individuals.]~~

77 [(b) The department shall continue to seek approval from CMS to implement the Medicaid waiver expansion as defined in Section 26B-3-210.]

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[{(e) The department may implement any provision described in Subsections 26B-3-210(2)(b)(iii) through (viii) in a Medicaid expansion if the department receives approval from CMS to implement that provision.]

82 [({3}) The department shall expand the Medicaid program in accordance with this Subsection (3) if the department:]

84 [{(a) receives approval from CMS to:}]

85 [{(i) expand Medicaid coverage to eligible individuals whose income is below 95% of the federal poverty level;}]

87 [{(ii) obtain maximum federal financial participation under 42 U.S.C. See. 1396d(b) for enrolling an individual in the Medicaid expansion under this Subsection (3); and}]

90 [{(iii) permit the state to close enrollment in the Medicaid expansion under this Subsection (3) if the department has insufficient funds to provide services to new enrollment under the Medicaid expansion under this Subsection (3);}]

93 [{(b) pays the state portion of costs for the Medicaid expansion under this Subsection (3) with funds from:}]

95 [{(i) the Medicaid ACA Fund;}]

96 [{(ii) county contributions to the nonfederal share of Medicaid expenditures; or}]

97 [{(iii) any other contributions, funds, or transfers from a nonstate agency for Medicaid expenditures; and}]

99 [{(e) closes the Medicaid program to new enrollment under the Medicaid expansion under this Subsection (3) if the department projects that the cost of the Medicaid expansion under this Subsection (3) will exceed the appropriations for the fiscal year that are authorized by the Legislature through an appropriations act adopted in accordance with Title 63J, Chapter 1, Budgetary Procedures Act.}]

104 [{(4)}]

106 (a) The department shall expand the Medicaid program in accordance with this Subsection (4) if the department:]

106 [{(i) receives approval from CMS to:}]

107 [{(A) expand Medicaid coverage to eligible individuals whose income is below 95% of the federal poverty level;}]

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[~~(B) obtain maximum federal financial participation under 42 U.S.C. Sec. 1396d(y) for enrolling an individual in the Medicaid expansion under this Subsection (4); and]~~]

112 [~~(C) permit the state to close enrollment in the Medicaid expansion under this Subsection (4) if the department has insufficient funds to provide services to new enrollment under the Medicaid expansion under this Subsection (4);~~]

115 [~~(ii) pays the state portion of costs for the Medicaid expansion under this Subsection (4) with funds from:~~]

117 [~~(A) the Medicaid ACA Fund;~~]

118 [~~(B) county contributions to the nonfederal share of Medicaid expenditures; or~~]

119 [~~(C) any other contributions, funds, or transfers from a nonstate agency for Medicaid expenditures; and~~]

121 [~~(iii) closes the Medicaid program to new enrollment under the Medicaid expansion under this Subsection (4) if the department projects that the cost of the Medicaid expansion under this Subsection (4) will exceed the appropriations for the fiscal year that are authorized by the Legislature through an appropriations act adopted in accordance with Title 63J, Chapter 1, Budgetary Procedures Act.~~]

126 [~~(b) The department shall submit a waiver, an amendment to an existing waiver, or a state plan amendment to CMS to:~~]

128 [~~(i) administer federal funds for the Medicaid expansion under this Subsection (4) according to a per capita cap developed by the department that includes an annual inflationary adjustment, accounts for differences in cost among categories of Medicaid expansion enrollees, and provides greater flexibility to the state than the current Medicaid payment model;~~]

133 [~~(ii) limit, in certain circumstances as defined by the department, the ability of a qualified entity to determine presumptive eligibility for Medicaid coverage for an individual enrolled in a Medicaid expansion under this Subsection (4);~~]

136 [~~(iii) impose a lock-out period if an individual enrolled in a Medicaid expansion under this Subsection (4) violates certain program requirements as defined by the department;~~]

139 [~~(iv) allow an individual enrolled in a Medicaid expansion under this Subsection (4) to remain in the Medicaid program for up to a 12-month certification period as defined by the department; and~~]

142 [~~(v) allow federal Medicaid funds to be used for housing support for eligible enrollees in the Medicaid expansion under this Subsection (4).~~]

144 [~~(5)~~] (3)

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[{(a)}

(i) If CMS does not approve a waiver to expand the Medicaid program in accordance with Subsection (4)(a) on or before January 1, 2020, the department shall develop proposals to implement additional flexibilities and cost controls, including cost sharing tools, within a Medicaid expansion under this Subsection (5) through a request to CMS for a waiver or state plan amendment.]

149 [(ii) The request for a waiver or state plan amendment described in Subsection (5)(a)(i) shall include:]

151 [(A) a path to self-sufficiency for qualified adults in the Medicaid expansion that includes employment and training as defined in 7 U.S.C. Sec. 2015(d)(4); and]

153 [(B) a requirement that an individual who is offered a private health benefit plan by an employer to enroll in the employer's health plan.]

155 [(iii) The department shall submit the request for a waiver or state plan amendment developed under Subsection (5)(a)(i) on or before March 15, 2020.]

157 [(b) Notwithstanding Sections 26B-3-127 and 63J-5-204, and in accordance with this Subsection (5), eligibility for the Medicaid program shall be expanded to include all persons in the optional Medicaid expansion population under PPACA and the Health Care Education Reconciliation Act of 2010, Pub. L. No. 111-152, and related federal regulations and guidance, on the earlier of:]

162 [(i) the day on which CMS approves a waiver to implement the provisions described in Subsections (5)(a)(ii)(A) and (B); or]

164 [(ii) July 1, 2020.]

165 [(e) The department shall seek a waiver, or an amendment to an existing waiver, from federal law to:]

167 [(i) implement each provision described in Subsections 26B-3-210(2)(b)(iii) through (viii) in a Medicaid expansion under this Subsection (5);]

169 [(ii) limit, in certain circumstances as defined by the department, the ability of a qualified entity to determine presumptive eligibility for Medicaid coverage for an individual enrolled in a Medicaid expansion under this Subsection (5); and]

172 [(iii) impose a lock-out period if an individual enrolled in a Medicaid expansion under this Subsection (5) violates certain program requirements as defined by the department.]

175 [(d) The eligibility criteria in this Subsection (5) shall be construed to include all individuals eligible for the health coverage improvement program under Section 26B-3-207.]

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178       [~~e~~] (a) The department shall pay the state portion of costs for [~~a~~]Medicaid expansion [~~under this~~  
180       ~~Subseetion (5)~~]entirely from:  
181       (i) the Medicaid ACA Fund;  
182       (ii) county contributions to the nonfederal share of Medicaid expenditures; or  
183       (iii) any other contributions, funds, or transfers from a nonstate agency for Medicaid expenditures.  
184       [~~f~~] (b) If the costs of the Medicaid expansion [~~under this Subseetion (5)~~]exceed the funds available  
185       under Subsection [~~(5)(e)~~] (3)(a):  
186       (i) the department may reduce or eliminate optional Medicaid services under this chapter;  
187       (ii) savings, as determined by the department, from the reduction or elimination of optional Medicaid  
188       services under Subsection [~~(5)(f)(i)~~] (3)(b)(i) shall be deposited into the Medicaid ACA Fund; and  
189       (iii) the department may submit to CMS a request for waivers, or an amendment of existing waivers,  
190       from federal law necessary to implement budget controls within the Medicaid program to address  
191       the deficiency.  
192       [~~g~~] (c) If the costs of the Medicaid expansion [~~under this Subseetion (5)~~]are projected by the  
193       department to exceed the funds available in the current fiscal year under Subsection [~~(5)(e)~~] (3)(a),  
194       including savings resulting from any action taken under Subsection [~~(5)(f)~~] (3)(b):  
195       (i) the governor shall direct the department and Department of Workforce Services to reduce  
196       commitments and expenditures by an amount sufficient to offset the deficiency:  
197       (A) proportionate to the share of total current fiscal year General Fund appropriations for each of those  
198       agencies; and  
199       (B) up to 10% of each agency's total current fiscal year General Fund appropriations;  
200       (ii) the Division of Finance shall reduce allotments to the department and Department of Workforce  
201       Services by a percentage:  
202       (A) proportionate to the amount of the deficiency; and  
203       (B) up to 10% of each agency's total current fiscal year General Fund appropriations; and  
204       (iii) the Division of Finance shall deposit the total amount from the reduced allotments described in  
205       Subsection [~~(5)(g)(ii)~~] (3)(c)(ii) into the Medicaid ACA Fund.  
206       [~~6~~] (4) The department shall maximize federal financial participation in implementing this section,  
207       including by seeking to obtain any necessary federal approvals or waivers.

