

HB0229

~~{Omitted text}~~ shows text that was in HB0229 but was omitted in HB0229S01

inserted text shows text that was not in HB0229 but was inserted into HB0229S01

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Restricted Account Modifications

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Jennifer Dailey-Provost

Senate Sponsor:

LONG TITLE

General Description:

This bill modifies provisions related to restricted accounts.

Highlighted Provisions:

This bill:

- **modifies the amount of certain distributions from the Tobacco Settlement Restricted**
count;

- directs how to fund statutory distributions from the Tobacco Settlement Restricted Account when funds in the account are insufficient to cover the statutory distributions;

- ▶ addresses discretionary funding from the Tobacco Settlement Restricted Account and the Electronic Cigarette Substance and Nicotine Product Proceeds Restricted Account when funds in the accounts are insufficient to cover the discretionary funding; and

► makes a technical correction to add a sunset review for certain provisions related to the Electronic Cigarette Substance and Nicotine Product Proceeds Restricted Account before the provisions are repealed in accordance with existing statute.

Money Appropriated in this Bill:

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None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

AMENDS:

51-9-201 (Effective 07/01/26), as last amended by Laws of Utah 2023, Chapter 328

59-14-807 (Effective 07/01/26), as last amended by Laws of Utah 2025, Chapters 173, 366

63I-1-259 (Effective 05/06/26), as last amended by Laws of Utah 2025, Chapter 270

63I-2-259 (Effective 05/06/26), as last amended by Laws of Utah 2025, Chapters 157, 182, 277, and 366

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

Section 1. Section **51-9-201** is amended to read:

51-9-201. Creation of Tobacco Settlement Restricted Account.

(1) There is created within the General Fund a restricted account known as the "Tobacco Settlement Restricted Account."

(2) The account shall earn interest.

(3) The account shall consist of:

(a) on and after July 1, 2007, 60% of all funds of every kind that are received by the state that are related to the settlement agreement that the state entered into with leading tobacco manufacturers on November 23, 1998; and

(b) interest earned on the account.

(4)

(a) To the extent that funds will be available for appropriation in a given fiscal year, those funds shall be appropriated from the account in the following order:

~~[(a)]~~ (i) \$66,600 to the Office of the Attorney General for ongoing enforcement and defense of the Tobacco Settlement Agreement;

~~[(b)]~~ (ii) \$18,500 to the State Tax Commission for ongoing enforcement of business compliance with the Tobacco Tax Settlement Agreement;

~~[(c)]~~ (iii) ~~[\$11,022,900]~~ ~~[\$11,250,600]~~ \$11,026,300 to the Department of Health and Human Services for:

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- 49 [(i)] (A) children in the Medicaid program created in Title 26B, Chapter 3, Health Care -
Administration and Assistance, and the Utah Children's Health Insurance Program created in
Section 26B-3-902; and
- 52 [(ii)] (B) for restoration of dental benefits in the Children's Health Insurance Program;
- 54 [(d)] (iv) ~~[\$3,277,100]~~ \$3,475,000 to the Department of Health and Human Services for alcohol,
tobacco, and other drug prevention, reduction, cessation, and control programs that promote
unified messages and make use of media outlets, including radio, newspaper, billboards, and
television, and with a preference in funding given to tobacco-related programs;
- 59 [(e)] (v) \$193,700 to the Administrative Office of the Courts and ~~[\$2,325,400]~~ [\$1,101,300]
\$1,101,200 to the Department of Health and Human Services for the statewide expansion of the
drug court program;
- 62 [(f)] (vi) ~~{f}~~ and
- 64 [(f)] ~~\$4,000,000 {f} \$1,063,400~~ to the Utah Board of Higher Education for the University of Utah
Health Sciences Center to benefit the health and well-being of Utah citizens through in-state
research, treatment, and educational activities; and
- 65 [(g)] (vii) {(vi)} any remaining funds as directed by the Legislature through appropriation.
- 66 (b)
- (i) As used in this subsection, "discretionary appropriation" means a legislative appropriation that is:
- 68 (A) an ongoing appropriation from the Tobacco Settlement Restricted Account to a program
described in Subsections (4)(a)(i) through (vi); and
- 70 (B) in addition to the amount listed in Subsection (4)(a) for that program.
- 71 (ii) If, after making each distribution listed in Subsection (4)(a)(i) through (vi), the amount remaining in
the Tobacco Settlement Restricted Account is insufficient to cover the total amount of discretionary
appropriations, the Legislature shall make the discretionary appropriations:
- 75 (A) sequentially in the order the programs are listed under Subsection (4)(a)(i) through (vi);
- 77 (B) in full or, if insufficient funds are available to satisfy the discretionary appropriation, in part; and
- 79 (C) until the available funds in the Tobacco Settlement Restricted Account for discretionary
appropriations are exhausted.
- 81 (iii) If, after all discretionary appropriations are reduced to zero in accordance with Subsection (4)
(b)(ii), the amount in the Tobacco Settlement Restricted Account is insufficient to cover the

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distributions described in Subsection (4)(a)(i) through (vi), the Division of Finance shall make the distributions described in Subsections (4)(a)(i) through (vi):

- 86 (A) sequentially in the order of priority the distributions are listed under Subsection (4)(a):
88 (B) in full or, if insufficient funds are available to satisfy the next distribution in the sequence, in part;
and
90 (C) until the available funds in the Tobacco Settlement Restricted Account are exhausted.