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[~~(7)~~] (5) Notwithstanding Sections 17-77-201 and 17-77-301, a county does not have to provide matching funds to the state for the cost of providing Medicaid services to newly enrolled individuals who qualify for Medicaid coverage under a Medicaid expansion.

218 [~~(8)~~] (6) The department shall report to the Social Services Appropriations Subcommittee on or before November 1 of each year that a Medicaid expansion is operational:

220 (a) the number of individuals who enrolled in the Medicaid expansion;  
221 (b) costs to the state for the Medicaid expansion;  
222 (c) estimated costs to the state for the Medicaid expansion for the current and following fiscal years;  
224 (d) recommendations to control costs of the Medicaid expansion; and  
225 (e) as calculated in accordance with Subsections 26B-3-506(4) and 26B-3-606(2), the state's net cost of the [qualified]Medicaid expansion.

224 **Section 3. Section 26B-3-207 is amended to read:**

### **26B-3-207. Health coverage improvement program -- Eligibility -- Annual report --**

#### **Expansion of eligibility for adults with dependent children.**

227 (1) As used in this section:  
228 (a) "Adult in the expansion population" means an individual who:  
229 (i) is described in 42 U.S.C. Sec. 1396a(a)(10)(A)(i)(VIII); and  
230 (ii) is not otherwise eligible for Medicaid as a mandatory categorically needy individual.  
232 (b) "Enhancement waiver program" means the Primary Care Network enhancement waiver program described in Section 26B-3-211.  
234 (c) "Federal poverty level" means the poverty guidelines established by the Secretary of the United States Department of Health and Human Services under 42 U.S.C. Sec. 9909(2).  
237 (d) "Health coverage improvement program" means the health coverage improvement program described in Subsections (3) through (9).  
239 (e) "Homeless":  
240 (i) means an individual who is chronically homeless, as determined by the department; and  
242 (ii) includes someone who was chronically homeless and is currently living in supported housing for the chronically homeless.  
244 (f) "Income eligibility ceiling" means the percent of federal poverty level:  
245 (i) established by the state in an appropriations act adopted pursuant to Title 63J, Chapter 1, Budgetary Procedures Act; and

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247 (ii) under which an individual may qualify for Medicaid coverage in accordance with this section.

249 (g) "Targeted adult Medicaid program" means the program implemented by the department under  
Subsections (5) through (7).

251 (2) Beginning July 1, 2016, the department shall amend the state Medicaid plan to allow temporary  
residential treatment for substance use, for the traditional Medicaid population, in a short term, non-  
institutional, 24-hour facility, without a bed capacity limit that provides rehabilitation services that  
are medically necessary and in accordance with an individualized treatment plan, as approved by  
CMS and as long as the county makes the required match under Section 17-77-201.

257 (3) Beginning July 1, 2016, the department shall amend the state Medicaid plan to increase the income  
eligibility ceiling to a percentage of the federal poverty level designated by the department, based on  
appropriations for the program, for an individual with a dependent child.

261 (4) Before July 1, 2016, the division shall submit to CMS a request for waivers, or an amendment of  
existing waivers, from federal statutory and regulatory law necessary for the state to implement the  
health coverage improvement program in the Medicaid program in accordance with this section.

265 (5)

267 (a) An adult in the expansion population is eligible for Medicaid if the adult meets the income eligibility  
and other criteria established under Subsection (6).

268 (b) An adult who qualifies under Subsection (6) shall receive Medicaid coverage:

272 (i) through the traditional fee for service Medicaid model in counties without Medicaid accountable  
care organizations or the state's Medicaid accountable care organization delivery system, where  
implemented and subject to Section 26B-3-223;

274 (ii) except as provided in Subsection (5)(b)(iii), for behavioral health, through the counties in  
accordance with Sections 17-77-201 and 17-77-301;

277 (iii) that, subject to Section 26B-3-223, integrates behavioral health services and physical health  
services with Medicaid accountable care organizations in select geographic areas of the state that  
choose an integrated model; and

281 (iv) that permits temporary residential treatment for substance use in a short term, non-institutional, 24-  
hour facility, without a bed capacity limit, as approved by CMS, that provides rehabilitation services  
that are medically necessary and in accordance with an individualized treatment plan.

(6)

(a) An individual is eligible for the health coverage improvement program under Subsection (5) if:

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- 283 (i) at the time of enrollment, the individual's annual income is below the income eligibility ceiling  
284 established by the state under Subsection (1)(f); and
- 285 (ii) the individual meets the eligibility criteria established by the department under Subsection (6)  
286 (b).
- 287 (b) Based on available funding and approval from CMS, the department shall select the criteria for an  
288 individual to qualify for the Medicaid program under Subsection (6)(a)(ii), based on the following  
289 priority:
  - 290 (i) a chronically homeless individual;
  - 291 (ii) if funding is available, an individual:
    - 292 (A) involved in the justice system through probation, parole, or court ordered treatment; and
    - 293 (B) in need of substance use treatment or mental health treatment, as determined by the department; or
  - 294 (iii) if funding is available, an individual in need of substance use treatment or mental health treatment,  
295 as determined by the department.
- 296 (c) ~~An individual who qualifies for Medicaid coverage under Subsections (6)(a) and (b) may remain on  
the Medicaid program for a 12-month certification period as defined by the department. Eligibility  
changes made by the department under Subsection (1)(f) or (6)(b) shall not apply to an individual  
during the 12-month certification period.] If approved by CMS:~~
  - 303 (i) ~~an individual who qualifies for Medicaid coverage under Subsections (6)(a) and (b) may remain on  
the Medicaid program for a six-month certification period as defined by the department; and~~
  - 306 (ii) ~~eligibility changes made by the department under Subsection (1)(f) or (6)(b) do not apply to an  
individual during the six-month certification period.~~
- 308 (d) ~~Before January 1, 2027, the department shall seek approval from CMS to implement Subsection (6)  
(c).~~
- 310 (7) The state may request a modification of the income eligibility ceiling and other eligibility criteria  
311 under Subsection (6) each fiscal year based on projected enrollment, costs to the state, and the state  
312 budget.
- 313 (8) The current Medicaid program and the health coverage improvement program, when implemented,  
314 shall coordinate with a state prison or county jail to expedite Medicaid enrollment for an individual  
315 who is released from custody and was eligible for or enrolled in Medicaid before incarceration.
- 317 (9) Notwithstanding Sections 17-77-201 and 17-77-301, a county does not have to provide matching  
318 funds to the state for the cost of providing Medicaid services to newly enrolled individuals who

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qualify for Medicaid coverage under the health coverage improvement program under Subsection (6).

321 (10) If the enhancement waiver program is implemented, the department:

322 (a) may not accept any new enrollees into the health coverage improvement program after the day on  
which the enhancement waiver program is implemented;

324 (b) shall transition all individuals who are enrolled in the health coverage improvement program into  
the enhancement waiver program;

326 (c) shall suspend the health coverage improvement program within one year after the day on which the  
enhancement waiver program is implemented;

328 (d) shall, within one year after the day on which the enhancement waiver program is implemented, use  
all appropriations for the health coverage improvement program to implement the enhancement  
waiver program; and

331 (e) shall work with CMS to maintain any waiver for the health coverage improvement program while  
the health coverage improvement program is suspended under Subsection (10)(c).

334 (11) If, after the enhancement waiver program takes effect, the enhancement waiver program is  
repealed or suspended by either the state or federal government, the department shall reinstate  
the health coverage improvement program and continue to accept new enrollees into the health  
coverage improvement program in accordance with the provisions of this section.

339 Section 4. Section **26B-3-210** is amended to read:

### **26B-3-210. Medicaid expansion.**

229 (1) As used in this section:

230 (a) "Adult in the expansion population" means an individual who:

231 (i) is described in 42 U.S.C. Sec. 1396a(a)(10)(A)(i)(VIII); and

232 (ii) is not otherwise eligible for Medicaid as a mandatory categorically needy individual.

234 (b) "Discrete program" means a program or benefit that:

235 (i) can be closed or ended with minimal impact on other state programs; and

236 (ii) receives less than \$50 million in state funds annually.

237 (c) "Effective expansion FMAP" means the amount that equals:

238 (i) federal payments divided by the sum of federal payments and state expenditures; and

240 (ii) multiplied by 100.

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(d) "Expansion FMAP" means the Federal Medical Assistance Percentage described in 42 U.S.C. Sec. 1396d(y).

243 (e) "Federal payments" means payments made, or projected to be made, by the federal government to pay for services for each adult in the expansion population not including administrative costs.

246 (f) "Federal poverty level" means the same as that term is defined in Section 26B-3-207.

247 [(b)] (g) "Medicaid [waiver]expansion" [means an expansion of the Medicaid program in accordance with this section] means the same as that term is defined in Section 26B-3-113.

250 (h) "State expenditures" means the amount of state expenditures made, or projected to be made, by the Medicaid program to pay for services provided to each adult in the expansion population not including administrative costs.

253 (2)

[(a) Before January 1, 2019, the department shall apply to CMS for approval of a waiver or state plan amendment to implement the Medicaid waiver expansion.]

255 [(b) The] Medicaid [waiver]expansion shall:

256 [(i)] (a) expand Medicaid coverage to eligible individuals whose income is below [95%] 133% of the federal poverty level;

258 [(ii)] (b) obtain maximum [federal financial participation under 42 U.S.C. Sec. 1396d(y)] FMAP for enrolling an individual in the Medicaid program;

260 [(iii)] (c) provide Medicaid benefits through the state's Medicaid accountable care organizations in areas where a Medicaid accountable care organization is implemented;

263 [(iv)] (d) integrate the delivery of behavioral health services and physical health services with Medicaid accountable care organizations in select geographic areas of the state that choose an integrated model;

266 [(v)] (e) include a path to self-sufficiency, including work activities as defined in 42 U.S.C. Sec. 607(d), for qualified adults;

268 [(vi)] (f) require an individual who is offered a private health benefit plan by an employer to enroll in the employer's health plan;

270 [(vii)] (g) sunset in accordance with Subsection [(5)(a)] (4)(a); [-(f)] and

271 [(viii)] (h) permit the state to close enrollment in the Medicaid waiver expansion if the department has insufficient funding to provide services to additional eligible individuals[.] ; and

274 (i) if approved by CMS:

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275 (i) administer federal funds for Medicaid expansion according to a per capita cap developed by the  
department that includes an annual inflationary adjustment, accounts for differences in cost among  
categories of Medicaid expansion enrollees, and provides greater flexibility to the state than the  
current Medicaid payment model;

280 (ii) limit, in certain circumstances as defined by the department, the ability of a qualified entity to  
determine presumptive eligibility for Medicaid coverage for an individual enrolled in Medicaid  
expansion;

283 (iii) impose a lock-out period if an individual enrolled in Medicaid expansion violates certain program  
requirements as defined by the department;

285 (iv) allow an individual enrolled in Medicaid expansion to remain in the Medicaid program for up to a  
12-month certification period as defined by the department; and

288 (v) allow federal Medicaid funds to be used for housing support for eligible enrollees in Medicaid  
expansion.

290 [(3) If the Medicaid waiver described in Subsection (2)(a) is approved, the department may only pay the

293 state portion of costs for the Medicaid waiver expansion with appropriations from:]

294 [(a) the Medicaid ACA Fund, created in Section 26B-1-315;]

295 [(b) county contributions to the non-federal share of Medicaid expenditures; and]

297 [(c) any other contributions, funds, or transfers from a non-state agency for Medicaid expenditures.]

300 (a) In consultation with the department, Medicaid accountable care organizations and counties that elect  
302 to integrate care under Subsection [(2)(b)(iv)] (2)(d) shall collaborate on enrollment, engagement of  
patients, and coordination of services.

304 (b) As part of the provision described in Subsection [(2)(b)(iv)] (2)(d), the department shall apply for a  
306 waiver to permit the creation of an integrated delivery system:

308 (i) for any geographic area that expresses interest in integrating the delivery of services under  
310 Subsection [(2)(b)(iv)] (2)(d); and

312 (ii) in which the department:

314 (A) may permit a local mental health authority to integrate the delivery of behavioral health services  
316 and physical health services;

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(B) may permit a county, local mental health authority, or Medicaid accountable care organization to integrate the delivery of behavioral health services and physical health services to select groups within the population that are newly eligible under the Medicaid waiver expansion; and

311 (C) may make rules in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, to integrate payments for behavioral health services and physical health services to plans or providers.

314 [(5)] (4)

(a) If [federal financial participation for the Medicaid waiver expansion is reduced below 90%] the effective expansion FMAP rate is reduced below {85} 90%, the authority of the department to implement [the-]Medicaid [waiver]expansion shall sunset [no later than the next July 1 after the date on which the federal financial participation is reduced.] on:

319 (i) if the state first experiences the effective expansion FMAP rate reduction on or between July 1 to December 31, the following July 1; or

321 (ii) if the state first experiences the effective expansion FMAP rate reduction on or between January 1 to June 30, the July 1 of the calendar year that follows the year the state experiences the effective expansion FMAP reduction.

324 (b) The calculation of the effective expansion FMAP rate:

325 (i) shall be conducted jointly between the department, the Governor's Office of Planning and Budget, and the Office of the Legislative Fiscal Analyst; and

327 (ii) may be calculated at any time.

328 (c) Notwithstanding any provision of law, if the department operates or is involved in a discrete program that will cause the effective expansion FMAP rate to be reduced for adults in the expansion population and ceasing involvement or terminating the program would avoid the rate reduction, the department shall cease any involvement in or terminate the discrete program causing the reduction before the state would experience the first reduction in effective expansion FMAP rate.

334 (d)

(i) Within 60 days from the day of a state determination that the effective expansion FMAP rate will be reduced below {85} 90%, the department shall create a proposal that outlines options for how the department may maintain Medicaid expansion within projected funding.

338 (ii) The department shall submit the proposal to the Governor's Office of Planning and Budget, the Office of the Legislative Fiscal Analyst, the Social Services Appropriations Subcommittee, and the Executive Appropriations Committee.

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341 (iii) The department's proposal shall consider the following cost containment efforts to the extent  
allowed by federal rules and regulations:

343 (A) reducing Medicaid expansion administrative costs, including suspending hiring of noncritical  
employees and suspending increasing employee wages, excluding employee benefits offered to  
employees state-wide;

346 (B) suspending increases to provider payment rates that would be paid for using general funds or  
income tax funds;

348 (C) reversing provider payment rate increases approved or implemented during the one-year period  
immediately before the day of the state determination that the effective expansion FMAP rate is  
reduced if the rate increase is paid for using general funds or income tax funds;

352 (D) suspending the expansion of benefits that are paid for using general funds or income tax funds;

354 (E) eliminating coverage for optional services that are paid for using general funds or income tax funds;

356 (F) eliminating coverage for optional populations included in Medicaid expansion; and

358 (G) closing enrollment to new members.

471 [**(b)**] (**e**) {At least 60 days before the day the authority to implement Medicaid expansion sunsets under  
Subsektion (4)(a), the department shall send the State Tax Commission notice that the Medicaid  
expansion program is ending.}

362 {[**(b)**] (**f**)} The department shall close the program to new enrollment if the cost of [the-]Medicaid  
[waiver]expansion is projected to exceed the appropriations for the fiscal year that are authorized  
by the Legislature through an appropriations act adopted in accordance with Title 63J, Chapter 1,  
Budgetary Procedures Act.