94 Section 2. Section **59-14-807** is amended to read:

95 **59-14-807. Electronic Cigarette Substance and Nicotine Product Proceeds Restricted**
Account.

- 95 (1) There is created within the General Fund a restricted account known as the "Electronic Cigarette
Substance and Nicotine Product Proceeds Restricted Account."
97 (2) The Electronic Cigarette Substance and Nicotine Product Proceeds Restricted Account consists of:
99 (a) revenue collected from the tax imposed by Section 59-14-804;
100 (b) fees and penalties collected under Section 59-14-810;
101 (c) all money received by the attorney general or the Department of Commerce as a result of any
judgment, settlement, or compromise of claims pertaining to alleged violations of law related to the
manufacture, marketing, distribution, or sale of electronic cigarette products, as defined in Section
76-9-1101:
105 (i) if the total amount of the judgment, settlement, or compromise received by the state exceeds
\$1,000,000; and
107 (ii) after reimbursement to the attorney general and the Department of Commerce for expenses related
to the matters described in this Subsection (2)(c); and
109 (d) amounts appropriated by the Legislature.
110 (3)
(a) Subject to Subsections (3)(b) and (c), for each fiscal year and subject to appropriation by the
Legislature, the Division of Finance shall distribute from the Electronic Cigarette Substance and
Nicotine Product Proceeds Restricted Account:
113 (i) \$2,000,000 to the Department of Health and Human Services for enforcement services aimed
at disrupting organizations and networks that provide tobacco products, electronic cigarette
products, nicotine products, or other illegal controlled substances to minors, which the

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Department of Health and Human Services shall allocate to the local health departments using the formula created in accordance with Section 26A-1-116;

- (ii) \$1,180,000 to the Department of Public Safety for law enforcement officers aimed at disrupting organizations and networks that provide tobacco products, electronic cigarette products, nicotine products, and other illegal controlled substances to minors;
- (iii) \$1,000,000 to the Department of Health and Human Services for enforcement services aimed at disrupting organizations and networks that provide tobacco products, electronic cigarette products, nicotine products, and other illegal controlled substances to minors;
- (iv) \$3,000,000 to the Department of Health and Human Services for community partner prevention programs, which the Department of Health and Human Services shall allocate to the local health departments using the formula created in accordance with Section 26A-1-116;
- (v) \$1,000,000 to the Department of Health and Human Services for statewide cessation programs and prevention education;
- (vi) \$2,000,000 to the Department of Health and Human Services for alcohol, tobacco, and other drug prevention, reduction, cessation, and control programs that promote unified messages and make use of media outlets, including radio, newspaper, billboards, and television; and
- (vii) \$5,084,200 to the State Board of Education for school-based prevention programs.

(b)

(i) As used in this subsection, "discretionary appropriation" means a legislative appropriation that is:

(A) an ongoing appropriation from the Electronic Cigarette Substance and Nicotine Product Proceeds Restricted Account to a program described in Subsection (3)(a); and

(B) in addition to the amount listed in Subsection (3)(a) for that program.

(ii) If, after making each distribution listed in Subsection (3)(a), the amount remaining in the Electronic Cigarette Substance and Nicotine Product Proceeds Restricted Account is insufficient to cover the total amount of discretionary appropriations, the Legislature shall make the discretionary appropriations:

(A) sequentially in the order the programs are listed under Subsection (3)(a);

(B) in full or, if insufficient funds are available to satisfy the discretionary appropriation, in part; and

(C) until the available funds in the Electronic Cigarette Substance and Nicotine Product Proceeds Restricted Account for discretionary appropriations are exhausted.

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~~[(b)]~~ (iii) If, after all discretionary appropriations are reduced to zero in accordance with Subsection (3) ~~(b)(ii)~~, the amount in the Electronic Cigarette Substance and Nicotine Product Proceeds Restricted Account is insufficient to cover the distributions described in Subsection (3)(a), the Division of Finance shall make the distributions under Subsection (3)(a):

160 ~~[(i)]~~ (A) sequentially in the order of priority the distributions are listed under Subsection (3)(a);

162 ~~[(ii)]~~ (B) in full or, if insufficient funds are available to satisfy the next distribution in the sequence, in part; and

164 ~~[(iii)]~~ (C) until the available funds in the Electronic Cigarette Substance and Nicotine Product Proceeds Restricted Account are exhausted.

166 (c) For each fiscal year and subject to appropriation by the Legislature, the Division of Finance shall distribute from the funds deposited under Section 59-14-810 into the Electronic Cigarette Substance and Nicotine Product Proceeds Restricted Account:

169 (i) to the commission, in an amount equal to the amount necessary to create and maintain the registry described in Section 59-14-810;

171 (ii) to the Department of Health and Human Services, in an amount necessary for completing duties described in Section 59-14-810; and

173 (iii) to the Department of Health and Human Services, the remainder to be divided among the local health departments for inspection and enforcement described in Sections 26A-1-131 and 59-14-810.