366 (g){**(f)**} If the authority for Medicaid expansion sunsets, no more than 90 days after the day the  
authority sunsets, the department and the Division of Finance shall provide recommendations to  
the Executive Appropriations Committee regarding how any remaining funds in the Medicaid ACA  
Fund, created in Section 26B-1-315, should be used.

480 Section 5. Section **26B-3-506** is amended to read:

481 **26B-3-506. Hospital financing of health coverage improvement program Medicaid waiver**  
**expansion -- Hospital share.**

374 (1) The hospital share is:

375

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- (a) 45% of the state's net cost of the health coverage improvement program, including Medicaid coverage for individuals with dependent children up to the federal poverty level designated under Section 26B-3-207;
- 378 (b) 45% of the state's net cost of the enhancement waiver program;
- 379 (c) if the waiver for the Medicaid waiver expansion is approved, \$11,900,000; and
- 380 (d) 45% of the state's net cost of the upper payment limit gap.

381 (2)

- (a) The hospital share is capped at no more than \$13,600,000 annually, consisting of:
  - 382 (i) an \$11,900,000 cap for the programs specified in Subsections (1)(a) through (c); and
  - 384 (ii) a \$1,700,000 cap for the program specified in Subsection (1)(d).
- 385 (b) The department shall prorate the cap described in Subsection (2)(a) in any year in which the programs specified in Subsections (1)(a) and (d) are not in effect for the full fiscal year.

388 (3) Private hospitals shall be assessed under this part for:

- 389 (a) 69% of the portion of the hospital share for the programs specified in Subsections (1)(a) through (c); and
- 391 (b) 100% of the portion of the hospital share specified in Subsection (1)(d).

392 (4)

- (a) In the report described in Subsection [26B-3-113(8)] 26B-3-113(6), the department shall calculate the state's net cost of each of the programs described in Subsections (1)(a) through (c) that are in effect for that year.
- 395 (b) If the assessment collected in the previous fiscal year is above or below the hospital share for private hospitals for the previous fiscal year, the underpayment or overpayment of the assessment by the private hospitals shall be applied to the fiscal year in which the report is issued.

399 (5) A Medicaid accountable care organization shall, on or before October 15 of each year, report to the department the following data from the prior state fiscal year for each private hospital, state teaching hospital, and non-state government hospital provider that the Medicaid accountable care organization contracts with:

- 403 (a) for the traditional Medicaid population:
  - 404 (i) hospital inpatient payments;
  - 405 (ii) hospital inpatient discharges;
  - 406 (iii) hospital inpatient days; and

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407 (iv) hospital outpatient payments; and

408 (b) if the Medicaid accountable care organization enrolls any individuals in the health coverage  
improvement program, the enhancement waiver program, or the Medicaid waiver expansion, for the  
population newly eligible for any of those programs:

411 (i) hospital inpatient payments;

412 (ii) hospital inpatient discharges;

413 (iii) hospital inpatient days; and

414 (iv) hospital outpatient payments.

415 (6) The department shall, by rule made in accordance with Title 63G, Chapter 3, Utah Administrative  
Rulemaking Act, provide details surrounding specific content and format for the reporting by the  
Medicaid accountable care organization.

527 Section 6. Section **26B-3-601** is amended to read:

528 **26B-3-601. Definitions.**

As used in this part:

421 (1) "Assessment" means the Medicaid expansion hospital assessment established by this part.

423 (2) "CMS" means the Centers for Medicare and Medicaid Services within the United States Department  
of Health and Human Services.

425 (3) "Discharges" means the number of total hospital discharges reported on:

426 (a) Worksheet S-3 Part I, column 15, lines 14, 16, and 17 of the 2552-10 Medicare cost report for the  
applicable assessment year; or

428 (b) a similar report adopted by the department by administrative rule, if the report under Subsection (3)  
(a) is no longer available.

430 (4) "Division" means the Division of Integrated Healthcare within the department.

431 (5) "Hospital share" means the hospital share described in Section 26B-3-605.

432 (6) "Medicaid accountable care organization" means a managed care organization, as defined in 42  
C.F.R. Sec. 438, that contracts with the department under the provisions of Section 26B-3-202.

435 (7) "Medicaid ACA Fund" means the Medicaid ACA Fund created in Section 26B-1-315.

436 (8) "Medicaid waiver expansion" means the same as that term is defined in Section 26B-3-210.

438 (9) "Medicare cost report" means CMS-2552-10, the cost report for electronic filing of hospitals.

440 (10) (a) "Non-state government hospital" means a hospital owned by a non-state government entity.

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442 (b) "Non-state government hospital" does not include:

443 (i) the Utah State Hospital; or

444 (ii) a hospital owned by the federal government, including the Veterans Administration Hospital.

446 (11)

447 (a) "Private hospital" means:

449 (i) a privately owned general acute hospital operating in the state as defined in Section 26B-2-201;  
or

451 (ii) a privately owned specialty hospital operating in the state, including a privately owned hospital  
for which inpatient admissions are predominantly:

452 (A) rehabilitation;

453 (B) psychiatric;

454 (C) chemical dependency; or

455 (D) long-term acute care services.

457 (b) "Private hospital" does not include a facility for residential treatment as defined in Section  
26B-2-101.

459 [(12) "Qualified Medicaid expansion" means an expansion of the Medicaid program in accordance with  
Subsection 26B-3-113(5).]

570 [ (13) (12) "State teaching hospital" means a state owned teaching hospital that is part of an institution  
of higher education.

571 Section 7. Section **26B-3-606** is amended to read:

571 **26B-3-606. Hospital financing.**

463 (1) Private hospitals shall be assessed under this part for the portion of the hospital share described in  
Section 26B-3-611.

465 (2) In the report described in Subsection [26B-3-113(8)] 26B-3-113(6), the department shall calculate  
the state's net cost of [the qualified] Medicaid expansion.

467 (3) If the assessment collected in the previous fiscal year is above or below the hospital share for private  
hospitals for the previous fiscal year, the division shall apply the underpayment or overpayment of  
the assessment by the private hospitals to the fiscal year in which the report is issued.

580 Section 8. Section **26B-3-707** is amended to read:

581 **26B-3-707. Medicaid hospital adjustment under Medicaid accountable care organization  
rates.**

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474 (1) To preserve and improve access to hospital services, the division shall incorporate into the Medicaid  
accountable care organization rate structure calculation consistent with the certified actuarial rate  
range:

477 (a) \$154,000,000 to be allocated toward the hospital inpatient directed payments for the Medicaid  
eligibility categories covered in Utah before January 1, 2019; and

479 (b) within available funds, an amount equal to the difference between payments made to hospitals by  
Medicaid accountable care organizations for the Medicaid eligibility categories covered in Utah,  
based on submitted encounter data, and the maximum amount that could be paid for those services,  
to be used for directed payments to hospitals for inpatient and outpatient services.

484 (2)

(a) To preserve and improve the quality of inpatient and outpatient hospital services authorized under  
Subsection (1)(b), the division shall amend its quality strategies required by 42 C.F.R. Sec. 438.340  
to include quality measures selected from the CMS hospital quality improvement programs.

488 (b) To better address the unique needs of rural and specialty hospitals, the division may adopt different  
quality standards for rural and specialty hospitals.

490 (c) The division shall make rules in accordance with Title 63G, Chapter 3, Utah Administrative  
Rulemaking Act, to adopt the selected quality measures and prescribe penalties for not meeting the  
quality standards that are established by the division by rule.

494 (d) The division shall apply the same quality measures and penalties under this Subsection (2) to new  
directed payments made to the University of Utah Hospital and Clinics.

497 ~~{Section 8. Section 59-12-103 is amended to read: }~~

498 **59-12-103. Sales and use tax base -- Rates -- Effective dates -- Use of sales and use tax  
revenue.**

500 (1) A tax is imposed on the purchaser as provided in this part on the purchase price or sales price for  
amounts paid or charged for the following transactions:

502 (a) retail sales of tangible personal property made within the state;

503 (b) amounts paid for:

504 (i) telecommunications service, other than mobile telecommunications service, that originates and  
terminates within the boundaries of this state;

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(ii) mobile telecommunications service that originates and terminates within the boundaries of one state only to the extent permitted by the Mobile Telecommunications Sourcing Act, 4 U.S.C. Sec. 116 et seq.; or

509 (iii) an ancillary service associated with a:

510 (A) telecommunications service described in Subsection (1)(b)(i); or

511 (B) mobile telecommunications service described in Subsection (1)(b)(ii);

512 (c) sales of the following for commercial use:

513 (i) gas;

514 (ii) electricity;

515 (iii) heat;

516 (iv) coal;

517 (v) fuel oil; or

518 (vi) other fuels;

519 (d) sales of the following for residential use:

520 (i) gas;

521 (ii) electricity;

522 (iii) heat;

523 (iv) coal;

524 (v) fuel oil; or

525 (vi) other fuels;

526 (e) sales of prepared food;

527 (f) except as provided in Section 59-12-104, amounts paid or charged as admission or user fees for theaters, movies, operas, museums, planetariums, shows of any type or nature, exhibitions, concerts, carnivals, amusement parks, amusement rides, circuses, menageries, fairs, races, contests, sporting events, dances, boxing matches, wrestling matches, closed circuit television broadcasts, billiard parlors, pool parlors, bowling lanes, golf, miniature golf, golf driving ranges, batting cages, skating rinks, ski lifts, ski runs, ski trails, snowmobile trails, tennis courts, swimming pools, water slides, river runs, jeep tours, boat tours, scenic cruises, horseback rides, sports activities, or any other amusement, entertainment, recreation, exhibition, cultural, or athletic activity;

537 (g) amounts paid or charged for services for repairs or renovations of tangible personal property, unless Section 59-12-104 provides for an exemption from sales and use tax for:

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540 (i) the tangible personal property; and

541 (ii) parts used in the repairs or renovations of the tangible personal property described in Subsection (1)

543 (g)(i), regardless of whether:

545 (A) any parts are actually used in the repairs or renovations of that tangible personal property; or

547 (B) the particular parts used in the repairs or renovations of that tangible personal property are exempt

549 from a tax under this chapter;

551 (h) except as provided in Subsection 59-12-104(7), amounts paid or charged for assisted cleaning or

553 washing of tangible personal property;

555 (i) amounts paid or charged for short-term rentals of tourist home, hotel, motel, or trailer court

557 accommodations and services;

559 (j) amounts paid or charged for laundry or dry cleaning services;

561 (k) amounts paid or charged for leases or rentals of tangible personal property if within this state the

563 tangible personal property is:

565 (i) stored;

567 (ii) used; or

569 (iii) otherwise consumed;

571 (l) amounts paid or charged for tangible personal property if within this state the tangible personal

573 property is:

575 (i) stored;

577 (ii) used; or

579 (iii) consumed;

581 (m) amounts paid or charged for a sale:

583 (i)

585 (A) of a product transferred electronically; or

587 (B) of a repair or renovation of a product transferred electronically; and

589 (ii) regardless of whether the sale provides:

591 (A) a right of permanent use of the product; or

593 (B) a right to use the product that is less than a permanent use, including a right:

595 (I) for a definite or specified length of time; and

597 (II) that terminates upon the occurrence of a condition; and

599 (n) sales of leased tangible personal property from the lessor to the lessee made in the state.

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572 (2)

574 (a) Except as provided in Subsections (2)(b) through (f), a state tax and a local tax are imposed on a transaction described in Subsection (1) equal to the sum of:

575 (i) a state tax imposed on the transaction at a tax rate equal to the sum of:

576 (A) 4.70%;

577 (B) the rate specified in Subsection (6)(a); and

578 (C) the tax rate the state imposes in accordance with Part 20, Supplemental State Sales and Use Tax Act, if the location of the transaction as determined under Sections 59-12-211 through 59-12-215 is in a city, town, or the unincorporated area of a county in which the state imposes the tax under Part 20, Supplemental State Sales and Use Tax Act; and

582 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the transaction under this chapter other than this part.

584 (b) Except as provided in Subsection (2)(f) or (g) and subject to Subsection (2)(l), a state tax and a local tax are imposed on a transaction described in Subsection (1)(d) equal to the sum of:

587 (i) a state tax imposed on the transaction at a tax rate of 2%; and

588 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the transaction under this chapter other than this part.

590 (c) Except as provided in Subsection (2)(f) or (g), a state tax and a local tax are imposed on amounts paid or charged for food and food ingredients equal to the sum of:

592 (i) a state tax imposed on the amounts paid or charged for food and food ingredients at a tax rate of 1.75%; and

594 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the amounts paid or charged for food and food ingredients under this chapter other than this part.

597 (d) Except as provided in Subsection (2)(f) or (g), a state tax is imposed on amounts paid or charged for fuel to a common carrier that is a railroad for use in a locomotive engine at a rate equal to the sum of the rates described in Subsections (2)(a)(i)(A) and (2)(a)(i)(B).

601 (e)

(i)

(A) The rates described in Subsections (2)(a)(i)(A) and (2)(a)(i)(B) do not apply to car sharing, a car sharing program, a shared vehicle driver, or a shared vehicle owner, for a car sharing or

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shared vehicle transaction if a shared vehicle owner certifies to the commission, on a form prescribed by the commission, that the shared vehicle is an individual-owned shared vehicle.

606 (B) A shared vehicle owner's certification described in Subsection (2)(e)(i)(A) is required once  
609 during the time that the shared vehicle owner owns the shared vehicle.

612 (C) The commission shall verify that a shared vehicle is an individual-owned shared vehicle by  
615 verifying that the applicable Utah taxes imposed under this chapter were paid on the purchase of  
the shared vehicle.

616 (D) The exception under Subsection (2)(e)(i)(A) applies to a certified individual-owned shared  
619 vehicle shared through a car-sharing program even if non-certified shared vehicles are also  
available to be shared through the same car-sharing program.

620 (ii) A tax imposed under Subsection (2)(a)(i)(C) or (2)(a)(ii) applies to car sharing.

621 (iii)

624 (A) A car-sharing program may rely in good faith on a shared vehicle owner's representation that the  
627 shared vehicle is an individual-owned shared vehicle certified with the commission as described in  
Subsection (2)(e)(i).

628 (B) If a car-sharing program relies in good faith on a shared vehicle owner's representation that the  
631 shared vehicle is an individual-owned shared vehicle certified with the commission as described in  
Subsection (2)(e)(i), the car-sharing program is not liable for any tax, penalty, fee, or other sanction  
imposed on the shared vehicle owner.

634 (iv) If all shared vehicles shared through a car-sharing program are certified as described in Subsection  
637 (2)(e)(i)(A) for a tax period, the car-sharing program has no obligation to collect and remit the tax  
under Subsections (2)(a)(i)(A) and (2)(a)(i)(B) for that tax period.

640 (v) A car-sharing program is not required to list or otherwise identify an individual-owned shared  
643 vehicle on a return or an attachment to a return.

646 (vi) A car-sharing program shall:

649 (A) retain tax information for each car-sharing program transaction; and

652 (B) provide the information described in Subsection (2)(e)(vi)(A) to the commission at the  
655 commission's request.