176 (4)

(a) The local health departments shall use the money received in accordance with Subsection (3)(a) for enforcing:

178 (i) the regulation provisions described in Section 26B-7-505;

179 (ii) the labeling requirement described in Section 26B-7-505; and

180 (iii) the penalty provisions described in Section 26B-7-518.

181 (b) The Department of Health and Human Services shall use the money received in accordance with Subsection ~~[(3)(a)(v)]~~ (3)(a)(vi) for the Youth Electronic Cigarette, Marijuana, and Other Drug Prevention Program created in Section 26B-1-428.

184 (c) The local health departments shall use the money received in accordance with Subsection (3)(a)(iv) to issue grants under the Electronic Cigarette, Marijuana, and Other Drug Prevention Grant Program created in Section 26A-1-129.

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(d) The State Board of Education shall use the money received in accordance with Subsection (3)(a) (vii) to distribute to local education agencies to pay for:

(i)

(A) stipends for positive behaviors specialists as described in Subsection 53G-10-407(4)(a)(i);

(B) the cost of administering the positive behaviors plan as described in Subsection 53G-10-407(4)(a) (ii); and

(C) the cost of implementing an Underage Drinking and Substance Abuse Prevention Program in grade 4 or 5, as described in Subsection 53G-10-406(3)(b); or

(ii) a comprehensive prevention plan, as that term is defined in Section 53F-2-525.

(5)

(a) The fund shall earn interest.

(b) All interest earned on fund money shall be deposited into the fund.

(6) Subject to legislative appropriations, funds remaining in the Electronic Cigarette Substance and Nicotine Product Proceeds Restricted Account after the distribution described in Subsection (3) may only be used for:

(a) funding commission personnel to enforce compliance with the tax collection requirements of this part; and

(b) programs and activities related to the prevention and cessation of electronic cigarette, nicotine products, marijuana, and other drug use.

Section 3. Section **63I-1-259** is amended to read:

63I-1-259. Repeal dates: Title 59.

(1) Subsection 59-1-403(4)(aa), regarding a requirement for the State Tax Commission to inform the Department of Workforce Services whether an individual claimed a federal earned income tax credit, is repealed July 1, 2029.

(2) Section 59-2-1603, Allocation of money in the Property Tax Valuation Fund -- Use of funds, is repealed July 1, 2030.

(3) Section 59-5-304, Tax credit for mining exploration, is repealed July 1, 2037.

(4) Section 59-7-618.1, Tax credit related to alternative fuel heavy duty vehicles, is repealed July 1, 2029.

(5) Section 59-9-102.5, Offset for occupational health and safety related donations, is repealed December 31, 2030.

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- 218 (6) Section 59-10-1033.1, Tax credit related to alternative fuel heavy duty vehicles, is repealed July 1,
2029.
- 220 (7) Subsection 59-14-807(3)(a)(vi), regarding funding for for alcohol, tobacco, and other drug
prevention, reduction, cessation, and control programs, is repealed July 1, 2030.
- 222 (8) Subsection 59-14-807(4)(b), regarding money for the Youth Electronic Cigarette, Marijuana, and
Other Drug Prevention Committee, is repealed July 1, 2030.
- 224 [(7)] (9) Subsection 59-28-103(5), regarding a tax rate on certain transactions that take place within a
county of the first class, is repealed July 1, 2047.
- 228 Section 4. Section **63I-2-259** is amended to read:
- 229 **63I-2-259. Repeal dates: Title 59.**
- 228 (1) Subsection 59-7-159(3)(b)(iii), referencing Section 59-7-614.10, is repealed December 31, 2026.
- 230 (2) Section 59-7-614.10, Nonrefundable enterprise zone tax credit, is repealed December 31, 2026.
- 232 (3) Subsection 59-10-137(3)(b)(viii), referencing Section 59-10-1037, is repealed December 31, 2026.
- 234 (4) Section 59-10-1037, Nonrefundable enterprise zone tax credit, is repealed December 31, 2026.
- 236 [(5) Subsection 59-14-807(3)(a)(iii), regarding the Youth Electronic Cigarette, Marijuana, and Other
Drug Prevention Committee, is repealed July 1, 2030.]
- 238 [(6) Subsection 59-14-807(4)(b), regarding the Youth Electronic Cigarette, Marijuana, and Other Drug
Prevention Committee, is repealed July 1, 2030.]
- 240 [(7)] (5) Section 59-24-103.8, Radioactive waste facility expansion tax -- Payment -- Deposit of tax
revenue, is repealed July 1, 2026.
- 244 Section 5. **Effective date.**
- Effective Date.
- 243 (1) Except as provided in Subsection (2), this bill takes effect May 6, 2026.
- 244 (2) The actions affecting the following sections take effect on July 1, 2026:
- 245 (a) Section 51-9-201 (Effective 07/01/26); and
- 246 (b) Section 59-14-807 (Effective 07/01/26).

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