658 (f)

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- (i) For a bundled transaction that is attributable to food and food ingredients and tangible personal property other than food and food ingredients, a state tax and a local tax is imposed on the entire bundled transaction equal to the sum of:
  - (A) the tax rates described in Subsection (2)(a)(i); and
  - (B) a local tax imposed on the entire bundled transaction at the sum of the tax rates described in Subsection (2)(a)(ii).
- (ii) If an optional computer software maintenance contract is a bundled transaction that consists of taxable and nontaxable products that are not separately itemized on an invoice or similar billing document, the purchase of the optional computer software maintenance contract is 40% taxable under this chapter and 60% nontaxable under this chapter.
- (iii) Subject to Subsection (2)(f)(iv), for a bundled transaction other than a bundled transaction described in Subsection (2)(f)(i) or (ii):
  - (A) if the sales price of the bundled transaction is attributable to tangible personal property, a product, or a service that is subject to taxation under this chapter and tangible personal property, a product, or service that is not subject to taxation under this chapter, the entire bundled transaction is subject to taxation under this chapter unless:
    - (I) the seller is able to identify by reasonable and verifiable standards the tangible personal property, product, or service that is not subject to taxation under this chapter from the books and records the seller keeps in the seller's regular course of business; or
    - (II) state or federal law provides otherwise; or
  - (B) if the sales price of a bundled transaction is attributable to two or more items of tangible personal property, products, or services that are subject to taxation under this chapter at different rates, the entire bundled transaction is subject to taxation under this chapter at the higher tax rate unless:
    - (I) the seller is able to identify by reasonable and verifiable standards the tangible personal property, product, or service that is subject to taxation under this chapter at the lower tax rate from the books and records the seller keeps in the seller's regular course of business; or
    - (II) state or federal law provides otherwise.
- (iv) For purposes of Subsection (2)(f)(iii), books and records that a seller keeps in the seller's regular course of business includes books and records the seller keeps in the regular course of business for nontax purposes.

(g)

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(i) Except as otherwise provided in this chapter and subject to Subsections (2)(g)(ii) and (iii), if a transaction consists of the sale, lease, or rental of tangible personal property, a product, or a service that is subject to taxation under this chapter, and the sale, lease, or rental of tangible personal property, other property, a product, or a service that is not subject to taxation under this chapter, the entire transaction is subject to taxation under this chapter unless the seller, at the time of the transaction:

677 (A) separately states the portion of the transaction that is not subject to taxation under this chapter  
on an invoice, bill of sale, or similar document provided to the purchaser; or

680 (B) is able to identify by reasonable and verifiable standards, from the books and records the seller  
keeps in the seller's regular course of business, the portion of the transaction that is not subject  
to taxation under this chapter.

683 (ii) A purchaser and a seller may correct the taxability of a transaction if:

684 (A) after the transaction occurs, the purchaser and the seller discover that the portion of the transaction  
that is not subject to taxation under this chapter was not separately stated on an invoice, bill of sale,  
or similar document provided to the purchaser because of an error or ignorance of the law; and

688 (B) the seller is able to identify by reasonable and verifiable standards, from the books and records the  
seller keeps in the seller's regular course of business, the portion of the transaction that is not subject  
to taxation under this chapter.

691 (iii) For purposes of Subsections (2)(g)(i) and (ii), books and records that a seller keeps in the seller's  
regular course of business includes books and records the seller keeps in the regular course of  
business for nontax purposes.

694 (h)

(i) If the sales price of a transaction is attributable to two or more items of tangible personal property,  
products, or services that are subject to taxation under this chapter at different rates, the entire  
purchase is subject to taxation under this chapter at the higher tax rate unless the seller, at the time  
of the transaction:

698 (A) separately states the items subject to taxation under this chapter at each of the different rates on  
an invoice, bill of sale, or similar document provided to the purchaser; or

701 (B) is able to identify by reasonable and verifiable standards the tangible personal property,  
product, or service that is subject to taxation under this chapter at the lower tax rate from the  
books and records the seller keeps in the seller's regular course of business.

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705 (ii) For purposes of Subsection (2)(h)(i), books and records that a seller keeps in the seller's regular course of business includes books and records the seller keeps in the regular course of business for nontax purposes.

708 (i) Subject to Subsections (2)(j) and (k), a tax rate repeal or tax rate change for a tax rate imposed under the following shall take effect on the first day of a calendar quarter:

710 (i) Subsection (2)(a)(i)(A);

711 (ii) Subsection (2)(a)(i)(B);

712 (iii) Subsection (2)(b)(i);

713 (iv) Subsection (2)(c)(i); or

714 (v) Subsection (2)(f)(i)(A).

715 (j)

716 (i) A tax rate increase takes effect on the first day of the first billing period that begins on or after the effective date of the tax rate increase if the billing period for the transaction begins before the effective date of a tax rate increase imposed under:

717 (A) Subsection (2)(a)(i)(A);

718 (B) Subsection (2)(a)(i)(B);

719 (C) Subsection (2)(b)(i);

720 (D) Subsection (2)(c)(i); or

721 (E) Subsection (2)(f)(i)(A).

722 (ii) The repeal of a tax or a tax rate decrease applies to a billing period if the billing statement for the billing period is rendered on or after the effective date of the repeal of the tax or the tax rate decrease imposed under:

723 (A) Subsection (2)(a)(i)(A);

724 (B) Subsection (2)(a)(i)(B);

725 (C) Subsection (2)(b)(i);

726 (D) Subsection (2)(c)(i); or

727 (E) Subsection (2)(f)(i)(A).

728 (k)

729 (i) For a tax rate described in Subsection (2)(k)(ii), if a tax due on a catalogue sale is computed on the basis of sales and use tax rates published in the catalogue, a tax rate repeal or change in a tax rate takes effect:

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735 (A) on the first day of a calendar quarter; and  
736 (B) beginning 60 days after the effective date of the tax rate repeal or tax rate change.

738 (ii) Subsection (2)(k)(i) applies to the tax rates described in the following:  
739 (A) Subsection (2)(a)(i)(A);  
740 (B) Subsection (2)(a)(i)(B);  
741 (C) Subsection (2)(b)(i);  
742 (D) Subsection (2)(c)(i); or  
743 (E) Subsection (2)(f)(i)(A).

744 (iii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission  
may by rule define the term "catalogue sale."

746 (l)

747 (i) For a location described in Subsection (2)(l)(ii), the commission shall determine the taxable status of  
748 a sale of gas, electricity, heat, coal, fuel oil, or other fuel based on the predominant use of the gas,  
749 electricity, heat, coal, fuel oil, or other fuel at the location.

750 (ii) Subsection (2)(l)(i) applies to a location where gas, electricity, heat, coal, fuel oil, or other fuel is  
751 furnished through a single meter for two or more of the following uses:  
752 (A) a commercial use;  
753 (B) an industrial use; or  
754 (C) a residential use.

755 (3)

756 (a) The commission shall deposit the following state taxes into the General Fund:  
757 (i) the tax imposed by Subsection (2)(a)(i)(A);  
758 (ii) the tax imposed by Subsection (2)(b)(i);  
759 (iii) the tax imposed by Subsection (2)(c)(i);  
760 (iv) the tax imposed by Subsection (2)(d); and  
761 (v) the tax imposed by Subsection (2)(f)(i)(A).

762 (b) The commission shall distribute the following local taxes to a county, city, or town as provided in  
763 this chapter:  
764 (i) the tax imposed by Subsection (2)(a)(ii);  
765 (ii) the tax imposed by Subsection (2)(b)(ii);  
766 (iii) the tax imposed by Subsection (2)(c)(ii); and

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767 (iv) the tax imposed by Subsection (2)(f)(i)(B).

768 (4)

771 (a) Notwithstanding Subsection (3)(a), for each fiscal year the commission shall make the deposits  
772 described in Subsections (4)(b) through (4)(h) from the revenue from the taxes imposed by:

773 (i) Subsection (2)(a)(i)(A);  
774 (ii) Subsection (2)(b)(i);  
775 (iii) Subsection (2)(c)(i); and  
776 (iv) Subsection (2)(f)(i)(A).

777 (b) The commission shall deposit 15% of the difference between 1.4543% of the revenue described in  
778 Subsection (4)(a) and the deposits made under Subsection (5)(b), into the Water Rights Restricted  
779 Account created in Section 73-2-1.6.

780 (c) The commission shall deposit 85% of the difference between 1.4543% of the revenue described  
781 in Subsection (4)(a) and the deposits made under Subsection (5)(b), into the Water Resources  
782 Conservation and Development Fund created in Section 73-10-24 for use by the Division of Water  
783 Resources for:

784 (i) preconstruction costs:  
785 (A) as defined in Subsection 73-26-103(6) for projects authorized by Title 73, Chapter 26, Bear River  
786 Development Act; and  
787 (B) as defined in Subsection 73-28-103(8) for the Lake Powell Pipeline project authorized by Title 73,  
788 Chapter 28, Lake Powell Pipeline Development Act;

789 (ii) the cost of employing a civil engineer to oversee any project authorized by Title 73, Chapter 26,  
790 Bear River Development Act;

791 (iii) the cost of employing a civil engineer to oversee the Lake Powell Pipeline project authorized by  
792 Title 73, Chapter 28, Lake Powell Pipeline Development Act; and

793 (iv) other uses authorized under Sections 73-10-24, 73-10-25.1, and 73-10-30, and Subsection (5)(b)(iv)  
794 (B) after funding the uses specified in Subsections (4)(c)(i) through (iii).

795 (d) The commission shall deposit 1.4543% of the revenue described in Subsection (4)(a) into the Water  
796 Infrastructure Restricted Account created in Section 73-10g-103.

797 (e)

798 (i) Subject to Subsection (4)(e)(ii), the commission shall deposit 26.24% of the revenue described in  
799 Subsection (4)(a) into the Transportation Investment Fund of 2005 created in Section 72-2-124.

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800 (ii) The commission shall annually reduce the deposit described in Subsection (4)(e)(i) by the sum of:  
802 (A) \$1,813,400;  
803 (B) the earmark described in Subsection (5)(c); and  
804 (C) an amount equal to 35% of the revenue generated in the current fiscal year by the portion of the tax  
imposed on motor and special fuel that is sold, used, or received in the state that exceeds 29.4 cents  
per gallon.

807 (iii) The amount described in Subsection (4)(e)(ii)(C) shall be annually deposited into the Transit  
Transportation Investment Fund created in Section 72-2-124.

809 (f) The commission shall deposit .44% of the revenue described in Subsection (4)(a) into the  
Cottonwood Canyons Transportation Investment Fund created in Section 72-2-124.

812 (g) The commission shall deposit 1% of the revenue described in Subsection (4)(a) into the Commuter  
Rail Subaccount created in Section 72-2-124.

814 (h) The commission shall deposit 1% of the revenue described in Subsection (4)(a) into the Outdoor  
Adventure Infrastructure Restricted Account created in Section 51-9-902 as follows:

817 (i) into the Outdoor Adventure Infrastructure Restricted Account created in Section 51-9-902, an  
amount equal to the amount that was deposited into the Outdoor Adventure Infrastructure Restricted  
Account in fiscal year 2025; and

820 (ii) for any amount exceeding the amount described in Subsection (4)(h)(i), 50% into the Outdoor  
Adventure Infrastructure Restricted Account and 50% to the Utah Fairpark Area Investment and  
Restoration District created in Section 11-70-201.

823 (5)  
(a) Notwithstanding Subsection (3)(a), each fiscal year the commission shall make the deposits  
described in this Subsection (5).

825 (b)  
(i) (A) The commission shall deposit \$500,000 to the Department of Natural Resources to be used for  
watershed rehabilitation or restoration.  
(B) At the end of each fiscal year, 100% of any unexpended amount described in Subsection (5)  
(b)(i)(A) shall lapse into the Water Resources Conservation and Development Fund created in  
Section 73-10-24.

## HB0015 compared with HB0015S01

- (ii) The commission shall deposit \$150,000 to the Division of Water Resources for cloud-seeding projects authorized by Title 73, Chapter 15, Modification of Weather.
- (iii) The commission shall deposit \$525,000 into the Division of Conservation created in Section 4-46-401 to implement water related programs.
- (iv) The commission shall deposit \$7,175,000 into the Water Resources Conservation and Development Fund created in Section 73-10-24 for use by the Division of Water Resources:
  - (A) for the uses allowed of the Water Resources Conservation and Development Fund under Section 73-10-24;
  - (B) to conduct hydrologic and geotechnical investigations by the Division of Water Resources in a cooperative effort with other state, federal, or local entities, for the purpose of quantifying surface and ground water resources and describing the hydrologic systems of an area in sufficient detail so as to enable local and state resource managers to plan for and accommodate growth in water use without jeopardizing the resource;
  - (C) to fund state required dam safety improvements; and
  - (D) to protect the state's interest in interstate water compact allocations, including the hiring of technical and legal staff.
- (v) The commission shall deposit \$3,587,500 into the Utah Wastewater Loan Program Subaccount created in Section 73-10c-5 for use by the Water Quality Board to fund wastewater projects.
- (vi) The commission shall deposit \$3,587,500 into the Drinking Water Loan Program Subaccount created in Section 73-10c-5 for use by the Division of Drinking Water to:
  - (A) provide for the installation and repair of collection, treatment, storage, and distribution facilities for any public water system, as defined in Section 19-4-102;
  - (B) develop underground sources of water, including springs and wells; and
  - (C) develop surface water sources.
- (vii) The commission shall deposit \$2,450,000 to the Division of Wildlife Resources to:
  - (A) implement the measures described in Subsections 23A-3-214(3)(a) through (d) to protect sensitive plant and animal species; or
  - (B) award grants, up to the amount authorized by the Legislature in an appropriations act, to political subdivisions of the state to implement the measures described in Subsections 23A-3-214(3)(a) through (d) to protect sensitive plant and animal species.

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(viii) Funds transferred to the Division of Wildlife Resources under Subsection (5)(b)(vii)(A) may not be used to assist the United States Fish and Wildlife Service or any other person to list or attempt to have listed a species as threatened or endangered under the Endangered Species Act of 1973, 16 U.S.C. Sec. 1531, et seq.

873 (ix) At the end of each fiscal year, any unexpended amounts described in Subsections (5)(b)(vii)(A) and (B) shall lapse:

875 (A) 50% into the Water Resources Conservation and Development Fund created in Section 73-10-24;

877 (B) 25% into the Utah Wastewater Loan Program Subaccount created in Section 73-10c-5; and

879 (C) 25% into the Drinking Water Loan Program Subaccount created in Section 73-10c-5.

881 (x) The commission shall allocate \$175,000 to the Division of Water Rights to cover the costs incurred in hiring legal and technical staff for the adjudication of water rights.

884 (xi) At the end of each fiscal year, any unexpended amounts described in Subsection (5)(b)(x) shall lapse:

886 (A) 50% into the Water Resources Conservation and Development Fund created in Section 73-10-24;

888 (B) 25% into the Utah Wastewater Loan Program Subaccount created in Section 73-10c-5; and

890 (C) 25% into the Drinking Water Loan Program Subaccount created in Section 73-10c-5.

892 (c) The commission shall deposit \$45,000,000 into the Active Transportation Investment Fund created in Section 72-2-124.

894 (d) The commission shall deposit \$533,750 into the Qualified Emergency Food Agencies Fund created by and expended in accordance with Section 35A-8-1009.

896 (e) The commission shall deposit \$200,000 into the General Fund as a dedicated credit for the sole use of the Search and Rescue Financial Assistance Program created by and to be expended in accordance with Title 53, Chapter 2a, Part 11, Search and Rescue Act.

900 (6)

901 (a) The rate specified in this Subsection (6) is:

902 (i) 0.15%[.] ; or

902 (ii) 0% beginning on the July 1 Medicaid expansion ends if the commission receives notice described in Subsection 26B-3-210(4)(d).

904 (b) Notwithstanding Subsection (3)(a), the commission shall, for a fiscal year beginning on or after July 1, 2019, annually transfer the amount of revenue collected from the rate described in Subsection (6)

## HB0015 compared with HB0015S01

(a) on the transactions that are subject to the sales and use tax under Subsection (2)(a)(i)(B) into the Medicaid ACA Fund created in Section 26B-1-315.

909

(7)

(a) Notwithstanding Subsection (3)(a) and except as provided in Subsections (11), (12), and (13), and as described in Section 63N-3-610, beginning the first day of a calendar quarter one year after the sales and use tax boundary for a housing and transit reinvestment zone is established under Title 63N, Chapter 3, Part 6, Housing and Transit Reinvestment Zone Act, the commission, at least annually, shall transfer an amount equal to 15% of the sales and use tax increment from the sales and use tax imposed by Subsection (2)(a)(i)(A) at a 4.7% rate, on transactions occurring within an established sales and use tax boundary, as defined in Section 63N-3-602, into the Transit Transportation Investment Fund created in Section 72-2-124.

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(b) Beginning no sooner than January 1, 2026, notwithstanding Subsection (3)(a), and except as provided in Subsections (11), (12), and (13), and as described in Section 63N-3-610.1, beginning the first day of a calendar quarter after the year set in the proposal and after the sales and use tax boundary for a convention center reinvestment zone is established in a capital city under Title 63N, Chapter 3, Part 6, Housing and Transit Reinvestment Zone Act, the commission, at least annually, shall transfer an amount equal to 50% of the sales and use tax increment as defined in Section 63N-3-602 from the sales and use tax imposed by Subsection (2)(a)(i)(A) at a 4.7% rate, on transactions occurring within an established sales and use tax boundary, as defined in Section 63N-3-602, to a convention center public infrastructure district created in accordance with Section 17D-4-202.1 and specified in the convention center reinvestment zone proposal submitted pursuant to Title 63N, Chapter 3, Part 6, Housing and Transit Reinvestment Zone Act.

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(8) Notwithstanding Subsection (3)(a) and except as provided in Subsections (11), (12), and (13), beginning October 1, 2024, the commission shall transfer to the Utah Fairpark Area Investment and Restoration District, created in Section 11-70-201, the revenue from the sales and use tax imposed by Subsection (2)(a)(i)(A), on transactions occurring within the district sales tax area, as defined in Section 11-70-101.

936

(9)

(a) As used in this Subsection (9):

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## HB0015 compared with HB0015S01

- (i) "Additional land" means point of the mountain state land described in Subsection 11-59-102(6)
  - (b) that the point of the mountain authority acquires after the point of the mountain authority provides the commission a map under Subsection (9)(c).
- (ii) "Point of the mountain authority" means the Point of the Mountain State Land Authority, created in Section 11-59-201.
- (iii) "Point of the mountain state land" means the same as that term is defined in Section 11-59-102.

940

- (b) Notwithstanding Subsection (3)(a) and except as provided in Subsections (11), (12), and (13), the commission shall distribute to the point of the mountain authority 50% of the revenue from the sales and use tax imposed by Subsection (2)(a)(i)(A), on transactions occurring on the point of the mountain state land.
- 948 (c) The distribution under Subsection (9)(b) shall begin the next calendar quarter that begins at least 90 days after the point of the mountain authority provides the commission a map that:
  - 951 (i) accurately describes the point of the mountain state land; and
  - 952 (ii) the point of the mountain authority certifies as accurate.
- 953 (d) A distribution under Subsection (9)(b) with respect to additional land shall begin the next calendar quarter that begins at least 90 days after the point of the mountain authority provides the commission a map of point of the mountain state land that:
  - 956 (i) accurately describes the point of the mountain state land, including the additional land; and
  - 958 (ii) the point of the mountain authority certifies as accurate.
- 959 (e)
  - (i) Upon the payment in full of bonds secured by the sales and use tax revenue distributed to the point of the mountain authority under Subsection (9)(b), the point of the mountain authority shall immediately notify the commission in writing that the bonds are paid in full.
  - 963 (ii) The commission shall discontinue distributions of sales and use tax revenue under Subsection (9)(b) at the beginning of the calendar quarter that begins at least 90 days after the date that the commission receives the written notice under Subsection (9)(e)(i).
- 967 (10) Notwithstanding Subsection (3)(a), the amount of state sales tax revenues described in Section 63N-2-503.5 is deposited into the Convention Incentive Fund created in Section 63N-2-503.5.
- 970 (11)
  - (a) As used in this Subsection (11):
    - 971 (i) "Applicable percentage" means:

## HB0015 compared with HB0015S01

972 (A) for a housing and transit reinvestment zone created under Title 63N, Chapter 3, Part 6, Housing and Transit Reinvestment Zone Act, 15% of the revenue from the sales and use tax imposed by Subsection (2)(a)(i)(A) at a 4.7% rate for sales occurring within the qualified development zone described in Subsection (11)(a)(ii)(A);

977 (B) for the Utah Fairpark Area Investment and Restoration District created in Section 11-70-201, the revenue from the sales and use tax imposed by Subsection (2)(a)(i)(A) at a 4.7% rate for sales occurring within the qualified development zone described in Subsection (11)(a)(ii)(B); and

981 (C) for the Point of the Mountain State Land Authority created in Section 11-59-201, 50% of the revenue from sales and use tax imposed by Subsection (2)(a)(i)(A) at a 4.7% rate for sales occurring within the qualified development zone described in Subsection (11)(a)(ii)(C).

985 (ii) "Qualified development zone" means:

986 (A) the sales and use tax boundary of a housing and transit reinvestment zone created under Title 63N, Chapter 3, Part 6, Housing and Transit Reinvestment Zone Act;

989 (B) the district sales tax boundary as defined in Section 11-70-101 for the Utah Fairpark Area Investment and Restoration District, created in Section 11-70-201; or

992 (C) the sales and use tax boundary of point of the mountain state land, as defined in Section 11-59-102, under the Point of the Mountain State Land Authority created in Section 11-59-201.

995 (iii) "Schedule J sale" means a sale reported on State Tax Commission Form TC-62M, Schedule J or a substantially similar form as designated by the commission.

998 (b) Revenue generated from the applicable percentage by a Schedule J sale within a qualified development zone shall be deposited into the General Fund.

1000 (12)

1001 (a) As used in Subsections (12) and (13):

1002 (i) "Applicable percentage" means, for a convention center reinvestment zone created in a capital city under Title 63N, Chapter 3, Part 6, Housing and Transit Reinvestment Zone Act, an amount equal to 50% of the sales and use tax increment, as that term is defined in Section 63N-3-602, from the sales and use tax imposed by Subsection (2)(a)(i)(A) at a 4.7% rate for sales occurring within the qualified development zone described in Subsection (12)(a)(ii).

1007 (ii) "Qualified development zone" means the sales and use tax boundary of a convention center reinvestment zone created in a capital city under Title 63N, Chapter 3, Part 6, Housing and Transit Reinvestment Zone Act.

## HB0015 compared with HB0015S01

- (iii) "Qualifying construction materials" means construction materials that are:
  - (A) delivered to a delivery outlet within a qualified development zone; and
  - (B) intended to be permanently attached to real property within the qualified development zone.
- (b) For a sale of qualifying construction materials, the commission shall distribute the product calculated in Subsection (12)(c) to a qualified development zone if the seller of the construction materials:
  - (i) establishes a delivery outlet with the commission within the qualified development zone;
  - (ii) reports the sales of the construction materials to the delivery outlet described in Subsection (12)(b)(i); and
  - (iii) does not report the sales of the construction materials on a simplified electronic return.
- (c) For the purposes of Subsection (12)(b), the product is equal to:
  - (i) the sales price or purchase price of the qualifying construction materials; and
  - (ii) the applicable percentage.

(13)

- (a) As used in this Subsection (13), "Schedule J sale" means a sale reported on State Tax Commission Form TC-62M, Schedule J, or a substantially similar form as designated by the commission.
- (b) Revenue generated from the applicable percentage by a Schedule J sale within a qualified development zone shall be distributed into the General Fund.

## Section 9. Effective date.

## Effective Date.

(1) {Except as provided in Subsection (2), this } This bill takes effect on May 6, 2026.

{(2) {The actions affecting Section 59-12-103 (Effective 07/01/26) take effect on July 1, 2026.}}

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